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ASEAN

ASEAN: Towards Asian Arc of Prosperity?

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Amidst security threats, sporadic bomb blasts, international criticism towards one of the member states (Myanmar), the tenth ASEAN (Association of South East Asian Nations) summit had successfully laid out its plans to achieve the objectives of ASEAN Vision 2020 in November 29-30 in Vientiane, Capital city of Laos. The Chairman's Statement has rightly indicated that this Summit was held at a time when 'region is being confronted with fundamental changes in the regional and international scene such as the recent terrorist attacks, the hike in oil prices, the spread of avian flu, etc.'" Along with the main summit last month in Laos, Third India-ASEAN summit and ASEAN plus Three (China, Japan and South Korea) were also held in Vientiane (in Laos-*Vieng Chan*), its first-ever conference of this magnitude. It is observed that recently, ASEAN has 'expanded and deepened its activities' more effectively than any other regional association, with the European Union topping the list.

Founded way back in 1967 during the height of the Cold War, ASEAN aims to foster cooperation and mutual assistance among members. The regional grouping consisting of ten countries— Laos, Malaysia, Cambodia, Indonesia, Myanmar, Philippines, Singapore, Thailand, Vietnam and Brunei — has been a diversified forum, more than any other regional grouping in the contemporary world. The member countries consist of a military regime, socialist countries, one monarchy, some democracies along with divergent economy and culture. Another aspect more enchanting is that the ASEAN has the flexibility to expand its tentacles with ever growing membership irrespective of geographical limitations. Its primary focus has been to accelerate economic growth, social progress, and cultural development and to promote peace and security in the region.

As most of the ASEAN ventures primarily hover around economic cooperation, trade promotion among the member countries as well as with the rest of the world, the Association regularly conducts dialogue meetings with other countries, collectively known as the 'ASEAN dialogue partners' to achieve its well laid out objectives. India, China and other key countries are the dialogue partners of the grouping. China being the first dialogue partner to accede to the Treaty of Amity and Cooperation (TAC) in Southeast Asia in 2003 ASEAN summit at Bali where a strategic partnership between China and the Association was announced. Countries like Australia, New Zealand, Canada, North Korea, South Korea, the US, Japan, Mongolia, Russia, and the European Union, are also part of this extended grouping involved proactively in the dialogue process.

India and ASEAN: Through the Years

The decade old Indo-ASEAN honeymoon began when India became sectoral dialogue partner in 1992 dealing only trade, investment and tourism. It's only during the fifth ASEAN summit in Bangkok (December 14-15, 1995) India become full dialogue partner of the Association and a member of the ASEAN Regional Forum (ARF) in 1996. After intensive efforts to achieve parity with East Asian powers like China, Japan, and South Korea in the ASEAN scheme of partnerships, India became a summit level partner only in 2002. During this year, the first India-ASEAN summit became a landmark development towards this effect. There is no looking back since then. In fact, New Delhi's Free trade area (FTA) agreements with Thailand and Singapore paved the way for India's involvement with ASEAN powers in recent years. Besides, India along with other South Asian countries subsequently has accelerated sub-regional cooperation like the Mekong-Ganga Cooperation (MGC) and the BIMST-EC (Bangladesh, India, Myanmar, Sri Lanka, and Thailand-

Economic Cooperation). The decade old process moved forward and achieved substantial progress with the India's progressive but somewhat dawdling 'Look East' policy. Lately enough, India reaches out to its eastern neighbors considering the tremendous economic development and opportunity.

The third ASEAN-India summit was held amidst at least ten other summits alongside the main event, the 10th ASEAN summit. Though in 2003, India acceded to the Treaty of Amity and Cooperation (TAC) and signed a declaration to combat international terrorism, and agreed on comprehensive economic cooperation to step up their trade turnover, this year in the

Laotian Capital, some major breakthrough took place. One of the important advances was the 'ASEAN-India Partnership for Peace, Progress and Shared Prosperity' pact, signed by the Indian Premier Manmohan Singh and leaders of ASEAN member countries outlining a multi-pronged action plan for boosting trade, investment, tourism, culture, sports and people to people contacts. The four-page partnership accord and nine-page action plan envisages their cooperation in multilateral forums e.g. the WTO and in addressing 'common challenges of economic, food, human and energy security'. The pact was signed to realise full potential of ASEAN-India Regional Trade and Investment Area (RTIA), in accordance with the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and India signed in Bali during the 2nd ASEAN-India summit last year. In a significant move to strengthen economic ties, India and 10 ASEAN nations have decided to set up a RTIA to facilitate flow of Foreign Direct Investment (FDI) in the region and enhance regional monetary and financial cooperation besides promoting an Asian bond market. The pact covers a long-term plan committed to creating a free-trade area by 2011 with five ASEAN members -- Brunei, Indonesia, Malaysia, Thailand and Singapore -- and by 2016 with the rest -- the Philippines, Cambodia, Laos, Myanmar and Vietnam.

The leaders have vowed to cooperate in fighting international terrorism, transnational crimes like drug trafficking, arms smuggling, human trafficking and proliferation of weapons of mass destruction too. They also agreed to foster closer cooperation in reforming and democratizing the United Nations and institutions under it, making them "more reflective of the contemporary realities." Promotion of human resource development, through capacity building, strengthening of institutions, training and entrepreneurship development focussing on small and medium enterprises are also on the agenda. Besides, India pledged \$2.5 million in support for the ASEAN Fund that addresses the needs of project financing in Asia. This partnership agreement is important for India primarily it can allow India to forge strong economic ties with ASEAN that could facilitate trade between the two sides from the current \$13 billion with a target of \$15 billion for 2005 and \$30 billion for 2007. The leaders also pledged to work through 'both conventional and innovative trade and economic arrangements', and full implementation of the ASEAN-India free trade area by 2011 and implementation of the 'Early Harvest Programme to achieve free movement of goods, services, investment, and cooperation in other economic areas'.

