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ICWA Guest Column

THE ASEAN COMMUNITY 2015

by

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ASEAN announced in November, 2015 at its 27th summit that the ASEAN Community, consisting of the Political and Security Community, the Economic Community and the Socio-Cultural Community, will be established on Dec. 31, 2015. To understand the significance of this development it is necessary to trace the evolution of the ASEAN in the period after the end of the cold war.

With the establishment of the ASEAN Free Trade Area (AFTA) in 1992, ASEAN became the hub of free trade agreement networks in East Asiathus taking the "drivers seat" in the economic integration of the region. The main goals of the AFTA were reflective of the ASEAN's character as FDI dependent and export oriented. The AFTA aimed to increase ASEAN's competitive edge as a production base for the world market through the elimination of tariff and non-tariff barriers and to attract more FDI into the region.The region became at the heart of Factory Asia, wherein corporations set up their production networks in their search for new markets and desire to cut operating costs.

The financial crisis of 1997-1998 had left ASEAN member states severely weakened. Much of the FDI in ASEAN was relocated to China, which was already opening up to foreign markets and would soon join the World Trade Organization (WTO). This was devastating for the ASEAN countries whose economic development, social stability and international political standing depended on an investment-driven, export-oriented growth strategy.

ASEAN Community 2015 - During the 9th ASEAN Summit (2003), member-states therefore, envisioned creating the ASEAN Community by 2015 to reassert ASEAN's relevance as a regional organization and to attract more foreign investments by using its integrated market as leverage.

Originally, the ASEAN Community was set to commence in 2020 as stipulated in the Vision 2020 adopted in 1997. Duringthe 12th ASEAN Summit (2007), it was decided to accelerate the attainment of the ASEAN Community by 2015, in the face of global and regional economic challenges and the need for ASEAN to reassert its centrality and ensure that it remains the driving force in shaping the constantly evolving regional architecture.

The ASEAN Community has three pillars, as stipulated in Bali Concord II: (1) Political and Security Community, (2) Socio-cultural Community, and (3) Economic Community. Each pillar has a blueprint for the part-by-part realization of the ASEAN Community.

The ASEAN Political-Security Community (APSC) was created to address threats to regional security and political stability and to promote democracy and human rights in the region.

The commitment to the APSC upholds existing ASEAN political instruments such as the Declaration on the Zone of Peace, Freedom and Neutrality (ZOPFAN), the Treaty of Amity and Co-operation in Southeast Asia (TAC) and the Treaty on the Southeast Asian Nuclear Weapon-Free Zone (SEANWFZ). It also promotes regional security dialogues such as the ASEAN Regional Forum (ARF), East Asia Summit (EAS), and the ASEAN Defense Ministers Meeting (ADMM). However, there has not been much progress in handling actual conflicts such as the Cambodian-Thailand border incident in 2011 and the current territorial disputes between China and some ASEAN countries.

The blueprint envisions joint regional efforts for effective and early response to disasters through the ASEAN Agreement on Disaster Management and Emergency Response (AADMER). However, this is non-binding, as in the case of the voluntary earmarking of national resources to be set on standby for disaster relief and emergency response. The blueprint mentions strengthening democracy and human rights in ASEAN, but not much has been done to promote both in the processes involving the ASEAN, including the very process of creating the ASEAN Community Blueprints. Despite the establishment of the ASEAN Intergovernmental Commission on Human Rights (AICHR) and the adoption of the ASEAN Human Rights Declaration (AHRD), ASEAN still faces the long-standing issue of being ineffective in delivering justice to victims of human rights violations. Both the AICHR and AHRD lack teeth to make governments accountable for their human rights violations due to the principle of non-interference.

Nevertheless, it is a measure of ASEAN's achievement that recognizing its strategic value, economic giants such as US, China, Russia, India, South Korea and Japan are competing for influence over ASEAN on economic, socio-political, and security issues.

TheASEAN Socio-cultural Community(ASCC) blueprint aims to build a people to people centered, socially responsibleand environmentally friendly ASEAN. It lays down specific action to be taken in education, social protection, environmental sustainability, engaging with civil society and building an ASEAN identity.

Progress has however, been slow in many areas. ASEAN's economic development is still based on

practices as evidenced by high deforestation rates, forest fires and the environmentally damaging mining practices in the region. The region lacks a common climate change policy despite the expected doubling of carbon emissions over the next 20 years and its people's growing vulnerability to climate change impacts.

The region's estimated 14 million migrant workers still face difficult working conditions with little social protection. Despite the establishment of the ASEAN Intergovernmental Commission on Human Rights (AICHR) and the adoption of the ASEAN Human Rights Declaration (AHRD), ASEAN still faces the long-standing issue of being ineffective in delivering justice to victims of human rights violations. Both the AICHR and AHRD lack teeth to make governments accountable for their human rights violations due to the principle of non-interference.

The ASEAN Economic Community (AEC)isat the heart of the regional integration process which reflects the ASEAN's strong commitment to deepen as well as broaden economic integration. The AEC is regarded as the most advanced of all the pillars of the ASEAN Community. The AEC blueprint outlines the four pillars of the AEC that will be achieved through liberalization of trade in goods, services, and investments: (a) a single market and production base, (b) a highly competitive region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy. Eachpillar has core elements that need to be achieved in order to establish the AEC.

The AEC envisions the development of production networks in the region to enhance its capacity to serve as a global production center of the global supply chain. With the establishment of the AEC, the ASEAN is expected to become a single market and production base that will facilitate the mobility not only of goods but also of skilled labor, professionals, and travellers in general.

An ASEAN single market and production base comprises five core elements: (i) free flow of goods; (ii) free flow of services; (iii) free flow of investment(iv) freer flow of capital; and (v) free flow of skilled labor. Twelve priority sectors were identified for integration: agro-based goods, air transport, automotive products, e-ASEAN (including ICT equipment), electronics, fisheries, healthcare products, rubber-based products, textiles and apparel, tourism, wood-based products, and logistics services.

The Services sector, which has not yet been fully liberalized even under the WTO, will be opened up through the ASEAN Framework Agreement on Services (AFAS).

In order to create a single market and production base, tariffs have to be eliminated and non-tariff barriers phased out. Trade and customs procedures are to be standardized and harmonized to reduce transaction time and costs.

Through the ASEAN Comprehensive Investment Agreement (ACIA), investments will be liberalized, making investors free to invest in any sector they wish. This implies removal of protection for local and domestic producers, including small-scale producers. Aside from investment liberalization, ACIA enshrines investment protection, which is accorded through National Treatment and Most-Favored-Nation treatment, andalso through the Investor-State Dispute Settlement (ISDS), which gives more power to corporations and investors by giving them the right to sue governments.

ASEAN adopted the Master Plan on ASEAN Connectivity (MPAC) in 2010 to boost connectivity in the region to facilitate the free movement of goods, investments, services, capital, and people. MPAC has three components: enhanced physical infrastructure development (physical connectivity), effective institutions, mechanisms, and processes (institutional connectivity), and empowered people (people-to-people connectivity).

The ASEAN is often touted as the Southeast Asian version of the EU. The EU and the ASEAN both have diverse member-states and core-states – the five founding ASEAN members – which can supposedly provide the basis for an effective regional grouping. However, unlike the ASEAN, when the EU integrated, its member states pooled economic and political resources to put themselves in a better collective position against the US and Japanese economic dominance. In contrast, the majority of the ASEAN states are former colonies that identify their economic and security interests with one or more of the external big powers present in the region rather than with each other.

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