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ASEAN and regional cooperation: recent developments and Australia's interests

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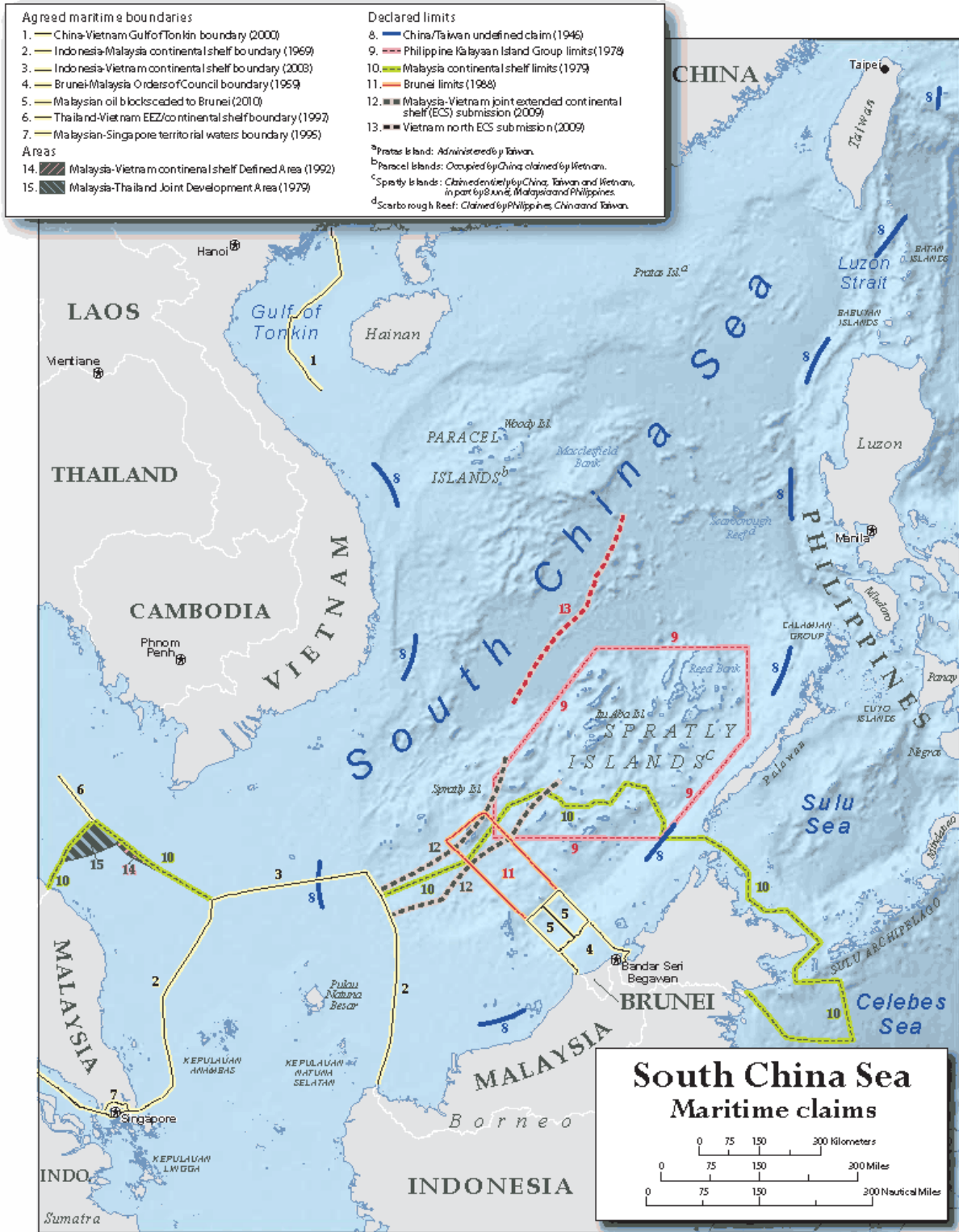


East Asia



Source: Perry-Castaneda Library Map Collection, University of Texas at Austin

South China Sea Maritime Claims



Source: United States Department of State

Abbreviations

AADCP	ASEAN-Australia Development Cooperation Project
AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
ADB	Asian Development Bank
ADMM	ASEAN Defence Ministers Meeting
AEC	ASEAN Economic Community
AFTA	ASEAN Free Trade Area
AHRD	ASEAN Human Rights Declaration
AICHR	ASEAN Intergovernmental Commission on Human Rights
APEC	Asia-Pacific Economic Cooperation
APSC	ASEAN Political-Security Community
APT	ASEAN Plus Three (i.e. ASEAN and China, Japan and South Korea)
ASCC	ASEAN Socio-Cultural Community
ASEAN	Association of South East Asian Nations
ASEM	Asia-Europe Meeting
ARF	ASEAN Regional Forum
CER	Closer Economic Relations
CMIM	Chiang Mai Initiative Multilateralisation
CSCAP	Council for Security Cooperation in the Asia Pacific
DPRK	Democratic People's Republic of Korea
EAS	East Asia Summit
EEZ	Exclusive Economic Zone
EPA	Economic Partnership Agreement
EPG	Eminent Persons Group
ERIA	Economic Research Institute for ASEAN and East Asia
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
ICJ	International Court of Justice
IMF	International Monetary Fund
NAFTA	North American Free Trade Agreement
NGO	Non-Governmental Organisation
NTBs	Non-Tariff Barriers
PBEC	Pacific Basin Economic Council
PECC	Pacific Economic Cooperation Council
PMC	Post-Ministerial Conference
RCEP	Regional Comprehensive Economic Partnership
ROK	Republic of Korea
SCO	Shanghai Cooperation Organization
TAC	Treaty of Amity and Cooperation
TPP	Trans-Pacific Partnership
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
US	United States
WTO	World Trade Organization





Executive summary

- ASEAN is the most prominent regional cooperation group in East Asia. Australia has had a multilateral relationship with ASEAN since 1974 and now pursues many areas of cooperation with the Association. This paper surveys ASEAN's evolution and recent development and Australia's relations with it.
- ASEAN was formed in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand (Brunei joined in 1984). ASEAN's cooperation style stressed respect for national sovereignty, avoiding confrontation, reaching agreement through consensus and proceeding at a pace all members were comfortable with. ASEAN after 1995 accepted four new members (Vietnam, Laos, Myanmar and Cambodia) which bolstered its claim to represent Southeast Asia, but increased the diversity within the Association and made some areas of cooperation harder to pursue.
- The paper outlines ASEAN's major phases of development since 1967. Since the late 1990s, ASEAN has pursued cooperation in three major ways:
 - Firstly, ASEAN in 2003 adopted a commitment to develop an 'ASEAN Community' among its own members. This involves 'three pillars': the ASEAN Economic Community; the ASEAN Political-Security Community; and the ASEAN Socio-Cultural Community. ASEAN has also developed its own institutional Charter (in 2008) and has sought to widen its cooperation, including in the area of human rights standards. The paper outlines these initiatives and ASEAN's challenges in pursuing them.
 - ASEAN, secondly, has continued to engage the major powers in political and economic dialogue to enhance the overall security and prosperity of Southeast Asia, placing special emphasis on the 'big three' Asia-Pacific powers, the United States, China and Japan.
 - ASEAN, thirdly, is sponsoring wider regional cooperation by playing a leading role in the initiation and development of additional multilateral groupings. These include principally the ASEAN Regional Forum (intended to build confidence and enhance dialogue on security issues), the ASEAN Plus Three grouping of the ASEAN ten, China, Japan and South Korea (whose activities have stressed financial cooperation) and the East Asia Summit, a leadership dialogue bringing together ASEAN with the United States, China, Japan, South Korea, India, Russia, New Zealand and Australia. ASEAN has also recently inaugurated a meeting of defence ministers (the ASEAN Defence Ministers Meeting Plus Eight) and the Regional Comprehensive Economic Partnership, to promote further trade liberalisation and market integration. The paper reviews recent developments in each group and ASEAN's continuing efforts to sponsor cooperation in East Asia and the Asia-Pacific when relations among the major powers are often marked by tensions and mistrust.
- ASEAN, the paper suggests, has established a substantial profile but faces challenges in maintaining its cohesion and influence. The paper discusses four significant current issues for ASEAN. In the South China Sea, the complex pattern of claims and disputes, which involve four

ASEAN members as claimants (Brunei, Malaysia, the Philippines and Vietnam) along with China and Taiwan, has brought increased tensions since 2009 and placed pressure on ASEAN's capacity to facilitate constructive dialogue and seek ways of alleviating tensions. In Myanmar the striking process of change since 2010 has seen substantial progress in political and economic liberalisation and reform along with some serious ongoing problems, including inter-ethnic conflict. ASEAN has a major stake in the pattern of change in Myanmar, particularly as the country is due to assume the high-profile role of Chair of ASEAN for the year 2014. ASEAN's ambitious programs of cooperation are highlighting the pressures facing the ASEAN Secretariat and an expansion of funding and resources is likely to be needed. ASEAN is also considering whether to consider accepting any further members, particularly in the case of Timor-Leste.

- Since 1974, Australia has benefited from ASEAN's contribution to maintaining inter-state stability in its region. Relations have expanded substantially in the past decade and can benefit further from ASEAN's integration programs, to which Australia is closely linked through the ASEAN-Australia-New Zealand Free Trade Agreement inaugurated in 2009. ASEAN is also a key part of the 'regional architecture' which the Australian Government wishes to see enhanced. The paper reviews recent developments in relations since 2008 and highlights Australia's important ongoing stake in ASEAN's progress in building its own community and in contributing to wider regional cooperation.

Introduction

The Association of Southeast Asian nations (ASEAN) is the premier regional grouping in East Asia. It is widely credited for its substantial contribution to making Southeast Asia more stable and more prosperous than might otherwise have been the case. ASEAN has also played a major role as sponsor of wider regional cooperation groupings which provide forums for the Southeast Asian states, the major powers and other interested countries (including Australia) to discuss and coordinate approaches to regional issues.

After a cautious beginning in 1967, ASEAN has attained a high international profile. However, pursuing cooperation among its very diverse members has never been an easy task. In the past decade it has struggled with the challenges of trying to both deepen cooperation and maintain unity, when its members remain highly sensitive about their own rights to national sovereignty. ASEAN's desired image of congenial discussion and capacity for peaceful change has recently been dented by incidences of conflict between members, including a border dispute between Thailand and Cambodia and (in 2013) the re-emergence of discord (involving the Philippines and Malaysia) over the status of the Malaysian state of Sabah. ASEAN is also experiencing pressure in relation to the competing territorial claims in the South China Sea which involve four ASEAN members along with China and also the government in Taiwan. Tensions over South China Sea issues saw the ASEAN Foreign Ministers unable to issue an agreed communique after their meeting in Phnom Penh in July 2012, for the first time in forty-five years. ASEAN's ongoing success thus cannot be taken for granted.

ASEAN is a significant partner for Australia. Australia has had a multilateral relationship with ASEAN since 1974 and will mark the 40th anniversary of this next year. Since the 1970s, Australia-ASEAN cooperation has involved both efforts to enhance regional security, for example through the Cambodia peace process (1991–1993) and through development of the ASEAN Regional Forum (from 1994) and the East Asia Summit (from 2005), and regional economic cooperation (including the multilateral ASEAN-Australia-New Zealand Free Trade Agreement adopted in 2009).

This paper seeks to provide a concise survey of ASEAN's recent progress and major policy emphases and challenges. Section I outlines ASEAN's inauguration and development and the Association's efforts to deepen its own cooperation by pursuing development of the ASEAN Economic Community, the ASEAN Political-Security Community and the ASEAN Socio-Cultural Community. Section II discusses ASEAN's efforts to develop wider cooperation in East Asia, in the context of the often tense and competitive relations among the major powers, particularly through the ASEAN Regional Forum, the ASEAN Plus Three process and the East Asia Summit. The paper in Section III considers recent challenges confronting ASEAN in pursuing cooperation and maintaining cohesion, including contested interests in the South China Sea, the political transition in Myanmar, ASEAN's institutional capacities and the issue of potential membership for Timor-Leste. The paper concludes in Section IV with an assessment of Australia's current major policy interests in relations with ASEAN, including in economic relations, political interactions, and cooperation in the development of wider regional dialogues.

I: ASEAN since 1967

A central characteristic of cooperation efforts in East Asia and the wider Asia-Pacific regions is that they have involved multiple groupings and forums rather than a set of overarching and inclusive institutions, such as those developed in Europe by the European Union.¹ This institutional diversity has emerged partly because of the great variety among the regional states, which vary from Japan to Laos. The diversity has also stemmed from the fact that sensitivities and competition in relations among the major powers (especially the US, China and Japan) have impeded development of the common ground and trust necessary for a regional group with comprehensive membership to be able to emerge and operate effectively. As a result, a number of groups and forums with differing and sometimes overlapping memberships have emerged and have operated simultaneously.

1. 'Regions' in international politics are often not geographically defined but socially-constructed entities, and appropriate definitions of them are frequently contested. For the purposes of this paper, the term 'East Asia' refers to the states of Southeast Asia along with China, Japan, and the two Korean states. The term 'Asia-Pacific' commonly refers to the 'East Asian' states just mentioned, along with other interested countries including Russia, the United States, Canada, Australia, New Zealand, the Pacific islands and some states in Latin America which have declared significant identities in this wider region. In this paper, unless otherwise stated, 'Asia-Pacific' will refer to the member countries of the Asia Pacific Economic Cooperation group (APEC) (see next footnote). For comparative analyses of East Asia and Asia-Pacific cooperation groupings see William A Tow, *Tangled Webs: Security Architectures in Asia*, Australian Strategic Policy Institute, Canberra, July 2008 and Giovanni Capannelli and See Seng Tan, '[Institutions for Asian integration: innovation and reform](#)', ADI Working Paper Series, no. 345, August 2012, accessed 15 July 2013,

ASEAN is an association of Southeast Asian states which has operated alongside other groups, both inter-governmental and non-official or semi-official. The Asia-Pacific Economic Cooperation (APEC) grouping is an association of economies inaugurated in 1989 which has 21 members in East Asia, North America and Latin America.² APEC was founded with a commitment to trade and investment liberalisation and facilitation but since 1993 its scope has widened to include an annual leaders meeting and its discussions have extended to include political and security issues. Other inter-governmental groups have included the Shanghai Cooperation Organisation (established in 2001 by China, Russia, Kazakhstan, the Kyrgyz Republic, Tajikistan and Uzbekistan) which has interests focussing on East and Central Asia, and the Six Party Talks process (South and North Korea, the US, China, Japan and Russia) which emerged to try to alleviate and resolve tensions on the Korean peninsula.³ A further inter-governmental grouping is the Asia-Europe Meeting (ASEM), which was inaugurated in 1996 as a dialogue between Asian and European states, and is convened every two years.⁴

Dialogues have also been pursued on a non-official or semi-official basis. In the broad Asia-Pacific context, discussions have been sponsored by the Pacific Basin Economic Council (PBEC, a forum for business leaders across the Pacific since 1967) and the Pacific Economic Cooperation Council (PECC) which since 1980 has been a tripartite dialogue among business, government and academic figures to advance cooperation in the Asia-Pacific.⁵ Another notable example of a forum initiated by a non-governmental body is the 'Shangri-La Dialogue' on regional security issues, which has been sponsored by the London-based International Institute for Strategic Studies and has since 2000 brought together defence ministers and senior officials for discussions annually in Singapore.⁶

In this pluralist environment, ASEAN has been and continues to be a leading contributor to cooperation efforts, both among its own members and with a wide range of partners.

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2. APEC's members are: Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Philippines; Russia; Singapore; Chinese Taipei; Thailand; USA and Vietnam.
 3. See the SCO website [here](#); on the Six Party Talks see Scott Snyder, 'Six Party Talks: "Action for action" and the formalization of regional security cooperation in Northeast Asia', *International Journal for Korean Unification Studies*, vol. 16 (1), 2007, pp. 1–24.
 4. Department of Foreign Affairs and Trade, '[Asia-Europe Meeting](#)', accessed 8 July 2013. For a recent assessment of ASEM see Julie Gilson, 'The Asia-Europe Meeting (ASEM)', in Mark Beeson and Richard Stubbs, eds, *Routledge handbook of Asian regionalism*, Routledge, London, 2012, pp. 394-405. Australia joined the ASEM process in 2010; see Melissa Conley-Tyler and Eric Lerai, '[Australia and ASEM: the first two years](#)', Working paper series 2013/1, Monash University European and EU Centre, May 2013, accessed 1 October 2013.
 5. On PBEC see [here](#) and for PECC see [here](#).
 6. For details of the 2013 Dialogue (29 May–2 June) see International Institute of Strategic Studies, '[Shangri-La Dialogue 2013](#)', accessed 12 July 2013.

Southeast Asia and the 'ASEAN Way'

Southeast Asia is not necessarily a favourable environment for regional cooperation.⁷ The socio-economic makeup and political history of its states are extremely diverse. This diversity was compounded by colonial intervention (everywhere except Thailand)—which drew territories and peoples towards six different external powers (Britain, France, the Netherlands, Spain, Portugal and the US). This meant that up to the 1950s the peoples and elites of the existing and emerging states had had very little interaction or familiarity with each other.

After World War Two, and an attempt by Japan to impose its own form of colonial domination, the Western colonial powers departed—peacefully, or after violent anti-colonial struggles. But the new states were very open to the influence of external powers, which could well intervene in internal and/or interstate conflicts, as occurred in the three states of Indochina after 1959–60.

As the region entered the 1960s, there were substantial additional inter-state conflicts among a number of Southeast Asian countries, fuelled by post-colonial tensions. Indonesia after 1963 opposed the formation of the new federation of Malaysia. The Philippines had a territorial claim to the Malaysian state of Sabah. After two years of uneasy membership, Singapore was ejected from the new Malaysian federation in 1965. All this was happening before any notion of an 'East Asian economic miracle'. Southeast Asia's states were predominantly poor, dependent heavily on resource exports and anxious that domestic Communist movements could exploit these difficult economic circumstances.

This was the environment when five countries—Indonesia, Malaysia, the Philippines, Singapore and Thailand—formed ASEAN in Bangkok on 8 August 1967. Their central purpose was to try to stabilise relations among themselves, and thus to encourage an improved environment for economic growth and ward off the dangers of external interference and disruption.

The ASEAN approach to regional cooperation after 1967 involved several key features:

- A steady process of contact and confidence-building to prevent conflict among the members. In a style known widely as 'the ASEAN Way', the Association emphasised informality and loose arrangements, personal relations rather than ambitious institution-building, and the sovereign equality of members. ASEAN generally avoided the exercise of overt leadership, and sought gradual change based on consensus with cooperation proceeding 'at a pace comfortable to all'.
- The principle of non-interference in the internal affairs of member countries (from outside or within the region) was central to 'the ASEAN Way'. ASEAN enshrined this 'norm' in the Treaty of Amity and Cooperation (TAC), signed in Bali in 1976. The Treaty has been a key ASEAN 'norm-

7. The early parts of this paper draw from Frank Frost, [ASEAN's regional and multilateral relations: recent developments and Australia's interests](#), Research paper, 12, 2008–09, Parliamentary Library, 9 October 2008, accessed 29 July 2013.

setting' document—which ASEAN has invited other states to accede to and endorse both within and outside the region (22 non-ASEAN parties have done this).⁸ These norms are:

Respect for the independence, sovereignty, equality, territorial integrity and national identity of all nations;
freedom from external interference, subversion or coercion;
non-interference in the internal affairs of one another;
the peaceful settlement of disputes;
renunciation of the threat or use of force; and
effective cooperation among the ASEAN members themselves.

ASEAN has sought to pursue these norms in several ways. It declared in 1971 that Southeast Asia should be 'a Zone of Peace, Freedom and Neutrality' (ZOPFAN), free from the interference of external powers. In 1997 ASEAN added to its norms of cooperation by adopting the Southeast Asia Nuclear-Weapons Free Zone Treaty by which members reassure each other that they will not acquire, station, transport or test nuclear weapons.⁹

- ASEAN developed a distinctive style of organisation which emphasised frequent meetings and discouraged 'top heavy' institutions. ASEAN's key structure was the annual Ministerial Meetings, initially of foreign ministers but from 1976 including economics ministers. ASEAN held its first summit of heads of government in 1976. From 1997 they were held annually and there are now two each year; they are a central focus for ASEAN's cooperation.
- ASEAN has a Secretary-General and has had a comparatively small Secretariat (with a huge workload—now organising more than 1000 meetings each year). The Secretariat's role and capacities, however, are under ongoing discussion (see Section III below).
- ASEAN has sought active dialogue with the major external powers. This process begun in 1976 at the Bali summit and is now a central feature of ASEAN. It has been pursued since 1979 at the Post-Ministerial Conference (PMC) attended by the foreign ministers of ASEAN's 'dialogue partners' (now ten in number).¹⁰

ASEAN has developed in four main phases since 1967.

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8. The non-ASEAN parties to the [ASEAN Treaty of Amity and Cooperation](#) are Papua New Guinea, China, India, Japan, Pakistan, Republic of Korea, Russia, New Zealand, Mongolia, Australia, France, East Timor, Bangladesh, Sri Lanka, Democratic People's Republic of Korea, United States, Canada, Turkey, European Union, United Kingdom, Brazil and Norway.
 9. Christopher B. Roberts, *ASEAN regionalism: cooperation, values and institutionalization*, Routledge, London, 2012, p. 59.
 10. ASEAN's dialogue partners are Australia, Canada, China, European Union, India, Japan, South Korea (the Republic of Korea), New Zealand, Russia, and the United States of America: the United Nations Development Program also has dialogue status. For concise summaries of ASEAN's external relations with dialogue partners see '[External relations](#)', ASEAN Secretariat, accessed 27 June 2013.

From **1967–1975** ASEAN had a cautious beginning; activities were very low key and the emphasis was on communication and confidence–building. This was not surprising, given that four out of the five members had just recently experienced substantial tensions and conflicts.

1976–1991: ASEAN's first major turning point came in 1975, with the end of the non-Communist regimes in South Vietnam and Cambodia in April (and later that year in Laos). There was major uncertainty in the region about the dangers of further instability—and concerns about the United States' likely future commitment to regional security after its withdrawal from Vietnam. ASEAN took the initiative by holding its first meeting of heads of government at Bali in February 1976: it unveiled the Treaty of Amity and Cooperation, upgraded political and economic cooperation, and began formal dialogues with external partners including the US, Japan and Australia.

ASEAN was a product of the Cold War period in Southeast Asia and it gained major influence through its role in two Cold War-era regional crises: refugee flows from Indochina after 1975, and the Cambodia conflict after 1978. ASEAN played a major role in developing responses to the transit of the three million people who left Indochina by land and sea, particularly from mid-1978. It coordinated with the UN in providing refuge and obtaining aid, and helped to gain resettlement commitments from Western countries, including Australia. ASEAN's joint action played a major role in alleviating this crisis.

Vietnam's invasion of Cambodia in December 1978 (with backing from the Soviet Union with whom Vietnam had signed a treaty of friendship in November 1978) ousted the Khmer Rouge regime but alarmed the ASEAN members, who rejected Vietnam's invasion as a violation of the principle of territorial sovereignty. ASEAN acted to deny legitimacy to Vietnam's actions, particularly through sponsoring annual resolutions on Cambodia in the UN General Assembly. ASEAN members also cooperated with the major powers, particularly China and the United States, to oppose Vietnam's policies. ASEAN then played a central role in the efforts developed in the late 1980s (with a substantial input from Australia) to develop a peace agreement, which led to the 1991 Paris Agreements and UN intervention. The 1980s were a high point for ASEAN as a 'diplomatic community', when it adopted and pursued a joint position on a major international relations issue.

1991–2003: The decline of Cold War confrontation internationally was reflected directly in Southeast Asia by the end of the Soviet Union (and of the Vietnam-Soviet special relationship), Vietnam's withdrawal from Cambodia (in September 1989), and by the resolution of the Cambodia conflict as a regional and international problem. The Cambodia agreement also created new chances for detente between former adversaries, particularly China and Vietnam, and Vietnam and the ASEAN states. But ASEAN also faced an international climate where many problems competed for the attention of the major powers. With the Cambodia issue resolved, there were concerns that ASEAN might not be able to hold the international attention to which its members had become accustomed during the 1980s.

