

# S T U D I A

## Regionalism in the Balance: Reflections on ASEAN at Fifty from a Liberal Perspective

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The Association of South-East Asian Nations (ASEAN) represents the world's second most influential regional integration project after the European Union (EU). Its fiftieth anniversary in August 2017 prompted extensive commentary on the achievements of this important regional grouping as well as on the challenges and opportunities that it confronts as it begins its second half-century. This article draws on those commentaries to present a stock-take of ASEAN at fifty from a liberal perspective. While acknowledging ASEAN's achievements over the last fifty years, it highlights the daunting challenges that threaten the grouping's efficacy and cohesion, with attendant implications for wider regional architecture in the Asia-Pacific region. From rising nationalism to the constraints of the 'ASEAN Way' and the slow progress of the ASEAN Economic Community, the 'centrality' of the organisation for its member states is in question. External pressures posed by turbulent geopolitical tides make ASEAN's hard-won 'centrality' in wider Asia-Pacific affairs an even more contested concept. There are nonetheless opportunities for ASEAN to avert a mid-life crisis and revitalise regional integration. ASEAN's best chance of doing so is to apply liberal approaches to regional order in ways that will strengthen rules-based institutions, collective security, political dialogue, economic openness and tolerance of differences.

*Keywords:* Association of Southeast Asian Nations (ASEAN), Southeast Asia, ASEAN 'centrality', regionalism, regional architecture, liberalism, liberal institutionalism, Asia-Pacific

### Introduction

The festivities were lively in Manila on 8 August 2017 when the Association of Southeast Asian Nations (ASEAN) celebrated the fiftieth anniversary of its founding with those gathered for the annual ASEAN Regional Forum (ARF). The ASEAN Leaders' Declaration on the Anniversary encapsulated the confident tone of the occasion,

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characterising the organisation as ‘a model of regionalism’ that stood ready ‘to fulfil its commitments and responsibilities as a major global player’.<sup>1</sup> Outside official circles, however, there were suggestions that ASEAN faces something of a mid-life crisis.<sup>2</sup>

After the European Union (EU), ASEAN is the world’s second most prominent experiment in multinational regional integration. It has brought together ten nations with diverse cultures, religions, political systems and levels of economic development. Their collective populations exceed 625 million (significantly larger than the EU), comprising the world’s third largest work force.<sup>3</sup> With a combined GDP approaching 3 trillion USD, ASEAN is on track to be the world’s fourth largest economy by 2030.<sup>4</sup> Its golden anniversary offers a timely moment to acknowledge the achievements of this important regional grouping and to take stock of the challenges and opportunities that it confronts as it enters its second half-century.

In particular, this article highlights the current challenges that threaten ASEAN’s efficacy and pose concerns for wider regional architecture in the Asia-Pacific region. Notwithstanding these conundrums, there are glimmers of opportunity for revitalising regional integration in the face of countervailing internal and external pressures. How effectively ASEAN manages this mix of glaring challenges and less obvious opportunities will carry implications for approaches to regional order in Southeast Asia, the wider Asia-Pacific and even beyond.

As the sub-title indicates, this article approaches its stock-take of ASEAN at fifty from a broadly liberal perspective, especially with respect to the theoretical framework of liberal institutionalism.<sup>5</sup> In line with the latter theory’s emphasis on how international organisations work to enhance cooperation between states,<sup>6</sup> the article assesses ASEAN’s

<sup>1</sup> ASEAN, ‘ASEAN Leaders’ Declaration on the 50th Anniversary of ASEAN’, 8 August 2017, <http://asean.org/asean-leaders-declaration-50th-anniversary-asean/> (accessed on 25 August 2017).

<sup>2</sup> T. Pongsudhirak, ‘To survive another 50 years, ASEAN must learn from its past’, *Nikkei Asian Review*, 4 August 2017, <https://asia.nikkei.com/Features/ASEAN-AT-50/To-survive-another-50-years-ASEAN-must-learn-from-its-past?page=2> (accessed on 9 August 2017); D. Greenlees, ‘ASEAN at 50: time to fulfill the promise’, *The Strategist*, 8 August 2013, <https://www.aspistrategist.org.au/asean-50-time-fulfill-promise/> (accessed on 10 April 2018); V. Chheang, ‘Looking Towards ASEAN 2025’, *Khmer Times*, 8 February 2017, <https://vannarithchheang.com/2017/02/08/looking-towards-asean-2025/> (accessed on 11 August 2017); R. Emmers, ‘Ending Mistrust and Conflict Management in Southeast Asia: An Assessment of ASEAN as a Security Community’, *TRANS: Trans-Regional and National Studies of Southeast Asia*, January 2017, Vol. 5, No. 1, pp. 76, 89–90.

<sup>3</sup> G.C. Tong, ‘The Story of the ASEAN Economic Community’, *ASEAN Focus*, Jan/Feb 2017, No. 13, p. 22; L. Dittmer, ‘China, Southeast Asia, and the United States’, *Contemporary Chinese Political Economy and Strategic Relations*, April 2016, Vol. 2, No. 1, p. 112.

<sup>4</sup> ‘Compelling case for investing in Asean region’, 2 February 2018, <http://www.straitstimes.com/business/invest/compelling-case-for-investing-in-asean-region> (accessed on 4 April 2018).

<sup>5</sup> For a classic application of liberal institutional concepts, see: R.O. Keohane, J. Nye Jr., *Power and Interdependence*, Boston: Little, Brown, 1997. Cf. A.A. Stein, ‘Neoliberal Institutionalism’, in C. Reus-Smit, D. Snidal (eds.), *The Oxford Handbook on International Relations*, New York: Oxford University Press, 2008, pp. 201–221.

<sup>6</sup> For an exemplary exposition of the conditions under which liberal institutional cooperation will come into play between states, see: R.O. Keohane, L.L. Martin, ‘The Promise of Institutional Theory’, *International Security*, Summer, 1995, Vol. 20, No. 1, pp. 39–51.

achievements on this front – within limits – over the past half-century, as well as current challenges and opportunities for liberal models of regional cooperation in the Asia-Pacific. In the case of ASEAN, its achievements to date are especially noteworthy in that it has built liberal norms of consensual cooperation rather than realist competition between states whose domestic regimes have been predominantly illiberal.<sup>7</sup> Given the article's focus on current challenges and prospects for ASEAN, there is limited scope to analyse the extensive theoretical literature on liberal institutionalism (or competing theories).<sup>8</sup> Rather, the article draws on empirically oriented primary and secondary sources for its assessment of where ASEAN stands after fifty years, with largely implicit incorporation of a theoretical perspective. Nevertheless, its conclusion includes reflections on how ASEAN's achievements and prospects hinge on its successful application of liberal institutional norms and practices – with implications for wider regionalism.<sup>9</sup>

### ASEAN's Achievements

When the foreign ministers of Indonesia, Malaysia, the Philippines, Singapore and Thailand met in Bangkok in August 1967 to establish ASEAN, their region was a crucible of instability. The Vietnam War was raging; Indonesia had only ceased its Confrontation with Malaysia a year earlier; acrimony lingered between Singapore and Malaysia following the former's expulsion in 1965 from the Malaysian Federation; Thailand and the Philippines were apprehensive about potential communist threats; and the shadow of the Cold War hung heavily over the region. Against this backdrop, the purpose of the new grouping seemed wildly ambitious: to promote peace and security in the region, while fostering economic development and cooperation amongst the member states.

Those ambitions took time to progress. The Vietnam conflict ended in 1975 but insecurity lingered in Indochina, with the horrors of the Pol Pot regime's killing fields in Cambodia succeeded by invasion from Vietnam and a peaceful resolution not reached until 1991. Political regimes would come and go around Southeast Asia, as would the fortunes of democracy. Economic growth gained traction in parts of the region,

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<sup>7</sup> 'More money, less freedom', *The Economist*, 22 July 2017, pp. 19–20; E. Martinez Kuhonta, 'Walking a tightrope: democracy versus sovereignty in ASEAN's illiberal peace', *The Pacific Review*, 2006, Vol. 19, No. 3, pp. 337–358. Cf. C. Cho, 'Illiberal Ends, Multilateral Means: Why Illiberal States Make Commitments to International Institutions', *The Korean Journal of International Studies*, December 2012, Vol. 10, No. 2, pp. 157–185.

