

dialogue

IDEAS FOR PACIFIC ECONOMIC COOPERATION

How (and Why) the United States Should Help to Build the ASEAN Economic Community

BY MICHAEL G. PLUMMER

WITH RESPONSES BY:

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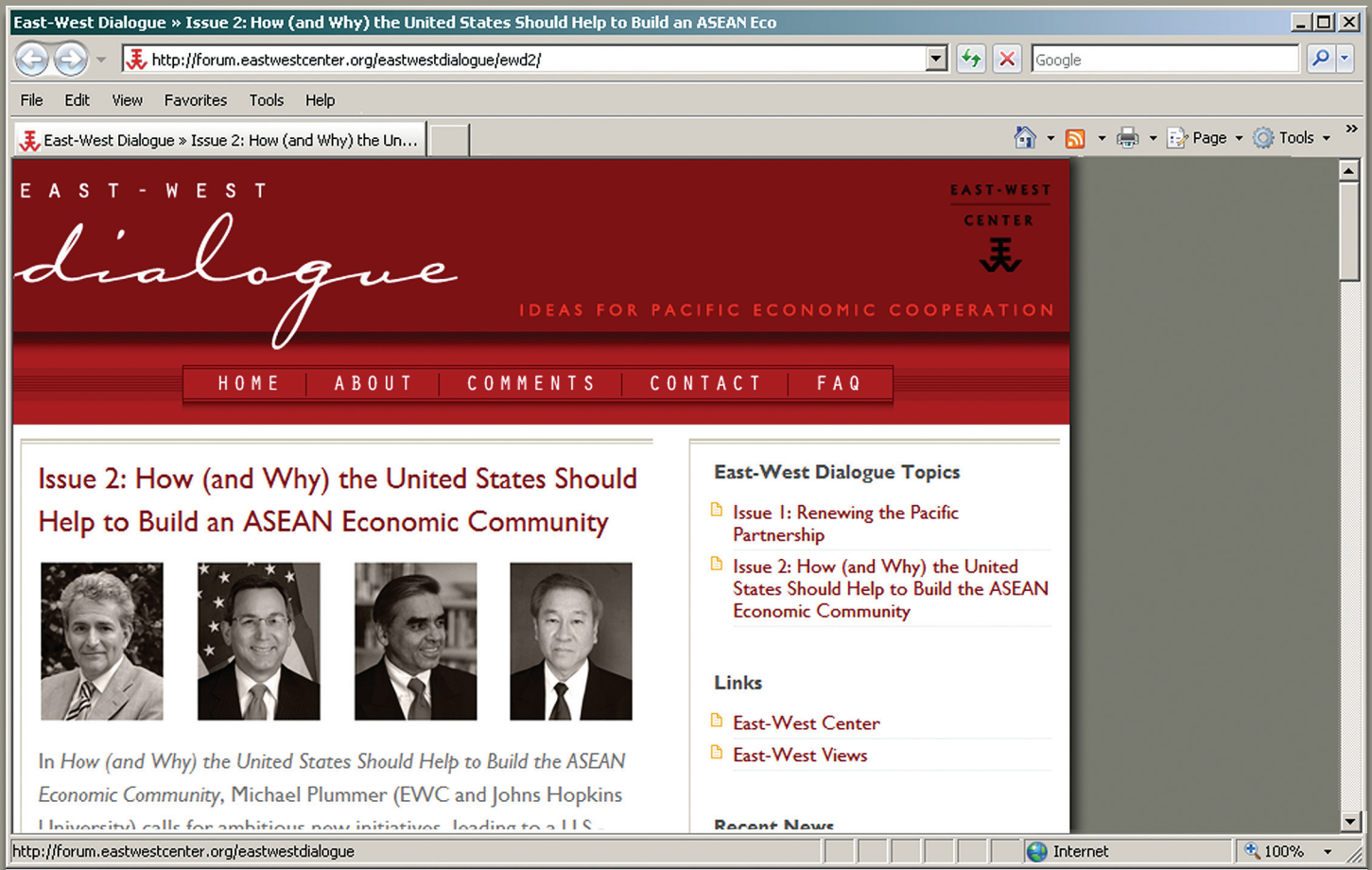
CHALONGPHOB SUSSANGKARN, FORMER MINISTER OF FINANCE, THAILAND

The Association of Southeast Asian Nations (ASEAN) is coming of age. Initially focused on diplomacy, ASEAN did not really discover economics until the early 1990s. But it has made rapid progress since then and is now committed to building an ASEAN Community based on three pillars: the ASEAN Economic Community (AEC), the ASEAN Security-Political Community, and the ASEAN Socio-Political Community. In November 2007, it unveiled a Blueprint to achieve a “single market and production base” by 2015, and signed a charter to make ASEAN a distinct legal entity.