ASEAN therefore moved to take the initiative, in several ways. Firstly, ASEAN took the opportunity to extend its coverage in Southeast Asia by inviting previously estranged neighbouring countries to

become members (Brunei had already joined in 1984). Vietnam was accepted as a member in 1995, Myanmar (Burma) and Laos in 1997, and Cambodia in 1999.¹¹

Secondly, ASEAN sought to intensify economic cooperation. In the 1970s and 1980s, key ASEAN economies had been among the leaders in East Asia pursuing export-oriented growth fuelled by foreign investment. ASEAN countries now faced new competition, especially from China, for markets and for foreign investment. ASEAN therefore sought to bring their separate economies closer together and gain greater economies of scale by pursuing development of an ASEAN Free Trade Area, announced in 1992. ASEAN was also influenced strongly by the traumatic impact of the Asian Financial Crisis from mid-1997, which affected adversely a number of members' economies and damaged the ASEAN's region's image of economic growth and progress. However, it also encouraged renewed efforts to enhance ASEAN's scope and capacities in cooperation.¹²

Thirdly, ASEAN moved to extend its own model of cooperation more widely in the East Asia and Asia-Pacific regions, by sponsoring new multilateral dialogues (see discussion below).

ASEAN's latest and current phase of development began in 2003. ASEAN members realised that if the Association was to retain credibility and momentum, it needed to deepen its economic and political cooperation. For example, ASEAN countries were competing with China for Foreign Direct Investment (FDI), but they were doing so as ten separate economies with many different sets of rules in economic activity.

In October 2003, at a second landmark conference in Bali (known accordingly as 'Bali II'), ASEAN therefore committed itself to developing an 'ASEAN Community'. The members endorsed the 'Declaration of ASEAN Concord II' which stated that, 'For the sustainability of our region's economic development we affirmed the need for a secure political environment based on a strong foundation of mutual interests generated by economic cooperation'. To pursue ASEAN's goals, the members declared:

An ASEAN Community shall be established comprising three pillars, namely political and security cooperation, economic cooperation, and socio-cultural cooperation that are closely intertwined and mutually reinforcing for the purpose of ensuring durable peace, stability and shared prosperity in the region.¹³

The ASEAN Bali Concord II declaration also reaffirmed ASEAN's commitment to enhance 'economic linkages with the world economy', foster ASEAN competitiveness and a favourable investment environment, and advance adherence to the Treaty of Amity and Cooperation as a functioning and

11. Burma was referred to by that name until 1989, when the military regime changed the English translations of many names, after which the term 'Myanmar' was introduced. Many opposition groups, including ethnic communities, continued to refer to the country as 'Burma'. After 1989, the Australian Government generally continued to use the name 'Burma', except in cases of formal international dialogue, for example in the UN or with ASEAN. In mid-2012, in the context of the reform process in the country since 2010, the Government adopted general usage of the name 'Myanmar'.

12. Roberts, op. cit., *ASEAN regionalism: cooperation, values and institutionalization*, pp. 88–101.

13. ['Declaration of ASEAN Concord II \(Bali Concord II\) Bali, 7 October 2003'](#), accessed 11 May 2013.

effective code of conduct for the region.¹⁴ The target date set for achieving an ASEAN Community was initially the year 2020, but this was later brought forward to 2015. ASEAN has since made some significant efforts to try to follow up these commitments.

Pursuing an 'ASEAN Community'

ASEAN's cooperation strategy has two key elements. Firstly, ASEAN is seeking to deepen accord among its own members through development of an 'ASEAN Community' with three inter-related components: economic, political-security and socio-cultural. Secondly, ASEAN is striving to consolidate its position at the centre of cooperation in East Asia overall.

The ASEAN Economic Community

The desirability of deeper economic integration among the ASEAN members has been reaffirmed in a recent report by the Asian Development Bank (ADB), issued at the end of 2012. A major pressure for greater cooperation has been the rapid development of the economies of the People's Republic of China (PRC) and India. The ADB report noted:

[The] PRC's economic phenomenon and India's liberalisation proved that 'size matters'. ASEAN needed its combined market to compete. Without further integration, the region would be left behind. ASEAN needed to tap its vast competitive and diverse labor pool and potential consumer base. It also held the unique position of maintaining relatively good relations with both regional giants, while being a threat to neither. ASEAN was a key supplier to the PRC-centred 'Factory Asia', including Japanese multinationals and those from the Republic of Korea, while a good emissary for India's 'Look East' policy.¹⁵

The ASEAN Economic Community (AEC) aims to advance the market integration already being pursued by the private sector by creating a 'seamless production base' and an integrated market among the members. ASEAN's goals include the elimination of the remaining intra-ASEAN tariffs and the large number of non-tariff barriers, creating an effective intellectual property regime, fully liberalising trade in services, and relaxing barriers to flows of capital and skilled labour in all sectors. If achieved, the AEC could be expected to increase production efficiency, attract more investment and generate more exports.¹⁶

Progress is being made in Southeast Asian economic integration. Businesses are showing through their investment that they increasingly see ASEAN as an economic bloc. Cross-border mergers and acquisitions have been increasing through businesses seeking to operate widely in the ASEAN region and there have been cases of notable successes among ASEAN-based firms with a regional focus, such as the low-cost airline Air Asia, based in Malaysia. Other types of integration are taking place,

14. Etel Solingen, 'ASEAN Cooperation: 'The legacy of the economic crisis'', *International Relations of the Asia Pacific*, 5 (1), 2005, p. 20.

15. [ASEAN 2030: towards a borderless community – draft highlights](#), Asian Development Bank Institute, 2012, p. 21, accessed on 11 May 2013.

16. *Ibid.*; see the ASEAN Economic Community Blueprint [here](#).

such as the Iskander region in the southern Malayan peninsula, which as intended is drawing in substantial investment from Singapore.¹⁷ ASEAN is seeking to enhance the basis for economic cooperation in the ASEAN region by improving the 'connectivity' among the members in many physical and institutional areas, including substantial additional investment in infrastructure.¹⁸

However, ASEAN faces many challenges in pursuing the AEC. ASEAN's members include economies at widely varying levels of development (for example, the difference between Singapore, and Laos and Myanmar) and the members have not yet been prepared to develop either a harmonised internal tariff regime or a common external tariff policy.¹⁹ A second major issue is that while very substantial progress has been made in reducing tariff levels, non-tariff barriers (NTBs) also pose major obstacles to trade. Non-tariff barriers can range from cross-border barriers such as cumbersome customs procedures to internal technical barriers arising from differences in health and safety provisions, and in product quality and testing/certification procedures. It also remains to be seen whether ASEAN can strengthen its institutions to provide for security and certainty in implementing agreements and to provide effective mechanisms for dispute resolution. The ASEAN Charter adopted in 2008 endorses the importance of dispute settlement mechanisms and the Association is currently seeking to develop more effective mechanisms for this purpose.²⁰

ASEAN is continuing major efforts to secure the goals of the AEC, by 2015 and beyond that date. At the ASEAN Summit (in Brunei, 24–25 April 2013) ASEAN leaders commended reports from the Economic Ministers indicating that members were now compliant with 77 per cent of the measures required to implement an ASEAN Free Trade Area. Some members however continue to face difficulties in meeting the target requirements, including in the areas of reform of legal and regulatory structures. The communique issued at the end of the April 2013 Summit noted ongoing challenges 'due to varying levels of development'.²¹

In its recent 2012 report, the Asian Development Bank stated:

Given its complexity and comprehensiveness, the AEC implementation has been slower than planned, and it is unlikely to be fully realised by 2015... For instance, implementing the AEC requires significant legal and institutional changes in ASEAN countries. This takes significant time. Eliminating non-tariff barriers, the establishment of an efficient trade facilitation system, full liberalization of services, free flow of skilled labor, and fully liberalizing capital flows are

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17. Manu Bhaskaran, 'Southeast Asian Economies: building the base for stronger, better distributed growth', in Daljit Singh, ed., *Southeast Asian Affairs 2013*, Institute of Southeast Asian Studies, Singapore, 2013, pp. 17–39.
 18. See Sanchita Basu Das, ed., *Enhancing ASEAN's connectivity*, Institute of Southeast Asian Studies, Singapore, 2012.
 19. 'ASEAN's integration goal is mired in constraints', *Oxford Analytica*, 26 September 2012; Siow Yue Chia, 'The ASEAN Economic Community: progress, challenges and prospects', in Richard Baldwin, Masuhiro Kawai, and Ganeshan Wignaraja, eds, *The future of the world trading system: Asian Perspectives*, a VoxEU.org book, 2013, pp. 93–100, accessed 22 June 2013.
 20. Professor Walter Woon, '[The ASEAN Charter dispute settlement mechanism](#)', ASEAN Law Association, 10th General Assembly [October 2009], accessed 8 July 2013; *The ASEAN Charter*, Singapore, November 2007, p. 23, accessed 29 July 2013.
 21. 'ASEAN summit outlines tentative progress', *Oxford Analytica*, 1 May 2013.

particularly complex and difficult to reach agreement on, particularly without a strong central institution to coordinate discussions.²²

Continued pursuit of the AEC is a high priority for ASEAN. Sanchita Basu Das (Institute of Southeast Asian Studies) commented recently that while the AEC is not likely to be achieved fully by the end of 2015, it can be seen as '... an ongoing process for which all the right foundations have been laid'.²³

The ASEAN Political-Security Community

In parallel with its programs for economic integration, ASEAN is pursuing an 'ASEAN Political-Security Community' (APSC).²⁴ The ASEAN Political-Security Community concept was initiated by Indonesia and adopted as part of the 'Bali Concord II' in October 2003. The proposal was meant to be an evolutionary concept rather than one which sought a sharp change or departure in ASEAN practices. ASEAN's central purpose from its outset was to help the members achieve a secure environment for internal stability and economic progress. The many years of meetings and discussions have been designed to a major degree to build up communication and increase trust. It can be argued, then, that fostering a sense of regional security has always been at the centre of ASEAN's concerns and that the Political-Security Community is an extension of this role.

In its 'Blueprint' for the Political-Security Community, ASEAN declares that, 'It is envisaged that the APSC will bring ASEAN's political and security cooperation to a higher plane. The APSC will ensure that the peoples and Member States of ASEAN will live in peace with one another and with the world at large in a just, democratic and harmonious environment'.²⁵ The ASEAN Political-Security Community initiative aims to use ASEAN's own mechanisms to resolve disputes among members and to pursue much closer cooperation on transnational security challenges including terrorism, narcotics, people-trafficking, and maritime security issues. The APSC reflects long-term emphases in ASEAN by ruling out an ASEAN defence pact, military alliance or joint foreign policy.²⁶ ASEAN has, however, established a regular dialogue among its ministers for defence, the ASEAN Defence Ministers' Meeting (ADMM), which has convened since 2006 to increase communication and mutual awareness.²⁷

The ASEAN members have continued to pursue multiple strategies towards advancing security in the region. Individual members have cooperated on a bilateral and multilateral basis with both regional and external partners to gain improved coordination across borders and to increase interaction in a number of areas of counter-terrorism activities. ASEAN adopted a Declaration of Joint Action to

22. *ASEAN 2030: Towards a borderless community – draft highlights*, op. cit., p. 28.

23. Sanchita Basu Das, '[Can the ASEAN Economic Community be achieved by 2015?](#)', *ISEAS Perspectives*, 11 October 2012, p. 1, accessed 12 May 2013.

24. The proposal was adopted in 2003 as the 'ASEAN Security Community' but since 2007 has been referred to as the 'ASEAN Political-Security Community'.

25. Association of Southeast Asian Nations, [The ASEAN Political-Security blueprint](#), Jakarta, the ASEAN Secretariat, 2009, p. 1.

26. *East Asian Strategic Review 2012*, National Institute of Defense Studies, Tokyo, 2012, p. 131.

27. ASEAN Secretariat, '[ASEAN Defence Ministers Meeting \(ADMM\)](#)', accessed 8 July 2013. The Ministerial Meetings are supplemented and supported by Senior Officials Meetings (ADMM-SOM).

Counter Terrorism at its summit in December 2001 and at its Cebu summit in January 2007 endorsed the ASEAN Convention on Counter-Terrorism. Cooperation has increased in useful ways in maritime security: since 2004 Indonesia, Malaysia and Singapore have conducted coordinated naval patrols and joint air surveillance operations to increase security in the Malacca Straits.²⁸ Under the umbrella of the APSC, ASEAN has also developed an additional dialogue, the ASEAN Maritime Forum, to focus attention and promote studies on maritime security issues.²⁹ All of these activities clearly contribute to a more secure ASEAN region.

ASEAN is continuing to initiate additional measures to advance the goals of the Political-Security Community. The latest annual Foreign Ministers Meeting (in Brunei, 29–30 June 2013) noted that ASEAN expects to issue its first ASEAN Security Outlook document later in 2013 to gather together information on members' security priorities and to promote transparency in security-related policies. A new institution, the ASEAN Institute for Peace and Reconciliation, is being established in Jakarta to promote research on peace, conflict management and conflict resolution in the region. ASEAN is developing plans for a Regional Mine Action Centre and hopes to consider a proposal at the next ASEAN Summit later in 2013. The Foreign Ministers in their Brunei meeting also affirmed that '... we remain committed to the development of a post-2015 ASEAN vision to meet the challenges of the future in order to promote peace, stability and prosperity in Southeast Asia and further deepen ASEAN integration, as well as to continue strategically positioning ASEAN in the evolving regional architecture and in the world at large'.³⁰ In line with this commitment, the Foreign Ministers reaffirmed ASEAN's support for members to attain the position of Non-Permanent Members of the United Nations Security Council (with candidatures to be pursued by Malaysia, Thailand, Indonesia, Vietnam and the Philippines successively from 2015 up to 2028).³¹

ASEAN's pursuit of the APSC at government-to-government level has also been accompanied by activities of non-state actors. The roles of civil society organisations in a number of countries have expanded substantially in the past two decades. Civil society organisations have a long history of activities in Thailand and the Philippines and the process of democratisation in Indonesia after 1998 provided a further major expansion of scope for non-state groups. Civil society organisations have been notably active in Malaysia in recent years and also operate in other members, including (most

28. *East Asian Strategic Review 2012*, op. cit., p. 131; Sheldon W. Simon, *ASEAN and its security offspring: facing new challenges*, Strategic Studies Institute, US Army War College, Carlisle, Pennsylvania, October 2007, pp. 6–9.

29. See 'Concept paper for the establishment of an ASEAN Maritime Forum', draft as of 8 September 2007. ASEAN has also promoted dialogue on maritime cooperation issues by instituting meetings of the 'Expanded ASEAN Maritime Forum', which will bring together government and non-government representatives from the ASEAN members along with the other members of the East Asia Summit (Australia, China, India, Japan, the Republic of Korea, New Zealand, Russian Federation and the United States). The first meeting of the expanded forum took place in Manila on 5 October 2012; see [Chairman's statement, 1st Expanded ASEAN Maritime Forum, Manila](#), ASEAN Secretariat, Jakarta, 9 October 2013.

30. ['Joint Communiqué, 46th ASEAN Foreign Ministers Meeting, Bandar Seri Begawan, Brunei Darussalam, 29-30 June 2013'](#), accessed 26 July 2013.

31. *Ibid.*

recently) in Myanmar.³² Discussions within ASEAN have been fostered by the network of the ASEAN Institutes for Strategic and International Studies (ASEAN-ISIS) which has on twenty seven occasions sponsored a major annual 'second track' conference in Kuala Lumpur on regional political and security cooperation issues, the Asia-Pacific Roundtable. ASEAN-ISIS also sponsors the ASEAN People's Assembly, which was organised after 2000 to increase interactions between ASEAN and non-state sectors, and other groups have also sought to make inputs. The activities of non-state groups have not always been welcomed by the more autocratic of the member countries, but civil society organisation activities have contributed to enhanced perceptions of political community across the ASEAN region.³³

While active efforts to pursue the goals of the APSC continue, the ASEAN states face significant ongoing obstacles to securing the ambitious declared goals of the APSC, both in relation to political accord and security cooperation. In relation to the issue of political order in the ASEAN region, the APSC Blueprint states:

The APSC shall promote political development in adherence to the principle of democracy, the rule of law and good governance, respect for and promotion of human rights and fundamental freedoms as described in the ASEAN Charter. It shall be a means by which ASEAN Member States can pursue closer interaction and cooperation to forge shared norms and create common mechanisms to achieve ASEAN's goals in the political and security fields.³⁴

It may be noted in this context that the ASEAN members continue to be highly diverse in political character and patterns of internal order. There are at present wide variations among ASEAN's members in policies and practices in relation to 'democracy' and 'good governance' in areas including political openness, extent of electoral competition and scope for activities by civil society organisations. Indonesia and the Philippines have pluralist regimes with substantial political competition, which has included changes of ruling figures and parties in national elections. Thailand has a pluralist political system whose operations have included changes of government through national elections, but the country has in the past decade faced serious internal political divisions between contending political forces. Malaysia and Singapore have pluralist systems in which the incumbent ruling parties have maintained power since independence (albeit in the face of recent increases in support for opposition forces, notably in Malaysia). Myanmar, after decades of military dominance, is pursuing political liberalisation but this process is still ongoing and the outcome remains uncertain (see Section III below). Cambodian politics since UN involvement and elections in 1993 have been for many years dominated by one ruling party (although the 2013 elections produced a strong showing by the political opposition). Vietnam and Laos have regimes dominated by ruling Communist parties, with constraints on participation and on roles for representative

32. On the role of NGOs and civil society organisations in ASEAN see Terence Chong and Stefanie Elies, eds, [An ASEAN Community for all: exploring the scope for civil society engagement](#), Friedrich Ebert Stiftung, Singapore, November 2011, accessed 26 July 2013.

33. Roberts, *ASEAN regionalism: cooperation, values and institutionalization*, op. cit., pp. 102–126; Chong and Elies, eds, *An ASEAN Community for all: exploring the scope for civil society engagement*, op. cit., pp. 9–34.

34. 'ASEAN Political-Security Community blueprint', op. cit., pp. 1–2.

institutions. Brunei is an absolute monarchy with an appointed legislature.³⁵ ASEAN has from its inception included members with widely varying political systems and this diversity has not prevented the Association from pursuing extensive cooperation. Nonetheless, the ASEAN members clearly do not as yet have a common basis in approaches to governance and styles of political order that can readily underpin accord on political and security issues.³⁶

The ASEAN members, in addition, face some substantial issues in relation to internal security and inter-state relations. Two members, Thailand and the Philippines, have had serious ongoing internal conflicts involving Islamic movements (although some progress has been made in pursuing negotiations in the Philippines), the Philippines faces the last significant Communist resistance movement in Southeast Asia, and Myanmar has had ongoing conflicts between the central government and minority ethnic communities.³⁷ While no outright or sustained armed conflict has ever occurred between member countries since the inauguration of ASEAN, research (including extensive interviews and surveys) by Christopher Roberts (Australian National University) has shown that there continue to be considerable problems of lack of trust and confidence among ASEAN members which stand in the way of a sense of 'community' on security issues.³⁸ Tensions and conflict have certainly continued to be evident in some inter-state relationships. Thailand and Cambodia have had a dispute over an ancient temple at Preah Vihear which resulted in several armed clashes between 2008 and 2011, and in early 2013 Malaysia experienced an armed incursion by dissidents from the southern Philippines into the state of Sabah (see Section III below). These issues illustrate that political diversity, historical grievances and contending nationalisms continue to pose challenges to the spirit of regional accord sought in the ASEAN Political-Security Community.³⁹

The ASEAN Socio-Cultural Community

The ASEAN Socio-Cultural Community (ASCC), the third strand in the ASEAN Community project, is a reflection of views in ASEAN that the pursuit of closer cooperation in the economic and security areas should also be accompanied by increased emphasis on developing a shared sense of identity among the member countries and peoples.⁴⁰ Rodolfo Severino (Institute of Southeast Asian Studies),

35. Shaun Narine, 'Asia, ASEAN and the question of sovereignty', in Mark Beeson and Richard Stubbs, eds, *Routledge handbook of Asian regionalism*, Routledge, London, 2012, pp. 155–165; Sebastian Strangio, '[Post poll deadlock test Cambodian stability](#)', *Asia Times online*, 2 August 2013, accessed 2 August 2013. For concise overviews of recent political developments in all ten ASEAN members see Daljit Singh, ed., *Southeast Asian Affairs 2013*, Institute of Southeast Asian Studies, Singapore, 2013; see also Robert Bayley and Clark D. Neher, *Southeast Asia in the new international era*, Westview Press, Boulder, Colorado, 2013.

36. Roberts, *ASEAN regionalism: cooperation, values and institutionalization*, op. cit., p. 182.

37. International Crisis Group, '[Thailand: the evolving conflict in the South](#)', Asia Report, no. 241, 11 December 2012, accessed on 29 July 2013; International Crisis Group, '[The Philippines: dismantling rebel groups](#)', Asia Report, no. 248, 19 June 2013, accessed 29 July 2013; International Crisis Group, '[Myanmar: storm clouds on the horizon](#)', Asia Report, no. 238, 12 November 2012, accessed 29 July 2013.

38. Roberts, *ASEAN regionalism: cooperation, values and institutionalization*, op. cit., pp. 146–173.

39. See Christopher B. Roberts, 'The future of regionalism in East and Southeast Asia', in Andrew Tan, ed., *East and Southeast Asia: international relations and security perspectives*, Routledge, London, 2012, pp. 279–290.

40. Julio S. Amador III, '[ASEAN Socio-Cultural Community: an assessment of its institutional prospects](#)', Foreign Service Institute, Pasay City, Philippines, 28 February 2011, accessed 24 March 2013.

a former Secretary-General of ASEAN, has argued that Southeast Asia cannot be an enduring security and economic community without being a socio-cultural community.⁴¹

ASEAN has set out highly ambitious goals for the ASCC. The plan of action stated:

Social inequities can threaten economic development and in turn undermine political regimes. Economic instability can exacerbate poverty, unemployment, hunger, illness and disease. Social instability can emerge from environmental scarcity or the inequitable distribution among stakeholders of the use of environmental assets. Failure to address these critical and persistent social issues can further cause both economic and political dislocations.⁴²

ASEAN and its members have made some progress towards a number of areas of socio-economic development. For example, the gap between the average GDP per capita of the older six members compared to the four newer members (Cambodia, Laos, Myanmar and Vietnam) has narrowed from over eleven times in 1990 to four times in 2010.⁴³ ASEAN is continuing to pursue the goals of the ASCC in a number of areas. ASEAN has, for example, endorsed a proposal for a Young Professionals Volunteer Corps to complement the ASEAN Youth Volunteer Programme initiated by Malaysia. Cooperation is also being pursued actively in the area of managing responses to natural disasters. One major focus is to develop the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management with contributions from both member states and dialogue partners. Closer cooperation in disaster management is also being encouraged by building enhanced early warning capacities, including improved weather forecast systems, among ASEAN members and dialogue partners.⁴⁴

However, progress towards socio-cultural community goals will continue to be affected by ASEAN's style of consensus-based decision-making and the challenge of translating declared objectives into concrete policies. This issue has been illustrated in the area of forest destruction and the regional 'haze' problem in which the burning of forests in parts of Indonesia has created substantial atmospheric pollution, which has spread from Indonesia to neighbouring Malaysia and Singapore. These problems attracted considerable attention after 1997 and were evident again in mid-2013, when fires in Indonesia (particularly on Sumatra) caused levels of pollution in Singapore and Malaysia that led to government health warnings and some tension between Indonesia and its two fellow ASEAN members.⁴⁵

In the years since the haze issue attracted major attention in 1997, ASEAN has tried to address the matter through a number of agreements, especially the 2002 ASEAN Agreement on Transboundary Haze Pollution. While numerous dialogues and studies have been pursued, the impact of the

41. MC Abad Jr, 'Constructing the Social ASEAN', The Asia Pacific Roundtable Series, Institute for Strategic and International Studies, Kuala Lumpur, 2008, pp. 8–9.

42. ['The ASEAN Socio-Cultural Community Plan of Action'](#), accessed 24 March 2013.

43. *ASEAN 2030: Towards a borderless community – draft highlights*, op. cit., p. 6.

44. ['Joint Communique, 46th ASEAN Foreign Ministers Meeting, Bandar Seri Begawan, Brunei Darussalam, 29-30 June 2013'](#), accessed 26 July 2013.

45. 'Singapore chokes as fires rage on Sumatra', *The Weekend Australian*, 22–23 June 2013.

Agreement has been limited by the inability so far of Indonesia to ratify it, particularly because of resistance in Indonesia's legislature, where the Agreement has been seen as likely to damage the country's economic interests.⁴⁶ Indonesia, the prime source of the haze pollution problem, also has comparatively limited administrative capacities to handle forest management issues and the burning of land has been seen widely as the cheapest form of forest clearance. Political action has been complicated by the process of decentralisation in the country, which has given substantial additional authority to local and regional administrations in areas including land use and resource development.⁴⁷ ASEAN has continued to discuss the issue and in mid-2013 the Indonesian Government undertook to renew efforts to have the 2002 ASEAN Agreement ratified, but no rapid resolution of the haze issue was in sight.⁴⁸

The persistence of the haze issue both underscores the relevance of the goals of the ASEAN Socio-Cultural Community and also the challenges facing ASEAN states in implementing them.