<sup>8</sup> For an example of a systematic application of liberal institutional theory to ASEAN, see: A. Pennisi di Floristella, *The ASEAN Regional Security Partnership: Strengths and Limits of a Cooperative System*, Houndmills, Basingstoke, Hampshire: Palgrave Macmillan, 2015. See also: M. Norkevičius, 'Regional Institutionalism in Southeast Asia', *Socialinių Mokslų Studijos (Societal Studies)*, 2014, Vol. 6, No. 1, pp. 98–113.

<sup>9</sup> For a comparable analysis of the relationship between liberal institutionalism and regionalism in Southeast Asia, see: M. Norkevičius, op.cit. For a more general assessment of how liberal institutionalism has fared in the post-Cold War era, see: R.O. Keohane, 'Twenty Years of Institutional Liberalism', *International Relations*, 2012, Vol. 26, No. 2, pp. 125–138.

beginning with Singapore's spectacular success story and followed to varying extents by others, albeit with notable laggards.

Throughout the past half-century's vicissitudes, ASEAN played a role in setting the region on a peaceful and more economically robust trajectory. Its most singular success was the gradual but seemingly ineluctable process through which ASEAN embraced almost all Southeast Asian nations. Brunei joined in 1984, followed by Vietnam in 1995, Laos and Myanmar in 1997, and Cambodia in 1999. Even Timor-Leste, once a source of intra-regional tension, is a member-in-waiting.

Critics have habitually dismissed ASEAN as a do-nothing talk shop, positing that the 'ASEAN Way' of consensus and non-interference in domestic affairs renders the organisation effectively impotent. However, Southeast Asia stands out as a positive model for virtually eliminating intra-regional conflict. As Indonesian Foreign Minister Retno Marsudi put it in an anniversary reflection, 'ASEAN has established an ecosystem of peace and prosperity for the region'.<sup>10</sup>

In particular, ASEAN is distinctive in the Asia-Pacific as the only significant organisation that incorporates all members of a sub-region harmoniously. It has achieved collective stability notwithstanding individual members' weaknesses – providing just enough cohesion and structure to mitigate intra-regional frictions without eliciting serious complaints from national citizenries of an overreaching ASEAN Secretariat intruding into their lives (unlike the EU, where complaints abound of rule by a Brussels 'Eurocracy').<sup>11</sup> The light-touch, slow-moving 'ASEAN Way' has aligned with the needs and ambitions of its member nations and societies – creating a *modus vivendi* which treats all states as equals in the regional organisation while fending off the intrusions from outside powers that had proven so costly from the colonial era through the world wars and the Cold War.<sup>12</sup>

ASEAN has not only provided centrality within in its own region but has also claimed that mantle in wider Asia-Pacific affairs. Over time, ASEAN has become the pivot around which wider regional dialogues revolve.<sup>13</sup> If there is any discernible regional architecture in the Asia-Pacific, ASEAN is the skeleton on which it hangs through

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<sup>10</sup> 'Keynote Speech by H.E. Retno, L.P. Marsudi Minister of Foreign Affairs, Republic Of Indonesia at the ASEAN 50 International Conference, Jakarta, 19 July 2017', <https://www.kemlu.go.id/id/pidato/menlu/Documents/Keynote%20Speech%20by%20Minister%20Retno%20LP%20Marsudi%20-%20The%20ASEAN%2050%20International%20Conference%20-%202019%20July%202017.pdf> (accessed on 18 September 2017). For a similar assessment of ASEAN's 'transformative' impact by a former Indonesian Minister of Foreign Affairs, see: R.M. Marty Natalegewa, 'The Expansion of ASEAN and the Changing Dynamics of Southeast Asia', *Contemporary Southeast Asia*, August 2017, Vol. 39, No. 2, p. 232.

<sup>11</sup> F. Mattheis, U. Wunderlich, 'Regional Actorness and Interregional Relations: ASEAN, the EU, and Mercosur', *Journal of European Integration*, 2017, Vol. 39, No. 6, pp. 727–728; T. Chalermpananup, 'No Brexit Repeat in ASEAN', *The Diplomat*, 28 June 2016, <http://thediplomat.com/2016/06/no-brexit-repeat-in-asean/> (accessed on 27 July 2017).

<sup>12</sup> M. Caballero-Anthony, 'Understanding ASEAN's centrality: bases and prospects in an evolving regional architecture', *The Pacific Review*, 2014, Vol. 27, No. 4, p. 569.

<sup>13</sup> See S. Tan, 'Rethinking "ASEAN Centrality" in the Regional Governance of East Asia', *The Singapore Economic Review*, June 2017, Vol. 62, No. 3, pp. 726–727.

a panoply of acronyms that absorb foreign ministries and academics around the region: most notably, the ASEAN Regional Forum (ARF), the East Asia Summit (EAS) and the ASEAN Defence Ministers' Meeting Plus (ADMM-Plus). In the economic sphere too, ASEAN formally leads the negotiations for the Regional Comprehensive Economic Partnership (RCEP), which embraces more economies than any other trading initiative in the Asia-Pacific.<sup>14</sup>

In short, ASEAN had much to celebrate on its fiftieth birthday in August 2017. Prospects of intra-regional conflict remain minimal. The ASEAN Economic Community (AEC) has been in place since 2015 and its members are generally growing richer. There are caveats, many of which spring from the limitations of the 'ASEAN Way'. Nevertheless, on balance, the scorecard for ASEAN over the past half century must be a positive one.

Moreover, the ASEAN record broadly vindicates liberal thinking about international relations. Conscious cooperation between the states of the region has helped to quell conflict and to construct durable regional institutions. There has even been a halo effect around the wider Asia-Pacific through ASEAN 'centrality' in convening regional dialogues.

Yet ASEAN's status as a poster child for liberal regionalism may be about to founder on the shoals of realism. The organisation faces numerous internal challenges and external geopolitical pressures. Its economic efficacy is also in question, with economic integration evolving organically rather than because of the AEC. The wider issue of ASEAN centrality is also in jeopardy. There is much to suggest that a mid-life crisis looms rather than deeper regional integration, but there are also opportunities and ASEAN may yet demonstrate that liberal institutionalism at regional level can mitigate illiberalism in political and economic spheres nationally.

### **ASEAN's Internal Challenges**

ASEAN's fundamental internal challenges are paradoxical. On the one hand, there is the question of its own centrality within Southeast Asia: to thrive in the next fifty years, ASEAN must maintain and extend its relevance as the primary collective mechanism through which its members advance their discrete national goals. On the other hand, it cannot abandon the 'ASEAN Way' of consensus and non-intrusion in domestic affairs without risking a backlash among its member states that could pull the whole enterprise apart. Of these inter-related challenges, the former looms larger at present.

The challenge of regional centrality relates to the organisation's legitimacy as perceived by its two main constituencies, the elites who have driven the regional integration project and the citizens of member states. This legitimacy manifests itself less in political terms than in the EU, as ASEAN's members have ceded little of their political autonomy to their supranational institution, but rather in terms of delivering a return on investment

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<sup>14</sup> A. Chandra, 'Regional Economic Community-Building Amidst Rising Protectionism and Economic Nationalism in ASEAN', *Journal of ASEAN Studies*, 2016, Vol. 4, No. 1, p. 13.

and not intruding into their societies too deeply.<sup>15</sup> Simply put, ASEAN's legitimacy is congruent with its material utility: its elites and citizens gauge its value by the benefits they derive from ASEAN's existence, particularly those associated with economic and political stability in the region. Indeed, much of ASEAN's legitimacy has historically arisen from providing a form of mutual collective security that has prevented conflict amongst its own constituent states.<sup>16</sup> While unusual in not seeking primarily to protect its members against external powers, this achievement is a profoundly liberal one in terms of cooperation amongst nation-states to achieve greater collective security.

ASEAN is often characterised as an elite-driven project, with a primarily narrow economic focus – as noted by several political and business leaders at the 2017 World Economic Forum meeting in Davos.<sup>17</sup> For elites, ASEAN's utility is most apparent 'when it demonstrates its value' by enhancing their wealth and sovereignty, but there is little in ASEAN's recent record of accomplishment to impress elites.<sup>18</sup> The ASEAN Economic Community still lacks vigour, while insecurity persists in the South China Sea, where growing dissent has emerged within the organisation over whether its consensus-based decision-making model can generate effective responses to the issue.<sup>19</sup> Several former foreign ministers from states including Indonesia, Malaysia, Vietnam, and the Philippines have argued for re-examination or reinvigoration of the consensus model, with Indonesia's Hassan Wirajuda arguing that: '[o]ne member state should not prevent others from implementing their mutually agreed decisions'.<sup>20</sup>

At the same time, ASEAN's historically informal structure means elites are wary of ceding more than token amounts of sovereignty, particularly if this could endanger their own domestic power. Nationalistic elements present a further complication, with populists harnessing economic nationalism in service of their domestic agendas – as evidenced in Indonesia's presidential election where powerful sectorial interests supported Prabowo Subianto's populist campaign.<sup>21</sup> This intertwines with ASEAN's legitimacy at the domestic level, where elites have justified ASEAN to their citizenries by highlighting

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<sup>15</sup> Anonymous, 'The EU as a Template for Regional Integration: the Case of ASEAN', *The Young Diplomat*, 21 April 2017, <http://www.young-diplomat.com/single-post/2017/04/21/The-EU-as-a-template-for-regional-integration-the-case-of-ASEAN> (accessed on 5 June 2017).

