

## CHAPTER V

### CONCLUSION

The concept of regionalism came about along with the reemergence of a number of independent states after World War II. These newly emerged countries had to tackle some common problems, that is, national security, economic development and nation-building. There was also a pressing need for close cooperation and policy coordination to help each other achieve their national and international objectives. This kind of cooperation which is based on a subregional or regional basis, is generally known as 'regional cooperation' or regionalism.

The countries designated to belong to Southeast Asia have on occasions varied, however, it is now most commonly agreed that Southeast Asia comprises six ASEAN countries (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand), Myanmar (formerly Burma), Laos, Kampuchea, and Vietnam. ASEAN's definition of the Southeast Asian region incorporates the above ten countries.

Regionalism in Southeast Asia has gone through several stages of development. We can divide the development of regionalism in Southeast Asia into three distinct phases. The first stage of regional development covers approximately the period from 1945 to 1959; the second phase roughly lasts from

about 1960 to 1967; and the third stage covers developments since 1967.

In the first phase, three major trends can be discerned. First, a number of Southeast Asian leaders put forward a variety of proposals for regional cooperation and unity. However, nothing concrete emerged out of this proposal. Secondly, a number of Pan Asiatic Conferences were convened in this period but no organizational framework was established as a result. Thirdly, several regional organisations had also evolved but these were largely set up by and worked in conjunction with the external powers, mainly the US and British. More often than not, these organisations were intended to serve the interests of these extraneous powers. All in all, during this first period, the founding of these functional organisations and associations was important in spite of the fact that they were actually a by-product of the Cold War and therefore were hardly Southeast Asian in terms of initiative. These developments were crucial to the future of the region, first because these regional organisations had provided important initial lessons that were useful in the setting up of later regional groupings. Secondly, the development of Southeast Asia as a regional or sub-regional community had its roots in these humble beginnings, and its experience continued to have an impact on the future course of regional organisations.

The second phase, covering the period from about 1960 to 1967, saw the formation of politically-oriented organisations as

well as the flowering a number of functional organisations. This period also saw some notable initiatives on the part of one or more Southeast Asian countries. Of these, ASA and Maphilindo were the results of attempts to develop an indigenous Southeast Asian regional organisation, i.e. one organised by the nations of the region without external pressure. Although these two organisations were considered a failure in terms of regional cooperation, the second phase is significant in that, first, the countries of Southeast Asia had started to involve themselves in an international arena on a broad scale. Secondly, despite the failures, the period was also significant in that the Southeast Asian countries themselves started to take the initiative towards working out some form of regional cooperation. Thirdly, and most significant, attention began to be focused on the region itself; that is to say, the countries of Southeast Asia began to think in terms of their regional context and priorities. Especially significant, was the budding involvement of Indonesia in the affairs of the region.

The third stage is marked by the formation of the most successful regional organisation in Asia to date, namely, ASEAN. So this is the ASEAN period. The establishment of ASEAN at a time when the conflict in Indochina was beginning to deteriorate, represented a development of major significance in Southeast Asian affairs. On the one hand, it brought about the effect of dividing the region into two camps, as it were, of ASEAN states and the other Southeast Asia countries, and the resultant failure

to develop a truly Southeast Asian regional organisation. On the other hand, it was an important turning point in the history of Southeast Asia as countries in the region finally took the decision to determine their own destiny. The situation in Southeast Asia has since undergone a tremendous change.

Developments since the establishment of ASEAN in 1967 can be roughly divided into three stages. The first stage from 1967 till 1976, the second from 1976 to 1987 and the third from 1987 to the present. The first stage was a period in which little tangible progress was achieved. But this does not mean the first phase of ASEAN's existence was insignificant. The stage of ASEAN's development was a period in which the member countries grew together. The habit of consultation became inculcated, greater mutual trust was developed, their world views became rather more harmonious, and an ASEAN identity began to evolve. In the political field, the Bangkok Declaration and the ZOPFAN Declaration of 1971 were seen as an expression of ASEAN's determination not only to develop as free societies but also of their desire to be free from involvement in the competition, rivalry and conflicts between outside powers. In the economic field, ASEAN became a recognised entity in the economic world. In the socio-cultural field, ASEAN virtually began to create unity in diversity.