The ASEAN Charter and human rights discussions

After ASEAN adopted the 'ASEAN Community' commitment in 2003, there was widespread recognition in ASEAN that its own organisation needed to be reviewed and updated.⁴⁹ ASEAN accordingly developed a Charter for the Association and the Charter has led to an increased focus on ASEAN's approach towards human rights issues in its cooperation.

The Charter was endorsed in Singapore on 20 November 2007 and adopted in December 2008 and it introduced some substantial changes and adaptations to ASEAN.⁵⁰ The Charter gives ASEAN for the first time a legal personality as an inter-governmental organisation. ASEAN has status under international law and can make agreements in its own right. The Charter affirms the status of the Secretary-General as being at ministerial level, with roles including participation in ASEAN Summits and other meetings, and submitting an annual report to the Summit on ASEAN activities. Basic principles for ASEAN's operation are set out, including provisions for acceptance of new members. The Charter also establishes formally and outlines the institutional structure of ASEAN and it also introduced some changes to this. These changes included holding Summits twice each year, introducing a new ASEAN Coordinating Council and two new Deputy Secretary-General Positions and providing for a human rights body for ASEAN.⁵¹

46. L. Jackson Ewing and Elizabeth Mace, '[Transboundary haze in Southeast Asia: challenges and pathways forward](#)', *NTS Alert*, S. Rajaratnam School for International Studies, Singapore, October 2012, accessed 24 March 2013.

47. Simon Tay and Nicholas Fang, 'Hazy issues cast a pall yet again', *Today* (Singapore), 29 April 2013; Lee Poh Onn, '[No end in sight to haze dilemma](#)', *ISEAS Perspective*, 24 June 2013, accessed 1 July 2013.

48. 'Haze crisis exposed governance gaps in South-east Asia', *Oxford Analytica*, 12 July 2013.

49. For further background on the process of developing the ASEAN Charter see Frank Frost, *ASEAN's regional and multilateral relations: recent developments and Australia's interests*, op. cit., pp. 20–26.

50. [The ASEAN Charter](#), Singapore, November 2007, accessed 29 July 2013.

51. Mely Caballero-Anthony, 'The ASEAN Charter: an opportunity missed or one that cannot be missed?', *Southeast Asian Affairs 2008*, Institute of Southeast Asian Studies, Singapore, 2008, pp. 76–77.

The Charter represented a step forward for ASEAN but debate has continued about the Association's institutional character and whether it has the capacities and administrative resources necessary to fulfil its ambitious goals (see Section III below).

One significant outcome of the adoption of the ASEAN Charter has been an increased focus on human rights issues in the ASEAN region, although this process has proceeded in a cautious and very gradualist manner.

In line with Article 14 of the Charter, ASEAN members established the ASEAN Intergovernmental Commission on Human Rights (AICHR) in 2009. Two other bodies, the ASEAN Committee on the Rights of Migrant Workers and the ASEAN Commission on Women and Children have also been established (in 2007 and 2010 respectively). These institutions do not possess any procedures for compliance or enforcement, which means that there is no mechanism to submit complaints and to receive binding judgements or remedies. The AICHR has proceeded cautiously so far. It has, however, pursued its mandate to discuss strategies for the promotion and protection of human rights and to develop an ASEAN Human Rights Declaration.⁵²

The ASEAN Intergovernmental Commission on Human Rights began drafting a human rights declaration in 2011. The process of discussion was largely an intergovernmental one, but Commission representatives from Indonesia, the Philippines and Thailand did conduct informal public consultations and Commission officials held two formal consultations with selected civil society groups in 2012.⁵³ The ASEAN Human Rights Declaration (AHRD) was then adopted formally at the ASEAN Summit in Phnom Penh on 20 November 2012.⁵⁴ The Declaration addresses civil, political, economic, cultural and social rights and gives details on how ASEAN members understand these rights. A notable feature of the Declaration is that sections 22–25 outline fundamental freedoms, including the freedoms of thought; conscience and religion; opinion and expression; peaceful assembly; and participation in 'periodic and genuine' elections. Mathew Davies (Australian National University) has observed that, 'These political freedoms, while not as detailed as those contained in the European and American regional systems, do describe a system of representative government that is far in advance of the situation prevalent in many ASEAN member states'.⁵⁵

The ASEAN Human Rights Declaration also included some significant qualifications. Principle 6, for example, states that enjoyment of human rights should '... be balanced with the performance of corresponding duties' to other individuals, the community and society. Principle 7 provides that '...the realisation of human rights must be considered in the regional and national context bearing in mind different political, economic, legal, social, cultural, historical and religious backgrounds'.

52. Daniel Aguirre, [Human rights the ASEAN Way](#), Jurist—Forum, 10 January 2013, accessed 11 May 2013; Katherine G. Southwick, ['Bumpy road to the ASEAN Human Rights Declaration'](#), *Asia Pacific Bulletin*, Honolulu, East West Center, 22 January 2013, accessed 11 May 2013.

53. Southwick, *op. cit.*, p. 1.

54. Association of Southeast Asian Nations, 'ASEAN Human Rights Declaration'.

55. Mathew Davies, 'The ASEAN Synthesis: human rights, non-intervention and the ASEAN Human Rights Declaration', *Georgetown Journal of International Affairs*, 14 (2), August 2013, pp. 27–34, p. 31.

Furthermore, human rights can be limited on a variety of grounds including 'national security', 'public order' and 'public morality'.⁵⁶

The qualified nature of the commitment to human rights in the Declaration was criticised both within the ASEAN region and internationally.⁵⁷ The Declaration can, however, be seen as a further step by ASEAN to widen its agenda by explicitly acknowledging the significance of human rights issues both at national and regional levels. The Declaration was also a reflection of the challenges facing ASEAN in accommodating the national sensitivities of its diverse membership. Bridget Welsh (Singapore Management University) has recently commented on these issues:

The AHRD reflects the lowest common denominator position in ASEAN on rights. As the region has been transforming, there are underlying tensions that go beyond security and extend to rights and democracy. There are also tensions between rigid commitments to sovereignty with simultaneous pressures from regional integration and transnational forces. The consensus that was reached was one that revealed some of these tensions, with more authoritarian states in the region unwilling to adopt more liberal and inclusive approaches towards rights, and yet others leading the way in bringing ASEAN onto the international stage as a regional grouping in the developing world that leads the way for others to follow.⁵⁸

ASEAN, national sovereignty and regional community

ASEAN is making progress in its pursuit of deeper cooperation. It has secured some significant goals in economic cooperation and it is taking cautious steps to extend its activities into additional areas such as human rights. However, the major differences among its members in economic structure and political systems continue to pose major challenges to cooperative efforts. It is difficult to pursue economic integration policies among members whose economies and administrative capacities vary so widely. It is a major challenge to develop approaches towards the definition and promotion of human rights values and principles when the governments of members vary so widely from liberal and pluralist systems with a substantial role for civil society, to states which continue to have more autocratic regimes and limited scope for legally-sanctioned political participation or opposition.

A key issue continuing to confront ASEAN's efforts to develop its community projects is that many members remain highly sensitive to issues of sovereignty and are reluctant to consider delegating significant authority to ASEAN multilateral institutions. Commitments to the principle of national sovereignty and to the principle of non-interference in internal affairs were central features of ASEAN's founding values, and to 'the ASEAN Way'. In practice, ASEAN members have moved a long way away from a strict adherence to unchallenged national sovereignty and the non-interference principle. Members have frequently commented on each other's affairs and it is quite clear that

56. Davies, op. cit.; Paula Gerber, '[ASEAN Human Rights Declaration: a step forward or a slide backwards?](#)', *The Conversation*, 21 November 2012, accessed 14 May 2013.

57. Bridget Welsh, 'Divided or together: Southeast Asia in 2012', in Daljit Singh, ed., *Southeast Asian Affairs 2013*, Singapore, Institute of Southeast Asian Studies, 2013, pp. 6–8; see also Davies, op. cit.

58. Welsh, 'Divided or together: Southeast Asia in 2012', op. cit., pp. 7–8.

many policy areas raise issues that go beyond national borders, as in the areas of human rights concerns and the problems posed by environmental pollution.

However, the ASEAN region is one where national sovereignty has been a sensitive issue for peoples and states which in almost all cases faced colonial rule and attempted major power interference or intervention. Many members are therefore resistant to concepts which would impose sanctions for non-compliance with ASEAN programs (for example, in relation to trade liberalisation or the protection of human rights). These attitudes pose challenges for ASEAN as it seeks to extend and deepen its cooperation. Shaun Narine (St Thomas University, Canada) has observed:

Today ASEAN is in an awkward position. On the surface, its stated goals and aspirations seem to lead towards the creation of an effective regional organization that must be capable of exercising a certain level of influence over the domestic conduct of its member states. At the same time, it is evident that many, if not most, of the ASEAN states are not prepared to seriously compromise their sovereignty in order to strengthen the organization.⁵⁹

This tension between ASEAN's aspirations and its members' sensitiveness over sovereignty is likely to persist into the future. It is a major reason why ASEAN's pursuit of a regional community among its members is likely to need to continue for at least several decades beyond 2015.⁶⁰

II: ASEAN and wider regional cooperation

Along with pursuing cooperation among its own members, ASEAN's second key goal has been to engage the major external powers with interests in Southeast Asia in regular dialogues on security and economic issues. This strategy has been a way for ASEAN to help mediate and manage the interests of the major powers in Southeast Asia, while seeking to forestall the danger of outright competition and intervention which was a dominant problem in the region for five decades from the 1940s.⁶¹ As a part of this process, ASEAN has also sought to play a role in fostering institutional dialogue and cooperation on a wider regional basis in East Asia and the Asia-Pacific regions. These efforts have, since the mid-1990s, been one of ASEAN's most prominent areas of emphasis and of interaction with its dialogue partners, including Australia. The major expressions of this have been the ASEAN Regional Forum; the ASEAN Plus Three process; the East Asia Summit; the ASEAN Defence Ministers Meeting Plus process; and (most recently) the Regional Comprehensive Economic Partnership.

59. Shaun Narine, 'Asia, ASEAN and the question of sovereignty', in Mark Beeson and Richard Stubbs, eds, *Routledge handbook of Asian regionalism*, Routledge, London, 2012, pp. 155–165, p. 160.

60. Roberts, *ASEAN regionalism: cooperation, values and institutionalization*, op. cit., pp. 176–187.

61. On Southeast Asian states' approaches towards the major powers see Evelyn Goh, 'Great Powers and hierarchical order in Southeast Asia: analyzing regional security strategies', *International Security*, 32 (3), Winter 2007–08, pp. 113–157 and Evelyn Goh, 'Institutions and the great power bargain in Southeast Asia', in Ralf Emmers, ed., *ASEAN and the institutionalization of Southeast Asia*, Routledge, London, 2012, pp. 105–121.

ASEAN and the major powers

Carlyle A. Thayer (Australian Defence Force Academy) has summed up ASEAN's approach towards the major powers in the following terms:

ASEAN has sought to enmesh all the major powers through engagement with ASEAN-centric multilateral institutions, including the ASEAN Post Ministerial Conference and the ASEAN Regional Forum. ASEAN insists that it remain in the driver's seat in the region's security architecture and that the norms embodied in the ASEAN Way guide the decision-making process and work programs of regional security institutions. ASEAN also seeks to position itself so that it does not have to choose between China and United States.⁶²

ASEAN's two most important external relationships are those with the United States and China. The United States has had longstanding relationships in the ASEAN region. The US has bilateral alliances with Thailand and the Philippines and substantial security interactions with other ASEAN members including Singapore and Malaysia. The US is a major source of investment to the ASEAN region and trade is also substantial, although in recent years its relative strength as a trading partner has declined in relation to China.

The US has been a dialogue partner with ASEAN since 1977 and the US Secretary of State has been a regular participant in the Post-Ministerial Conferences. The US was cautious about ASEAN's interest in developing wider regional cooperation after the end of the Cold War but it did join the ARF at its inauguration in 1994. The Bush administration after 2001 pursued enhanced economic relations and appointed an ambassador to ASEAN in 2008. Since 2009 the Obama administration has given further emphasis to ASEAN. The US acceded to the Treaty of Amity and Cooperation in July 2009 and in November 2009 President Obama held the first meeting at leadership level between the US and ASEAN. The US's profile in ASEAN has also been advanced by its acceptance (along with Russia) as a member of the East Asia Summit, which President Obama attended in 2011 and 2012.⁶³

The priority of Southeast Asia and the ASEAN region to the US has been underscored in the revision of US foreign and security policies towards East Asia since 2011. The US announced in January 2012 that it would 'rebalance' its defence force structure towards the Asia-Pacific and quarantine defence budget cuts from that region (the term 'pivot' was initially widely used to refer to this policy, but has been replaced by use of the term 'rebalance'). Rebalancing will involve some changes of force deployments (including an increase in naval deployments from 55 to 60 per cent of overall US strength) and will also involve increased rotation of forces through the region (including through deployments in Australia, Guam and the Philippines and increased use of Singapore for naval rotations).⁶⁴

62. Carlyle A. Thayer, 'Deference/Defiance: Southeast Asia, China and the South China Sea', presentation to panel on Difference/Diffusion, Deference/Defiance: unpacking China-Southeast Asia relations, International Studies Association Annual Convention, Hilton San Francisco Union Square, San Francisco, 5 April 2013, pp. 26–27.

63. US Department of State, [Association of Southeast Asian Nations \(ASEAN\)](#), accessed 12 May 2013.

64. Thayer, 'Deference/Defiance: Southeast Asia, China and the South China Sea', op. cit., pp. 27–30.

The US also hopes to enhance its economic and trade relations with the ASEAN members. The US's trade with ASEAN amounted to US\$186.6 billion in 2010 (9.1 per cent of ASEAN total trade) and in November 2012 the two sides launched the US-ASEAN Enhanced Economic Engagement program, designed as a new framework for trade and investment cooperation.⁶⁵ The US is also pursuing closer trade relations with several ASEAN members through its Trans-Pacific Partnership trade agreement (see below). The measures being pursued through the 'rebalance' overall have the potential to add additional weight to the US political, economic and strategic presence in the ASEAN region.

ASEAN's relationship with China has changed profoundly in the past forty years. After the inauguration of the People's Republic of China in 1949, the regime was viewed with suspicion in the non-Communist states of Southeast Asia, as it assisted Communist parties in the region and gave support to the armed struggle of the Vietnamese communist regime and later to the Pol Pot regime in Cambodia. The end of the Cold War, and the Cambodia peace agreement, along with China's process of economic reform from 1978, initiated a new phase in regional relations. China normalised relations with all of the states in Southeast Asia by 1990 and in 1991 became a consultative partner with ASEAN. Relations expanded through the 1990s and in 1996 China became a full dialogue partner with ASEAN. In February 1997 the two sides formalised their relations by establishing the ASEAN-China Joint Cooperation Committee and in 2003 China acceded to the Treaty of Amity and Cooperation.⁶⁶

ASEAN's efforts to 'enmesh' China in cooperative relations led to an economic cooperation agreement in 2002 and the development of an agreement to establish the ASEAN-China Free Trade Area. The latter agreement came into force in 2010 for ASEAN's six 'developed economies' (i.e. Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand) and will cover the other four members by 2015. In 2003 the two sides also raised their relations to that of a 'strategic partnership' (later elevated to a 'comprehensive partnership' in 2007). The ASEAN members are keenly aware of the rising profile of China and of its increasing defence capabilities. ASEAN has engaged in a complex pattern of interactions in relation to the South China Sea and tensions have risen over these issues since 2009 (see Section III below). China simultaneously is a highly important economic partner for all ASEAN members, with trade in 2010 amounting to US\$232 billion (11.3 per cent of the ASEAN total). Carlyle Thayer has written:

China's economic rise has altered the region's political economy and absorbed regional states in a production network feeding into China's export oriented manufacturing industries. China not only buys primary commodities and natural resources, particularly oil and gas, but electronic parts and components. China's economic rise also has resulted in the displacement of the United States as the major trading partner for most Southeast Asian states.⁶⁷

65. Sanchita Basu Das and Termsak Chalempalanupap, [Can ASEAN keep aiming for new goals without having reached old ones?](#), *ISEAS Perspective*, 17 December 2012, p. 3, accessed 3 July 2013; note that statistics for ASEAN trade with the US, China and Japan are from this source. See also [Fact Sheet: the growing prominence of US-ASEAN trade relations](#), Washington DC, Office of the United States Trade Representative, 13 June 2013, accessed 27 June 2013.

66. Carlyle A. Thayer, 'Deference/Defiance: Southeast Asia, China and the South China Sea', op. cit., p. 5.

67. Ibid.

Japan is another highly important partner for ASEAN. Japan and ASEAN have had multilateral discussions since 1973 and Japan became a formal dialogue partner in 1977. Japan has been a very significant economic partner for ASEAN since the 1970s and Japanese investment and aid have been major factors in the ASEAN region's economic progress. Trade between Japan and ASEAN was \$206.6 billion in 2010 (10.1 per cent of the ASEAN total) and Japan is continuing to make substantial contributions to ASEAN's projects for deeper integration. The pattern of trade relations has changed substantially: while the ASEAN region up to the 1970s was primarily a supplier of raw materials to Japan, manufactured exports have risen greatly, as ASEAN members have become closely involved in regional production networks.⁶⁸ ASEAN and Japan have cooperated in a number of areas of common interest on regional security, including disaster relief and counter-terrorism.

Japan has recently moved to reaffirm its relationships with ASEAN and its members. This has been seen as a reflection partly of the tensions between Japan and China over disputed islands in the East China Sea (the Senkaku/Diaoyu islands) which have placed pressure on economic and diplomatic relations.⁶⁹ Japan is accordingly pursuing measures to extend and deepen economic relations with major ASEAN economies, and has also increased its focus on the territorial disputes in the South China Sea. For example, it has pursued a program to provide up to ten patrol boats to the Philippines (see Section III below).⁷⁰

ASEAN has also actively developed its interactions with other major partners.⁷¹ The European Union is a substantial trade partner and maintains a wide ranging dialogue with ASEAN.⁷² With India, ASEAN's relations have expanded as India's economy has developed rapidly and in a more outward looking manner and the two sides concluded a trade agreement in 2009. ASEAN's relations with South Korea have included extensive cooperation in the ASEAN Plus Three process and in the East Asia Summit; the two parties reached trade agreements in 2007 and 2009. Russia has been comparatively less significant as an economic partner, although it has been prominent in areas including arms supplies and energy cooperation, and Russia joined the East Asia Summit with the US in 2011.⁷³

68. [‘Japan-ASEAN relations’](#), ASEAN Japan Centre, accessed 12 May 2013; AKP Mochtan, ‘Four decades of an ASEAN-Japan partnership’, *The Jakarta Post*, 19 January 2013.

69. See [Dangerous waters: China-Japan relations on the rocks](#), International Crisis Group, Asia Report, no. 245, 8 April 2013, accessed 14 May 2013.

70. Prashanth Parameswaran, [Japan's ASEAN charm offensive](#), *The Diplomat*, 22 January 2013, accessed 14 July 2013; ‘Japan moving closer to Asean’, *The Bangkok Post*, 4 May 2013.

71. For concise summaries of ASEAN's external relations with dialogue partners see [‘External relations’](#), ASEAN Secretariat, accessed 27 June 2013.

72. ASEAN members, along with other Asian states, also hold dialogues with the EU member states in the Asia-Europe Meeting (ASEM) process; Australia is one of the 51 participating countries—see Department of Foreign Affairs and Trade, [‘Asia-Europe Meeting’](#), accessed 8 July 2013. For a recent assessment of ASEM see Julie Gilson, ‘The Asia-Europe Meeting (ASEM)’, in Mark Beeson and Richard Stubbs, eds, *Routledge handbook of Asian regionalism*, Routledge, London, 2012, pp. 394–405.

73. ‘External relations’, ASEAN Secretariat, op. cit.

ASEAN and wider regional institutional cooperation

All these dialogue relationships reflect ASEAN's commitment to maintain balanced and wide-ranging interactions with all the major external powers with interests in Southeast and East Asia. The second major external dimension of ASEAN's efforts to promote a stable economic and security environment has been its contribution to the development of new and wider regional institutions. Donald K. Emmerson (Stanford University) has commented that, '[ASEAN's] creative diplomacy in spinning off one multilateral forum after another has earned it global respect as the unexcelled impresario of East Asian regionalism'.⁷⁴ Since the early 1990s, ASEAN has pursued 'creative diplomacy' in several major institutional directions.

The ASEAN Regional Forum

ASEAN's first major effort in wider institutional development was the ASEAN Regional Forum (ARF). The ARF was initiated in 1994 to extend ASEAN's role in sponsoring dialogue on security issues in the East Asia region. It was conceived as a 'process not an institution'.⁷⁵ The ARF now has 27 participants including the ASEAN ten, the US, China, Japan, South Korea, Australia and New Zealand.⁷⁶

The Forum was conceived as a group that would be inclusive in membership but with ASEAN playing the leading role.⁷⁷ The Forum's method and approach were clearly patterned after those of ASEAN and the 'ASEAN Way': the 1995 chairman's statement affirmed that, 'The ARF process shall move at a pace comfortable to all participants ... The approach shall be evolutionary ... Decisions of the ARF shall be made through consensus after careful and extensive consultations among all participants'.⁷⁸

ARF meetings are held at Foreign Minister-level annually in July, in conjunction with the ASEAN Post-Ministerial Conference. The ARF has minimal institutionalisation, consensus decision making and uses both 'first and second track' (i.e. official level and NGO/academic level) diplomacy.⁷⁹ The ARF agreed in 1995 on a gradual three-stage evolution of confidence-building, preventive diplomacy and in the longer term, approaches to conflict resolution.⁸⁰

74. Donald K. Emmerson, [Challenging ASEAN: the US pivot through Southeast Asian eyes](#), *Global Asia*, 7 (4), December 2012, accessed 30 July 2013.

75. Barry Desker, ['Is the ARF obsolete?'](#), *IDSS Commentaries*, 20 July 2006, accessed on 12 July 2013.

76. See the ARF website [here](#). ARF members are Australia, Bangladesh, Brunei, Cambodia, Canada, China, European Union (Presidency), India, Indonesia, Japan, Laos, Malaysia, Mongolia, Myanmar, New Zealand, Pakistan, Papua New Guinea, Philippines, Republic of Korea, Democratic People's Republic of Korea (DPRK), Russia, Singapore, Sri Lanka, Timor-Leste, Thailand, USA and Vietnam.

77. Rodolfo Severino, *Southeast Asia in search of an ASEAN Community*, Institute of Southeast Asian Studies, Singapore, 2006, p. 192.

78. Ibid.

79. The 'second track' discussions are conducted particularly by the Council for Security Cooperation in the Asia-Pacific (CSCAP)—see the CSCAP website [here](#).

80. Barry Desker, 'The future of the ASEAN Regional Forum', *Perspectives*, Institute of Defence and Strategic Studies, Singapore, October 2001.

The Forum's plenary and inter-sessional discussions have had some practical results. These include the issuing of annual defence policy statements and additional White Papers, which contribute to greater 'transparency'; military exchanges at staff college level; growing involvement of defence officials in ARF discussions; and the creation of an ARF Register of Experts/Eminent Persons, who can be called on by Forum members in conflict situations.⁸¹ Since 2009 the ARF has also sponsored Voluntary Disaster Response Exercises. The exercises were inaugurated by the Philippines and the US and a further round was held in Thailand in May 2013.⁸²

The ARF is so far generally considered to have been a modest success as a useful vehicle for discussion and confidence-building.⁸³ However, the ARF's premium on non-confrontation means that it does not have a mandate to intervene directly in security disputes. The Forum's limits were illustrated clearly during the crisis over East Timor in 1999. Although the crisis involved a core member of ASEAN (Indonesia), the ARF was not able itself to take any significant action, although several ASEAN members did take part in the subsequent United Nations-sponsored peacekeeping deployments.⁸⁴ It is, therefore, not clear how much further the ARF is likely to be able to extend its role in security dialogue in the region. Its membership is wide and diverse and finding a consensus among the members has not been easy. It is not in a position to address directly some of the most significant security issues in the Asia-Pacific region, such as the situation in relation to Taiwan, the North Korean nuclear issue or the situation in Kashmir (because particular member countries would veto such attempts). Having achieved its original aims for ASEAN, the Forum now faces the challenge of whether and how it can extend its role and relevance to its members.⁸⁵

ASEAN Plus Three

ASEAN's second major effort in wider regional dialogue was the ASEAN Plus Three process, a forum with a specifically East Asian focus which brings together the ten ASEAN members with China, Japan and the Republic of Korea.