<sup>16</sup> R. Emmers, 'Enduring Mistrust and Conflict Management in Southeast Asia: An Assessment of ASEAN as a Security Community', *TRaNS: Trans-Regional and National Studies of Southeast Asia*, January 2017, Vol. 5, No. 1, p. 83.

<sup>17</sup> M. Singh, 'Manufacturing Identity: Is ASEAN a Community Yet?', *World Economic Forum*, 27 January 2017, <https://www.weforum.org/agenda/2017/01/manufacturing-identity-is-asean-a-community-yet/> (accessed on 13 July 2017).

<sup>18</sup> M. Davies, 'ASEAN centrality losing ground', *East Asia Forum*, 4 September 2016, <http://www.eastasiaforum.org/2016/09/04/asean-centrality-losing-ground/> (accessed on 9 April 2017).

<sup>19</sup> B. Ho, 'The Future of ASEAN Centrality in the Asia-Pacific Regional Architecture', *Yale Journal of International Affairs*, 2016, Vol. 11, pp. 80–81.

<sup>20</sup> H. Thi Tha, 'Reconciling Consensus with New Realities', *ASEAN Focus*, Jan/Feb 2017, No. 13, pp. 4–7.

<sup>21</sup> L. Quayle, 'Indonesia, the ASEAN Socio-Cultural Community, and the contingent profile of regional "great-power management"', *The Pacific Review*, June 2017, pp. 5–6; E. Aspinall, 'Oligarchic Populism: Prabowo Subianto's Challenge to Indonesian Democracy', *Indonesia*, April 2015, No. 99, pp. 2–3.

the economic benefits of membership, while seeking to build a regional identity that will bolster citizens' attachment to and support for ASEAN.<sup>22</sup>

Yet regional identity building has proven a challenge. If many agree that ASEAN is elite-driven, there is a complementary assumption that ASEAN barely touches upon the lives of ordinary citizens. This assumption is not baseless: a 2013 survey found three-quarters of respondents across ASEAN capitals lacked "a basic understanding of what ASEAN is and what it is striving to do", with 85% of business leaders having either no or simply rudimentary knowledge of ASEAN.<sup>23</sup> However, there has been some progress: in the Asian Barometer Survey's 2016 report, 51% of respondents identified themselves as "close" to ASEAN.<sup>24</sup> While ASEAN elites have thus had some success on the regional level in lifting awareness across the population at large, deeper popular legitimacy for the organisation remains a work in progress.

Where divisions are starker and most concerning is between, rather than within, states. In Thailand, where the government 'enthusiastically promoted ASEAN' as the AEC's 2015 deadline approached, there was reportedly a high degree of anticipation for the AEC as a watershed for regional openness and greater opportunities.<sup>25</sup> Conversely, others throughout the region fear such openness. In Indonesia, this is largely for economic reasons as slowing domestic growth engenders populist-nationalist support for economic protectionism in a competitive regional market, exacerbated by rumours of an influx of foreign workers putting Indonesians out of work, thus diminishing enthusiasm for ASEAN.<sup>26</sup>

Ethnic and religious divisions also remain important in national politics across ASEAN and pose challenges to identity building. From Jakarta's 2016 gubernatorial election to the upcoming Malaysian general elections and the explosive Rohingya issue in Myanmar, such divisions flare up frequently.<sup>27</sup> Southeast Asia's heterogeneity, including three major religions and dozens of languages, presents a greater obstacle to the construction

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<sup>22</sup> D.T. Fabrian, 'Could the ASEAN Community bring about a Southeast Asian Identity?', *Yale Journal of International Affairs*, 28 December 2016, [http://yalejournal.org/article\\_post/could-the-asean-community-bring-about-a-southeast-asian-identity/](http://yalejournal.org/article_post/could-the-asean-community-bring-about-a-southeast-asian-identity/) (accessed on 27 July 2017); M.E. Jones, 'Forging an ASEAN Identity: The Challenge to Construct a Shared Destiny', *Contemporary Southeast Asia*, April 2004, Vol. 26, No. 1, p. 141.

<sup>23</sup> R.W. Domingo, 'Low Awareness of 2015 ASEAN Integration Noted', *Philippine Daily Inquirer*, 1 April 2013, <http://business.inquirer.net/114795/low-awareness-of-2015-asean-integration-noted> (accessed on 1 August 2017).

<sup>24</sup> The Habibie Center, 'So Close, but Yet So Far: Public Perceptions of ASEAN', *The Habibie Center ASEAN Studies Program ASEAN Briefs*, August 2016, Vol. 3, No. 6, pp. 2-3.

<sup>25</sup> I. Balcaite, "'When ASEAN Comes'": In search of a People-Centred ASEAN Economic Community in Greater Mekong Borderscapes', *SOJOURN: Journal of Social Issues in Southeast Asia*, 2016, Vol. 31, No. 3, p. 881.

<sup>26</sup> S. Dharma Negara, 'Rising Economic Nationalism in Indonesia: Will This Time be Different?', *ISEAS Perspective*, October 2015, No. 59, pp. 4, 6.

<sup>27</sup> D. Singh, N. Saat, M. Cook, T. Siew Mun, 'Southeast Asia Outlook 2017', *ISEAS Perspective*, 3 January 2017, [https://think-asia.org/bitstream/handle/11540/6817/ISEAS\\_Perspective\\_2017\\_1.pdf?sequence=1](https://think-asia.org/bitstream/handle/11540/6817/ISEAS_Perspective_2017_1.pdf?sequence=1) (accessed on 25 July 2017).

of a regional identity than in Europe, with unresolved territorial disputes and historical enmities complicating matters further.<sup>28</sup>

Top-down efforts to foster awareness of and appreciation for ASEAN are similarly disjointed. At one extreme, Singapore has engaged in a multi-level programme of engagement with its population to promote an ASEAN identity, while at the other, only one-twentieth of Indonesians surveyed demonstrated even basic awareness of ASEAN's economic community-building.<sup>29</sup> The construction of a distinctly Southeast Asian identity rooted in ASEAN appears to be an uneven project at best, with a coherent idea of 'Southeast Asian-ness' remaining a distant prospect.

If issues closer to home distract the national elites who drive their states' engagement with ASEAN, regional integration will falter. This is particularly important where the rule of law is weaker and small groups or individuals can determine foreign policy unfettered. Malaysia, Thailand, and Cambodia are increasingly subject to this trend, as all three face the erosion of democratic institutions.<sup>30</sup> The past year or so has delivered several pressing issues in rapid succession. Thailand remains engrossed in the military government's response to the death of King Bhumibol, the Rohingya crisis has further complicated Myanmar's consolidation of its transition to democratic civilian rule and the Philippines, despite holding the rotating ASEAN presidency in 2017, has shown more interest in domestic and bilateral relations.<sup>31</sup>

Critically, Indonesia has been less willing to commit to regional leadership under the presidency of Joko Widodo, who has 'tended to leave ASEAN more to the Foreign Ministry'.<sup>32</sup> There is justifiable concern about Indonesia's commitment to ASEAN: if the leaders of its member states drive ASEAN, the absence of the leader of its largest member is troubling.<sup>33</sup> Some make the counterargument that, while ASEAN may deliver less for its members than the EU, there is no potential candidate for an 'X-exit' in the manner of Britain's exit from the EU. Unlike the divided perspectives EU members hold on its desirability and function, ASEAN's members continue to view its *raison d'être* of preserving regional peace and security as fundamentally valid.<sup>34</sup> Here, ASEAN's weakness becomes a strength, as the inability of the Secretariat to impose binding regulations upon its members gives fewer incentives for resistance to the supranational project.

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<sup>28</sup> D. Hutt, 'How Nationalism Undermines ASEAN Integration', *The Diplomat*, 7 June 2017, <http://thediplomat.com/2017/06/how-nationalism-undermines-asean-integration/> (accessed on 30 July 2017).