The second stage of ASEAN started with the end of the Vietnam War and the holding of the Bali Summit. The first stage of ASEAN was significant in the context of its history for

several reasons. In the political field, the character of ASEAN as a group for political cooperation was officially recognised for the first time since its establishment. In the economic field, the Bali Summit, achieved some progress toward the development of cooperative economic relations among the ASEAN states, relations which barely existed at the time. In the socio-cultural field, all efforts in the various programmes of the first period culminated with the Declaration of ASEAN Concord enunciated in the Bali Summit. During this period, general consultation and cooperation in the political, economic and socio-cultural areas have recognised as ASEAN's principal obligations. However, it must be noted that the ASEAN countries adopt a common stand when their interests converge. The Kampuchea question has been both a catalyst and a unifying force for ASEAN as the various national interests coincided on this issue of common interest. Paradoxically, the Kampuchea question helped ASEAN's growth as a political entity, despite its being basically an association of states for economic, social and cultural cooperation.

The Manila Summit can be considered as the watershed of the third stage in the growth of ASEAN. The holding of the Summit itself was an achievement and a demonstration of the commitment to ASEAN on the part of ASEAN member states as at the time the situation in the capital of the Philippines was not very stable. Through cooperation on common issues in the political, economic and socio-culture field, ASEAN's officials have become accustomed

to cooperate with each other not only on questions like Kampuchea but also on matters as diverse as tourism or the protection of the environment. This practice has not only imbued the highest levels of national leadership in ASEAN countries but also the many layers of officialdom, their Parliaments, the private sector and the various functional groups in their societies. ASEAN member countries have been using ASEAN as a vehicle to solve their pressing problems decisively, to protect their interests. However, it must be noted that the member countries have no common stand on some issues such as US bases in ASEAN.

Looking back at the development of regionalism in Southeast Asia, it would be possible to suggest the following major conclusions. ASEAN is a product of Southeast Asian countries' incessant efforts to maximise their potential for development in terms of lifting the limitations imposed by the regional and international environment. The pressing problems for the individual states of ASEAN, such as national security, economic development and nation-building, can be different from time to time. But as a regional organisation, the most pressing problem for ASEAN is the need to develop free intra-regional societies but to insulate the nations of the region which form the Association from involvement in the competition, rivalry and conflict involving outside powers. In fact, empirical data show that since the initiation of ASEAN's regional cooperation, a major factor for ASEAN's continued solidarity and viability has been the common recognition of the need to stand together against

the possibilities of a communist advance in the region and the resultant powers' intervention. However, on the other hand, the member states of ASEAN have tended to neglect the need to promote greater regional economic cooperation.<sup>1</sup> Occasionally, too, they appear lacking in a common stand on the sensitive issue of the presence of foreign powers in the region.

In view of these facts, ASEAN has been essentially functioning as a mechanism for dialogue among member countries in order to minimize intra-regional conflict. ASEAN has also been an effective diplomatic instrument of solidarity to reduce the prospect of extra-regional interventions. In ASEAN terms, ASEAN has been the means of enhancing both national resilience and regional resilience.

In varying degrees, the ASEAN member countries have been in the different stages of development. As such, willy-nilly, each one of them has always had their own national interests uppermost in their mind. In this respect, ASEAN has never had room to develop full as an institutionalised organisation. However, ASEAN is certainly not just a symbolic association of nations. As empirical data show, it is "a viable organised association" which has stood the test of time and adapted itself to the changing pressing needs from time to time.

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<sup>1</sup> Of course; one of the main explanations for ASEAN's grouping has been the need to develop economic cooperation for the success of member states' economies since the establishment of the Association.

In the meantime, ASEAN has emerged as a new group representing potential NICs operating within a new regional and international environment. On the one hand, ASEAN members have felt a need to do something to maintain the success of their economies which they have achieved until now, in the midst of the dramatic changes in the international political and economic environment represented by the end of the Cold War and the converging interests of the major powers. On the other hand, ASEAN members have started to think about the future of ASEAN after the resolution of the Kampuchea crisis and felt that something ought to be done as the old ways of consultation and cooperation do not seem to be any longer adequate. It is for this reason that ASEAN appears to be at a crossroad.