There was some support within East Asia for an 'Asia-focused' form of cooperation from at least the early 1990s when Malaysia's Prime Minister Mahathir Mohamad proposed an 'East Asia Economic Group' which would have an exclusively Asian membership. At this time, the concept of an East Asian-focused grouping did not meet with thoroughgoing approval in the region. Japan, in particular, did not support the concept, not least because of concerns that China could be a dominant force within such a grouping.⁸⁶ Furthermore, attention on regional cooperation in the early 1990s was

81. Simon, *op. cit.*, p. 23.

82. Catherin Dalpino, '[Multilateralism in the Asia-Pacific](#)', *Comparative Connections*, May 2013, accessed 2 July 2013.

83. See Sheldon Simon, '[The ASEAN Regional Forum: beyond the talk shop?](#)', NBR Analysis Brief, 11 July 2013, accessed 29 July 2013.

84. Mely C. Anthony, *Regionalisation of peace in Asia: experience and prospects of ASEAN, ARF and UN partnership*, Institute of Defence and Strategic Studies, Singapore, Working Paper, no. 42, January 2003, pp. 16–18.

85. Ralf Emmers, 'ASEAN Regional Forum: time to move towards preventative diplomacy', *RSIS Commentaries*, 25 October 2007.

86. Chang-gun Park, 'Japan's emerging role in promoting regional integration in East Asia: towards an East Asian Integration Region (EAIR)', *Journal of International and Area Studies*, 13 (1), 2006, pp. 53–72.

focused on the development of the Asia-Pacific Economic Cooperation (APEC) grouping of Asia-Pacific economies, which had a wider membership including the US.

However a series of factors from the mid-1990s increased support for an East Asian-focused grouping. These included: the traumatic impact of the Asian Financial Crisis after mid-1997, which prompted many regional states to consider the desirability of greater cooperation to forestall any future crisis and to add greater 'weight' for Asia in relations with international institutions such as the International Monetary Fund (IMF); the advent of greater regional cooperation in Europe and in North America; and the growing impact of China's dynamic growth. All these developments contributed to the opening up of 'political space' for an East Asian grouping.⁸⁷

The 'ASEAN Plus Three' process was developed from a meeting of the ASEAN members and China, Japan and South Korea in Kuala Lumpur in 1997. ASEAN Plus Three (APT) is not a formalised organisation but is a loose cooperative framework based on conferences and dialogue. The APT members have pursued dialogues at several different levels simultaneously: among all thirteen members, among the ASEAN 'ten' and one other member (which has enabled China and Japan, in particular, to maintain and develop their own specific relationships with ASEAN), and among the three Northeast Asian members (China, Japan and South Korea)—who held their first trilateral meeting in 1999.⁸⁸ The APT process has involved annual meetings of the members' leaders (held during ASEAN's Summits), and many meetings of ministers and senior officials in areas including politics and security, trade, labour, agriculture and forestry, tourism, energy and environment.

The most significant element in APT activities so far has been the promotion of regional financial cooperation. From 1999 the group sponsored a proposal to increase financial communication and interaction among the East Asian economies through the 'Chiang Mai Initiative', which involves a series of 'currency swap' arrangements (initially on a bilateral basis) between the central banks of participating states. The arrangements provide the potential for regional countries to offer assistance to an ASEAN Plus Three member which faces financial difficulties and currency instability—without having to wait for action from the IMF or other authorities. The arrangements involve a surveillance mechanism so that the performance of the assisted country can be overseen by other regional states.⁸⁹

From 2010 the proposal was adapted into a multilateral form (now called the 'Chiang Mai Initiative Multilateralisation' or CMIM) and the total amount committed to the 'currency swap' arrangements is now over US\$240 billion, although the amount available to any one member would be only a fraction of this total. The CMIM has been seen as a significant step towards further financial

87. Richard Stubbs, 'ASEAN Plus Three: emerging East Asian regionalism?' *Asian Survey*, XLII, (3), May–June 2002, pp. 441–448.

88. Sanae Suzuki, 'East Asian cooperation through conference diplomacy: institutional aspects of the ASEAN Plus Three framework', APEC Studies Center, Institute of Developing Economies, JETRO, Tokyo, March 2004.

89. Jennifer Amyx, 'What motivates regional financial cooperation in East Asia today?', Asia Pacific issues, East West Center, Hawaii, February 2005; Banyan, 'A rather flimsy firewall', *The Economist*, 7 April 2012; Reza Siregar and Akkharaphol Chabchitichaidol, [Enhancing the effectiveness of CMIM and AMRO: selected immediate challenges and tasks](#), *ADB Working Paper Series*, no. 403, Asian Development Bank Institute, 17 January 2013, accessed May 2013.

cooperation in East Asia but its potential has yet to be clarified. The CMIM has not so far been utilised in any crisis and it is not clear whether the scale of the funds available would make it a viable supplement or alternative to existing institutions such as the IMF.⁹⁰

The ASEAN Plus Three grouping has become a significant focus for regional dialogue although much of its activities have in fact been on the basis of ASEAN interactions with each of the three Northeast Asian members individually rather than through cooperation among all thirteen members.⁹¹ The APT process has also stimulated exploration of additional avenues for further East Asian cooperation— which led in turn to proposals for an ‘East Asia Summit’ of regional heads of government.

The East Asia Summit

The idea for an East Asia Summit (EAS) arose from discussions within ASEAN Plus Three about the desirability of a regular East Asian regional leadership gathering and was raised in a report which that grouping commissioned from the ‘East Asia Study Group’ in 2002.⁹² On the issue of possible participation, ASEAN, as the convenor of the first EAS, made it clear that Summit participants had to be signatories of the Treaty of Amity and Cooperation (or be prepared to sign it), needed to be full ASEAN Dialogue Partners, and had to have substantial relations with ASEAN.

The ongoing political sensitivities among the major powers involved in East Asia cooperation soon became evident, particularly because of the competing interests of China and Japan. China was initially enthusiastic about the Summit proposal and argued that it should most appropriately be based on the thirteen member countries of ASEAN Plus Three. However it was evident that some other states were reserved about the prospect of a Summit based solely on the APT membership, since this could be seen to be possibly open to a high level of influence from China. Japan, with the support of a number of the members of ASEAN, argued that some other relevant countries, in particular India and Australia, should be invited to join the new forum. China continued to argue against this proposal into the early months of 2005, but most ASEAN members supported the Japanese position. It was ultimately resolved that India, Australia and New Zealand would be invited as inaugural members of the new Summit.⁹³

The initial Summits have been cautious attempts to develop dialogue and bases for consensus. The first East Asia Summit on 14 December 2005 was relatively short (at three hours) and few specific decisions were made. The emphasis was on developing communication among the members. The leaders’ statement issued by the Summit (the ‘Kuala Lumpur Declaration on the East Asia Summit’) affirmed that the EAS is intended to be an ‘open, inclusive, transparent and outward-looking forum, in which we strive to strengthen global norms and universally recognised values, with ASEAN as the driving force working in partnership with other participants of the East Asia Summit’. The Summit

90. Ibid.

91. John Ravenhill, ‘The “new East Asian regionalism”: a political domino effect’, *Review of International Political Economy*, 20, February 2010, pp. 1–31.

92. ‘[Final Report of the East Asia Study Group](#)’, ASEAN + 3 Summit, 4 November 2002, Phnom Penh, Cambodia, accessed 30 July 2013.

93. Ibid., pp. 2–4.

would be 'convened regularly', hosted and chaired by an ASEAN member and held 'back to back with the annual ASEAN Summit'.⁹⁴

The EAS has since proceeded cautiously as a venue for expanding dialogue and building communication and confidence. Since 2007, the Summit has been assisted by a research body, the Economic Research Institute for ASEAN and East Asia, (ERIA). ERIA, a primarily Japanese-backed think tank, was launched in May 2008. ERIA is a policy making and training forum and is also involved in infrastructure planning and the development of further plans for regional economic integration.⁹⁵ The EAS, however, does not have its own secretariat but is supported administratively by the ASEAN Secretariat (whose overall resources are limited, see below).

The profile of the EAS has been raised by the addition of the US and Russia as members in 2010, with President Obama attending the Summits in 2011 and 2012. The EAS is sponsoring a wide range of cooperation projects as the meeting in Phnom Penh in November 2012 indicated.⁹⁶ The Summit has been valuable as a venue for dialogue and the building up of communication among the leaders but it is still a work in progress. It is not yet evident if and when the major powers will be willing to use the Summit as a venue for substantive cooperation on key political and security issues about which they have major differences.⁹⁷

ASEAN Defence Ministers Meeting Plus Eight

ASEAN's latest security forum initiative is the ASEAN Defence Ministers Meeting Plus Eight (widely referred to as 'ADMM Plus'). This forum evolved out of the ASEAN Defence Ministers Meetings, which have been held seven times since 2006. The ADMM Plus brings together the defence ministers from the same eighteen countries who are members of the EAS. ASEAN sees the ADMM Plus as an additional way to engage dialogue partners in discussion on defence and security issues. The grouping met for the first time in Hanoi in October 2010: the second meeting was held in Brunei in August 2013 and ADMM Plus will convene every two years.⁹⁸

The first ADMM Plus meeting agreed to pursue dialogue in five areas: maritime security, counter-terrorism, disaster management, peacekeeping operations and military medicine. To facilitate cooperation in these areas, five Expert Working Groups were set up, each one chaired by an ASEAN member and one of the 'plus' countries. These arrangements were reviewed at the second ADMM Plus meeting, held in Brunei in August 2013 and the chairmanships were reassigned: Australia was appointed along with Singapore as the chair of the Expert Working Group on Counter-Terrorism. The Brunei meeting also agreed that the ADMM Plus Eight would now convene every two years. The

94. ['Kuala Lumpur Declaration on the East Asia Summit'](#), Kuala Lumpur, 14 December 2005, accessed 14 July 2013.

95. 'Japan/Asia: ERIA adds weight to Tokyo's Asia push', *Oxford Analytica*, 24 April 2008; for details of ERIA's research see its website [here](#).

96. ['Chairman's statement of the 7th East Asia Summit \(EAS\), 20 November 2012, Phnom Penh, Cambodia'](#), accessed 26 July 2013.

97. David Camroux, 'The East Asia Summit: pan-Asian multilateralism rather than intra-Asian regionalism', in Mark Beeson and Richard Stubbs, eds, *Routledge handbook of Asian regionalism*, Routledge, London, 2012, pp. 375–383.

98. ASEAN Secretariat, ['ASEAN Defence Ministers Meeting \(ADMM\)'](#), accessed 12 May 2013.

most high-profile activity of the ADMM Plus process so far has been the joint exercise on humanitarian assistance and disaster relief and military medicine, held in Brunei in June 2013. The exercise brought together over 3,000 military personnel and was considered to have been an unusual opportunity for the participant forces to work together: the US Secretary for Defense Chuck Hagel described the exercise as a 'major accomplishment'. Further joint exercises are to be held.⁹⁹

The ADMM Plus is likely to proceed at a gradual pace; since the agenda needs to be approved by all members, it is not likely that highly sensitive security issues will be addressed explicitly. While it is at an early stage, the new forum has been seen as valuable in increasing regular communication among senior defence leaders and as a further way of sponsoring discussions at senior official level.¹⁰⁰

Regional Comprehensive Economic Partnership (RCEP)

ASEAN's most recent major institutional cooperation initiative has been the proposal for a Regional Comprehensive Economic Partnership (RCEP), announced by ASEAN leaders during the 19th ASEAN Summit in November 2011. The RCEP is a regional free trade agreement designed to include the ten ASEAN members along with the countries which currently have free trade agreements with ASEAN; Australia, China, India, Japan, South Korea and New Zealand. The RCEP's vision is to be a high-quality and mutually beneficial economic partnership agreement that will broaden and deepen current FTA arrangements. The RCEP concept grew out of two previous proposals for regional trade agreements based around the thirteen ASEAN Plus Three members and also the original sixteen members of the EAS (that is, the membership before the US and Russia joined). These two proposals have now been superseded by RCEP. The RCEP is intended to cover trade in goods and in services, investment and technical cooperation, intellectual property, competition, and dispute settlement. By rationalising the existing pattern of multiple free trade agreements maintained by ASEAN with the six partners noted above, the RCEP could reduce the complexity of what is often called the 'noodle bowl' effect of multiple sets of rules set by different trade agreements operating in parallel. As an ASEAN process, the RCEP will be guided by the 'ASEAN Way' of consensus. It is also likely to seek to accommodate the varying levels of economic development of the participants.¹⁰¹

ASEAN hopes to secure agreement on RCEP by the end of 2015. Negotiations, however, are likely to be challenging. In the area of intellectual property protection for example, some of the participants in RCEP have significant differences in emphasis, with some countries (such as Japan and Singapore) concerned to maximise the protection arrangements for such property, and others (such as India

99 Michito Tsuruoka, 'An era of the ADMM Plus? Unique achievements and challenges', PacNet Newsletter, Pacific Forum Hawaii, no. 69, 5 September 2013.

100. Ron Huisken, '[ADMM Plus cooperates in defence and security issues](#)', *East Asia Forum*, 19 October 2010, accessed 13 May 2013.

101. Sanchita Basu Das, '[RCEP and TPP: comparisons and concerns](#)', *ISEAS Perspective*, 7 January 2013, accessed 3 July 2013.

and Indonesia) concerned about access to intellectual property, for example in the area of production of 'generic' pharmaceutical products.¹⁰²

RCEP is being pursued in the context of yet another multilateral initiative, the Trans-Pacific Partnership (TPP).¹⁰³ The TPP originated in a proposal by Brunei, Chile, New Zealand and Singapore in 2003. The United States joined the process in 2008 and it has been emphasised strongly by the Obama administration. The participant negotiators now include twelve countries.¹⁰⁴ The TPP is a more demanding proposal than the RCEP, having the aim of establishing a 'gold standard' agreement suited to the 21st century. Its provisions include emphasis on intellectual property rights, labour standards, competition policy, investment rules, environment standards and the role of state owned enterprises.¹⁰⁵

The two proposals are being pursued in parallel and they could both contribute towards the overall goal of liberalising trade and economic interactions across the Asia-Pacific region. However, there is some concern that the proposals could also be associated with patterns of major power competition, especially between the US and China. While the United States is a key participant in and proponent of the TPP negotiations, China is not currently a part of the process.¹⁰⁶ China is a participant in RCEP but the US, which does not have a free trade agreement with ASEAN, is not. Sanchita Basu Das (Institute of Southeast Asian Studies) has commented:

There is some concern about competition between TPP and RCEP, since the regional pacts have similar objectives over trade liberalisation and economic integration. These two agreements may also come into direct conflict due to the rivalry between the US and China, as each of these powers seeks to shape economic cooperation in the Asian region and cement their economic interests. Besides, any competition between these two agreements may lead to disunity within ASEAN, which may undermine the organisation's centrality in the region. While Brunei, Singapore, Malaysia and Vietnam are members of both RCEP and TPP, the rest of ASEAN countries are currently members of only RCEP.¹⁰⁷

ASEAN, the major powers and regional competition

ASEAN's efforts to develop wider multilateral forums have been striking. Without these efforts it is likely that East Asia and the wider Asia Pacific regions would have far fewer opportunities for

102. Mathew Rimmer, '[Trade war in the Pacific: ASEAN and the Trans Pacific Partnership](#)', *The Conversation*, 30 November 2012, accessed 11 May 2013.

103. For a detailed study of the TPP see Ian F. Ferguson, et al., 'The Trans-Pacific Partnership negotiations and issues for Congress', Washington DC, Congressional Research Service, 15 April 2013.

104. Current TPP negotiation participants are: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam.

105. Ferguson, et al., op. cit.

106. It has been argued that China would at this stage find it difficult to adapt to some of the TPP's obligations, for example in the areas of labour laws, the role of state owned enterprises and rules for intellectual property rights, see Sanchita Basu Das, '[The Trans-Pacific Partnership as a tool to contain China: myth or reality?](#)', *ISEAS Perspective*, 17 May 2013, accessed 30 July 2013.

107. Sanchita Basu Das, 'RCEP and TPP: comparisons and concerns', op. cit., p. 7.

dialogue and the development of cooperation. ASEAN's attempts, however, continue to face substantial challenges and obstacles. Three key and inter-related issues are the lack of widespread agreement on what is the most appropriate and acceptable grouping of 'regional states' on which to develop cooperative arrangements, the ongoing tensions and conflicting interests among the major powers, and the question of whether ASEAN can maintain effective cohesion as a cooperative institution, which is able to influence these dialogues' agendas and directions and thus continue to claim a position of 'centrality' at the hub of regional cooperation efforts.

There are differing views in Southeast Asia and more widely on what is the most appropriate 'regional identity' as a basis for long-term cooperation. One strand of thinking has focused on the desirability of pursuing a distinctly 'East Asian' concept of cooperation, which would encompass only states from that region. In Southeast Asia this approach has been identified with former Prime Minister Mahathir Mohamad of Malaysia, but there has been considerable interest in and support for this approach, including from China. A second strand of thinking has stressed the desirability of gathering together regional East Asian states with the other major powers which have high levels of interest in East Asia, including the United States and also India. This approach has been favoured by the US itself as well as by Japan and ASEAN members including Indonesia and Singapore. Given the diversity of the states in East Asia and their openness to the international economy, it is not surprising that different visions have developed alongside each other.¹⁰⁸

ASEAN has sought to adapt to this pluralism in approaches by sponsoring multiple groupings with sometimes differing memberships. The ASEAN Plus Three group, with a defined membership of thirteen states, is a reflection of ongoing interest in 'East Asian' focused basis for cooperation. The East Asia Summit, which originated from discussions within ASEAN Plus Three, represents views held simultaneously by many states that it is also desirable to explicitly foster dialogue among both East Asian states and states beyond the immediate East Asia region which have extensive interactions and interests with it. This dialogue thus brings together the thirteen 'East Asian' states with the US, India, Russia, Australia and New Zealand. So far, the two groupings are proceeding in parallel but this pluralism adds to the complexity of ASEAN's challenges in trying to sponsor cooperation that can have distinct identities and utility for the participants.¹⁰⁹

Pluralism and potential competition are also evident in the area of trade cooperation strategies, as has been noted above. RCEP and the TPP are proceeding in parallel and could make a complementary contribution to trade liberalisation. However, they could also come to be seen as reflections of competition, particularly between the US and China. If that kind of competition were to predominate, then it could add extra pressures for ASEAN, whose members could be 'pulled' in different directions in trade cooperation.¹¹⁰

108. Camroux, *op. cit.*

109. *Ibid*; Takashi Terada, 'ASEAN Plus Three: becoming more like a normal regionalism?', in Mark Beeson and Richard Stubbs, eds, *Routledge handbook of Asian regionalism*, Routledge, London, 2012, pp. 364–374.

110. Sanchita Basu Das, 'RCEP and TPP: comparisons and concerns', *op. cit.*, p. 7.

A second and related key issue is the climate of relationships among the major powers and how this will evolve. There is an ongoing pattern of contest and competition among the major powers with interests in East Asia. This is clearly evident in the relations among the three most important of these powers, the US, China and Japan, where there has been both cooperation and significant tensions, especially between the US and China, and China and Japan. Multilateral forums can provide valuable venues for building additional communication, alongside bilateral relations. However, without a greater degree of strategic accord among the major powers, the potential for substantive cooperation in multilateral forums is likely to remain limited.¹¹¹

A third issue is ASEAN's capacity to maintain cohesion as a cooperative group. This partly depends on the success of its own integration programs. It also depends on whether the ASEAN members can withstand the pressures which can arise from ongoing and possibly intensifying competition between the major powers, particularly the US and China. ASEAN has been able to claim a central place in regional cooperation because no one major power has been in a position to lead and the tense climate of major power relations has enabled ASEAN to operate effectively in such a role. However, severe major power competition could damage ASEAN's capacities for cohesion and room for manoeuvre in this regard. Donald Emmerson (Stanford University) has summed up this issue in a concise manner:

If Sino-American rivalry escalates, ASEAN's members could split into China-deferring and China-defying camps, ruining the group's ability to lead. In contrast, a peaceful balancing of power between Beijing and Washington could refurbish space for ASEAN to operate independently between the two.¹¹²

Recent developments in relation to the South China Sea have shown how significant these challenges can be for ASEAN, and these are considered in the next section below.

III: ASEAN—current issues and challenges

In pursuing its strategies for cooperation, ASEAN is currently facing a number of significant issues. This section will outline four recent ongoing issues and challenges: territorial disputes and the South China Sea; the process of change in Myanmar; ASEAN's own institutional capacities; and the question of whether ASEAN may wish to accept a new member in Timor-Leste.

Territorial conflicts and the South China Sea

Bilateral territorial disputes

The pattern of serious inter-state conflicts in Southeast Asia in the mid-1960s was a principal reason for the establishment of ASEAN. Territorial disputes continue to be a major problem for the

111. William T. Tow, 'Great powers and multilateralism: the politics of security architecture in East Asia', in Ralf Emmers, ed., *ASEAN and the institutionalization of Southeast Asia*, Routledge, London, 2012, pp. 155–167.

112. Emmerson, 'Challenging ASEAN: the US pivot through Southeast Asian eyes', op. cit.

Association.¹¹³ A number of ASEAN members have in recent years had disputes with neighbours over ambiguous or contested borders. In some cases, states have been willing to submit conflicting claims to arbitration. Malaysia and Indonesia referred a dispute over Ligitan and Sipidan, two small islands off the coast of Sabah, to the International Court of Justice (ICJ; the matter was resolved in Malaysia's favour). In disputes over islands in the Singapore Straits referred to the ICJ by Singapore and Malaysia, the Court ruled in favour of Malaysia in relation to Middle Rock and in favour of Singapore over Pedra Branca. It was notable in these cases that the states concerned relied on an international institution rather than seeking any form of adjudication through ASEAN.¹¹⁴

Other bilateral disputes have been less readily resolved. Competing claims by Indonesia and Malaysia to the Ambalat offshore oil block in the Sulawesi Sea resulted in the deployment of military units by both countries to the area in 2005; moves which risked an armed clash. Disputation continued in 2009, with Indonesia sending several naval vessels to the area to ward off any incursion by Malaysian units.¹¹⁵

The two most serious recent bilateral disputes have involved Cambodia and Thailand and the Philippines and Malaysia. A longstanding conflict between Cambodia and Thailand over an ancient temple at Preah Vihear and areas of land surrounding it have sparked armed conflict on several occasions in recent years. Between 2008 and 2010 several clashes resulted in the deaths of at least twelve Thai and Khmer soldiers. Further serious clashes occurred in February 2011 resulting in more deaths and the displacement of thousands of civilians near the contested areas. The dispute produced efforts by Indonesia, ASEAN's Chair in 2011, to mediate, but resistance from the Thai military blocked the proposed deployment of unarmed monitors. After a change of government in Thailand in July 2011, tensions eased but the dispute had been a serious breach of the ASEAN values of peaceful resolution of disputes.¹¹⁶ The dispute is currently being considered by the ICJ; depending on the outcome of these hearings, further discord between the two countries is quite possible.¹¹⁷

A further dispute arose in early 2013 in relation to the Malaysian state of Sabah. The status of Sabah was contested in the 1960s when Britain moved to incorporate the territory, along with Sarawak, into the new Federation of Malaysia. The Philippines Government made a formal claim to Sabah in 1962 on the grounds that it had traditionally been under the authority of the Sultan of Sulu, but the territory became part of Malaysia in 1963. Diplomatic relations between Kuala Lumpur and Manila were for a time terminated. After 1969 the Philippines suspended but did not disavow its claim.

113. For a valuable assessment of territorial issues and disputes in Southeast Asia see Barry Wain, 'Latent danger: boundary disputes and border issues in Southeast Asia', in Daljit Singh and Pushpa Thambipillai, eds, *Southeast Asian Affairs 2012*, Institute of Southeast Asian Studies, Singapore, 2012, pp. 38–60.

114. Roberts, *ASEAN regionalism: cooperation, values and institutionalization*, op. cit., p. 74.

115. *Ibid.*, p. 77.

116. Kheang Un, 'Cambodia in 2011: a thin veneer of change', *Asian Survey*, 52 (1), January-February 2012, pp. 202–209, p. 207; Pou Sothirak, 'Cambodia's border dispute with Thailand', in Daljit Singh, ed., *Southeast Asian Affairs 2013*, Institute of Southeast Asian Studies, Singapore, 2013, pp. 87–102.

117. Kavi Chongkittavorn, '[Can Thailand and Cambodia cooperate after ICJ?](#)', *The Nation* (Bangkok), 15 April 2013, accessed 9 July 2013.