<sup>29</sup> G.C. Tong, *op.cit.*, p. 24; A. Makin, 'Fears of an Open Market: Citizens' Voices of the ASEAN Economic Community (AEC)', *ADDIN*, August 2016, Vol. 10, No. 2, p. 326.

<sup>30</sup> T. Pongsudhirak, 'Asean regionalism and authoritarianism', *Bangkok Post*, 5 August 2017, <http://www.bangkokpost.com/opinion/opinion/1300259/asean-regionalism-amid-authoritarianism> (accessed on 9 August 2017).

<sup>31</sup> M. Cook, 'Southeast Asia Outlook 2017', pp. 6–7.

<sup>32</sup> L. Quayle, *op.cit.*, p. 2.

<sup>33</sup> M. Davies, *op.cit.*; D.K. Emmerson, 'ASEAN between China and America: Is It Time to Try Horsing the Cow?', *TRaNS: Trans-Regional and -National Studies of Southeast Asia*, January 2017, Vol. 5, No. 1, p. 6.

<sup>34</sup> T. Chalermphanupap, *op.cit.*

In its fiftieth year, ASEAN confronts a daunting dilemma internally. The organisation will need to take bold steps to reassert and bolster its regional centrality in the face of its limited impact beyond elite levels, especially when coupled with rising nationalism, increased authoritarianism, democratic slippage, and growing proclivities to bilateralism amongst member states. It is insufficient for ASEAN to be inoffensive if its member states regard it as ineffectual and irrelevant to their core interests. Yet to step beyond the self-prescribed limits of the tried and tested ‘ASEAN Way’ is akin to leaping into an abyss for most leaders of the member states. Unless addressed, this dilemma threatens to erode the liberal institutional framework of regional cooperation that ASEAN has gradually constructed over fifty years.

### ASEAN’s External Challenges

Compounding ASEAN’s internal challenges are a set of external pressures, which imperil its cohesion. Paralleling its internal challenges, ASEAN centrality is the main point of contention. In particular, as the focus of the international economy pivots to Asia, ASEAN has styled itself as the nexus binding East Asia’s northern and southern halves, echoing Southeast Asia’s historical importance as an economic, strategic, and cultural crossroads between East and South Asia and beyond.<sup>35</sup> Counterbalancing the opportunities offered to ASEAN by the growing international attention it is receiving are the often-competing ambitions of the United States and China. Each has its own interests in the region and, as the stakes of their emerging geopolitical confrontation grow, the will to advance them.

Just as ASEAN’s well-being largely depends upon the acceptance of its members, the boundaries of its wider international significance hinge on acceptance of its so-called centrality by other states in the Asia-Pacific. This broader conceptualisation of centrality has been integral to ASEAN’s utility to its members for decades. By striving to make itself an indispensable partner to the Asia-Pacific’s great powers and others, ASEAN has preserved its collective autonomy through what Evelyn Goh terms the ‘omni-enmeshment’ of major powers. This involves engaging great powers within institutionalised structures designed to maintain the presence of small states and their concerns, and socialising them into norms of interaction to minimise the disruptive influence of a broader regional power transition between the United States and China.<sup>36</sup> In the past, ASEAN has made itself useful to the two powers by acting as a convener for dialogues between the United States, China and others. By providing impartial “meeting places” for their interactions and ensconcing itself in a position at the centre of Asia-Pacific regionalism, ASEAN has advanced its members’ interests by keeping them on the agenda.<sup>37</sup>

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<sup>35</sup> L. Dittmer, *op.cit.*, pp. 112–113.

<sup>36</sup> E. Goh, ‘Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies’, *International Security*, Winter 2007/08, Vol. 32, No. 3, p. 121.

<sup>37</sup> S. Tan, *op.cit.*, pp. 726–727.

Currently, the risk looms that the great powers' respective goals will outweigh their incentives to engage with one another through those institutions or to continue paying lip service to the notion of ASEAN centrality. Already the more direct, transactional approaches of the great powers towards one another have generated alarm concerning the vitality of the regional institutions ASEAN has established to facilitate a rules-based order. The first meeting between Presidents Donald Trump and Xi Jinping in April 2017 was a strictly bilateral affair, despite the broad ambit of the two leaders' discussions, raising fears for the relevance of the ASEAN Regional Forum.<sup>38</sup> ASEAN effectively requires reassurances from both sides: commitment by the Americans not to abandon Southeast Asia, and assurance from China that its growing regional presence is non-threatening.<sup>39</sup>

The pivotal issue is the broader geopolitical competition between Washington and Beijing. Where internal disputes intersect with their respective wishes, complications arise. The South China Sea dispute has been the most visible aspect of a multifaceted competition for influence, relative advantage and national prestige in the region, with ASEAN's internal issues – its inability to reach a consensus as several members nurture territorial disputes – intersecting with the South China Sea's place in Beijing's and Washington's desired regional order.

Chinese aims for Southeast Asia focus on maximising its economic and strategic advantage, including dominion over the disputed territories of the South China Sea. It has pursued this goal in part by pressuring Cambodia to prevent ASEAN from formally responding to Chinese actions in the region.<sup>40</sup> Since 2012, Cambodia has hampered attempts by ASEAN states feeling threatened by China to issue joint communiqués acknowledging the issue at ARF meetings, with the 2016 meeting in Vientiane only narrowly passing a (carefully sanitised) joint statement.<sup>41</sup> ASEAN's search for security has consequently been criticised as 'fruitless' because consensus-based decision-making prevents it from engaging meaningfully with China over the issue.<sup>42</sup> American goals in the dispute, on the other hand, incline towards protecting the status quo; even a contested South China Sea is preferable to a Chinese-controlled one.

Chinese and American approaches in recent years invite pessimism concerning their regard for ASEAN. As Donald Emmerson has noted, China's exploitation of the bilateral relationship with Cambodia to frustrate a unanimous ASEAN position on the South China

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<sup>38</sup> A. Ward, 'Trump-Xi Meeting Shows Asia Is Moving into a New Era', Chatham House, 10 April 2017, <https://www.chathamhouse.org/expert/comment/trump-xi-meeting-shows-asia-moving-new-era> (accessed on 5 May 2017).

<sup>39</sup> D.K. Emmerson, 'ASEAN Between China and America...', op.cit., p. 8.

<sup>40</sup> M. Davies, 'ASEAN's South China Sea ulcer', *New Mandala*, 26 July 2016, <http://www.newmandala.org/aseans-south-china-sea-ulcer/> (accessed on 9 August 2017).

<sup>41</sup> E. Laksmana, 'Can there be ASEAN centrality without unity?' *Jakarta Post*, 6 September 2016, <http://www.thejakartapost.com/seasia/2016/09/06/insight-can-there-be-asean-centrality-without-unity.html> (accessed on 30 April 2017).

<sup>42</sup> M. Davies, 'ASEAN's South...', op.cit.

Sea dispute were ‘the acts not of “an enlightened major power” but of an intransigently selfish one’.<sup>43</sup> The risk is that ASEAN will become ‘a casualty of Chinese realpolitik’ as its members are isolated in woefully unbalanced bilateral negotiations and compelled or coerced into accepting Beijing’s geopolitical ambitions as a *fait accompli*, stripping ASEAN of its ability to deliver its members the collective security which largely justifies its existence.<sup>44</sup> For its part, the United States failed what Singapore’s Prime Minister Lee Hsien Loong called ‘a litmus test of your credibility and seriousness of purpose’ in the region by unilaterally withdrawing from the Trans-Pacific Partnership (TPP) and abdicating economic leadership in the Asia-Pacific.<sup>45</sup> The question of American commitment to the region is particularly concerning for ASEAN members already worried about the South China Sea. For example, the risk arises that the Trump Administration may apply a transactional approach to international relations to the South China Sea and treat it as a bargaining chip to trade with Beijing in return for cooperation in containing North Korea’s nuclear threat.<sup>46</sup> While Washington’s resumption of freedom-of-navigation operations has somewhat allayed these fears, the Trump administration’s mercurial foreign policy ensures their persistence.