If it is assumed that the first concern of ASEAN has been to uphold the principle of the right to self-determination of the individual countries in the region, then the resolution of the Kampuchean problem will have helped ASEAN accomplish the initial objective of regionalism. But beyond this, ASEAN will have to prepare to countenance the more advanced stage of regionalism which has parallels with the EC.

In this respect, the problem facing ASEAN is that it requires institutional regeneration. This must be on the basis of a wider Southeast Asian context - one which has always been in mind. This requires some form of cement to give stability and firmness to the structure of ASEAN. This can only come about by cultural cooperation within member countries to enhance a common



consciousness and awareness of ASEAN. It however needs no treaties, contractual obligations or dialogues. It calls for a frame of mind.

**POSTSCRIPT**

### The 4th ASEAN Summit

There was an interval of a few months between the completion of this study and its submission for M.A.. Although the writer still stands by his findings, views and assessment of regionalism in Southeast Asia, an unmissable event, the Fourth ASEAN Summit, which was held in early 1992 merits a postscript.

The ASEAN Heads of Government held a two-day Summit beginning 27 January, 1992 in Singapore. This meeting was timely because ASEAN needed to consider appropriate responses to the profound changes that have been taking place in the world since the last ASEAN Summit in Manila in 1987. The break-up of the Soviet Union, political changes in Eastern Europe, growing economic regionalisation in North America and the European Community have prompted the group to reexamine its role and its future. This sentiment was so well articulated by the Chairman of the Summit, the Prime Minister of Singapore, Mr Goh Chok Tong, when he said in his closing statement at the Summit:

"The profound changes in the global scene will not leave us untouched. Our basic goals of peace, security and harmonious development remain unchanged. But we need to find fresh ways to realise them. This summit has begun the process of reassessment and reappraisal".<sup>1</sup>

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<sup>1</sup> New Straits Times, January 29, 1992.

The closing ceremony of the Fourth ASEAN Summit in January 28, 1992 was highlighted by the signing of the three Agreements by the Heads of Government and the ASEAN Economic Ministers. The Agreements, yet another tangible proof that the regional Association was serious about their desire to work as a cohesive and united front, collectively endorsed their commitment to regional cooperation as the ASEAN Six prepared to move towards the 21st century.

The Singapore Declaration adopted by the six leaders is perhaps the most comprehensive plan of action covering political and economic issues ever to be adopted by ASEAN Heads of Government since the Bali Summit in 1976 when the Bali Concord and the Treaty of Amity and Cooperation were adopted. The principles behind the Declaration constitute the Association's intention to call for member States to move towards take "a higher plane of political and economic cooperation to secure regional peace and prosperity".

The other Agreement by the leaders, called the Framework Agreement on Enhancing ASEAN Economic Cooperation, was to reflect their desire to work on a parallel development of cooperation with the rest of the world while including private sector participation in programmes of cooperation. It outlined five priority areas for enhancing intra-ASEAN cooperation. They are trade; industry, minerals and energy; finance and banking; food, agriculture and forestry; and transportation and cooperation.

Another major Agreement taken at the Singapore Summit was the Common Effective Preferential Tariffs (CEPT) for the ASEAN Free Trade Area (AFTA) by the ASEAN Economic Ministers. The Agreement sought to reduce tariffs to between zero and five per cent in 15 years..

### Political Cooperation

In the area of political cooperation, for the first time in ASEAN's 25 year-old history, senior officials and leaders of the grouping were talking publicly about a security arrangement for the region at the Singapore Summit, where subsequently the leaders declared "ASEAN shall seek avenues to engage member states in new areas of cooperation in security matters".<sup>2</sup> Of late, the end of the Soviet military threat and a reduction in US military presence in the region means ASEAN must take more responsibility for regional security. The emerging strategic environment following the end of the Cold War has left ASEAN with the problem of filling the security vacuum and guiding the Indochina states towards peace and capitalism.

The security vacuum has resulted in conflicting territorial claims in the South China Sea. The potential conflict over the overlapping territorial claims in the South China Sea prompted ASEAN leaders to intensify cooperation in regional security and to start more dialogue with other countries on security issues.