The issue aroused controversy again in February 2013 when followers of a claimant to the Sultanate of Sulu launched an armed incursion into Sabah (the incursion was not supported by the Philippines Government). After attempts at negotiation failed, Malaysian forces attempted to expel the armed group and the fighting resulted in the loss of at least seventy lives.¹¹⁸ The ongoing sensitivity of the issue was highlighted by the fact that in March 2013 the Philippines Government reissued a 2008 official circular which prohibited any representative of the government from giving recognition to any foreign state's sovereignty over Sabah.¹¹⁹ Tensions over the issue had abated by mid-2013, but the dispute showed again how the legacies of history and of contested state boundaries continue to challenge inter-state stability and peace among ASEAN members.¹²⁰

The South China Sea: contending claims

The most serious problem in relation to territorial boundaries confronting ASEAN and its members is in relation to the South China Sea. Six littoral states and governments have claims to areas of the Sea and tensions over these claims have risen in the past four years. Issues in relation to the South China Sea have also increasingly become part of the contest for influence among the major powers, notably between China and the US. In the ongoing contests over rights and sovereignty, ASEAN's own cohesion has come under major challenge.

The disputes in the South China Sea involve both claims to territorial sovereignty and to maritime rights, including the navigation rights of military vessels. In the South China Sea the territorial sovereignty status of two groups of islands and reefs is the major focus of disagreement. The Paracel Islands are claimed by China and by Taiwan (the Republic of China), and Vietnam. China controlled part of the Paracel chain from the 1950s and seized full control in 1974 when it expelled forces of the former Republic of Vietnam (South Vietnam). The second group, the Spratly Islands, consist of about 230 features including several small islands, coral reefs and shoals. According to a recent assessment by M. Taylor Fravel (Massachusetts Institute of Technology), Vietnam, China and Taiwan claim sovereignty over all of the Spratlys, the Philippines claims fifty-three features while Malaysia claims twelve. Taiwan was the first government to occupy one of the Spratly islands (the largest such island, Taiping or Itu Aba, in 1956) and other claimants began to establish a presence from the early 1970s. Vietnam now occupies twenty seven of the features, the Philippines eight, China seven, Malaysia five and Taiwan one. Littoral states also claim maritime jurisdiction over areas of the Sea, which under the UN Law of the Sea can give them rights to fish, mineral and petroleum resources. Brunei, Malaysia, the Philippines and Vietnam claim maritime rights from their coasts. China (and Taiwan) also claim maritime rights on the basis of features in the Paracels and Spratlys.¹²¹

118. Richard Javad Heydarian, '[Sabah crisis sends wider ripples](#)', *Asia Times online*, 29 March 2013, accessed 29 March 2013.

119. '[Philippines renews claim to Sabah](#)', *Asia Sentinel*, 27 March 2013, accessed 30 March 2013.

120. TJ Borgonio, 'Palace spokesman belittles word of Kirams on Sabah issue', *Philippine Daily Inquirer*, 10 June 2013.

121. M. Taylor Fravel, 'Growing competition in the South China Sea', in Michael A. McDevitt, M. Taylor Fravel and Lewis Stern, '[The long littoral project: South China Sea: a maritime perspective on Indo-Pacific security](#)', CNA Strategic Studies, 26 March 2013, pp. 38–41, accessed 29 March 2013.

Considerable ambiguity surrounds some of the claims in the South China Sea.¹²² One issue is that it is not clear how many of the above water 'features' in the Sea would qualify under the Law of the Sea as entities which would justify claims to maritime rights. There is also a lack of clarity over competing claims. China, for instance, has claimed large areas of the South China Sea as falling within a 'nine dash line' (see map at the beginning of this paper). However, China has not so far specified exactly what its claims to sovereignty are within the area defined by the 'nine dash line'. In relation to these claims, the International Crisis Group has noted that: 'The uncertainty as to what China's legal claims are, and apparent attempts to enforce sovereignty in areas that are too far away from its coasts to be part of its EEZ, has put it at odds with other claimants given that many of these areas are far closer to the coast lines of other claimants'.¹²³

The South China Sea has been a rich source of fish resources. Over five million tonnes of fish are harvested annually, which has constituted about 25 per cent of the protein requirements of the population of Southeast Asia.¹²⁴ The Sea is also thought to have large reserves of minerals, oil and gas, although estimates of these resources have varied and a comprehensive assessment has not yet been carried out.¹²⁵ Nonetheless, the existing and potential resources of the Sea have been a powerful additional source of motivation for the ongoing competition over sovereignty and maritime rights.

Rising tensions

The status of the South China Sea was a dormant issue for three decades after the end of World War Two. China took advantage of the weak position of the South Vietnamese (Republic of Vietnam) Government to seize full control over the Paracels in 1974. The growing competition for influence in the Spratlys resulted in a serious clash between Vietnamese and Chinese naval forces in March 1988, when 64 Vietnamese and six Chinese sailors were killed and two Vietnamese vessels were sunk. Further tensions arose when China seized control of Mischief Reef, an area in the Spratlys which had also been claimed by the Philippines and which was about 130 miles (209 km) from Philippines territory and thus well within that country's Exclusive Economic Zone (EEZ). For some years after 1995 tensions in the area abated but have risen again since 2007. Several factors have contributed to the rise in disputation.

One major factor in recent tensions has been diplomatic disputes associated with resource development. Most claimants to the South China Sea have interests in maximising their access to maritime resources including oil and gas (Brunei is already a very wealthy state through its own

122. For a useful recent survey of claims see Gregory B. Polling, '[The South China Sea in focus: clarifying the limits of maritime disputes](#)', Report for the Sumitro Chair for Southeast Asian Studies, Center for Strategic and International Studies, Washington DC, July 2013, accessed 26 July 2013.

123. International Crisis Group, '[Stirring up the South China Sea \(I\)](#)', Asia Report, no. 223, 23 April 2012, p. 2, accessed 29 July 2013.

124. Roberts, *ASEAN regionalism: cooperation, values and institutionalization*, op. cit., p. 78.

125. See Will Rogers, 'The role of natural resources in the South China Sea', in Patrick M. Cronin et al., *Cooperation from strength: the United States, China and the South China Sea*, Center for a New American Security, Washington DC, 9 January 2012, pp. 83–98.

petroleum resources). From the mid-2000s, Vietnam expanded efforts to develop offshore petroleum resources in areas it considered as coming within its legitimate EEZ. China issued a series of protests to the foreign oil companies involved in the searches as well as challenging Vietnam's rights to sponsor and license such exploration. China's pressure included threats to foreign oil companies that their future business interests in mainland China would be under question if they continued cooperation with Vietnam in exploration ventures.¹²⁶

In 2009 tensions were increased by the need for states with claims in the South China Sea to make submissions to a United Nations entity, the Commission on the Limits of the Continental Shelf (CLCS). The Commission reviews and can provide assessment of claims by states to extended continental shelf rights beyond 200 nautical miles. The deadline for submissions acted as a catalyst for claimant states to declare their interests in the area and to contest the claims of other parties. As M. Taylor Fravel has stated:

Even though the May 2009 deadline for submission had been established ten years earlier, its impending arrival significantly increased the competition over maritime rights in the South China Sea ... In addition, in the notes submitted to the commission, states not only contested each other's claims to maritime rights but also their territorial sovereignty claims to the Paracels and the Spratlys. Finally, China's first diplomatic note contesting Vietnam and Malaysia's submissions included a map of the region that depicted the Paracel and Spratly Islands along with the nine-dashed line. Although the Chinese note did not mention the line, Vietnam viewed the map as an expansion of China's claims.¹²⁷

A second factor has been the pattern of major power competition for influence in East Asia. China, as has been noted, claims a large area of the South China Sea. As China's economy has grown to reach the level of East Asia's single largest (and the world's second largest), its capacity to develop and deploy both non-military and military assets to assert its interests has grown substantially. China in recent years has increased the size and capacity of a number of maritime agencies which operate in the area. It has also enhanced its capacities for the exploration of resources, for example by unveiling a large offshore drilling unit. China's defence spending has enabled it to pursue increased capabilities for military operations in the South China Sea. These have included additional surface ships and submarines, an aircraft carrier (purchased from the Ukraine, which is being prepared for service) and a major naval base on Hainan Island. China's enhanced capacities have been accompanied by what have been regarded as more assertive actions in advancing its interests in the area. These have included restrictions on fishing by other states (including Vietnam), the authorisation of petroleum exploration in areas claimed by other states as falling within their respective Exclusive Economic Zones and the harassment of foreign vessels conducting seismic surveys or oil exploration. China's actions in Scarborough Reef from April 2012 have been viewed in this context.¹²⁸

126. Fravel, *op. cit.*, p. 43.

127. *Ibid.*, p. 44.

128. Carlyle A. Thayer, 'Major power future intentions and policies in the region', Presentation to Vietnam-Australia 1.5 track dialogue, Institute of Defence Studies, Ministry of National Defence and International Policy Division,

The United States has also taken an increased interest in South China Sea issues. The US does not take any position on the contending claims to the Sea. However, it has affirmed its interests in the maintenance of peace and stability, respect for international law, freedom of navigation and unimpeded international commerce through the Sea. Since the Obama administration's announcement of its 'pivot' (or 'rebalance') of US interests towards East Asia, the US has given increased emphasis to its relations with ASEAN and a key part of its recent policies has been a commitment to maintain and in some ways enhance US involvement in the ASEAN region, including through military deployments. In July 2010, the US increased its focus on the area when Secretary of State Hillary Clinton, at the annual meeting of the ASEAN Regional Forum, indicated that the US was willing to facilitate multilateral discussions over the disputed territories in the Sea, stated that the US is opposed to coercion or threats of force in relation to the conflicting claims and reaffirmed the US's commitment to freedom of navigation. The US has also moved to upgrade its security dialogues with some members of ASEAN, including the Philippines (which has included increased military aid) and Vietnam. However, while the US has affirmed the importance of international law, it has not yet itself ratified the UN Law of the Sea convention.¹²⁹

Japan is not a party to the disputes in the South China Sea but has recently had tense relations with China over the status of the Senkaku/Diaoyu islands in the East China Sea. Japan has moved to provide some diplomatic support to Southeast Asian states in their territorial disputes with China; it has also agreed to provide the Philippines with up to ten vessels for its Coast Guard and is expected to expand security dialogue and cooperation with Vietnam.¹³⁰ China in turn has rejected the legitimacy of external powers' interests in relation to the South China Sea.¹³¹

Other factors have also fuelled tensions. There have been patterns of increased nationalist sentiment in some claimant states which have been seen as potentially increasing pressures on governments to take 'firm' stands on territorial issues. In addition to China, other claimant states have moved to upgrade their defence capabilities. Vietnam is acquiring additional naval vessels including six submarines and improved command and control capacities, which will give it greater capacities beyond its coast line; the Philippines is also upgrading its forces, albeit from a modest base.¹³²

Overall, the tensions in relation to the South China Sea are not considered to have advanced to the levels which existed between 1988 and 1995, but the contests for influence are of substantial concern to regional states, and to ASEAN.

Department of Defence, Hanoi, Vietnam, 12 March 2013; Lye Liang Fook, '[China and the South China Sea disputes: new strategies interspersed with old ones](#)', *ISEAS Perspective*, 14 January 2013, accessed 14 May 2013.

129. Michael A. McDevitt, 'The South China Sea and US policy', in Michael A. McDevitt, M. Taylor Fravel and Lewis Stern, 'The long littoral project: South China Sea: a maritime perspective on Indo-Pacific security', CNA Strategic Studies, 26 March 2013, pp. 13–36.
130. Thayer, 'Major power future intentions and policies in the region', op. cit., p. 8.
131. Ian Storey, '[The South China Sea dispute \(Part 2\): friction to remain the status quo](#)', *China Brief*, 13 (13), 21 June 2013.
132. Ian Storey, 'Can the South China Sea dispute be resolved or better managed?', paper presented at 27th Asia-Pacific Roundtable, Kuala Lumpur, Malaysia, 5 June 2013, pp. 3–4.

ASEAN's responses and dilemmas

The competing interests and tensions in relation to the South China Sea have been difficult issues for ASEAN. Four members of the Association are claimants in the area and Indonesia has also been affected by claims, but the other five members are not. ASEAN's expansion in the 1990s to include ten states added to the complexities involved. As Ian Storey (Institute of Southeast Asian Studies) has observed, there has been significant diversity in the approaches of ASEAN members towards South China Sea issues:

Lack of progress on the South China Sea is not only due to intransigence on China's part, but also the lack of consensus within ASEAN on how to deal with the problem. This lack of consensus stems from differing national interests and their varied relationships with China. The ten members of ASEAN have differing interests in and positions on the South China Sea: Vietnam and the Philippines view the problem as a major national security concern; fellow claimants Malaysia and Brunei tend to downplay tensions; Indonesia and Singapore have both called on China to clarify its claims; the four non-claimants in mainland Southeast Asia – Thailand, Myanmar, Cambodia and Laos – do not perceive a direct stake in the dispute and in any case wish to avoid jeopardizing close economic and political links with China by taking positions inimical to China's interests.¹³³

Over the past two decades, ASEAN has sought to pursue dialogue and reduce tensions in the area, but with limited success. One strand of activity was a series of 'second track' workshops which were hosted by Indonesia and funded for a number of years by Canada. They considered a range of issues and put forward proposals for conflict reduction and cooperation in areas which did not involve sovereignty claims.¹³⁴ At the inter-governmental level ('track one'), ASEAN's first major statement on the issue was in 1992, after China had passed a 'Law of the Territorial Sea and Contiguous Zone' of the PRC. ASEAN's 'Declaration on the South China Sea' called for restraint and urged the parties 'without prejudicing the sovereignty and jurisdiction of countries having direct interests in the area' to explore greater cooperation in fields including navigation and the combatting of piracy and illicit drugs. The Declaration also called for all countries to respect the principles of ASEAN's Treaty of Amity and Cooperation to help establish a 'code of international conduct'. China's response was non-committal. Foreign Minister Qian Qichen stated that China 'would shelve our differences for the time being' and would consider 'negotiations with the countries concerned when conditions are ripe'.¹³⁵ When China subsequently occupied Mischief Reef in 1995, an action seemingly not in line with the spirit of the 1992 ASEAN Declaration, ASEAN jointly censured these actions.¹³⁶

ASEAN tried to develop its proposal for a formal code of conduct but did not secure China's participation. ASEAN was also compromised by the fact that its own claimant members had overlapping claims in the South China Sea. In place of a formal code of conduct, ASEAN and China in

133. Ibid., p 10.

134. David Scott, 'Conflict irresolution in the South China Sea', *Asian Survey*, 52 (6), November–December 2012, pp. 1019–1042.

135. Ibid., p. 1026.

136. Roberts, *ASEAN regionalism: cooperation, values and institutionalization*, op. cit., p. 80.

2002 signed a non-binding Declaration on the Conduct of Parties in the South China Sea. The Declaration advocated measures including the development of confidence-building measures, the maintenance of freedom of navigation at sea and in the air, and the conduct of negotiations in regard to international law and the United Nations Convention on the Law of the Sea (UNCLOS) in particular. The Declaration did not deal with sovereignty questions and did not attempt to establish any sanctions for breach of its terms. ASEAN subsequently had great difficulty in trying to move beyond this non-binding declaration. A key factor has been that as Christopher Roberts has written, '... China has mustered the potential to splinter any sense of collective identity in ASEAN's elite-level strategic identity'.¹³⁷ An example of China's capacity to assert its influence was in October 2009 when China was able to keep the South China Sea off the formal agenda of the ASEAN Summit and ensured that the issue was barely discussed in the informal talks which also took place.¹³⁸

In July 2011, ASEAN and China did reach agreement on a further document; a set of 'Guidelines for the Implementation of the Declaration on the Conduct of Parties in the South China Sea'. The Guidelines opened the door for discussion on cooperation projects in areas such as search and rescue and marine conservation. However, the proposals do not appear to have gathered any momentum and none of the cooperative projects have yet been put in place.¹³⁹

ASEAN faced further challenges on these issues in 2012. Efforts continued in ASEAN to try to develop a binding code of conduct between ASEAN and China which could develop 'rules of the road' and prevent destabilising behaviour. By mid-2012 the members had agreed on a set of 'proposed elements' which could be the basis for a code of conduct. China had agreed in principle to discuss such a code with ASEAN in late 2011 but it changed its position in July 2012, when the Chinese Foreign Ministry announced that talks could begin only when conditions were ripe.¹⁴⁰

ASEAN then encountered an embarrassing problem at its annual Foreign Ministers Meeting, held in Phnom Penh in July 2012. Disagreement between Cambodia (the Chair of ASEAN in 2012), and other ASEAN members over whether discussions over the South China Sea should be recorded formally in the usual communique resulted in ASEAN's failure to be able to issue such a communique, for the first time in the Association's 45 year history.¹⁴¹ The controversy was heightened by perceptions that Cambodia had pursued these actions in the context of its very close relationship with China and that it had been willing to lend support to China's interests.¹⁴² In the aftermath of the Foreign Ministers Meeting, Indonesia's Foreign Minister Marty Natalagawa sought to reaffirm a sense of ASEAN solidarity over core principles in relation to South China Sea issues by pursuing shuttle diplomacy to a number of ASEAN capitals on 18-19 July, and he subsequently obtained unanimous agreement

137. Ibid., p. 81.

138. Ibid.

139. Ian Storey, '[Slipping away? A South China Sea Code of Conduct eludes diplomatic efforts](#)', *Flashpoints*, Center for a New American Security, Washington DC, 20 March 2013, accessed 13 May 2013.

140. Ibid.

141. For a detailed account of this meeting see Carlyle A. Thayer, '[ASEAN's Code of Conduct in the South China Sea: a litmus test for community building?](#)', *The Asia Pacific Journal*, 10 (34) and (4), 20 August 2012, accessed 15 May 2013.

142. See, for example, Jane Perlez, 'Asian leaders fail to resolve disputes on South China Sea', *The New York Times*, 12 July 2012.

among the ASEAN Foreign Ministers to a six point declaration. On 20 July, Cambodia, as the Chair of ASEAN, then issued a statement of the six points on behalf of all ASEAN Foreign Ministers which reaffirmed ASEAN's commitment to: full implementation of the 2002 Declaration on the Conduct of Parties; support for the Guidelines for Implementation of the Declaration; support for the early conclusion of a Code of Conduct; full respect for the universally recognised principles of international law including the 1982 UNCLOS; continued exercise of self-restraint and the non-use of force by all parties; and peaceful resolution of disputes in accordance with the universally recognised principles of international law including the 1982 UNCLOS.¹⁴³

At the ASEAN Summit in November 2012, also in Phnom Penh, further problems arose when Cambodia again tried to block discussion of South China Sea issues. The Cambodian Foreign Ministry issued a statement on 18 November 2012, immediately after the Summit, which said that 'ASEAN leaders decided that they would not internationalize the South China Sea from now on'. Other ASEAN members disputed the Cambodian statement. An attempt by Cambodia to insert the 'will not internationalize' comment in the Chairman's statement for the Summit (an attempt which was considered widely to have been made at China's behest) was understood to have been rejected not only by the Philippines but also by Brunei, Indonesia, Singapore and Vietnam. The Chairman's statement did not include the proposed phrase. It reaffirmed the value of the 2002 Declaration. It also 'underscored the importance of exercising self-restraint by all parties concerned and not to undertake any activities which may complicate and escalate disputes and affect peace and stability, and to handle their differences in a constructive manner'. The statement did not explicitly mention the issue of a binding code of conduct.¹⁴⁴

An additional element of contention was added on 22 January 2013 when the Philippines announced that it was making a unilateral submission to the UN on the country's overlapping jurisdictional claims with China in the South China Sea. This marked the first time that a Southeast Asian state had resorted to legal means to challenge China's claims. The Philippines' submission seeks to challenge China's sovereign rights, including to all resources and navigational rights, within the maritime space encompassed within the 'nine dash line' which appears on China's official maps. The submission alleges that China has interfered unlawfully with Philippines' sovereign rights within its 200 nautical mile EEZ. The Philippines requests the UN to declare China's claim based on its 'nine dash line' to be invalid and to call upon China to take steps in line with such a conclusion, including desisting from exploiting any living or non-living marine resources within the Philippines' EEZ.¹⁴⁵

It will not be clear for some time what prospects the Philippines has in relation to the case and an outcome would not be expected for several years. The Philippines decision to make the submission

143. Thayer, 'ASEAN's code of conduct in the South China Sea: a litmus test for community-building?', op. cit.

144. Ralph A. Cossa and Brad Glosserman, '[Regional overview: 2012 ends with echoes of the past](#)', *Comparative Connections*, January 2013, accessed 15 May 2013.

145. Ian Storey, '[Manila ups the ante in the South China Sea](#)', *China Brief*, 13 (3), 1 February 2013, accessed 13 May 2013; Carlyle A. Thayer, 'The Philippines claim to the UNCLOS Arbitral Tribunal: implications for Viet Nam', Presentation to international workshop on the sovereignty over Parcel and Spratly archipelagos—historical and legal aspects', Pham Van Dong University, Quang Ngai City, 27–28 April 2013.

has been seen as reflecting its concern at recent Chinese actions and at ASEAN's difficulties in responding to Chinese claims in the area. The impact of the decision is not yet clear. Ian Storey (Institute of Southeast Asian Studies), writing just after the Philippines submission was issued, commented in relation to ASEAN views that, 'Although ASEAN members recognise that it is the Philippines' sovereign right to pursue legal arbitration, there will be concerns that the submission will have negative repercussions for ASEAN-China relations'.¹⁴⁶

Immediate outlook

At the time of writing (September 2013), prospects for progress in reducing tensions in relation to the South China Sea continued to be uncertain. The assumption of the Chairmanship of ASEAN by Brunei for 2013 opened the way for some additional diplomacy on the issues. Brunei is a wealthy state with wide diplomatic networks. At ASEAN's first Summit for 2013, held in Brunei on 24–25 April, Brunei called for lines of communication to be kept open between the parties and for the setting up of an emergency 'hotline' that could help avoid misunderstandings which could lead to clashes over maritime disputes. Brunei also indicated that it would assign a high priority to attempting to seek agreement between ASEAN and China on a Code of Conduct by October 2013, before the second scheduled ASEAN Summit for the year.¹⁴⁷

At the end of the April 2013 Summit, it was indicated that ASEAN and Chinese representatives would meet later in the year for discussions. It was expected that ASEAN and Chinese officials would hold a meeting in the latter part of 2013 of the Working Group on the Declaration on the Conduct of Parties in the South China Sea. The fact that China had agreed to discussions on South China Sea issues at a multilateral level has been seen as a positive step but the potential for progress remains unclear.¹⁴⁸ At the annual series of ASEAN ministerial meetings, held in Brunei (at the end of June 2013), ASEAN was able to avoid any repetition of the show of disunity in the previous year in Cambodia. In a potentially positive step, China affirmed its willingness to hold discussions with ASEAN officials on a code of conduct.¹⁴⁹

Senior officials of ASEAN and China met for three days of talks on South China Sea issues in Suzhou on 14-16 September 2013. The Chinese foreign ministry said in a statement on 16 September that 'All parties at the meeting ... have agreed to gradually widen consensus and narrow divergences ... and continue to steadily push forward the agendas on a code of conduct.' A joint working group to carry out 'concrete consultations' on a code was to be established, but it was not clear what the likely timetable for its activities might be. While the talks were seen as a positive step, tensions between China and the Philippines continued over disputed territorial claims, with the latter arguing that China was seeking to consolidate its presence in the area of Scarborough Shoal by deploying a

146. Ibid.

147. Carlyle A. Thayer, 'ASEAN's 22nd Summit and Brunei's role as chair', Thayer Consultancy Background Brief, 25 April 2013; 'ASEAN summit outlines tentative progress', *Oxford Analytica*, 1 May 2013.

148. Carlyle A. Thayer, 'China and the Code of Conduct for the South China Sea', Thayer Consultancy Background Brief, 5 May 2013.

149. Richard Javad Heydarian, '[Conflicting currents in the South China Sea](#)', *Asia Times Online*, 10 July 2013, accessed 15 July 2013.

series of concrete blocks that might be a prelude to the building of installations to support an enhanced presence in the area.¹⁵⁰ The prospects for substantive discussion and cooperation therefore remained uncertain.