Another complicating factor is the growing willingness of Washington and Beijing to establish or use international institutions as avenues of competition. For a time, many construed the TPP as a Trojan horse for American dominance of the trading order and rules of economic engagement for the Asia-Pacific. Similarly, some have viewed initiatives such as the Asian Infrastructure Investment Bank (AIIB), the ‘Belt and Road’ project and even RCEP as part of China’s strategy for edging out the United States and achieving regional hegemony.<sup>47</sup> In both cases, establishment of alternative centres of institutional influence in the region runs counter to ASEAN’s more all-encompassing and less conditional approach to institution-building.<sup>48</sup>

ASEAN’s internal challenges only exacerbate these issues. First, lack of cohesion allows China to isolate its members and bring its full weight to bear against them in bilateral negotiations. This is particularly concerning insofar as multilateralism is invariably a vital tool for smaller states in safeguarding themselves from bullying by great powers prepared

<sup>43</sup> D.K. Emmerson, ‘ASEAN between China and America...’, *op.cit.*, p. 9.

<sup>44</sup> R. Giménez Llamas, ‘ASEAN and the EU: The Two Faces of Regional Integration’, Presentation at Warwick ASEAN Conference, 8 February 2017, <http://warwickaseanconference.com/asean-and-the-eu-the-two-faces-of-regional-integration/> (accessed on 11 May 2017).

<sup>45</sup> D.K. Emmerson, ‘ASEAN between China and America...’, *op.cit.*, pp. 9–10.

<sup>46</sup> D.K. Emmerson, ‘South China Sea: US bargaining chip or key interest?’ Freeman Spogli Institute for International Studies, 1 June 2017, <http://aparc.fsi.stanford.edu/southeastasia/news/south-china-sea-us-bargaining-chip-or-key-interest> (accessed on 12 June 2017).

<sup>47</sup> D.K. Emmerson, ‘ASEAN Between China and America...’, *op.cit.*, p. 15; W. Tow, ‘Bipolarity and the Future of the Security Order in East Asia’, discussion paper, ISEAS Yusof Ishak Institute, 19 July 2016, p. 17, [https://www.iseas.edu.sg/images/pdf/TRS10\\_16.pdf](https://www.iseas.edu.sg/images/pdf/TRS10_16.pdf) (accessed on 17 June 2017).

<sup>48</sup> E. Goh, ‘ASEAN-led Multilateralism and Regional Order: The Great Power Bargain Deficit’, *ASAN Forum*, 23 May 2014, <http://www.theasanforum.org/asean-led-multilateralism-and-regional-order-the-great-power-bargain-deficit/> (accessed on 8 September 2017).

to exploit their power disparities to exact concessions.<sup>49</sup> At a time when the United States is pursuing a transactional foreign policy and China is determined to mobilise its wealth in pursuit of its self-interest, this need is increasingly acute.<sup>50</sup>

Second, lack of leadership from within prevents convincing articulation of a coherent narrative of ASEAN's wants and needs. As Suos Yara writes, 'ASEAN centrality cannot be sustained if there is not unity or solidarity'.<sup>51</sup> Here, concerns centre upon Indonesia, where calls for a 'post-ASEAN foreign policy' reflect President Widodo's de-emphasising of ASEAN as the avenue through which Jakarta should assert its position at the Asia-Pacific level.<sup>52</sup> Furthermore, Philippines President Rodrigo Duterte's transactional willingness to set aside Manila's territorial dispute with Beijing in return for the economic benefits of a closer bilateral relationship and his expressed preference for bilateral resolutions to the dispute have stoked concerns that Manila will keep the issue off ASEAN's agenda. The risk therefore arises that ASEAN 'could find itself completely side-lined in the biggest security challenge in Southeast Asia', condemning it to irrelevance.<sup>53</sup>

ASEAN's all-important elites, to their credit, have begun to speak on the matter of preserving external centrality. At a March 2017 roundtable in Kuala Lumpur, concerns were voiced that American retrenchment from Southeast Asia would further weaken ASEAN centrality by driving member states into Beijing's embrace.<sup>54</sup> Additionally, many – including current and former heads of state and foreign ministers from Singapore, Indonesia, and Malaysia – have advocated that ASEAN engage in internal reforms and revisit the principle of consensus-based decision-making by separating consensus from unanimity. The 'ASEAN-X' model would allow the organisation to take action over the objections of any one member, in a proposal responding primarily to Beijing's use of Cambodia as a proxy to prevent embarrassing censures of China for its actions in the South China Sea.<sup>55</sup>

The idea is not as radical as it may seem at first blush. By preserving consensus as an ideal while accepting the impracticality of unanimity, ASEAN would gain much-needed flexibility in responding to the realities of a changing region.<sup>56</sup> The ASEAN-X

<sup>49</sup> W. Tow, *op.cit.*, p. 19.

<sup>50</sup> C. Kahl, H. Brands, 'Trump's Grand Strategic Train Wreck', *Foreign Policy*, 31 January 2017, <http://foreignpolicy.com/2017/01/31/trumps-grand-strategic-train-wreck/> (accessed on 15 April 2017).

<sup>51</sup> S. Yara, 'The way forward for the ASEAN Community', East Asia Forum, 12 May 2017, <http://www.eastasiaforum.org/2017/05/12/the-way-forward-for-the-asean-community/> (accessed on 17 May 2017).

<sup>52</sup> M. Davies, 'ASEAN centrality...', *op.cit.*

<sup>53</sup> R. Javad Heydarian, 'Under Duterte, ASEAN Could Cede Clout for Consensus', Asia Maritime Transparency Institute, 7 March 2017, <https://amti.csis.org/duterte-asean-cede-clout/> (accessed on 11 May 2017).

<sup>54</sup> T. Patel, 'A Trade War is Unlikely but Stable US-China Relations are Crucial for ASEAN', CIMB ASEAN Research Institute, 3 April 2017, <http://www.cariasean.org/news/asean-roundtable-series-a-changing-world-order-what-will-president-trumps-economic-and-foreign-policies-mean-for-asean/> (accessed on 25 May 2017).

<sup>55</sup> D.K. Emmerson, 'ASEAN between China and America...', *op.cit.*, pp. 18–19.

<sup>56</sup> 'The Future of ASEAN: Meeting the Challenges of a Changing Global and Regional Landscape', A Memorandum presented to ASEAN Foreign Ministers and Leaders by the ASEAN Institutes of Strategic and International Studies (*ASEAN-ISIS*), 19 February 2017, p. 7.

formula has already been applied in the implementation of the AEC, where member states have retained control over the pace of their financial liberalisation to better navigate the integration project around the region's developmental gaps. While such flexibility has invited criticism of foot-draggers, it has permitted progress where the differing capacities of states to comply with the agenda otherwise have impeded their willingness to commit.<sup>57</sup>

If ASEAN wishes to preserve centrality, it cannot limit itself to being the convener for Sino-American interactions, not least because Washington and Beijing are no longer willing to engage with Southeast Asia through multilateralism alone. If the United States will not make itself available as a partner to balance China's growing regional heft, the risk is that China's economic power will translate into unchecked political influence. With the Trump Administration's Asia policy focused squarely for the time being upon the Korean Peninsula, apprehensions grow that Washington will not even notice until it is too late.

The external pressures on ASEAN have injected a bracing dose of realism into regionalism in Southeast Asia. They not only throw into question the external centrality of ASEAN in regional affairs, but also pose a potentially existential crisis for ASEAN internal unity. If unchecked, they could spell the end of ASEAN as a meaningful organisation in political and security terms. Yet they also underline the critical importance of affirming liberal principles, both through cohesion and cooperation among its members to drive stronger institution-building within ASEAN and through supporting the development of wider regional architecture based on collective rules-based approaches. Only by actively defending its centrality within a rules-based order can ASEAN hope to withstand the competing external pressures it faces, let alone shape a regional order that is not prey to the unchecked realist application of raw power.

### **The ASEAN Economic Community**

To add to ASEAN's challenges, the project that should be the driving force for deeper integration, the AEC, has so far had little to show for the rhetoric that prefigured its advent in late 2015. To date, its significance has been largely symbolic, inasmuch as ASEAN has long sought to pursue success through economic integration, and the AEC simply marks the farthest step the member states have yet endorsed to integrate their economies.<sup>58</sup> Within ASEAN, the AEC represents one of the three pillars of the planned ASEAN Community, and thus underpins ASEAN's hopes to secure its position at the centre of Southeast Asia and as the hub of the Asia-Pacific.<sup>59</sup> Moreover, with American

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<sup>57</sup> J. Menon, A.C. Melendez, 'Realizing an ASEAN Economic Community: Progress and Remaining Challenge', *The Singapore Economic Review*, June 2017, Vol. 62, No. 3, p. 689.