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<sup>2</sup> Cited in A. Kadar Jasin, "ASEAN aims for higher goals," New Straits Times, January 29, 1992.

On the one hand, ASEAN has taken steps to solve this problem such as by boosting the Five-Power Defence Arrangement, providing military repair facilities for American forces in Singapore and recently Malaysia, and forging closer political and military cooperation within the group. On the other, ASEAN is seeking to expand its cooperation with its Asia-Pacific partners which would help reduce the impact of the security vacuum.

During a series of meetings prior to the Singapore Summit involving ASEAN senior officials and Foreign Ministers, political differences among the member nations had arisen over the level of ASEAN's involvement with "outside powers". Thailand had proposed that ASEAN invite the permanent members of the UN Security Council - the United States, Russia, China, Britain and France - to accede to its 1976 Treaty of Amity and Cooperation which calls for signatories to respect the territorial integrity of states and settle disputes peacefully. But Indonesian Foreign Minister Ali Alatas voiced objections, saying the Treaty was part of a larger concept embodied in a 1971 Malaysian-proposed Declaration to turn Southeast Asia into a Zone of Peace, Freedom and Neutrality. In fact, such a move, while giving ASEAN more recognition, could involve the five big powers in security matters in the region.

Nevertheless, the ASEAN leaders declared their desire to have all interested countries accede to the 1976 Treaty which determines positive measures to reduce tension in the region.

The Singapore Declaration includes the leaders' fresh inputs to encourage other countries, especially ASEAN's dialogue partners and members of the United Nations Security Council, to accede to the Treaty. The leaders also stressed the importance of establishing a forum to promote external dialogues on regional security cooperation as well as holding intra-ASEAN dialogues to strengthen security cooperation. In seeking to realise the objective of the Zone of Peace, Freedom and Neutrality(ZOPFAN), the leaders expressed their wish to continue to consult with other friendly countries while taking into consideration the changing circumstances. As Singapore Prime Minister Goh Chok Tong said, the Heads of Government had agreed that ASEAN needed to break new grounds in security cooperation.

On the other hand, the ASEAN States were unanimous that the Indochinese countries should eventually join their ranks, starting with Vietnam and Laos which have been asked to accede to the 1976 Treaty. Although the Cambodia issue was not on the agenda, ASEAN leaders raised the matter during their discussions. Myanmar and its developments were also not included in the formal agenda, but Filipino Foreign Minister Raul Manglapus briefed the leaders on his recent trip to Yongon. The open invitation by the ASEAN Heads to all countries in Southeast Asia to accede to the Treaty of Amity and Cooperation can be seen as a stimulus for wider regional cooperation and for the establishment of genuine neutrality in Southeast Asia.

ASEAN agreed to play an active part in the international programmes for the reconstruction of Vietnam, Laos and Cambodia. The six leaders agreed to closely cooperate with the UN and the international community in ensuring full implementation of the peace agreements signed in Paris in October 1991". They also agreed to help in the economic reconstruction of Vietnam, Laos and war-ravaged Cambodia, and create a "greater Southeast Asia".

The ASEAN leaders set the stage for ASEAN to eventually grow to a 10-member grouping as ideological differences between them, Indochina and Myanmar begin to fade away with the end of Cold War and the demise of communism. The Declaration states that "ASEAN shall forge a closer relationship based on friendship and cooperation with the Indochinese countries, following the settlement in Cambodia".<sup>9</sup>

The Malaysian-initiated EAEC is also mentioned in the Declaration. Malaysia first floated the proposal in 1990 as a trade bloc to counter other regional groupings. The idea has been watered down to a loose forum to discuss economic issues but U.S. has stood steadfast in its opposition to it. Kuala Lumpur lobbied hard for the EAEC at the Summit until it succeeded in bringing the EAEC proposal to the ASEAN Summit when some of the ASEAN Heads of Government openly endorsed the idea in their opening speeches.

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<sup>9</sup> Cited in, A. Kadir Jasin, op. cit..