While discussions continue, the potential dangers of tension and possible clashes of interests in the South China Sea are substantial. In early May, the death of a Taiwanese fisherman after a clash between a Philippines Government vessel and a Taiwanese fishing boat, in an area disputed between both parties, emphasised again the potential for incidents to occur which can easily raise tensions.¹⁵¹ Ian Storey commented in an assessment in June 2013 that, '... the South China Sea dispute has entered a new and perhaps more dangerous phase. While few observers predict a major conflict in the South China Sea, ongoing tensions continue to breed suspicions, worst case scenario thinking, arms build-ups and regional instability. The increasing frequency of incidents at sea raises the risk of an accidental clash at sea which could escalate into an unwanted diplomatic and military crisis...'¹⁵²

ASEAN and Myanmar

ASEAN has consistently had a membership which is very diverse in political character. As has been noted above, a key purpose of the Association has been to enable countries with widely varying political systems to be able to find and maintain common ground in regional cooperation. While ASEAN has been substantially successful in accommodating diversity, the character and patterns of individual members' political systems and the way in which member states pursue political management and respond to pressures for participation and change, can be of major relevance to ASEAN's capacity for cooperation and for its international image. In this context, it may be suggested, the developments in Myanmar have been of particular significance for ASEAN as a regional grouping. Since the 2010 elections, the country has been undergoing a striking process of change. ASEAN has a major stake in the pattern of developments in the country, not least because Myanmar is due to be ASEAN's Chair for the year 2014.

For many years after the military assumed control in a 1962 coup, Myanmar (also widely referred to by its former name, Burma) remained in a condition of relative isolation, with poor standards of governance and economic management. Elections were held in 1990 and were won by the National League for Democracy (NLD) led by the charismatic Aung San Suu Kyi, but the military subsequently did not concede power and maintained its dominant position. When Myanmar was accepted into ASEAN in 1997, there were expectations within the Association that its regime might gradually pursue some political liberalisation and increase communication with its neighbours, and that China's influence could be balanced with wider relations with Southeast Asia. ASEAN pursued a cautious policy of engagement with Myanmar but hopes for political liberalisation were not realised.

150 'Beijing open to code of conduct in South China Sea, but not now', Channel News Asia, 16 September 2013.

151. Tom Philips, 'Philippines accused of trying to "illegally" occupy South China Sea territories', *The Telegraph* (London), 26 April 2013; J. Michael Cole, '[ASEAN's next high seas drama](#)', *The Diplomat*, 14 May 2013, accessed 1 July 2013.

152. Ian Storey, 'Can the South China Sea dispute be resolved or better managed?', paper presented at 27th Asia-Pacific Roundtable, Kuala Lumpur, Malaysia, 5 June 2013, pp. 13–14.

After the arrest of Aung San Suu Kyi in 2003, international criticism of the regime increased and this posed problems for ASEAN's image overall. Myanmar was due to take up its first rotational turn as Chair of ASEAN in 2006 but there were concerns in ASEAN that major dialogue partners such as the US and the EU would be unwilling to take part in ASEAN meetings hosted in Myanmar because of their opposition to the regime's policies. As a result, Myanmar was persuaded by its ASEAN partners to relinquish its right to be the Chair for that year.¹⁵³

In 2007 a low point was reached in ASEAN-Myanmar relations after the regime repressed demonstrations led by Buddhist monks amid substantial violence in which over seventy people were killed. ASEAN foreign ministers, meeting in New York in September 2007 while participating in UN sessions, made an unusually sharply critical statement in which they expressed their 'revulsion' at reports of the repression in the country.¹⁵⁴ ASEAN's concern and criticism had no obvious impact in the country and as the Myanmar analyst Moe Thuzar (Institute of Southeast Asian Studies) has observed, the military regime '... up to May 2008 showed no signs of relaxing its paranoia over oft-repeated emphases on national security and stability above all other considerations'.¹⁵⁵ ASEAN was able to expand communication with Myanmar after the country was struck by Cyclone Nargis in May 2008, which left large areas devastated and took the lives of about 140,000 people. The regime was initially highly suspicious of external offers of aid, but ASEAN and its then Secretary-General Surin Pitsuwan were able to play a valuable liaison and coordinating role which facilitated Myanmar's access to aid and relief support.

The Myanmar regime had been proceeding with its own 'road map to democracy' since 2003 which it declared would lead to free and fair elections by 2010. A new constitution was introduced which contained provisions which seemed aimed at preserving a central role for the military. Elections were duly held in November 2010 but restrictions placed on the major opposition party, the National League for Democracy, and the continued house arrest of its leader Aung San Suu Kyi, led to considerable scepticism about how much change the elections would actually produce.¹⁵⁶

Liberalisation and reform

In fact, the 2010 elections were followed by an unexpected and striking process of liberalisation. One week after the elections, Aung San Suu Kyi was released from house arrest. Myanmar's President Thein Sein then proceeded to sponsor a series of changes. The military's former omnipresence in daily life was reduced sharply, controls over the media were eased and wide-ranging political expression became possible. The government began to hold regular consultations with Ms Suu Kyi, laws were adapted to allow demonstrations and enable workers to organise and strike, and substantial numbers of political prisoners were released. In a further notable move, the government

153. Amitav Acharya, '[ASEAN and Burma/Myanmar: past and prologue](#)', Sigur Center for Asian Studies, The George Washington University, Washington DC, April 2012, accessed 17 June 2013.

154. '[Statement by ASEAN Chair, Singapore's Minister for Foreign Affairs George Yeo, New York, 27 September 2007](#)'.

155. Moe Thuzar, '[Myanmar and the 2014 ASEAN chairmanship](#)', *ISEAS Perspective*, 18 March 2013, p. 1, accessed 19 June 2013.

156. *Ibid.*, p. 2.

held a number of by-elections on 1 April 2012 for 43 seats in the national lower and upper houses of parliament and for two in provincial assemblies. In the elections, the NLD won a total of 43 of the 45 seats contested and Aung San Suu Kyi was elected to the lower house.¹⁵⁷ Reforms have also been pursued for the economy. A managed float for the currency was introduced, to supplant the former pattern of multiple exchange rates which discouraged investment and growth. Some reform has been pursued in the banking sector, engagement with international financial institutions has been active and additional foreign investment has been encouraged.¹⁵⁸

While the process of change so far has been very encouraging, substantial challenges continue. It will not be easy to pursue economic and social reforms when administrative resources are limited after decades of neglect and under-funding. While economic change has been very evident in urban areas, conditions for much of the rural poor have not yet begun to change significantly. Myanmar has many ethnic minorities and serious conflict has continued in some areas, for example in Kachin state. Further inter-ethnic strife occurred in Rakhine State from late May 2012 when there was serious violent conflict involving the minority Rohingya community (who are Muslims) and Buddhists in the area. A government inquiry estimated that 192 people died and tens of thousands were displaced.¹⁵⁹

Additional ethnic violence occurred in early 2013 between Muslims and the majority Buddhist communities in central Myanmar. In March, at least 43 people died and over 10,000 were displaced after riots in the town of Meikhtila near Mandalay. Further violence between Buddhists and Muslims occurred in May 2013 in Lashio in Shan state: the violence has been associated with the activities of radical Buddhist clergy, who have promoted discrimination against Muslims in Myanmar. The ethnic violence in Myanmar has aroused widespread concern both internationally and in Southeast Asia; there have been instances of tensions and some violence in both Indonesia and Malaysia, where there have been concerns that radical Muslims may attempt to exploit the problems in Myanmar to gain additional support.¹⁶⁰

Myanmar also faces major challenges in managing ongoing political change at the national level. National elections are planned for 2015 and the NLD is considered to be a leading contender, especially after its success in the April 2012 by-elections. Aung San Suu Kyi could also be a major contender to compete for the presidency, although changes to the Constitution would be required to enable her to be a candidate.¹⁶¹ It remains to be seen whether the military, which still remains

157. Tin Maung Maung Tan, 'Myanmar's 2012 by-elections: the return of NLD', in Daljit Singh, ed., *Southeast Asian Affairs 2013*, Institute of Southeast Asian Studies, Singapore, 2013, pp. 204–222.

158. Ibid.; Ian Holliday, 'Myanmar in 2012: towards a normal state', *Asian Survey*, 53 (1), January–February 2013, pp. 93–100.

159. Holiday, op. cit., p. 96; on the issue of the Rohingya and inter-religious disputes in Myanmar see Cameron Hill, [Myanmar: sectarian violence in Rakhine: issues, humanitarian consequences and regional responses](#), Research Paper 12, 2013–14, Parliamentary Library, Canberra, 24 July 2013.

160. Elaine Coates, 'Inter-religious violence in Myanmar: a security threat to Southeast Asia', *RSIS Commentaries*, no. 117/2013, S. Rajaratnam School of International Studies, Singapore, 26 June 2013.

161. The Constitution prohibits anyone with direct family ties to foreign citizens from running for the presidency: Ms Suu Kyi was married to a UK citizen and her two sons have foreign citizenship.

very powerful and continues to have a significant presence in the parliament, would be willing to relinquish power in the event of an opposition victory.

Developments in Myanmar have major implications for ASEAN. The process of change so far has been welcomed widely in the ASEAN region. In November 2011, ASEAN leaders decided that Myanmar should assume the role of Chair of ASEAN for the year 2014. This will place Myanmar in a high profile position in regional affairs at a time when its complex processes of change are still underway. Pavin Chachavalpongpun (Kyoto University) has highlighted some of the key issues arising:

2014 will be a crucial year for both Burma and ASEAN. For Burma, it comes in advance of general elections scheduled for 2015, just the third national elections since 1990 and the first since significant reforms began. Serving as ASEAN's chair will give the regime in Naypyidaw much needed political legitimacy. The government will be responsible for organizing hundreds of ASEAN meetings during the period of its chairmanship, which will further expose Burma to the regional community, bring in more investment from ASEAN countries and their dialogue partners and allow the government to exercise its leadership by working closely with ASEAN to reaffirm the members' obligations toward community building in 2015.

The chairmanship of ASEAN, therefore, could become a fundamental factor in shaping Burma's internal politics in favour of the ruling elite, to a certain extent even influencing the general election results the following year. As for ASEAN, Burma's chairmanship had become inevitable, although it is still a risky gamble ...¹⁶²

The process of change since 2010 has overall been a positive development for Myanmar and for ASEAN but it is still underway. Continuation of progress will clearly be an important issue for the Association.

ASEAN's institutional capacities

Another significant current issue for ASEAN is the capacity of its administration to manage and oversee the complex range of cooperative tasks called for in the ASEAN Community project. As has been noted above, the ASEAN members did not seek to develop an extensive multilateral institutional structure anything like that of the European Union. ASEAN members' resources were limited and members were not keen to devolve significant responsibilities to an administration. ASEAN did establish a Secretariat based in Jakarta, headed by a Secretary-General. The role of the Secretariat and the Secretary-General were reaffirmed in the ASEAN Charter of 2008 but discussion has continued on whether the Secretariat may need to be developed further.

In its 2012 report on ASEAN, the Asian Development Bank commented:

It is clear that Jakarta is not the Brussels of the East and the ASEAN Secretariat is not planning to emulate the European Commission. It is also quite evident that it is extremely difficult for ASEAN

162. Pavin Chachavalpongpun, '[Burma as ASEAN chair in 2014: interests, agendas and a road to redemption](#)', *Global Asia*, December 2012, accessed 26 July 2013.

countries to conduct effective regional cooperation and integration in the absence of structural reforms that drastically bolster the Secretariat's position.¹⁶³

The ADB report estimated that in 2011, ASEAN's Secretariat had a total of 207 professional staff, which included 74 openly recruited positions and 133 locally recruited staff members. The ADB stated that, 'Today, although the Secretariat has a larger pool of resources than 10 years ago, the pool of professional staff and financial resources available to the Secretariat remain considerably shorter than the institution actually needs... And the salaries the Secretariat is paying to its staff are fairly below international standards to attract highly qualified professionals from the region'.¹⁶⁴

The Secretariat's budget in 2011 was about US\$15 million per year. External donors, including multilateral agencies and bilateral donors (particularly among ASEAN's dialogue partners) provide an additional US\$60 million to support ASEAN multilateral cooperation; a small amount of this (about US\$3 million) goes directly to support the Secretariat. One significant issue about ASEAN's own funding to the Secretariat is that it is provided on the basis of equal-sized contributions from the ten members; Laos thus pays the same amount as Singapore, despite their obvious differences in wealth. The equality in the size of contributions is in line with ASEAN's longstanding emphasis on equal rights among its very diverse membership, but it has been seen as limiting the available funding from ASEAN for the Secretariat. The ADB report estimated that ASEAN would be likely to need increased funding for its Secretariat in the next phases of the Association's development (it estimated an annual requirement for US\$50 million by 2015 and US\$200 million by 2030). The ADB therefore recommended that ASEAN explore ways of enabling greater funding to be provided in a manner more commensurate with each member's capacity to pay. This would require a revision of ASEAN's traditional reliance on equal level contributions (for example by asking members to contribute amounts to a fund which could support joint activities).¹⁶⁵ The ADB argued that if ASEAN does not revise its funding arrangements, it will continue to be unduly reliant on external donors to support its activities, and its capacities to manage its complex range of cooperation projects could be inhibited.¹⁶⁶

The resource limitations of the Secretariat raise questions about ASEAN's capacities to continue to make progress in its own cooperation agendas. Sanchita Basu Das and Termsak Chalempalanupap (Institute of Southeast Asian Studies) have written:

The paradox of ASEAN is that while it has yet to accomplish most of its community-building goals, it has continued to embark on new and more ambitious initiatives without mobilizing adequate resources or strengthening its institutions. How long it can continue to do this is an open question.¹⁶⁷

163. *ASEAN 2030: Towards a borderless community, draft highlights*, op. cit., p. 77.

164. *Ibid.*

165. *Ibid.*, pp. 79–83.

166. *Ibid.*

167. Sanchita Basu Das and Termsak Chalempalanupap, '[Can ASEAN keep aiming for new goals without having reached old ones?](#)', *ISEAS Perspective*, 17 December 2012, p. 7, accessed 3 July 2013.

ASEAN has declared a commitment to review its organisational character and the Foreign Ministers in June 2013 stated that a High Level Task Force on Strengthening the ASEAN Secretariat and Reviewing the ASEAN Organs would commence work soon.¹⁶⁸ The outcome of these discussions will be significant for ASEAN's future capacities for cooperation.

ASEAN, enlargement and Timor-Leste

ASEAN's membership has stood at ten since Cambodia joined in 1999. As a regional grouping with a high international profile, ASEAN has attracted interest from other neighbouring states. Given the challenges which ASEAN experienced after the phase of enlargement in the 1990s, particularly in relation to Myanmar, the Association has been cautious about considering any further increase in membership. The two states which have expressed the most interest in being members have been Papua New Guinea (PNG) and Timor-Leste.

Papua New Guinea has a strong identification with Melanesia and the South Pacific but it also adjoins Indonesian provinces in western Papua. PNG leaders have viewed with interest the possibility of closer association with ASEAN. PNG gained observer status with ASEAN in 1976 and it is a signatory to the Treaty of Amity and Cooperation and a member of the ARF. Senior PNG leaders, including former Prime Minister Michael Somare, have expressed interest in membership of ASEAN and in 2009 Mr Somare made an approach to the Philippines' President Gloria Arroyo to seek membership. ASEAN sentiments about possible PNG membership are understood to have been generally cool, partly because of the country's development challenges, highly publicised rates of crime and violence and potential for political instability. While Indonesia has been reported to be sympathetic to PNG's acceptance into ASEAN, the prospects for an ASEAN consensus on this do not at present appear to be strong.¹⁶⁹

Timor-Leste's case for membership has been given somewhat greater attention but a consensus for this in the Association has also not yet emerged. Timor-Leste (East Timor) gained full independence in 2002 and its leaders declared their interest in joining ASEAN. The new state was recognised as an observer with ASEAN in 2002 and it joined the ASEAN Regional Forum in 2005. In 2007 Timor-Leste acceded to the ASEAN Treaty of Amity and Cooperation, a prerequisite for membership in the Association. After several expressions of interest by its leaders, Timor-Leste submitted a formal request for membership to ASEAN in March 2011, during the tenure of Indonesia as Chair of ASEAN.¹⁷⁰

At the time of Timor-Leste's application, Indonesia expressed strong support for membership for its neighbour. In an interview in April 2011, Indonesia's Foreign Minister Marty Natalegawa was

168. ['Joint Communiqué, 46th ASEAN Foreign Ministers Meeting, Bandar Seri Begawan, Brunei Darussalam, 29-30 June 2013'](#), accessed 26 July 2013.

169. Luke Hunt, 'Papua New Guinea eyes ASEAN', *The Diplomat*, 9 November 2011; Sean Jacobs, 'No thanks, not yet: PNG's ASEAN bid', *East Asia Forum*, 4 December 2012; Rowan Callick, 'Partnership likely to play out better for PNG', *The Weekend Australian*, 27 July 2013.

170. Megawati Wijaya, ['East Timor's push for an ASEAN-11'](#), *Asia Times Online*, 6 May 2011, accessed 13 May 2013.

reported to have said that excluding Timor-Leste from ASEAN would be 'economically unnatural' and 'politically destabilizing' in the long run.¹⁷¹ However there have been reservations within some ASEAN members, notably Singapore, as to whether Timor-Leste's membership would be a desirable step at this stage. Timor-Leste is a functioning democracy and it has a profitable oil and gas sector. The country also has substantial problems of socio-economic development to address and it experienced significant internal political conflict in 2006. Concerns have been expressed about whether it would have the necessary technical and administrative capacities to handle the very large numbers of ASEAN meetings held each year and whether it could handle the demands and issues raised by the ASEAN Economic Community proposal.¹⁷²

Under the ASEAN Charter, a consensus is required for acceptance of a new member and the issue is still under consideration. In March 2013, during a visit to Jakarta by Prime Minister Xanana Gusmao, Indonesia reaffirmed its support for Timor-Leste's ASEAN membership. Foreign Minister Natalagawa stated that, 'Making Timor-Leste an ASEAN member is not merely a technical issue. It involves geopolitics. To Indonesia, Timor Leste is a Southeast Asian country. The region's future would be unstable if it was not an ASEAN member'. Indonesia, he said, would continue to seek a consensus within ASEAN to enable Timor-Leste to join ASEAN.¹⁷³

It remains uncertain when the Association will develop the required unanimous agreement on this issue. Timor-Leste's possible membership in ASEAN was discussed again at the time of ASEAN's Summit in Brunei in April 2013. The Summit's official statement said in part that '... we have agreed to explore the possibility of Timor-Leste's participation in ASEAN activities within the context of its need for capacity building'.¹⁷⁴ After the Summit, Indonesia's Foreign Minister Natalagawa said that the declaration was a 'small but significant improvement' for Timor-Leste in relation to its bid to join ASEAN.¹⁷⁵ However, it is evident that a consensus for membership does not yet exist within the Association. ASEAN's Secretary-General Le Luong Minh commented after the Summit that, 'We've established a group to examine Timor-Leste's application to become a member of ASEAN. However, it must be noted beforehand that Timor-Leste must implement all obligations to be considered an ASEAN member'.¹⁷⁶

IV: Australia and ASEAN

Australia has had a multilateral relationship with ASEAN since April 1974. Since then, interactions have been advanced by successive governments.¹⁷⁷ The early years of the relationship were dominated by discussions about trade and economic issues but dialogue on security matters became

171. Ibid.

172. Ibid.

173. Bagus BT Saragh, 'Yudhoyono talks borders, ASEAN with Timor Leste's Gusmao', *The Jakarta Globe*, 21 March 2013.

174. 'ASEAN considering Timor Leste bid for membership: Secretary-General', *The Jakarta Post*, 30 April 2013.

175. Bagus BT Saragh, 'RI brings Timor Leste a step closer to ASEAN membership', *The Jakarta Post*, 27 April 2013.

176. 'ASEAN considering Timor Leste bid for membership: Secretary-General', *The Jakarta Post*, 30 April 2013.

177. For an outline of the development of Australia-ASEAN relations up to 2008 see Frank Frost, *ASEAN's regional cooperation and multilateral relations*, op. cit., pp. 49–59.

increasingly important from the late 1970s. Australia in the 1980s had a substantial interest in the conflict over Cambodia and ultimately played a significant role in helping to develop avenues towards a peace process, which led to United Nations intervention (1991–1993), UN-conducted elections and the formation of a new government. After the end of the Cold War, Australia supported strongly ASEAN's initiation of the ASEAN Regional Forum in 1994. From the mid-1990s, Australia pursued an interest in closer association with ASEAN in economic and trade cooperation although accord took some time to develop. Cooperation on security issues expanded with the ASEAN countries in the wake of terrorist attacks internationally and in Southeast Asia from 2001. From 2004 a phase of further substantial cooperation developed. Australia and ASEAN held a leaders summit to commemorate thirty years of the relationship in December 2004. Australia went on to sign ASEAN's Treaty of Amity and Cooperation in July 2005. This step paved the way for Australia to be accepted as a founding member of the East Asia Summit in December 2005.

Australia has been a participant in ASEAN's annual Post-Ministerial Conferences since 1979. These annual consultations at foreign minister level have been supplemented by meetings of officials particularly through the Australia-ASEAN Forum. The Australian Parliament also has a dialogue with ASEAN in which Senators and Members are able to have regular interactions with their counterparts in the annual meetings of the ASEAN Inter-Parliamentary Assembly.¹⁷⁸ In a further important step, in 2007, under the Howard government, the two sides signed a framework agreement, the 'Joint Declaration on the ASEAN-Australia Comprehensive Partnership'. The then Minister for Foreign Affairs Mr Downer stated on 1 August that: 'The Declaration reflects the breadth and maturity of the ASEAN-Australia relationship. It builds on the momentum of this relationship and provides a framework for our future engagement with ASEAN, covering political and security, economic, socio-cultural and development cooperation'.¹⁷⁹ Australia-ASEAN cooperation is continuing across a wide range of areas and the following section will outline major recent developments and priorities since 2008.

Developments since 2008

Economic relations

The ASEAN countries, with a total population of over 630 million people and a estimated combined GDP in 2012 of US\$2.3 trillion, are important economic partners for Australia (see Appendix A). Australia's total merchandise trade with ASEAN in 2011–12 was A\$69,967 million, with exports at A\$26,385 million and imports at A\$43,582 million. This represented 13.9 per cent of Australia's overall trade, an increase of 9.2 per cent over the previous year. Australia's services trade with the ASEAN group was valued at over A\$20 billion. The two-way investment relationship is valued at about A\$120 billion.¹⁸⁰

178. See the website of the ASEAN Inter-Parliamentary Assembly [here](#).

179. Alexander Downer (Minister for Foreign Affairs), *Signing of the Joint Declaration on the ASEAN-Australia Comprehensive Partnership*, media release, 1 August 2007.

180. Department of Foreign Affairs and Trade, [ASEAN 10: fact sheet](#), accessed 22 April 2013.

Education is a highly important element in the relationship and constitutes Australia's largest services export to ASEAN. Australia is a leading provider of both on-shore and off-shore education to the ASEAN region, and approximately 104,000 students from the ASEAN countries were studying in Australia in 2011. Australia awarded 1,284 scholarships to citizens of ASEAN countries in 2011 under the Australia Awards scheme. There was a total of 614,327 enrolments by students from ASEAN countries in higher education in Australia in the decade from 2002 to 2012.¹⁸¹ People-to-people linkages are very extensive, with high levels of tourism and travel between Australia and ASEAN countries.

Aid continues to be a significant element in both humanitarian assistance and in helping to build the skills, infrastructure and institutions which can support further growth. Australia's bilateral Official Development Assistance to developing ASEAN members amounts to A\$1.189 billion in 2013–14. One significant element of the aid program is the ASEAN-Australia Development Cooperation Program (AADCP). Under Phase Two of the AADCP, Australia is providing A\$57 million in a seven year program (2008–2015) with the aim of helping ASEAN to realise its goal of achieving an ASEAN Economic Community (AEC) by 2015.¹⁸²

The ASEAN-Australia Development Cooperation Program is directed towards helping ASEAN members achieve their goals of increased economic growth and integration: it is managed jointly with the ASEAN Secretariat and utilises ASEAN Secretariat systems. One major emphasis of the AADCP is providing support to assist the ASEAN Secretariat to improve its corporate planning, human resources management and monitoring and evaluation systems. It also funds some ASEAN technical specialists, who are helping to enhance economic project management skills and processes within the Secretariat. A second major emphasis is to support the implementation of the ASEAN Economic Community, including through facilitating economic research and policy advice in areas including the identification of obstacles to economic integration, addressing the needs of the less-developed ASEAN members, studying economic policy strategies and supporting the ASEAN members' capacities to implement the plans for the AEC.¹⁸³ Highlights of the Program in the past year have included assistance to promote regional cooperation in tourism, further assistance to the Secretariat in the area of corporate development, and support for the first of an annual series of symposiums to advance awareness about the AEC, including in the private sector. The first such symposium (in Jakarta, 19 September 2012) brought together over 200 participants from the public and private sectors, academics, civil society organisations and the media.¹⁸⁴

The Australian Government has sought to enhance the prospects for trade with the ASEAN region through pursuit of both bilateral and multilateral agreements. Australia has bilateral free trade agreements with three ASEAN members; Singapore, Thailand and Malaysia. A further major step in

181. Bob Carr (Minister for Foreign Affairs), [Southeast Asia at the crossroads of the Asian Century](#), Fullerton Lecture, Singapore, speech, 9 July 2013, accessed 14 July 2013.