<sup>58</sup> J. Pang, 'ASEAN and Global Change', *RSIS Commentary*, No. 253, 20 November 2015, <https://www.rsis.edu.sg/rsis-publication/cms/co15253-asean-and-global-change/#.WdbfBGiCySQ> (accessed on 25 May 2017).

<sup>59</sup> *Ibidem*, p. 2; M. Caballero-Anthony, *op.cit.*, pp. 563–564.

withdrawal from the TPP abruptly depriving the region of the ‘gold standard’ free trade agreement hitherto promised, it is one of the few endeavours aspiring to accelerate economic liberalisation on a large scale.<sup>60</sup>

Evaluating the substantive dividends of the AEC is a harder task, which reveals much about the practicalities of intra-regional economic integration. Most analyses of ASEAN’s economic integration have concerned themselves either with its underlying economic and political motivations or the minutiae of its implementation. Furthermore, several factors make it difficult to gauge the precise extent to which the AEC and the measures undertaken in its name have been responsible for ASEAN’s economic growth over the past decade. They include the inherently voluntary nature of ASEAN’s economic reporting regimes, the multiplicity of ways in which economic growth and integration may be measured, and the varying capacities of ASEAN members to report on them. Nonetheless, it is possible to outline some trends since the adoption in 2008 of the AEC Blueprint 2015 and to assess the extent of the AEC’s success.

ASEAN’s economy grew by 4.8% in 2016, a rate that was forecast to hold in 2017. Intra-ASEAN investment provided ASEAN’s second-largest source of Foreign Direct Investment (FDI), behind EU investment, at nearly one-quarter of total FDI inflows in 2016. The bloc can be proud of these figures.<sup>61</sup> However, it is necessary to examine the data closely to determine the AEC’s contribution to this growth. Over the past two decades, intra-ASEAN trade, a useful indicator of the prevalence or otherwise of barriers to trade, has increased sluggishly, growing from 22.75% of trade in 2001 to 23.48% by 2016.<sup>62</sup> ASEAN’s own reporting shows that the latter figure actually reflects a decline in intra-ASEAN trade from its peak of 25% in 2007, the year in which the target date for the AEC’s establishment was advanced to 2015.<sup>63</sup> This correlation does not imply causation – the region’s trade as a whole declined by 2.28% from 2015 to 2016. But the stalled growth of intra-ASEAN trade as a proportion of regional trade highlights a stark contrast between the lofty rhetoric of regional economic integration and the political realities which have seen barriers to trade not only persist but in some cases expand.<sup>64</sup>

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<sup>60</sup> J.J. Schott, Z.L. Lu, ‘Asia-Pacific Regionalism after the TPP’, in A.S. Posen, J. Ha (eds), *17–1 US-China Cooperation in a Changing Global Economy*, briefing paper, Peterson Institute for International Economics, June 2017, p. 134.

<sup>61</sup> ASEAN Secretariat, *ASEAN Economic Integration Brief*, June 2017, No. 1, p. 2, [http://asean.org/storage/2017/06/AEIB\\_No.01-June-2017\\_rev.pdf](http://asean.org/storage/2017/06/AEIB_No.01-June-2017_rev.pdf) (accessed on 17 August 2017).

<sup>62</sup> D.M. Jones, ‘ASEAN’s Imitation Economic Community: The Primacy of Domestic Political Economy’, in B. Jetin, M. Mikic (eds), *ASEAN Economic Community: A Model for Asia-wide Regional Integration?*, New York: Palgrave Macmillan, 2016, pp. 20–21; ASEAN, ‘Intra- and extra-ASEAN trade, 2015 (as of November 2016)’, [http://asean.org/storage/2016/11/Table18\\_as-of-6-dec-2016.pdf](http://asean.org/storage/2016/11/Table18_as-of-6-dec-2016.pdf) (accessed on 17 August 2017); ASEAN Secretariat, *ASEAN Economic Integration Brief*, No. 1, p. 2.

<sup>63</sup> ASEAN Secretariat, *ASEAN Economic Community Chartbook 2016*, Jakarta: ASEAN, 2016, p. 15.

<sup>64</sup> ASEAN Secretariat, *ASEAN Economic Integration Brief*, No. 1, p. 2.

Between 2009 and 2013, despite ASEAN's success in nullifying intra-regional tariffs, its member states implemented 186 new non-tariff measures (NTMs).<sup>65</sup> In effect, NTMs have replaced tariffs as the protectionist tool of choice within ASEAN, allowing members to maintain pro forma commitment to the AEC while shielding themselves from the impacts of trade liberalisation. The AEC's focus on liberalising intra-regional trade is therefore contingent upon its ability to lower non-tariff barriers, but ASEAN has not yet sufficiently committed itself to this goal.<sup>66</sup>

Consequently, despite establishment of a multitude of forums and frameworks to govern regional economic integration through the AEC, the actual implementation of those agreements continues to lag.<sup>67</sup> As early as 2012, the Economic Research Institute for ASEAN and East Asia (ERIA) highlighted significant non-tariff barriers to trade and investment, infrastructure projects falling behind schedule and regional regulations being improperly enforced.<sup>68</sup> Much of this is due to development disparities across the region. In 2014, less than one-tenth of intra-ASEAN trade took place under the terms of the ASEAN Free Trade Agreement (AFTA) and the ASEAN Trade in Goods Agreement (ATIGA), as the Rules of Origin requirements for tariff concessions are often beyond the means of the small- and medium-sized enterprises that dominate ASEAN's business environment.<sup>69</sup>

To explain the stalled progress of regional economic integration, it is necessary to understand the regional economy. While economic integration along liberal lines holds definite allure, the nature of global supply chains and Southeast Asia's export-oriented development model means ASEAN economies are competitive, rather than complementary, vying for tasks outsourced from advanced economies and engaging in unilateral liberalisation to maintain relative advantage.<sup>70</sup> Accordingly, states have pursued many extra-regional trade agreements to further their own relative gains compared to fellow ASEAN members.<sup>71</sup> While ASEAN elites expatiate on the benefits of economic liberalisation, their actions belie a decidedly mercantilist approach to the integration project, which fuels competition amongst their economies.<sup>72</sup>

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<sup>65</sup> J. Dosch, 'The ASEAN Economic Community: Deep Integration or Just Political Window Dressing?', *TRaNS: Trans-Regional and -National Studies of Southeast Asia*, January 2017, Vol. 5, No. 1, p. 34; S. Tangkitvanich, S. Rattanakhomfu, 'Assessing the ASEAN Economic Community', East Asia Forum, 21 March 2017, <http://www.eastasiaforum.org/2017/03/21/assessing-the-asean-economic-community/> (accessed on 20 July 2017).

<sup>66</sup> L. Chen, L. Cuyvers, P. De Lombaerde, 'ASEAN Economic Integration Compared: What Do the Numbers Tell Us?', *The Singapore Economic Review*, June 2017, Vol. 62, No. 3, p. 638.

<sup>67</sup> J. Dosch, *op.cit.*, pp. 26–27.

<sup>68</sup> L. Jones, 'Explaining the Failure of the ASEAN Economic Community: The primacy of domestic political economy', *Pacific Review*, 2016, Vol. 29, No. 5, p. 648.

<sup>69</sup> J. Dosch, *op.cit.*, p. 37.

<sup>70</sup> L. Chen, L. Cuyvers, P. De Lombaerde, *op.cit.*, p. 623.

<sup>71</sup> J. Dosch, *op.cit.*, pp. 39–40.

<sup>72</sup> L. Jones, *op.cit.*, pp. 655–656.