The ASEAN Declaration makes known that "ASEAN recognises the importance of strengthening and establishing cooperation with other countries, regional/multilateral economic organisations, as well as APEC and an EAEC." With respect to an EAEC, ASEAN recognises that "consultations on issues of common concern among East Asian economies, as and when the need arises, could contribute to expanding cooperation among the region's economies, and the promotion of an open and free global trading system."

But it is also true that some quarters in the ASEAN countries have been less forthcoming in their total support for the project and even more so during the preliminary meeting for the Summit. Some of the region's spokesmen had sought in vain to bury the plan by way of a natural death. By the way things look, ASEAN might still have to go a long way to have the EAEC formalised.

### Economic Cooperation

Although ASEAN was established 25 years ago with the main purpose of accelerating economic growth, politics had dominated its existence throughout much of this time owing to the Vietnam War, superpower rivalry and subsequently the Cambodian conflict. Now with the end of the Cold War and the Cambodian issue almost resolved, the six-member regional grouping can look forward to effecting greater economic cooperation within it, which has been rather sluggish. Furthermore, as the external situation had

changed dramatically in the last two to three years with the crumbling of the Eastern Bloc and the rising trend towards economic regionalism among the developed countries, ASEAN leaders have been forced to rearrange their priorities accordingly.

At the opening of the Fourth Summit in Singapore, the six leaders were unanimous in their view that while the political agenda would continue to be important to ASEAN, the major challenge of the future lay in economic cooperation. This sentiment was very well echoed by the message the ASEAN Heads of Government had for each other and for their peoples. For example, Singapore Prime Minister Mr. Goh Chok Tong warned that "once the situation in Eastern stabilises, it will be in a position to compete internationally for scarce investment." He and Malaysian Prime Minister, Datuk Seri Dr Mahathir Mohamad, also talked about the likelihood of developing countries being excluded from the enlarged SEM(the Single European Market) and the US-led NAFTA (North American Free Trade Area). The Singapore Declaration is categorical on its attitude towards this development:

"ASEAN shall constantly seek to safeguard its collective interest in response to the formation of large and powerful economic groupings among the developed countries, in particular through the promotion of an open international economic regime and by stimulating economic cooperation in the region".<sup>4</sup>

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<sup>4</sup> Cited in *ibid.*.

ASEAN leaders also signed the Framework Agreement on Enhancing ASEAN Economic Cooperation while the Economic Ministers signed the Agreement on CEPT which would help liberalise intra-ASEAN trade and be the main mechanism for the realization of AFTA in 15 years.

The substantive Agreements on expanding and deepening ASEAN economic cooperation are preludes to the group's plans for the creation of an ASEAN Free Tariff Area(AFTA) which aims at further promoting intra-ASEAN trade. The signing of these agreements is in itself a milestone as ASEAN had in the past been in the bad habit of seeking the easy way out of the thorny economic issues by downplaying or removing them altogether from the agenda.

The Framework Agreement on Enhancing Economic Cooperation lists five priority areas to lift intra-ASEAN cooperation to a more meaningful level as declared by previous ASEAN Accords such as the ASEAN Declaration of August 8, 1967 and the Declaration of ASEAN Concord of February 24, 1976. The Agreement also endorses all provisions outlined in the Treaty of Amity and Cooperation of February 24, 1976, the 1977 Accord of Kuala Lumpur and the Manila Declaration of December 15, 1987.

The five priority areas for enhancing intra-ASEAN cooperation have been identified as: trade; industry, minerals and energy; finance and banking; food, agriculture and forestry; and transportation and cooperation - all of which have been

endorsed by the Summit leaders. The Framework Agreement is based on three principles which require member States to:

1) endeavour to strengthen their economic cooperation through an outward-looking attitude so that their cooperation contributes to the promotion of global trade liberalisation;

2) abide by the principle of mutual benefit in the implementation of measures or initiatives aimed at enhancing ASEAN economic cooperation; and

3) participate in intra-ASEAN economic arrangements. In the implementation of these economic arrangements, however, two or more member countries may proceed first if the others are not ready to implement these arrangements.<sup>5</sup>

The extensive umbrella Agreement also spells out how to monitor the progress of these programmes and to review the progress of their implementation. The ASEAN Secretariat will be the monitoring body while the ASEAN Economic Ministers Meeting (AEM) will look after the implementation and coordination of the framework agreement.