Arc of Prosperity

Simultaneously, the Laos summit brings the Asian countries closer to each other. On the sidelines of the summit, India and Japan agreed to set up a multi-disciplinary group to enhance economic ties focusing on trade, investment and information technology which is likely to set up in the coming year. India and other Summit partner along with China, Japan and South Korea, has pushed for the creation of an Asian trading powerhouse to create an 'arc' that could rival the European Union. Japan has showed keen interest in forging an "Arc of prosperity", originally mooted by Indian Prime Minister Manmohan Singh's idea of an Asian Economic Community at the recent India-ASEAN Business summit held in India, only to counter the earlier Western categorization of the region as the "Arc of Instability". The concept has many takers in Laos this year. During the bilateral meetings, Manmohan Singh and his Singapore counterpart Lee Hsien Loong have agreed for a detailed discussion on the proposal for forming the "Asian arc of prosperity". Even the Japanese Prime Minister Junichiro Koizumi was excited and optimistic about the 'Arc' when both leaders met during a bilateral discussion on the sidelines of the Summit, called for discussing the idea at the experts level besides giving an added push to India-Japan economic cooperation. Both the leaders agreed to constitute a multidisciplinary experts group reflecting all interests for enlarging the entire gamut of India-Japan economic and commercial ties encompassing projects, investments and utilization of funds.

Towards Largest Free Trade Area

In Vientiane, Southeast Asian countries have moved a step closer forging a European-style single market and also signed accords with China towards creating the world's largest free-trade area by 2010. Chinese Prime Minister Wen Jiabao and his ASEAN counterparts signed trade pacts to pave the way for the world's biggest free-trade zone, covering nearly two billion people. The pacts include an agreement to liberalize tariff and non-tariff barriers on traded goods and one to set up a mechanism to resolve trade disputes. India, which has almost completed negotiations with Singapore on a free trade pact, has already been looking to enhance its ties with ASEAN, while countries like Australia and New Zealand announced the start of free trade talks. South Korean President Roh Moo-hyun and Japanese Prime Minister Koizumi separately adopted accords with the 10-nation Association of Southeast Asian nations agreeing to launch the talks on a free trade agreement early next year. In the commemorative summit with New Zealand and Australia, with the leaderships attending the ASEAN summit for the first time, plans to start free trade talks with ASEAN were announced with an ambitious target of completion in two years. The Southeast Asian group's secretary-general, Ong Keng Yong optimistically indicated that it would 'expand

trade between the regions from about US\$100 billion (euro75.49 billion) this year to as much as US\$140 billion (euro105.68 billion) by 2010.'

Sino-Indian Ties

The concluded 10th ASEAN summit has at least brought two great powers of the region: India and China towards closer ties. The summit marked the beginning of a new era of Sino-Indian economic and strategic relation too. The first high-level contact between India and China has taken place when Indian Prime Minister had a one-on-one with Chinese Premier Wen Jiabao in Laos. The atmosphere was more than conducive for a 'progressive and forward-looking' economic partnership, important to sustain the bilateral trade, which is set to register a new record this year. Indian Ambassador to China, Nalin Surie has observed after the scheduled meeting between the two leaders (in Beijing) that bilateral trade ties have witnessed a qualitative change in recent years and in 2003 the total trade between India and China amounted to a record USD 7.5 billion. According to Chinese customs statistic, this year bilateral trade has already surged to 10.8 billion US dollars during January-October 2004. However, India and China might experience frictions when India would compete for its shares in ASEAN region. For the record, India's total trade with ASEAN in 2003 was worth only 2 percent of ASEAN's trade and it is way behind China and Japan's contribution towards the region.

Conclusion

Although the problems in military-ruled Myanmar and violence in Thailand's restive south cast a shadow over the two-day summit, the increasing influence of the ASEAN countries can be very well gauged from the fact that Australia and New Zealand have joined the summit process this year. However, two significant changes ASEAN have been experiencing since the turn of this century, are: post 9/11 security agenda, and the growing weight of China in the Southeast Asia. While Japan's political influence in this region is declining, ASEAN leaders were optimistic about the two major pacts (with China and India respectively) signed in the just concluded Summit. It is observed that this will secure the future of ASEAN. As Malaysian Prime Minister Abdullah Ahmed Badawi observed that they recognize the emergence of China and India in the global trading environment and added "Southeast Asia needs greater integration with these trading partners and cannot remain competitive merely by strengthening intra-regional co-operation." The accords with both the countries reflect desires by ASEAN countries to fasten onto economies that are drawing foreign investment from the region. It is largely evident, that though the Chinese dominance over the region's economy is overwhelming, the Southeast Asian countries too are looking for alternative powers. Initially slow to respond to Indian overtures, ASEAN has been changing its focus after the region struggled it out with the financial crisis of 1997 and looking towards India that could balance out China's power in Asia. The general feeling is apparent from the remarks of Singapore's Trade and Industry Minister George Yeo in the past that 'Southeast Asian countries have no wish to become merely an adjunct to the Chinese economy and the idea prevalent is to move closer to all economies that want closer links to 'us' [Southeast Asian Nations]."

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