This competition is significant because manufacturing, comprising over 70% of exports, dominates ASEAN's non-oil exports, galvanised by the global relocation of the sector to developing East Asian states.<sup>73</sup> This has affected the sectorial implementation of economic integration: a 2014 survey found that NTMs in the electronic, automotive, and consumer goods sectors – the outsourced tasks at the heart of export-oriented development – remain unaddressed, stalling the integration process as these measures supersede tariffs as tools of protectionism.<sup>74</sup>

Furthermore, the AEC's sweeping goals of eliminating all intra-regional duties and establishing a common market do not mean swift progress is likely, as the low-hanging fruit of trade liberalisation has been picked clean.<sup>75</sup> The toughest issues surrounding the competitive sectors of manufactured exports remain unaddressed, and the reluctance of many member states to address them offers little hope for the consensus-based approach of ASEAN to resolve them quickly. Indeed, there exist many disincentives for the removal of tariffs and NTMs. For instance, Singapore's zero-tariff approach to trade means a removal of intra-ASEAN tariffs would be tantamount to ASEAN opening itself to global competition entirely, as other members could tranship extra-regional exports through Singapore to evade their own tariffs on direct exports to non-ASEAN states.<sup>76</sup>

This raises the question of whether the 'ASEAN Way' of eschewing formal, legalistic rules in favour of non-binding decision-making can provide an effective foundation for regional economic integration, given the inherent uncertainty of an integration project which implicitly allows its members to opt out whenever they please.<sup>77</sup> This dilemma is particularly acute where integration affects contentious domestic issues, as in Indonesia, where there is strong resistance to provisions regarding intra-regional labour mobility due to domestic fears of an influx of skilled workers from Singapore and Malaysia taking Indonesian jobs, stoked by local nationalists seeking election.<sup>78</sup> President Widodo's stated desire to see Indonesia assert its own interests over those of ASEAN, where differences exist, only exacerbates this tendency.<sup>79</sup> Consequently, progress on labour mobility at the supranational level is paralysed – as is the case for areas of the services sector. Flexibility hinders an integration agenda dependent upon consistent enforcement of regulations and institutional arrangements, as there are few sanctions to incentivise compliance.<sup>80</sup> Unless confronted, this problem will only deepen as ASEAN economies become more services-driven.

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<sup>73</sup> P.-C. Athukorala, 'Southeast Asian Countries in Global Production Networks', in B. Jetin, M. Mikic (eds), *ASEAN Economic Community: A Model for Asia-wide Regional Integration?*, New York: Palgrave Macmillan, 2016, p. 84.

<sup>74</sup> J. Menon, A.C. Melendez, *op.cit.*, pp. 685–686.

<sup>75</sup> J. Pang, *op.cit.*, p. 1.

<sup>76</sup> L. Jones, *op.cit.*, p. 656.

<sup>77</sup> J. Dosch, *op.cit.*, pp. 30, 44–45.

<sup>78</sup> A. Makin, *op.cit.*, pp. 326–327.

<sup>79</sup> M. Davies, 'ASEAN centrality...', *op.cit.*

<sup>80</sup> J. Menon, A.C. Melendez, *op.cit.*, p. 699.

Ultimately, if the AEC represents ASEAN's best hope for deeper regional economic integration, it is vital that its members take the project more seriously, especially if coming years prove a repeat of the immediate post-Cold War period when 'no state in the region felt able or was willing to step forward and provide leadership'. At present, this is most evident in the economic sphere, with American withdrawal from the TPP and the languid progress of RCEP leaving the project of economic liberalisation in the Asia-Pacific directionless.<sup>81</sup> Successfully implementing the AEC will therefore require its supporters to generate and mobilise sufficient support amongst the heterogeneous electorates of the region to overcome domestic opposition. This may be politically hazardous, but economic integration is ultimately about pooling sovereignty and, as Europe's experience has demonstrated, relies upon mutual willingness to commit. Even if the AEC remains largely symbolic rather than substantive, it is vital for ASEAN's legitimacy that its members take this project seriously, as symbols are powerful in the norms-heavy political environment of ASEAN. Members' willingness to commit to a united programme of action on the AEC will be a powerful demonstration of ASEAN's commitment to reaffirm its position as the hub of Asia-Pacific regional integration under liberal rules-based auspices.

### ASEAN's Opportunities

If the internal and external challenges facing ASEAN portend a mid-life crisis, this outcome is by no means preordained. There are opportunities for the grouping to transcend its challenges and to lead regional integration in the Asia-Pacific. Capitalising on these opportunities will require ASEAN to find creative ways of bolstering its centrality internally and externally, in both economic and geopolitical arenas.

On the face of it, the economic opportunities awaiting ASEAN are obvious. While Southeast Asia's geography has made it a natural theatre for geopolitical competition between Washington and Beijing, its location makes it ideally positioned to reap the benefits of intensifying trade flows between East and South Asia – and beyond.<sup>82</sup> The economic dynamism of the region and its members' impressive growth rates have already demonstrated the potential impact of these opportunities. More concerted implementation of the AEC's provisions, especially the reduction of barriers to intra-regional trade, would significantly amplify this impact.

In fact, the AEC is one of at least three major avenues of opportunity for ASEAN to energise multilateral economic liberalisation in the Asia-Pacific. While the TPP aimed to set the template for 21st century regional trade and investment agreements, its recasting as the Comprehensive Progressive Trans-Pacific Partnership (CPTPP) possibly offers a more palatable opportunity for ASEAN member states to join a forward-looking regional trade

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<sup>81</sup> R. Stubbs, 'ASEAN's Leadership in East Asian Region-Building: Strength in Weakness', *Pacific Review*, 2014, Vol. 27, No. 4, p. 527.

<sup>82</sup> P.A. Petri, M.G. Plummer, *ASEAN Centrality and the ASEAN-US Economic Relationship*, Honolulu: East-West Center, 2014, pp. 1, 4–5.

arrangement. The absence of the United States has allowed some softening of the TPP's most contentious intrusions on state sovereignty and of its geopolitical undertones as a perceived American-led effort to pre-empt Chinese involvement in shaping the rules of trade in the Asia-Pacific.<sup>83</sup> With four ASEAN member states (Brunei, Malaysia, Singapore and Vietnam) having signed the CPTPP, their gradual implementation of its provisions could stimulate a benign 'race to the top' between the AEC and the CPTPP to set the rules for multilateral economic liberalisation regionally. Alternatively, their successful involvement in the CPTPP may spur other ASEAN members to consider joining as a means for driving domestic structural reform and international competitiveness of their own economies. In either case, ASEAN could grasp the power of the CPTPP's example to place itself at the cutting edge of economic liberalisation in the Asia-Pacific – dulled as it has been by a protectionist backlash – thus reasserting its centrality as a natural partner for Asia-Pacific states interested in lowering, rather than raising, barriers to trade.<sup>84</sup>

The RCEP offers a third area of economic opportunity for ASEAN. As the ASEAN Institutes of Strategic and International Studies noted in February 2017, this initiative is 'the biggest, most inclusive free-trade agreement being negotiated in the region'.<sup>85</sup> While hitherto less ambitious in quality than the TPP or the CPTPP, it offers ASEAN the chance to play a leadership role, both in lifting its quality and bringing it to life. Together, the AEC, CPTPP and RCEP offer complementary pathways for ASEAN's prominence in building a liberal rules-based order in the Asia-Pacific in the economic sphere.

Taking a lead on economic liberalisation in the Asia-Pacific will also strengthen ASEAN's broader efforts to reassert institutional centrality in regional architecture and avoid marginalisation.<sup>86</sup> It is an inescapable truth that the geopolitical stability of the post-Cold War 'unipolar moment' is giving way to increasing uncertainty and competition, and all actors in the Asia-Pacific, as the pre-eminent benefactors of unipolar stability, have strong interests in mitigating uncertainty's effects.<sup>87</sup> It is undoubtedly more effective for all involved to navigate disputes peacefully; and, regardless of contrasting individual goals, all benefit from continued engagement with the array of ASEAN-led gatherings and dialogues.<sup>88</sup>

For its part, ASEAN acknowledges that pressures will increase upon the institutions it leads as rivalries between the Asia-Pacific's major powers escalate in the coming decades,

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<sup>83</sup> M. Du, 'Explaining China's Tripartite Strategy toward the Trans-Pacific Partnership Agreement', *Journal of International Economic Law*, 2015, Vol. 11, pp. 80–81.

<sup>84</sup> J. Bishop, 'Enduring Partners for Regional Peace, Stability and Prosperity', *ASEAN Focus*, Jan/Feb 2017, No. 13, p. 9; B. Kausikan, 'ASEAN will not drown in the South China Sea', *Nikkei Asian Review*, 2 September 2016, <https://asia.nikkei.com/Viewpoints/Bilahari-Kausikan/Bilahari-Kausikan-ASEAN-will-not-drown-in-the-South-China-Sea> (accessed on 16 August 2017).

<sup>85</sup> 'The Future of ASEAN...', *op.cit.*, p. 9.

<sup>86</sup> S. Tan, *op.cit.*, pp. 722–723, 731–732.

<sup>87</sup> 'The Future of ASEAN...', *op.cit.*, p. i.