Intra-ASEAN cooperation will also call for greater cooperation in research and development, technology transfer, human resource development and tourism promotion. Private sector participation will not be confined to cooperation and exchanges among the ASEAN private sectors only, but will include the non-ASEAN private sectors too.

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<sup>5</sup> New Straits Times, January 29, 1992.

In the area of cooperation in industry, minerals and energy, the Agreement indicates that member States have agreed to increase investments and industrial linkages by adopting new and innovative measures, as well as strengthening existing arrangements in the region. In the area of cooperation in finance and banking, member States are expected to strengthen and develop further ASEAN economic cooperation in the field of capital markets, as well as finding new ways to increase cooperation.

In the Declaration, the leaders also endorsed the Common Effective Preferential Tariff (CEPT) scheme in efforts to establish an ASEAN Free Trade Area, aimed at liberalising trade in its markets. The Summit's decision to establish an AFTA within 15 years is no doubt an important breakthrough for ASEAN which has demonstrated that it is now capable formulating a "grand design" with a set time table to promote intra-ASEAN economic cooperation.

The proposal of Asean's Customs Union first surfaced at the Second ASEAN Summit in Kuala Lumpur 1977 but was not adopted. This was mainly because it was felt that there was no need for ASEAN countries to move in this direction as their economic growth was dependent on the major markets as well as investment flows from countries outside of ASEAN. The proposal gained new currency, since the ASEAN countries were facing new fears that US and Europe might try to develop a new kind of protectionism.

There is therefore no guarantee that their exports to world markets would be as open as before.

The Common Effective Preferential Tariff scheme (CEPT) for the ASEAN Free Trade Area is scheduled to be implemented on January 1 1993. The CEPT scheme will see a reduction of tariff rates within set time frames and the delimitation of all quantitative barriers upon enjoyment of the concessions. It will also eliminate, within five years of the concessions, other non-tariff barriers.

The inclusion of 15 product groups most critical to the ASEAN manufacturing economy in the CEPT scheme forms the basis of the long range scheme. The products are vegetable oils, cement, chemicals, pharmaceuticals, fertilisers, plastics, rubber products, leather products, pulp, textiles, ceramic and glass products, gems and jewellery, copper cathodes, electronic goods and wooden and rattan furniture.

The products covered by the Agreement, come under three broad sectors - manufactured, capital and processed agricultural produce but exclude raw agricultural products. Tariffs on them will be reduced to 20 per cent in five to eight years and then to zero to five per cent by the year 2008. After the eight years, there will be a review of the scheme.

While the 15-year deadline for the creation of an AFTA has been set using the CEPT as the main mechanism for its realisation, other avenues will also be looked at. Indeed the on-going ASEAN Preferential Trading Arrangement (PTA) will

continue to be operative. Goods not covered by the CEPT but enjoy the Margin of preference under the PTA will continue to enjoy these preferences.

A Council will also be formed to supervise, coordinate and review the implementation of the CEPT with full support of the ASEAN Secretariat. The Council, comprising one nominee from each ASEAN country and the Secretary General of the ASEAN Secretariat, will work closely with the ASEAN Senior Economic Officials Meeting in its performance and functions. The council will also step in if member countries fail to settle disputes arising from interpretation and application of this Agreement.

Though the ASEAN countries have long realised the importance of getting CEPT since the 80's, one thorny issue raised during discussions for CEPT was the items to be included under an exclusion list. These items, regarded as sensitive, are to be excluded from the CEPT scheme, which will lead to reduction of between zero and five per cent over 20 years.

The main issue raised was the uneven development within ASEAN countries and the competing nature of their exports. While Indonesia and the Philippines, who lag behind the other ASEAN nations in development, wanted to exclude many items which they considered sensitive from CEPT tariff cuts, other countries, like Malaysia, warned that CEPT would be less effective if the exclusion list grew too long. Malaysia, Singapore and Brunei wanted the tariff cuts to be done as soon as possible, but other

countries, including Indonesia, were looking for a more gradual period for its implementation.