182. Department of Foreign Affairs and Trade, [Association of Southeast Asian Nations \(ASEAN\)](#), accessed 22 April 2013.

183. AusAID, [ASEAN-Australia Development Cooperation Program Phase II: working in partnership](#), accessed 11 July 2013.

184. AusAID, [AADCP II: highlights 2012–2013](#), accessed 11 July 2013.

trade promotion has been the conclusion of a multilateral agreement between Australia and New Zealand and the ten ASEAN members. Consideration of an agreement which could link together the Australia and New Zealand 'Closer Economic Relationship' (CER) with ASEAN began in the early 1990s but initial progress was slow. Initiatives from the ASEAN side in 2004 resulted in renewed efforts to develop an agreement. Substantial negotiations took place under the Howard Government and an agreement was inaugurated under the Rudd Government.

On 28 August 2008, the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) was introduced with enthusiastic statements by the twelve trade ministers involved. The joint ASEAN-Australia-New Zealand statement said:

The Ministers noted that the Agreement is an important milestone in the long-standing ASEAN-CER comprehensive partnership. As a living document, the Agreement brings to a new height the level of cooperation and relationship between the governments of ASEAN, Australia and New Zealand as well as its peoples.¹⁸⁵

In an individual statement on the same day, Australia's Minister for Trade Simon Crean said that Australia stood to gain considerably from the agreement across many sectors:

We've locked in goods market access gains in a wide range of sectors including agriculture and industrial products. We've also secured a good outcome on services, which will create more certainty for exporters in sectors such as engineering, education and the financial sector. The agreement includes provisions providing greater certainty and transparency for Australian investors ... Importantly, we've got a commitment from our negotiating partners to build on these outcomes into the future.¹⁸⁶

The Australian Government has identified several key elements in the Agreement which can benefit Australian traders: extensive tariff reductions and elimination commitments; regional rules of origin which can provide new opportunities for Australian exporters to tap into production networks in the region; the promotion of greater certainty for Australian service suppliers and investors including through enhanced protection for Australian investors in ASEAN countries; and the provision of a platform for ongoing economic engagement with ASEAN through a range of built-in agendas, economic cooperation projects and business outreach activities.¹⁸⁷

The AANZFTA came into force in January 2010. Its potential impact on trade differs according to the particular sectors being covered. The Agreement is considered to be most significant in the goods sector, since it is in this area that ASEAN has done the most work on regional integration. The Agreement's impact on the non-goods sectors is likely to be more modest, partly because of the

185. ['Joint Media Statement of the Thirteenth AEM-CER Consultations Singapore, 28 August 2008'](#), accessed 11 July 2013.

186. Simon Crean (Minister for Trade), [Australia concludes Southeast Asia Trade deal](#), media release, 28 August 2008 accessed 11 July 2013.

187. Department of Foreign Affairs and Trade, ['Overview and key outcomes of the ASEAN-Australia-New Zealand Free Trade Agreement, Department of Foreign Affairs and Trade speaking notes for presentation at Austrade's ASEAN Now seminars, 15-30 October 2009'](#), accessed 22 April 2013; ['The ASEAN Australia New Zealand Free Trade Agreement: our overview and assessment'](#), Minter Ellison Lawyers, April 2009, accessed 22 April 2013.

limited extent of intra-ASEAN integration in these areas so far. The Agreement will also come into effect gradually, partly because some ASEAN members need time to adjust their domestic frameworks of laws and regulations and partly because some areas of liberalisation will not be implemented fully until at least 2020. It is thus difficult to assess the likely full long-term impact of the Agreement, but it has clearly marked a major advance in the institutional relationship between the parties.¹⁸⁸

Australia has continued its long-term support for ASEAN's economic goals by participating in the new Regional Comprehensive Economic Partnership (RCEP). In a joint statement on 20 November 2012 (while in Phnom Penh for ASEAN-sponsored meetings), Prime Minister Gillard and Minister for Trade Craig Emerson, congratulated ASEAN on the initiative. They noted that the RCEP participating countries include nine of Australia's top twelve trading partners and account for almost 60 per cent of Australia's two-way trade and 70 per cent of exports. Australia's participation in RCEP '... delivers on the vision for Australia's engagement with Asia set out in the Australia in the Asian Century White Paper'. Ms Gillard and Dr Emerson also noted that RCEP will complement Australia's participation in bilateral trade agreements and in the Trans-Pacific Partnership negotiations: 'Australia's participation in each of these negotiations will add momentum to the process of competitive trade liberalisation'.¹⁸⁹

In relation to economic interactions overall, a detailed review of the Australian relationship with Southeast Asia, prepared by a commission organised by Asialink (University of Melbourne), has identified a number of issues which have been obstacles to business interactions.¹⁹⁰ The report concluded that in both Australia and the ASEAN region '... there was a lack of understanding, or even knowledge, of the AANZFTA' and that further efforts were needed to publicise the Agreement. The Asialink report argued that Australian businesses often lack sufficient awareness of the ASEAN countries and region and that this has inhibited the pursuit of investment from Australia. The report stated that, 'Despite Australia's proximity to Southeast Asia, the Commission did not encounter a strong view in ASEAN that Australian business people at this stage "understand the ASEAN region" better than their European or American counterparts'.¹⁹¹ Australian business people, the report suggested, often see substantial impediments to investment in the ASEAN region, including administrative corruption, '... and concerns about legal issues, market regulations, and a difficult or confusing range of regularity differences in the insurance area'. Australian business people have concerns about the likely profitability of investments and about their capacity to withdraw funds when desired.¹⁹²

188. Ibid.

189. Julia Gillard (Prime Minister) and Craig Emerson (Minister for Trade), [Australia joins launch of massive Asian regional trade agreement](#), media release, Prime Minister and Minister for Trade and Competitiveness, Phnom Penh, 20 November 2012, accessed 26 June 2013.

190. Anthony Milner and Sally Percival-Wood, eds, [Our place in the Asian Century: Southeast Asia as "The Third Way"](#), The Asialink Commission, Asialink, The University of Melbourne, 2012, pp. 20–24, accessed 9 July 2013.

191. Ibid., p. 27.

192. Ibid.

The Asialink report, however, also pointed to promising areas for further trade and investment. Australia has substantial expertise and a competitive advantage in the area of logistics and Australian firms are already having success in this area. There are substantial potential opportunities in the field of energy security, which is a high priority for the ASEAN region. There are opportunities for further cooperation in the field of food security. Australian involvement and support is also very welcome in the area of infrastructure development. Australia is already providing support for infrastructure development through bilateral aid programs, and in 2010 Prime Minister Gillard announced a commitment of A\$132 million for major infrastructure projects in mainland Southeast Asia. The Asialink report suggested that there is considerable scope for further Australian participation in infrastructure development through 'public-private partnerships'. Australia is already cooperating in supporting developments in the Philippines in collaboration with the Asian Development Bank, the International Finance Corporation and the World Bank, with Australia providing A\$15 million over three years. The report suggested that given the great need for infrastructure in a number of ASEAN countries (when only Singapore and Malaysia are considered to have adequately developed infrastructure) further Australian initiatives in these areas would be desirable.¹⁹³

Political dialogue

Australia's process of political dialogue has continued and been extended in the past six years in several major areas. In June 2008, Prime Minister Kevin Rudd visited the ASEAN Secretariat in Jakarta, the first head of government of an ASEAN dialogue partner to do so. During the visit (on 13 June) he announced the inauguration of the second phase of the ASEAN-Australia Development Cooperation Program. In July 2008, the Minister for Foreign Affairs Stephen Smith announced that Australia would nominate an Ambassador to ASEAN. The ambassador would be a senior Canberra-based diplomat whose duties would include participating in meetings at the ASEAN Secretariat and in other regional ASEAN meetings.¹⁹⁴

Another early initiative of the Rudd Government proved more contentious. In a speech in Sydney on 4 June 2008, Prime Minister Rudd stated that it was desirable to review the long-term vision for the architecture for the Asia-Pacific region. He argued that this vision needed to embrace, '[a] regional institution which spans the entire Asia-Pacific region—including the United States, Japan, China, India, Indonesia and the other states of the region ... which is able to engage in the full spectrum of dialogue, cooperation and action on economic and political matters and future challenges related to security'. Mr Rudd argued that, 'At present none of our existing regional mechanisms as currently configured are capable of achieving these purposes'. He announced that he had appointed a former

193. Ibid., p. 22.

194. Mark Dodd, 'Canberra to assign an envoy to ASEAN', *The Australian*, 25 July 2008. On 5 September, the Government announced that Gillian Bird, a Deputy Secretary in the Department of Foreign Affairs and Trade, had been appointed to the post: see Stephen Smith (Minister for Foreign Affairs), [Diplomatic appointment—Ambassador to ASEAN](#), media release, 5 September 2008, accessed 14 July 2013.

head of the Department of Foreign Affairs and Trade, Richard Woolcott, to explore attitudes and approaches towards the proposal.¹⁹⁵

The response to the proposal in the ASEAN region was cool.¹⁹⁶ There was concern that there had been insufficient consultation with ASEAN members before the announcement was made and criticism that the initial proposal did not give sufficient emphasis to the role which ASEAN had played in sponsoring regional cooperation. Richard Woolcott conducted extensive consultations in a number of countries about the concept. He later reported that while there was considerable interest in considering the need to review regional cooperation arrangements, there was no appetite to develop a distinctly new institution.¹⁹⁷

The Australian Government continued to express an interest in exploring possibilities without seeking to present any fixed or final views on a destination. The government sponsored a conference of regional experts and officials in Sydney in December 2009 to review regional cooperation issues. While there was reported to have been considerable interest in wider and enhanced cooperation arrangements, there was also criticism, including by a prominent Singaporean delegate (Professor Tommy Koh), that a satisfactory consensus had not emerged.¹⁹⁸

In the period during which the Australian proposals were being discussed, other developments among interested parties, particularly in the United States, saw increased interest in the issue of participation in regional dialogues. From 2009, the Obama administration in the US expressed increased interest in ASEAN and ASEAN-sponsored regional forums, including the East Asia Summit. ASEAN decided to invite both the US and Russia to join the East Asia Summit and the decision was made formally in October 2010.

In a speech on 8 December 2010, Mr Rudd (now Foreign Minister) expressed satisfaction at the expansion of the EAS. He stated that 'This was our core objective in proposing the concept of an Asia Pacific community ... a regional institution with sufficient membership and mandate, and meeting at summit level, to begin to carve out a rules-based order for the future. In October, with the EAS' expansion, we achieved the core of that objective. The challenge now is to build this emerging institution's agenda'.¹⁹⁹

Since 2010 Australia has continued to support the role of the expanded EAS and has sought to contribute to its emerging agenda. At the sixth EAS in November 2011, agreement was reached to endorse a joint proposal by Australia and Indonesia to strengthen regional responses to natural

195. Kevin Rudd (Prime Minister), [Address to the Asia Society Australasia Centre, Sydney: it's time to build an Asia-Pacific Community](#), speech, 4 June 2008, accessed 14 July 2013.

196. For an overview of the debate about the 'Asia Pacific community' concept see Frank Frost, [Australia's proposal for an Asia Pacific Community: issues and prospects](#), Research paper, 13, 2009–10, Parliamentary Library, Canberra, 1 December 2009.

197. *Ibid.*, pp. 16–18.

198. Rodan, *op. cit.*, p. 169; Tommy B. Koh, 'Rudd's reckless regional rush', *The Australian*, 18 December 2009.

199. Kevin Rudd (Minister for Foreign Affairs), [Future stability and security in the Asia-Pacific region](#), address to the Brisbane Institute, speech, 8 December 2010, accessed 14 July 2013.

disasters, working with other regional groupings. The then Foreign Minister Senator Carr commented in relation to this initiative that, 'This is a major priority for our region, as well as an important area of potential soft security cooperation between the emergency services and the armed forces of the region.'²⁰⁰

At the seventh EAS in Phnom Penh (20 November 2012), Prime Minister Julia Gillard announced additional cooperative measures. Australia will provide funding of A\$50 million for the Australia-Asia Program to Combat Trafficking in Persons which aims to support victims of trafficking through the criminal justice program as well as helping investigators and prosecutors to increase convictions and reduce opportunities for trafficking. Australia made a further commitment in the area of public health by contributing to the establishment of an Asia-Pacific Leaders' Malaria Alliance to enhance coordination and action in combatting the disease. This proposal was a recommendation of the 'Malaria2012' conference which had been hosted by Australia.²⁰¹

Foreign Minister Carr highlighted the potential long-term value of the EAS from the Australian Government's point of view in an article in July 2012. He commented:

It is fundamentally in all our interests that China and the United States are now together in the EAS along with the rest of the expanded EAS membership. One of the key advantages of the EAS is that it offers a venue for transparency and collaboration that, over time, can build confidence and trust, drawing on the spirit of cooperation that is already well-established in other ASEAN-centred forums. The concept of common security is as much a habit as it is a concrete doctrine guiding specific actions. The habits of regular leaders-led dialogue on an agenda that includes security policy is itself inherently normalising ...

None of us are naïve about the capacity of the EAS to deal with all the challenges confronting its members. Yet, while there will be many testing times ahead, it is clear we have made a solid start on the broader regional agenda.²⁰²

The EAS is still at an early stage, and while it was inaugurated in 2005, its current membership (including Russia and the US) only dates from 2011. In the future, Australia hopes to see the EAS develop further its identity and role as a leaders meeting. One way of promoting the Summit's role might be to encourage more formal linkages between the EAS and the ADMM Plus process and the ASEAN Regional Forum, so that leaders in the Summit could consider ideas arising out of those forums' discussions. The Summit's utility could also be advanced with additional institutional support, and it may ultimately be possible to establish its own secretariat, either within the ASEAN Secretariat or separately.

200. Bob Carr (Minister for Foreign Affairs), ['The East Asia Summit: building our regional architecture for the 21st century'](#), *Strategic Review* (Jakarta), July 2012, accessed 27 April 2013.

201. Department of Foreign Affairs and Trade, ['The East Asia Summit'](#), accessed 27 April 2013.

202. Bob Carr (Minister for Foreign Affairs), ['The East Asia Summit: building our regional architecture for the 21st century'](#), *Strategic Review* (Jakarta), July 2012, accessed 27 April 2013.

Additional security dialogues and cooperation

ASEAN-sponsored dialogues and forums provide a useful contribution to the wide patterns of Australian security interactions with Southeast Asia and East Asia. Australia's role in regional security includes its participation since 1971 in the Five Power Defence Arrangements (along with Malaysia, Singapore, New Zealand and the United Kingdom) and extensive bilateral security dialogues with a number of ASEAN members. The Australian Defence Force takes part in multilateral military exercises (such as the US-sponsored Cobra Gold exercises) and has officer training programs with a number of regional states. Alongside these activities, Australia is also a founding member of the ASEAN Defence Ministers Meeting Plus process which (as noted above) brings together the defence ministers of the same eighteen countries who meet in the EAS. Australia took part in the inaugural meeting in Hanoi in October 2010 and is chairing with Malaysia the 'ADMM Plus Maritime Security Experts Group' which is examining areas of further multilateral maritime cooperation.²⁰³

The then Minister for Defence Stephen Smith attended the second ADMM Plus meeting in Brunei on 29 August 2013. In comments made at the meeting, Mr Smith noted that, 'By involving all members of the East Asia Summit, the ADMM-Plus strengthens and deepens trust and cooperation on defence and security matters throughout the Indo Pacific.' Mr Smith praised the recent humanitarian assistance, disaster relief and military medicine exercise as a 'significant demonstration of practical cooperation.' He noted that the Experts Working Group on Maritime Security, chaired by Malaysia and Australia, had met five times, conducted a table-top exercise against non-traditional maritime security challenges and had 'reached consensus on establishing further practical activities and ways to enhance information sharing between member countries.' Mr Smith affirmed that Australia and Malaysia would co-host the inaugural field exercise in maritime security on 29 September–1 October 2013 in Jervis Bay; fourteen members of the ADMM-Plus would participate, with twelve contributing ships for the exercise. Australia would take up the role of Co-Chair of the Expert Working Group on Counter-Terrorism (with Singapore) and Mr Smith stated that, 'Australia looks forward to the opportunity to continue building regional capacity, foster interoperability, build links and relationships and enhance information sharing.'²⁰⁴

ASEAN dialogues can also facilitate Australian involvement in other areas of security cooperation, including efforts to combat terrorism and transnational crime. Since 2001 and 2002 (after 'September 11' and the Bali bombings in October 2002) counter-terrorism has been a major area of cooperation for Australia and ASEAN. Much of this has been on a bilateral basis but Australia has also supported the Jakarta Centre for Law Enforcement Cooperation (an Australia-Indonesia bilateral initiative established in 2004) which has become a regional centre for law enforcement. In the area of police interactions and cooperation, Australia became a dialogue partner with ASEANAPOL (the Chiefs of ASEAN Police) in 2008 and senior Australian police officers have annual meetings with their

203. See [Paper presented by Minister for Defence Stephen Smith MP to the ADMM Plus Maritime Security Experts' Working Group Inaugural meeting, Perth, 21 July 2011](#), accessed 28 April 2013.

204. Stephen Smith (Minister for Defence), [Intervention at the ASEAN-Plus Defence Ministers' meeting \(ADMM Plus\)](#), 29 August 2013, accessed 1 October 2013.

counterparts at the ASEAN Chiefs of Police Conference.²⁰⁵ These activities are largely out of the normal public arena but they are a further part of the networks of relations in the overall ASEAN relationship.

Australia-ASEAN political dialogue: developments since 2010

In political engagement with ASEAN since 2010, another milestone in interactions was reached on 30 October 2010 with the holding of a further ASEAN-Australia Summit at leadership level. This was the third such heads of government summit between Australia and ASEAN, after those held in 1977 and 2004. The meeting's Joint Statement expressed ASEAN's appreciation for Australia's 'steadfast friendship' since 1974 and affirmed that, 'ASEAN Leaders appreciated Australia's continued support for ASEAN's institutional strengthening through the implementation of the ASEAN Charter, and for ASEAN's central role in the regional architecture in responding to regional and global challenges'.²⁰⁶ The meeting reviewed and reaffirmed the wide areas of ongoing cooperation between the parties. Prime Minister Gillard also announced three new initiatives: an additional investment of assistance to the Greater Mekong Sub-Region 'to assist in connecting the rural poor to new markets, including by upgrading, rehabilitating and maintaining roads, bridges and rail links in the region'; support for a new initiative with the International Labour Organisation to promote protection of migrant workers; and a commitment to assist the ASEAN Intergovernmental Commission on Human Rights.²⁰⁷

In an area of significant interest to ASEAN, Australia has given strong support to the process of change in Myanmar since the 2010 elections. The Australian Government has welcomed the process of reform pursued since the new government was inaugurated in March 2011. The then Minister for Foreign Affairs (Senator Carr) visited Myanmar on 5–8 June 2012 to assess what more Australia could do to support reform efforts. During the visit, Senator Carr announced that Australia would lift its autonomous travel and financial sanctions on Myanmar (a decision which took effect on 3 July 2012) but an embargo on arms sales or transfers was maintained. Senator Carr also announced a doubling of Australia's aid (to A\$100 million) and further support for human rights promotion, peace building, and preservation of urban heritage.²⁰⁸

Australia has also given support to ASEAN by pursuing a diplomatic effort to help persuade the European Union to lift permanently its sanctions on Myanmar. These activities have been reported to have included discussions with governments including the US, the UK, Canada, France, Germany and Holland. Greg Sheridan wrote in February 2013 that 'Senator Carr's activism has won strong support among ASEAN officials ...'²⁰⁹ When the EU did lift its sanctions in April 2013 Senator Carr noted his satisfaction, while also stating that, 'I remain concerned by religious and ethnic violence in

205. Milner and Percival-Wood, 'Our place in the Asian Century', op. cit., p. 16.

206. '[ASEAN and Australia: an enduring connection](#)', joint statement of the ASEAN-Australia Summit, Hanoi, 30 October 2010, accessed 27 April 2013.

207. Ibid.

208. Department of Foreign Affairs and Trade, '[Myanmar country brief](#)', accessed on 27 April 2013.

209. Greg Sheridan, 'Carr goes all out to bring Myanmar in from the cold', *The Australian*, 7 February 2013.

Myanmar and want the government to more effectively intervene to prevent it.²¹⁰ After a further visit to Myanmar, in early July 2013, Senator Carr reaffirmed his concerns about inter-ethnic conflict, particularly in relation to the Rohingya population in Rakhine State and warned that inter-ethnic violence could threaten the progress of economic and political reform. Senator Carr stated:

I perceive the danger of Myanmar losing a lot of the lustre of their transition to democracy as a result of the sectarian tensions ... and the widespread view that racial discrimination is allowed to be directed at a minority. There needs to be an authentic reconciliation across religious and ethnic divides.²¹¹

On another issue of major interest to the ASEAN states, the South China Sea, Australia has maintained a cautious position. Foreign Minister Carr discussed the issue in a speech on August 2012. Senator Carr noted that Australia does not take sides on the territorial disputes and that it calls on countries to pursue their territorial claims and accompanying maritime rights in accordance with international law, including the UN Convention on the Law of the Sea. Senator Carr went on to say that the South China Sea '... isn't the only place where there have been complex and overlapping territorial and maritime claims' and that to advance the issue, it may be desirable for states 'to "agree to disagree" over who owns what and to focus on how all parties can benefit'. He suggested two models of how countries could successfully manage competing interests— the Antarctic Treaty had helped countries set aside sovereignty claims and concentrate on wide areas of cooperation, and joint development zones could also facilitate mutually beneficial development. Senator Carr stated that, 'I'm not saying that joint development zones or the Antarctic Treaty-style system will provide all the answers in the South China Sea. But thinking creatively and constructively and examining models like these provide a path that deserves to be explored.'²¹² It is understood that the Australian government considers that 'second track' dialogues are a useful means to facilitate further discussions on these issues. In line with this approach, the Australian Strategic Policy Institute hosted a conference on maritime confidence-building measures in the South China Sea (with support from the Department of Foreign Affairs and Trade) which was held in Sydney on 12–13 August 2013.²¹³

Prime Minister Gillard reaffirmed the Government's approach during her attendance at the EAS in November 2012. Ms Gillard said at a media conference on 20 November:

Australia's position is that we do not take sides on the territorial claims. We do not have a view about the territorial claims. But we do have a view that the South China Sea questions need to be worked through peacefully and in accordance with international law. And we are very supportive of the work of ASEAN and China to develop a code of conduct for the South China Sea

210. Bob Carr (Minister for Foreign Affairs), [European Union lifts Myanmar sanctions](#), media release, 24 April 2013, accessed 27 April 2013.

211. Mark Baker, 'Suu Kyi confirms tour of Australia', *The Sun-Herald*, 14 July 2013.

212. Bob Carr (Minister for Foreign Affairs), [Dr Lee Seng Tee](#), address at Australian National University, speech, 21 August 2012, accessed 4 July 2013.

213. See [Maritime confidence-building measures in the South China Sea conference](#), Special report, Australian Strategic Policy Institute, Canberra, September 2013, accessed 1 October 2013.