<sup>88</sup> D.K. Emmerson, 'Mapping ASEAN's Futures', *Contemporary Southeast Asia*, 2017, Vol. 39, No. 2, p. 283.

requiring the organisation to focus on preserving its autonomy.<sup>89</sup> Accordingly, its associated think tanks have recommended strengthening the ASEAN Summit's capacity to provide strategic leadership and guidance to its members as these external pressures intensify.<sup>90</sup> Further opportunities for ASEAN involve redressing the under-utilisation of existing institutions, such as the East Asia Summit. With its purview of 'promoting peace, stability and prosperity in East Asia' by gathering the government leaders of the region's key players, the EAS has vast potential to act as a forum where ASEAN can engage all its great power partners at once and thus reinforce its institutional centrality.<sup>91</sup>

It is important to note, however, that the institutional approach depends upon a constellation of internal and external variables. Two stand out in particular: a sustained and carefully planned intensification of ASEAN's multilateral engagements, and a continued willingness of the Asia-Pacific's great powers to pursue their goals multilaterally. Taking such a sustained approach will demand more unity of purpose from ASEAN, which brings into focus reform of decision-making processes. While the 'slow and steady' approach associated with the 'ASEAN Way' has allowed successful navigation of thorny regional rivalries, its faults have become more visible in recent years.

In terms of strengthening ASEAN's internal centrality, ongoing discussions among ASEAN elites on the consensus-based decision-making model's inadequacies are particularly encouraging, opening paths to meaningful change and improvement through the adoption of the ASEAN-X model. This would not mean abandoning the venerated 'ASEAN Way'. Rather, it would represent an evolution of the organisation's guiding principle and lend it the flexibility to navigate an increasingly contentious regional environment.<sup>92</sup>

Even more fundamentally, ASEAN's internal centrality rests upon meaningful engagement with its diverse constituencies, especially its burgeoning middle classes. The greatest challenge facing liberal supra-nationalism regionally and globally is that of legitimacy, fuelled by perceptions of detached elites making decisions that perpetuate the benefits of globalisation but fail to disseminate them fairly. There are substantial opportunities to demonstrate the benefits of ASEAN to its citizenries by lending the organisation a 'human face' through a multi-stakeholder approach, which facilitates members' responsiveness to steadily rising governance expectations and in so doing stymies the populist nationalists who pose a major obstacle to community-building.<sup>93</sup>

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<sup>89</sup> I. Storey, M. Izzuddin, 'Roundtable: ASEAN at Fifty and Beyond', *Contemporary Southeast Asia*, August 2017, Vol. 39, No. 2, pp. 230–231.

<sup>90</sup> 'The Future of ASEAN...', op.cit., pp. 5–6.

<sup>91</sup> N. Bisley, 'The East Asia Summit and ASEAN: Potential and Problems', *Contemporary Southeast Asia*, August 2017, Vol. 39, No. 2, pp. 266, 270–271.

<sup>92</sup> D. Han, S. Ho, 'Beyond 50: ASEAN's Role in the Evolving Regional Order', *RSIS Commentary*, 2017, No. 159 (4 September), <https://www.rsis.edu.sg/rsis-publication/rsis/co17159-beyond-50-aseans-role-in-the-evolving-regional-order/#.WdbfUWiCySQ> (accessed on 20 September 2017).

<sup>93</sup> C.C. Lee, S. Kiruppalini, 'ASEAN: Putting a "human face" to an economic community', *Singapore Institute of International Affairs*, 2 May 2017, <http://www.siaonline.org/asean-putting-a-human-face-to-an-economic-community/> (accessed on 18 May 2017).

Finally, ASEAN has the opportunity to make a longer-lasting impression on global politics by illustrating that liberalism is not a solely Western construct. In stark contrast to the liberal democracy ubiquitous among EU members, ASEAN encompasses governmental systems from absolute monarchy to state socialism, ironically enabling illiberal states to interact with each other in accordance with liberal norms and principles.<sup>94</sup> The notion of community building, in aiming to socialise the ten diverse members of ASEAN into a regional identity, offers one of the world's most striking exemplars of the application of liberal tenets in international relations to achieve cooperation across states with differing political, religious and cultural practices.

## Conclusion

Notwithstanding the opportunities available to ASEAN, the internal and external challenges highlighted in this stock-take remain formidable. Regionalism is very much in the balance, with realism seemingly rampant – both in terms of geopolitical pressures from external powers and of the pursuit of narrow national interests by ASEAN states themselves. If those forms of realism prevail in regional dynamics, ASEAN is unlikely to see its 100th anniversary. Consequently, ASEAN's most effective responses to its current woes must be liberal in impetus as embodied in the strengthening of rules-based regional institutions, collective security, political cooperation, economic openness and tolerance of differences.

To do so will require rethinking both the 'ASEAN way' and ASEAN centrality – and superseding their constraints. Unless ASEAN embarks on credible efforts to be relevant to its peoples, to present a united front to the world and to take economic integration seriously, it will become increasingly irrelevant externally and internally. It will also need to better leverage its convening power and work with others to build more effective regional institutions in the Asia-Pacific that are open, expansive and rules-based.

ASEAN has the good fortune to have several options with respect to regional economic arrangements. The deepening of the AEC, leadership of the RCEP and engagement with the CPTPP offer synergistic opportunities for ASEAN to play a decisive role in regional economic integration. These trade and investment arrangements can serve as models for the ASEAN-X decision-making model, while deepening intra-ASEAN integration through economic liberalisation, including greater mobility of labour, capital and services.

Progress on regional economic integration will also assist ASEAN members to demonstrate more strategic unity in political terms. The greater their integration as one market and one community, the more outside powers will have to deal with them on that basis rather than picking them off in unequal bilateral interactions. By pragmatically tweaking its consensus model, ASEAN can build momentum for deepening economic integration, with related liberal norms and practices eventually following – thereby

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<sup>94</sup> Anonymous, 'The EU as a Template for Regional Integration...', op.cit.

offering a more organic, Southeast Asian way of diffusing good governance and rules-based practices than the more prescriptive EU model.

This article has shown that ASEAN stands as an important vindication of liberal institutionalism. The organisation's record to date illustrates how a grouping of regional states can sustain cooperative norms and practices that mitigate inter-state conflict and incentivise the pursuit of collective goals. Admittedly, the 'ASEAN Way' has constrained the depth of this cooperation, with the progress of the AEC highlighting how difficult it is to for ASEAN's reach to penetrate the domestic affairs of its member states in concrete ways. Nonetheless, the ASEAN 'miracle' has been to maintain regional harmony between unlike-minded states that have been predominantly illiberal in their domestic political and economic practices for most of the past fifty years – not to mention achieving a measure of wider centrality in Asia-Pacific regional architecture. It remains an open question, however, if ASEAN can achieve deeper regional integration, with associated positive ripple effects for Asia-Pacific regional architecture, or if this experiment in liberal institutionalism in Southeast Asia is about to falter in the face of the internal and external pressures analysed in this article.

Those championing deeper integration must remember that the enduring lesson of ASEAN's first fifty years is that progress will be uneven and incremental. If its members have fortitude and a shared long-term vision, they can ride out the ebb and flow of realist tides. Ultimately, liberal visions of regional (and global) order have more to offer than those of their ideological competitors. If the liberal essence of what ASEAN has achieved can be harnessed and strengthened, it will not only help assure peace and prosperity for the ASEAN states but will serve as the anchor for robust and revitalised regionalism in the wider Asia-Pacific. It may even stand as a beacon globally for the power of liberal institution-building to transcend political, social, cultural and religious differences.

This article has focused on the latter prospects primarily on an empirical level, identifying some prescriptive steps needed for ASEAN to transcend the internal and external pressures facing the grouping. This stock-take nevertheless also highlights theoretical issues raised by ASEAN's 50-year experiment in liberal institutionalism in Southeast Asia that merit further reflection and research. ASEAN is very much an illustrative case of the observation by Robert Keohane and Lisa Martin that, 'when states can jointly benefit from cooperation ... we expect governments to attempt to construct such institutions'.<sup>95</sup> Accordingly, the key theoretical questions that follow from the ASEAN case are how and why shared national interests can come together to facilitate liberal institutionalism at a regional level, even when involving a predominance of domestically illiberal states. Given the challenges currently confronting regionalism in Europe, there is much scope for comparative studies regarding these questions, especially as they relate to the respective constraints and opportunities associated with the normatively more prescriptive EU model of cooperation amongst similar states.

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<sup>95</sup> R.O. Keohane, L.L. Martin, 'The Promise of Institutionalist Theory', *op.cit.*, p. 42.

compared to the ASEAN exemplar of looser cooperation amongst diverse, often unlike-minded states. Such comparative analyses will not only help scholars to flesh out the theoretical drivers of robust regionalism but may generate useful insights to guide policy-makers in reinvigorating regional architecture around the world.