Therefore, the Agreement also includes a clause which permits a signatory to opt out of the CEPT Agreement on certain items if they are not yet ready to cut tariff on these items. Even though members may opt for the "Six minus X" formula to allow their home-based industries to build up their competitive edge, but by 15 years, from January 1, 1993, they will have to reduce the tariffs against imports from other ASEAN countries for products covered by CEPT to a maximum of five per cent.

The CEPT is a historic agreement on the implementation of the proposed AFTA within 15 years and should please all the member states as it provides for improved environment for more intra-ASEAN trade. Moreover, the overall and long-term benefits of AFTA would more than compensate for any short-term losses that might incur. The resulting increased trade and expanded market would be able to attract more investments into the region and benefit all member nations.

Undoubtedly, the benefits of the scheme will not be evenly spread among members with some having to make greater sacrifices than others. Some countries and industries may face difficulties. Initially, some loss in government revenue can be expected but this will have to be considered in the context of long-term gains for the industries and the Government as well.

Similarly, the restructuring of industries and the resultant temporary unemployment in some sectors and countries



seems unavoidable for the long-term mutual benefit of all and in order to enable the countries to march forward. The scheme will increase competition and as such the less efficient industries and sectors will have to improve their efficiency and competitiveness culminating in the evolution of more efficient and productive sectors.

Yet another document was endorsed by the ASEAN leaders during the Summit. The document, called "Programme of Action for the Enhancement of ASEAN Cooperation", spells out the region's programme regarding political, security and economic cooperation, as well as ASEAN's institutions. Topping the list is the proposal that the ASEAN secretariat "considers and reviews the substance of ASEAN's relationship with its dialogue partners". On this the secretariat should consider ways to strengthen existing mechanisms and develop new ones for the conduct of the dialogue relationships.

In relation to socio-cultural cooperation, the program of action also outlines cooperation in the fields of education, environment and science and technology. ASEAN Ministers of environment should discuss specific actions and activities to promote regional cooperation in environment, including pollution abatement, marine environment and conservation. The problem of AIDS and drug trafficking in the region was also touched upon at the Summit. The Declaration includes a call to share information and increase cooperation on surveillance, enforcement and education to fight these two evils.

### Machinery

The new thinking and focus adopted by the ASEAN Heads would be at the risk of losing their momentum unless the mechanism for implementing them is in place. To this end, the Summit has taken a decisive step to restructure the ASEAN institutions, centring around the ASEAN Secretariat. The secretary-general of the ASEAN Secretariat will be redesignated Secretary-General of ASEAN with ministerial status.

To further fortify their commitment, the leaders also agreed to restructure and raise the status of the ASEAN Secretariat by, among other things, elevating the position of ASEAN secretary-general to that of a minister. Redesignated Secretary-General of ASEAN, he will have an enlarged mandate to initiate, advise, coordinate and implement ASEAN activities. The secretary-general will be appointed on merit while the staff of the secretariat will be engaged through open recruitment. A quota system will be implemented to ensure fair representation by the member states.

The leaders reiterated their commitment to promote regional peace and prosperity by agreeing to meet formally every three years in addition to the informal meetings which they may hold from time to time. Thus, the meeting of the ASEAN Heads of Government has been formulated as the highest policy deciding body of ASEAN.

Since the Bali Summit in 1976 when the ASEAN Leaders had endorsed the institution of the ministerial meetings on economic matters(AEM) with clear-cut instructions to recommend , co-ordinate and implement economic programmes independent of the ASEAN Ministerial Meeting(AMM), the AMM and AEM have emerged as the two key decision-making organs - in terms of power, with the one higher than the other. The vertical lines of responsibility that had evolved afterwards had dichotomised the ASEAN decision-making structures and thus have caused the problems of coordination. With the ASEAN Heads of Government formally occupying the highest at the decision-making organ of ASEAN, this dichotomy can be resolved. While the AEM can enjoy comparatively equal power with AMM, the specific link between the ministers and the heads of government can also be established.