... [We] are talking about an area of the world that our shipping needs to go through to take our goods to the world. This is a very heavily used trade route for Australia and consequently what happens there in terms of maritime security is important to us.²¹⁴

On relations with ASEAN overall, the Government announced in October 2012 a further step towards institutional links in the 'Australia in the Asian Century' White Paper. Australia, the report stated, would establish a position of resident Ambassador to ASEAN.²¹⁵

Senator Carr gave further attention to the ASEAN relationship in an address to the National Press Club on 28 June 2013 on Australia's foreign policy priorities. Senator Carr referred to Australia's support for ASEAN on Myanmar and issues related to the lifting of sanctions; he went on to say:

... I've said to ASEAN foreign ministers when I've met them in various forums: that's an example of Australia moving its policy in alignment with the policy struck with the ten nations of ASEAN, that's habits of consultation. And it's an ingrained habit. And it means that you don't lecture them. You don't harass them. You speak to them, taking account of their concern for ASEAN centrality. And we've been doing that. But it's something that will have a cumulative effect as we go on. And Myanmar is a good working example of an Australian policy settled on after consultation, and after recognition of what the ten nations of ASEAN were doing.²¹⁶

Enhancing relations

As the previous discussion has indicated, Australia now has a very extensive relationship with ASEAN and interactions are proceeding in many simultaneous directions. Political communication has recently been enhanced by areas of joint cooperation and economic relations are expanding under the umbrella of the AANZFTA. The inauguration of the position of a resident Australian Ambassador to ASEAN will provide an additional focus for relations. On 5 July 2013, Prime Minister Rudd announced that Simon Merrifield had been nominated by the Australian Government to take up this position.²¹⁷ On 18 September 2013, the incoming Minister for Foreign Affairs Julie Bishop announced the confirmation of Mr Merrifield's appointment after his nomination had received approval from the ASEAN Foreign Ministers.²¹⁸

The Australia-ASEAN connection overall will be highlighted in 2014 when both sides mark the 40th anniversary of the multilateral relationship. A special commemorative leadership summit is being planned for October 2014 in Myanmar to mark the anniversary and to consider further ways to enhance relations. In a statement on 1 July 2013, the Philippines' Secretary for Foreign Affairs Albert del Rosario said after talks with Australian representatives that the planned Commemorative Summit will be an opportunity to explore new strategic directions and cooperative agendas for the

214. 'Prime Minister, transcript of joint press conference, Phnom Penh, 20 November 2012', op. cit.

215. Australian Government, *Australia in the Asian Century*, White paper, October 2012, p. 257.

216. Bob Carr (Minister for Foreign Affairs), [Australia's foreign policy directions](#), National Press Club address, 28 June 2013, accessed 4 July 2013.

217. Kevin Rudd (Prime Minister), [Speech to business breakfast](#), speech, 5 July 2013, accessed 8 August 2013.

218. Julie Bishop (Minister for Foreign Affairs), [First resident ASEAN Ambassador](#), media release, 18 September 2013, accessed 1 October 2013.

two sides. Secretary del Rosario said that as part of the commemorative celebrations in 2014, ASEAN and Australia will develop a Plan of Action for 2014–2018 that will bring in more opportunities to cooperate. The Plan is expected to be unveiled at the Commemorative Summit.²¹⁹ It is understood that Australia would like to see the development of an annual Australia-ASEAN dialogue at leadership level and the potential for this will be explored further.

In addition to these developments, there are clearly issues and areas which can be considered for the further enhancement of relations. In reference to the Australia-ASEAN relationship overall, a significant contribution to debate has been made by the Asialink Commission report, which has been noted and cited above. The report has proposed a number of areas in which Australian relationships with Southeast Asia, and with ASEAN in particular, could be enhanced and extended (for further details see the footnote below).²²⁰ The Asialink report suggested:

- Australia should 'give the ASEAN region a central place in the Australian international narrative, as a natural partner and neighbour.'
- Australia should commit 'credible and sustained resources to lifting Australia's profile in Southeast Asian countries and the ASEAN region's profile in Australia'. A 'whole-of-government' approach will benefit ASEAN cooperation.
- Australia should seek to establish an annual 'ASEAN plus one' meeting at leadership level to deepen high level ties.
- Australia should continue to work closely with ASEAN across the range of dialogues it takes part in with ASEAN. Consideration could be given to increasing assistance to the Economic Research Institute for ASEAN and East Asia (ERIA) to help support its research and policy work on regional economic integration.
- Increased efforts are desirable to explain more widely the opportunities available through the AANZFTA—within Australia and in the ASEAN region.
- Increased support could be given to assist ASEAN in the development of the ASEAN Economic Community.
- Australia should provide assistance where possible to help boost Australian investment in the ASEAN region.
- Australia could become a partner in the Chiang Mai Initiative by committing funds and providing technical assistance.

219. Department of Foreign Affairs, '[Republic of the Philippines' Secretary Del Rosario leads talks on new strategic directions in ASEAN-Australia relations](#)', Pasay City, 1 July 2013, accessed on 26 July 2013.

220. Milner and Percival-Wood, eds, '[Our place in the Asian Century: Southeast Asia as "The Third Way"](#)' op. cit., p. 6.

- The government could expand the Special Visitor Scheme, which has a proven record of effectiveness, and utilise 'track two' dialogues that can help advance relations.
- Australia should also review and then revitalise both language and non-language teaching in relation to ASEAN countries.

Australia—a possible future member of ASEAN?

A further and speculative long-term question which received some discussion in 2012 is whether Australia might at some future point consider itself (and be considered) as a possible member of ASEAN. Given the obvious differences in economic structure and political systems between Australia and ASEAN members, this is not a question which has hitherto generally been seen as relevant. Prime Minister Goh Chok Tong of Singapore mentioned the possibility of Australia as a future ASEAN member during a visit to Singapore by Prime Minister Paul Keating in January 1996, but Mr Goh made it clear that he had been thinking in a very long-term manner and that there had been no proposal advanced, and no discussions held on the matter.²²¹

In 2012, several figures in Australia mentioned the concept of Australian membership as a possibility, including former Prime Minister Paul Keating and a former senior Australian ambassador with extensive regional experience, John McCarthy.²²² Mr Keating stated in November 2012 that, 'This grouping represents the security architecture of south-east Asia, the one with which we can have real dialogue and add substance. In the longer run, we should be a member of it—formalising the trade, commercial and political interests we already share'. The long term potential of Australia to become an ASEAN member was also referred to in a presentation in Australia in August 2012 by the senior Singaporean analyst Kishore Mahbubani.²²³

There are clearly many complexities and obstacles which would arise in any consideration of Australia as a possible member of ASEAN. Australia's styles of economic development and governance differ substantially to those of ASEAN members and ASEAN is still struggling to pursue its own ASEAN Community program. Australia's liberal political order and its pattern of public discussion and media reporting and comment are very different from those prevailing in the ASEAN region overall and attempting to move to membership might exacerbate differences rather than encouraging greater accord. Australia might also find difficulties in attempting to adapt to ASEAN's styles of consensus-based decision-making. It can be argued that significant areas of Australia's foreign policy activities in relation to Southeast Asia (such as its role in relation to the Cambodia peace process in the late 1980s and early 1990s and the transition in East Timor from 1999) would not have been possible if Australia had not been able to operate as a sympathetic but nonetheless

221. Goh Chok Tong (Prime Minister of Singapore) and Paul Keating (Prime Minister), '[Joint press conference at the Shangri La Hotel, Singapore, 17 January 1996: transcript](#)', transcript, accessed 26 July 2013.

222. Paul Keating, 'Forget the West, our future is to the North'; *The Age*, 15 November 2012; John McCarthy, 'Let's aim to be more than US surrogate', *The Australian Financial Review*, 21 November 2012.

223. Kishore Mahbubani, '[Australia's destiny in the Asian Century: pain or no pain?](#)', paper prepared for the 'Emerging Asia and the future of the Australia-US alliance' stream of the US Australia 21st Century Alliance project, 31 July 2012, p. 18, accessed 12 July 2013.

independent neighbouring country, able to initiate its own individually-derived foreign policy approaches.

Australia's former Foreign Minister Bob Carr commented in late 2012 on possible membership of ASEAN and indicated that this was not on the current agenda for Australia. In an interview on 25 November 2012 Senator Carr was asked whether he endorsed Mr Keating's suggestion that Australia should seek to join ASEAN and he said: 'Its fair enough as a vision', but added:

Its fair enough to be out there floating as an incentive but in the meantime the practical work is to be done on trade relations involving Australia, New Zealand and others with ASEAN and on the coordination of foreign policy ... if I said today or the Prime Minister said we want to be in ASEAN the chances are we would be rebuffed and ASEAN would say "that doesn't fit our vision". The point is to work at it and work on trade, on foreign policy alignment, on consultation, so that when it happens it's an organic thing, a natural thing ...²²⁴

While the discussion in 2012 of the concept of Australian membership in ASEAN was interesting, it is clearly in the realm of long-term speculation. A move to try to advance the concept of membership, it may be argued, might exacerbate perceptions of differing styles and interests rather than helping to consolidate relations and cooperation. Since there are a number of policy areas and institutional means through which closer Australian interests with ASEAN can be and are being pursued (as the discussion above has noted) it may be suggested that an ongoing process of cooperation and closer coordination continues to be the best path for Australia and its ASEAN partners to pursue.

Concluding comment

ASEAN has established a high profile in cooperation in East Asia. It has made a major contribution towards stabilising relations among its own members and is pursuing ambitious cooperation projects to deepen inter-relationships in an ASEAN Community. It has also sponsored a number of wider cooperative dialogues which have drawn in many external states, including all the major powers with interests in Southeast and East Asia. While these institutions have often found it difficult to expand their activities beyond the stage of confidence-building through comparatively non-controversial projects, East Asia is likely to have had far fewer opportunities for dialogue without ASEAN's role and efforts.

ASEAN's progress and prospects are likely to depend on several major factors. In its own cooperation among its ten members, ASEAN is pursuing ambitious programs to achieve greater economic, political-security and socio-cultural cooperation. While its members continue to be highly sensitive about the issues of national sovereignty and non-interference in internal affairs, in practice, joint activities in areas including economic integration and discussions about human rights standards are bringing about an increasing awareness of the need for debate and cooperation across national boundaries. However, ASEAN's members are very diverse and achieving deeper economic

224. Bob Carr (Minister for Foreign Affairs), [Transcript of interview with Peter van Onselen and Paul Kelly, Sky News, Australian Agenda, 25 November 2012](#), transcript, accessed 30 July 2013.

integration and an enhanced political and security environment pose major ongoing challenges for the Association and its members. ASEAN also has comparatively limited institutional resources to support its cooperative programs and may need to make further efforts to expand the financing available, particularly for the Secretariat.

ASEAN's capacity for cooperation will continue to be affected by political and economic developments within its member countries. This is particularly the case in relation to Myanmar. The progress in political change and economic reform since the 2010 elections has been a major development both internationally and in the ASEAN region. Myanmar's international image has improved and its foreign relations have widened greatly and this is facilitating its capacity to take up the role of Chair of the Association in 2014. This will be a high-profile position for Myanmar and ASEAN thus has a substantial stake in the continued capacity of the Myanmar Government to continue reforms while trying to contain ongoing problems, particularly through alleviating inter-ethnic disputes and conflict.

In the wider region of East Asia, ASEAN's capacity to serve as a sponsor of wider cooperation will continue to be affected profoundly by the tenor of relations among the major powers, including key bilateral relationships. Rising tensions in major relationships, including particularly those between the US and China and China and Japan, would make it much harder for ASEAN to be able to continue its desired role as a catalyst for confidence and trust-building within groupings such as the ASEAN Regional Forum, ASEAN Plus Three and the East Asia Summit. Major power tensions can also impact on ASEAN's capacity to maintain a climate of cooperation and cohesion among its own members.

The salience of these issues has been illustrated sharply by the contest for influence in relation to the South China Sea. Pressures over competing and intersecting claims for sovereignty have increased since 2009. These pressures affect ASEAN members in different ways with some members much more directly involved than others. Much will depend on whether ASEAN can manage to make progress in seeking to sponsor avenues towards alleviation of tensions and conflict in relation to the South China Sea, including through efforts to develop a code of conduct. Without further dialogue and coordination, tensions and incidences of dispute could easily increase.

These issues are all significant for Australia. Since the 1970s Australia has gained great benefits from ASEAN's contribution to stability in the region. Australia's engagement with the major powers in East Asia has been facilitated by ASEAN's annual dialogue process and its associated groups including the ASEAN Regional Forum and the East Asia Summit. Economic growth has broadened the basis for Australia's engagement with the ASEAN region. ASEAN's programs for deeper integration can add to the basis for Australia's regional political and economic involvements and Australia therefore has a major stake in ASEAN's ongoing capacity to achieve its declared goals.

Postscript, 16 October 2013: the ASEAN and East Asia Summits, Brunei, October 2013

After the preceding text was completed (on 1 October 2013), ASEAN held its 23rd Summit (9 October) and convened the 8th East Asia Summit (10 October) in Bandar Seri Begawan, Brunei.

The meetings provided ASEAN with a further opportunity to review its own progress and to engage with external dialogue partners. The latter process was clouded to a degree by the absence of President Obama, who was forced to cancel his planned visit to Southeast Asia in the face of disputes between his Administration and the US Congress over budget and debt-limit approval issues. The President had been scheduled to attend the APEC meeting in Bali and the East Asia Summit in Brunei and to make bilateral visits to Malaysia and the Philippines. The cancellation of the visit was seen widely as an interruption for the US in its process of continuing engagement with Southeast and East Asia.²²⁵

ASEAN's 23rd heads of government Summit reviewed the Association's cooperation programs.²²⁶ ASEAN leaders reaffirmed their commitment to pursue the three ASEAN Communities towards the target date of the end of 2015. In the economic sphere, the leaders said that they were encouraged by the fact that 79.7 per cent of the measures in the ASEAN Economic Community Blueprint had now been achieved and they agreed to intensify efforts to '... ensure credible integration results by 2015'. In political and security cooperation, the leaders reaffirmed a number of ongoing projects including the development of the ASEAN Regional Mine Action Centre. ASEAN leaders also commended the ASEAN Defence Ministers Plus grouping for their successful conduct of the Humanitarian Assistance and Disaster Relief and Military Medicine exercise in Brunei in June 2013.²²⁷ In the socio-cultural sphere, ASEAN leaders endorsed a new system to deal with the regional 'haze' produced by forest burning. The system will involve the sharing of digitised land-use and concession maps of fire-prone areas producing incidents of haze. The data will be shared among the governments of Brunei, Indonesia, Malaysia, Singapore and Thailand. It is hoped that these measures will help authorities pinpoint where fires are burning and facilitate action to counter the environmental problems arising. The leaders also agreed to pursue work on a vision for the Association beyond the year 2015, with a report to be presented to a future ASEAN Summit.²²⁸

On the South China Sea, the ASEAN leaders reaffirmed their commitment to the full implementation of the 2002 Declaration on Conduct. They welcomed the commencement of formal consultations between ASEAN and China on a Code of Conduct following recent discussions, including the meeting in Suzhou, China in September 2013 (noted above). The leaders stated that the Code of Conduct '... will serve to enhance peace, stability and prosperity in the region' and they looked forward to the potential to develop communication 'hotlines' to facilitate trust and confidence, and to improve

225. The possible significance of President Obama's cancelled visit was under debate at the time of writing. See Rowan Callick, '[Asian "pivot" losing its edge](#)', *The Australian*, 8 October 2013, accessed 16 October 2013, and see also Alan Dupont, '[Pivot to Asia has not fallen off its axis](#)', *The Australian*, 15 October 2013, accessed 16 October 2013.

226. [Chairman's Statement of the 23rd ASEAN Summit, 'Our people, our future together'](#), 9 October 2013, Bandar Seri Begawan, accessed 16 October 2013.

227. Ibid.

228. Ibid.; Luke Hunt, '[Brunei caps off a solid year at ASEAN's helm](#)', *The Diplomat*, 12 October 2013, accessed 16 October 2013.

cooperation in emergency situations at sea and in situations requiring search and rescue for vessels in distress.²²⁹

ASEAN also hosted the eighth East Asia Summit (EAS), on 10 October. Sixteen heads of government took part, along with Secretary of State John Kerry (representing the US) and Foreign Minister Sergey Lavrov (representing Russia). The Summit took place as a meeting behind closed doors, to facilitate free and open discussion. Security issues are understood to have played a central role in the talks and a number of participants raised issues related to the South China Sea. Secretary Kerry is understood to have called for the conclusion of a Code of Conduct as soon as possible, to facilitate peaceful resolution of disputes. Prime Minister Shinzo Abe of Japan encouraged ASEAN nations to present a united front in their discussions with China. China's Premier Li Keqiang repeated China's position that negotiations on the South China Sea should only be held between directly-concerned parties and that any disputes in relation to the area should not impede ASEAN-China economic relations.²³⁰ The official Chairman's Statement for the EAS welcomed recent discussions on maritime security and cooperation issues, including the September 2013 discussions between ASEAN and China and '... called on the parties to explore all mechanisms for the peaceful settlement of disputes, without resorting to threats or the use of force, and in accordance with universally recognised principles of international law, including the 1982 United Nations Convention on the Law of the Sea (UNCLOS), in the region'.²³¹

The Chairman's Statement affirmed and reviewed major areas of ongoing cooperation in the fields of energy, environment, disaster management, education, global health, finance, trade and economic cooperation, and food security. The Statement noted Australia's ongoing contributions to the EAS and to regional cooperation at several points, including cooperation coordinated by Australia and Indonesia on rapid responses to disaster management, by Australia and South Korea on vocational education, and by Australia and Vietnam in pursuing the Asia-Pacific Leaders' Malaria Alliance. The Statement also welcomed the initiative (announced by the Abbott Government) to pursue the New Colombo Plan to enhance knowledge of the Asia-Pacific in Australia through strengthened people-to-people and institutional relationships, and support for study and internships for Australian students in the region.²³²

The ASEAN meetings in October 2013 were seen overall to have benefited from the skilful chairmanship of the host nation, Brunei. At the conclusion of the meetings, the role of Chair of

229. 'Chairman's Statement of the 23rd ASEAN Summit', op cit. For a valuable concise assessment of developments between ASEAN and China on South China Sea issues between July 2012 and September 2013 see Carlyle A. Thayer, ['New commitment to a code of conduct in the South China Sea?'](#), National Bureau of Asian Research, Washington DC, 9 October 2013, accessed 16 October 2013.

230. Murray Hiebert, Noelan Arbis and Kyle Springer, ['Critical questions: the 2013 APEC leaders' meeting and East Asia Summit'](#), Centre for Strategic and International Studies, Washington DC, 11 October 2013, accessed 16 October 2013.

231. [Chairman's Statement of the 8th East Asia Summit](#), 10 October 2013, Bandar Seri Begawan, Brunei Darussalam, accessed 16 October 2013.

232. Ibid.; Julie Bishop (Minister for Foreign Affairs), [Indonesia to participate in New Colombo Plan pilot](#), media release, 2 October 2013, accessed 16 October 2013.

ASEAN for the year 2014 was handed over formally to Myanmar, which will host meetings including two scheduled ASEAN Summits and the next East Asia Summit.²³³

Prime Minister Tony Abbott visited Brunei to take part in the EAS: he had earlier participated in the APEC meeting in Bali. In addition to participating in the Summit, Mr Abbott was also able to hold a number of bilateral meetings, including with the leaders of Japan, South Korea, China, India and Vietnam. In a press conference in Brunei on 10 October, Mr Abbott stated that he had found both the APEC meeting and the EAS to be very encouraging. He said that '... here in Brunei it's obvious that there are encouraging signs of a development of a code of conduct for relationships in the South China Sea. We know that there are some longstanding disputes in the South China Sea. Australia's position is that these should be resolved peacefully in accordance with international law, and in the meantime, this code of conduct for the parties to these disputes is very important'.²³⁴

Mr Abbott was asked, '... in your view, after your discussions with the various leaders here, what is the level of risk, as you see it, of the potential of conflict in the South China Sea and what would you see for Australia in the context, [of] the strategic partnership with the various countries involved?'

In response, Mr Abbott stated:

There is some risk – no doubt about that – but I think it is a risk that is reducing because of the kind of work that is happening at a conference such as this. I do want to make it clear that strategic stability in this region – in particular, strategic stability in the South China Sea and in the China Sea – is very, very important. It's very, very important. It's important for the whole world, not just for the countries which border on the South China Sea. It's important for Australia. Almost 60 per cent of our trade goes through the South China Sea, so strategic stability is very important, and I think everyone realises that. I don't think there is a country represented at this conference that isn't very conscious of the need for continued strategic stability in the South China Sea, and that's why I'm very encouraged by the move towards the establishment of a code of conduct.²³⁵

Mr Abbott was also asked about whether he considered it appropriate that the next EAS would be held in Myanmar, '... given the ongoing human rights struggles there'. Mr Abbott stated:

On Myanmar, or Burma, look, I accept that there have been some human rights issues in that country. I think the human rights situation in Burma is much better now than it has been. Aung San Suu Kyi is now a part of the process in a way that she wasn't for many, many years. We had a visit from the President of Myanmar to Australia in the last 12 months or so. I'm confident that things are moving strongly in the right direction inside Myanmar, or Burma, and I think it's perfectly appropriate for this meeting to be there next year.²³⁶

233 Hunt, 'Brunei caps off a solid year at ASEAN's helm', op. cit.

234 Tony Abbott (Prime Minister), [Transcript of the Prime Minister the Hon Tony Abbott MP, Press conference, Brunei](#), transcript, 10 October 2013, accessed 16 October 2013.

235 Ibid.

236 Ibid.

Appendix A



ASEAN-10

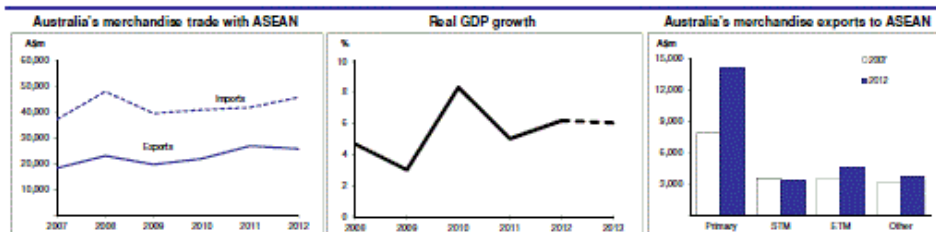


General information:

Fact sheets are updated biannually: June and December

Headquarters:	Jakarta	Secretary-General:	HE Le Luong Minh
Surface area:	4,481 thousand sq kms		
Population:	615.6 million (2012)		
Members:	Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam.		

Recent economic indicators:	2008	2009	2010	2011	2012(a)	2013(b)
GDP (US\$bn) (current prices):	1,530.4	1,517.3	1,886.0	2,181.9	2,305.5	2,526.5
GDP PPP (Int'l \$bn) (c):	2,813.0	2,880.0	3,139.7	3,353.3	3,605.6	3,867.6
GDP per capita (US\$):	2,623	2,570	3,149	3,594	3,745	4,047
GDP per capita PPP (Int'l \$) (c):	4,822	4,877	5,243	5,523	5,857	6,195
Real GDP growth (% change yoy):	4.7	3.0	8.3	5.0	6.2	6.1
Current account balance (US\$m):	68,014	102,341	112,511	113,138	69,243	61,365
Current account balance (% GDP):	4.4	6.7	6.0	5.2	3.0	2.4
Inflation (% change yoy):	9.6	2.1	5.2	6.2	4.4	5.4



Australia's trade and investment relationship with ASEAN (d):

Australian merchandise trade with ASEAN, 2012:	Total share:	Growth (yoy):
Exports to ASEAN (A\$m):	10.3%	-4.2%
Imports from ASEAN (A\$m):	18.8%	9.1%
Total trade (exports + imports) (A\$m):	14.5%	3.9%

Major Australian exports, 2012 (A\$m):		Major Australian imports, 2012 (A\$m):	
Crude petroleum	4,019	Refined petroleum	10,038
Wheat	2,985	Crude petroleum	9,377
Gold	2,198	Goods vehicles	2,723
Copper	1,785	Gold	1,832

Australia's trade in services with ASEAN, 2012:	Total share:
Exports of services to ASEAN (A\$m):	16.8%
Imports of services from ASEAN (A\$m):	18.9%

Major Australian service exports, 2012 (A\$m):		Major Australian service imports, 2012 (A\$m):	
Education-related travel	3,218	Personal travel excl education	5,243
Personal travel excl education	1,554	Transport	4,508

Australia's investment relationship with ASEAN, 2012 (e):	Total:	FDI:
Australia's investment in ASEAN (A\$m):	53,463	24,041
ASEAN's investment in Australia (A\$m):	80,209	32,539

ASEAN's global merchandise trade relationships(f):

ASEAN's principal export destinations, 2011:			ASEAN's principal import sources, 2011:		
1	China	15.1%	1	China	17.1%
2	Japan	13.1%	2	Japan	14.4%
3	United States	11.2%	3	United States	10.6%
4	Hong Kong (SAR of China)	8.7%	4	Republic of Korea	7.9%
5	Republic of Korea	5.6%	5	Saudi Arabia	4.2%
7	Australia	4.4%	9	Australia	2.8%

Compiled by the Trade Advocacy and Statistics Section, DFAT, using the latest data from the ABS, the IMF and various international sources.
 (a) All recent data subject to revision; (b) IMF forecast; (c) PPP is purchasing power parity; (d) Total may not add due to rounding; (e) Stock, as at 31 December. Released annually by the ABS; (f) ASEAN Extra-trade, and refers to ASEAN 6, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.
 na Data not available. np Data not published. . Data not meaningful.

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