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Continued from front cover.

How important will the ASEAN Community be? What is its significance to the United States? What relationships should the United States build with ASEAN? This essay argues for active U.S. engagement in helping ASEAN achieve its ambitious AEC objectives and also for vigorous efforts to create a supportive U.S.-ASEAN agenda.

WHY THE ASEAN ECONOMIC COMMUNITY IS IMPORTANT

Last year ASEAN celebrated its 40th anniversary and 30 years of the U.S.-ASEAN Dialogue. Yet until recently, the relationship between the United States and the region was based mainly on bilateral ties. From a strategic perspective, individual countries enjoyed strong support from the United States for their role in containing communism during the Cold War, but ASEAN itself received little direct attention. Once the widening of ASEAN to its logical geographical limits was completed in the 1990s, ASEAN turned to economic deepening in the context of serious, “holistic” regional integration.

There are many obstacles to achieving the AEC, including sovereignty issues, lack of strong leadership from any single entity, and vested interests fearful of integration.

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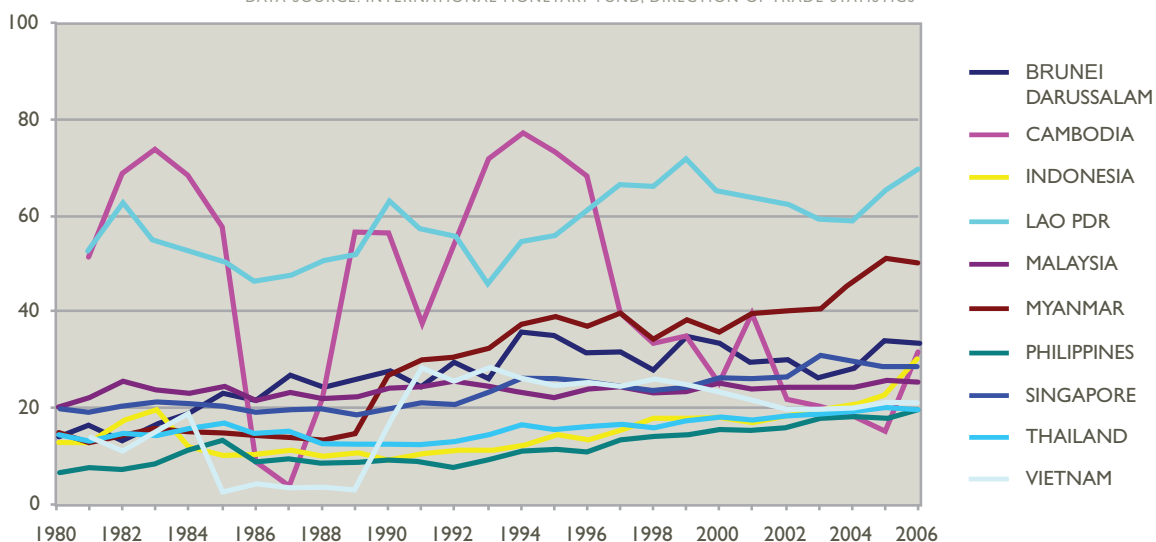
However, greater economic integration is in the interest of ASEAN member countries and the United States. As ASEAN is becoming institutionalized, the time is right for the United States to build direct relationships with it. There are several major reasons for doing so.

1. ASEAN integration will enhance mutually beneficial ties with the United States. ASEAN itself is becoming more integrated and open. Intraregional trade as a percentage of total trade was modest (18 percent) a quarter-century ago but increased by 50 percent from 1980 to 2006 (figure 1). Average tariffs plummeted below 10 percent in 2005, placing them among the lowest in the developing world, and openness to the global economy has increased dramatically (table 1).