On the other hand, ASEAN Economic Ministers(AEM) have decided to abolish all economic committees under the AEM structure. All economic cooperation work within the AEM structure will now be assumed by the Senior Economic Official Meeting(SEOM). This move will make coordination efforts more streamlined and efficient. The regional grouping's economic cooperation comes under specific committees dealing with finance and banking(COFAB), food, agriculture and forestry(COFAF), industry, minerals and energy(COIME), transportation and communications(COTAC) and trade and tourism(COTT). The rearrangement is expected to expedite economic activities in the

region. The abolition, together with efforts to strengthen the ASEAN Secretariat in Jakarta (with the elevation of its secretary-general to ministerial status), should enable ASEAN members to focus better on their economic activities.

### Conclusion

It is true that ASEAN was born in 1967 as the successor to the Association of Southeast Asia (ASA). From that time on, ASEAN has not only succeeded in maintaining peace among its members, but has also given them unity of purpose in facing uncertainties and rivalries brought about by the Cold War. Now, ASEAN has been impelled to review the profound international political and economic changes that have occurred since the end of the Cold War, and to consider their implications for the region and its future. ASEAN recognises that a lot depends on its vision and determination in meeting the challenges and uncertainties of the changing world order. It is this spirit that the essence of the Agreement at the Fourth Summit was reached.

In the field of political cooperation, ASEAN recognises that it needs to set up a forum to promote external dialogue on regional security cooperation as well as to strengthen the established relationship with its dialogue partners, and to tackle challenges in the new world order on an "ASEAN scale". In this regard, ASEAN leaders are of the unanimous view that ASEAN should strengthen its role as a fulcrum for wider cooperation in the Asia-Pacific region. But a political difference among ASEAN

members arose on the proposed EAEC in the pre-Summit ministerial talks. Indonesia, on its part, claimed that "the EAEC needs adjustment in the light of recent world development and situation". Indonesia maintained that "the adjustment is needed particularly in view of the strong indication of Japan's reluctance to join the EAEC because of pressure by the United States". In a practical sense, the idea of a Caucus is likely to be doomed unless U.S. opposition is overcome. The consensus arrived at the summit on the EAEC augurs well for ASEAN solidarity, if not the idea itself.

Regionally, with the Cambodian problem on the way to being resolved, ASEAN hopes to transform the adversarial stance which has characterised Southeast Asia in the past into new constructive relationships. The opportunity to achieve genuine peace and enhance Southeast Asian-wide socio-economic development could never be better. In this respect, the widening of the ASEAN scope of cooperation should not only serve to enhance its prestige, but also provide the Indochinese countries with the much needed impetus for socio-economic development.

In the field of economic cooperation, the signing of two Agreements - the Framework Agreement and the CEPT - was a striking achievement of the Summit, especially taking into consideration the fact that it was only last year that the idea of establishing an ASEAN free trade area had been proposed. In fact, the slow progress in formal ASEAN economic cooperation may be attributed to the fact that Indonesia was dragging its feet

on the issue on account of its fear of uneven distribution of gains. Therefore, the change in the Indonesian attitude towards the idea of free trade within ASEAN augurs well for the future of ASEAN economic cooperation. Indeed, Indonesia is now so self-confident that it is receptive to new ideas which can lead to closer economic cooperation among ASEAN countries. Moreover, as opposed to the original proposal by Indonesia at the ASEAN Ministers Meeting in Kuala Lumpur last October, the removal of capital goods from the exclusion list is certainly a welcome improvement for ASEAN.

Many issues and obstacles remain to be sorted out in this journey towards greater economic integration. One of these relates to the manner in which the CEPT mechanism will be used to achieve the AFTA goals. Free trade area by definition implies zero tariff, whereas the CEPT allows a minimum 5 per cent tariff for certain categories. Worse still, the CEPT entails an exemption list, which will have a dampening effect on the ASEAN trade liberalisation process, not only because it gives rise to disputes about what items should get into the list, but also because it will keep important items of export interest, out of bounds, to many members. Moreover, it is not even clear that all ASEAN countries will move together in tandem in the implementation of the CEPT programme. Already, a "Six minus X" formula for the CEPT has been agreed upon.

However, it is not likely that the Agreement among ASEAN members for a 15-year lowering of tariffs as part of a move

towards an AFTA is just a flash in the pan. It now appears that ASEAN has now only two alternatives: to form a free trade area and move ahead with the rest of the world or to watch the ship sail by and founder.