U.S. economic interactions with ASEAN are significant and rising. Trade with ASEAN (\$169 billion in 2007 as shown in table 2) represents 5.4 percent of total U.S.

figure #1: INTRA-ASEAN TRADE SHARE OF MEMBER COUNTRIES
% of total trade, 1980 to 2006

DATA SOURCE: INTERNATIONAL MONETARY FUND, DIRECTION OF TRADE STATISTICS



*table #1: COMPARATIVE ECONOMIC INDICATORS:
ASEAN, China, and India*

Area	Per Capita GDP (US\$ at PPP, 2007)	Population (millions mid-2008)	Openness	
			1984	2007
ASEAN	\$5,960	584	0.28	0.70
China	\$4,300	1,330	0.10	0.38
India	\$2,200	1,148	0.05	0.29

SOURCES: THE WORLD FACT BOOK, AVAILABLE AT [HTTP://WWW.CIA.GOV/](http://www.cia.gov/) (ACCESSED FEBRUARY 2008); U.S. CENSUS BUREAU, MID-YEAR 2008 POPULATION DATA, AVAILABLE AT [HTTP://WWW.CENSUS.GOV/](http://www.census.gov/); ASEAN SECRETARIAT, SELECTED BASIC ASEAN INDICATORS, TABLE 1 AND TABLE 2, AVAILABLE AT [HTTP://WWW.ASEANSEC.ORG/](http://www.aseansec.org/). EXPORT AND GDP DATA FOR CHINA AND INDIA ARE TAKEN FROM THE CONGRESSIONAL RESEARCH SERVICE, [HTTP://WWW.FAS.ORG/](http://www.fas.org/) AND THE WORLD BANK, [HTTP://WEB.WORLDBANK.ORG/](http://web.worldbank.org/).

NOTES: OPENNESS IS DEFINED AS THE VALUE OF EXPORTS EXPRESSED AS A PERCENTAGE OF GDP. ASEAN OPENNESS DATA ARE FOR 2006.

trade. Given ASEAN's modest share of world trade, this U.S.-ASEAN trade is about four times what would be expected. These numbers are likely to grow: ASEAN's development is trade-led and rapid; its GDP grew by over 6 percent in 2007 and is expected to continue at that rate in 2008, despite the global slowdown. U.S. trade with ASEAN is four times U.S. trade with India. U.S. exports to ASEAN and China are about equal, but on a per capita basis, ASEAN buys twice as much from the United States as China does. U.S. imports from China are about three times as high as those from ASEAN.

ASEAN is also a key location for the world's multinational corporations and hosts \$99 billion in U.S. investment (table 2). While China and India receive tremendous media attention, in 2006 U.S. foreign direct investment (FDI) in Singapore alone was almost three times the amount in China and almost seven times the amount in India. Given ASEAN's focus on trade and investment liberalization, its integration will make the region even more attractive as a destination for FDI, since it will facilitate the development of vertically integrated production networks.

2. ASEAN integration will support U.S. global policy.

ASEAN integration has always focused on outward-orientation, particularly in recent years. Although trade among members has grown significantly over the past two decades (to 27 percent in 2007), almost three-fourths of ASEAN trade is with the outside world. ASEAN has not,

however, been a force in international organizations, in large part because of the diversity of its member states and its lack of central institutions. The cost of disunity has been high; for example, the stakes for ASEAN at the Doha Development Agenda negotiations are great, but its influence at the last round of (unsuccessful) talks (July 2008) was negligible. The AEC will change this, creating a new voice for global liberalization and (importantly) for openness in Asia's new regional forums.

3. ASEAN integration will stabilize a strategically important region. Economic integration will positively affect several important strategic interests of the United States. ASEAN countries are critical allies in the "war on terror," and some have long-standing (albeit low-level) insurgencies. U.S. assistance in confronting these problems can be accomplished at both local and regional levels. A strong AEC will also increase ASEAN's potential leverage—and willingness to exercise that leverage—over Myanmar. The United States is rightly concerned about civil and other liberties in Myanmar, but the U.S. economic and strategic relationship with ASEAN should not be held hostage by the *junta*. In addition, integration will make the region safer by reducing development gaps and associated tensions

*table #2: U.S. ECONOMIC PARTNERSHIP WITH ASEAN:
Trade and investment (US\$ billion)*

Country/ Region	U.S. Trade (2007)		U.S. FDI Abroad (stocks, 2006)
	U.S. Exports to	U.S. Imports from	
Brunei	0.1	0.4	0.0
Indonesia	4.2	14.3	10.6
Lao PDR	0.01	0.02	—
Malaysia	11.7	32.8	12.5
Myanmar	—	—	—
Philippines	7.7	9.4	7.0
Singapore	26.3	18.4	60.4
Thailand	8.4	22.8	8.2
Vietnam	1.9	10.6	0.3
Total ASEAN	60.4	108.7	99.0
China	65.2	321.5	22.2
India	17.6	24.0	8.9
World	1,163	1,954	2,384

SOURCES: FOR TRADE, U.S. CENSUS BUREAU, FOREIGN TRADE STATISTICS, AVAILABLE AT [HTTP://WWW.CENSUS.GOV/](http://www.census.gov/). FOR FOREIGN DIRECT INVESTMENT (FDI), BUREAU OF ECONOMIC ANALYSIS, AVAILABLE AT [HTTP://WWW.BEA.GOV/](http://www.bea.gov/).

NOTES: COMPLETE DATA ON FDI IN THE LAO PDR AND MYANMAR ARE UNAVAILABLE. THERE IS CURRENTLY NO TRADE WITH MYANMAR UNDER THE U.S. EMBARGO.

within ASEAN, as captured in the Blueprint's emphasis on "equitable economic development."

4. ASEAN integration will help balance the economic power of China and India. The rise of China and India as global economic superpowers is creating tensions globally and in Asia. The role of these large economies is potentially very positive—in effect, they are new locomotives for global economic growth—but their emergence will require adjustments worldwide. Individually, ASEAN countries are, perhaps, too small to be important players in the economic and security game, but as an integrated group of more than half a billion people, they would be in the "major league." The rise of ASEAN as an economic power—with advantages in production and scale similar to those of China and India—will help to bring greater symmetry and balance to managing this important period of transition. ASEAN can be particularly effective given its central role in regional organizations such as APEC (Asia-Pacific Economic Cooperation), ASEAN+3 (ASEAN with China, Japan, and South Korea), and the East Asian Summit.

RECOMMENDATIONS FOR A PROACTIVE U.S. APPROACH TO ASEAN

All this suggests that the United States has powerful reasons to support the development of ASEAN and to deepen relations with it. The details of the AEC will become clearer in the next few years. In the meantime, the United States can take important steps.

1. Pursue an active U.S.-ASEAN strategy. The foundations for the ASEAN-U.S. partnership are in place. The Enhanced Partnership Plan of Action, signed by Secretary Rice and ASEAN's foreign ministers in July 2006, envisions cooperation in the political/security, economic, and social and educational areas. The creation of the post of a U.S. Ambassador to ASEAN was a major step signalling U.S. recognition of ASEAN's significance. The Enterprise for ASEAN Initiative (EAI) of 2002 sets out terms for possible bilateral free-trade areas (FTAs) between the United States and ASEAN. And the U.S.-ASEAN Trade and Investment Framework Agreement (TIFA) of 2006 provides a means for discussing trade and investment links. All these offer

“Effective FTAs with ASEAN need to be a U.S. priority.”

important opportunities for enhancing economic integration with ASEAN, but need vigorous follow-up (see Naya and Plummer 2005 in “Further Reading”). So far, the United States has an FTA only with Singapore. Its negotiations with Malaysia and Thailand are stalled, and there are no immediate plans for negotiations with other ASEAN countries.

Effective FTAs with ASEAN need to be a U.S. priority. China and South Korea have in place FTAs with ASEAN, and India, Australia/New Zealand, and most recently the European Union are in negotiations. At the moment, the individual commercial policies of Southeast Asian countries are too varied for a serious U.S.-ASEAN FTA to be feasible. Nevertheless, several countries are ready for effective agreements, and their template—specifically based on the U.S.-Singapore FTA—could pave the way for ASEAN-wide efforts. Two steps for the United States are therefore recommended.

First, commence negotiations with all remaining ASEAN countries by 2010. Almost all ASEAN countries have a TIFA with the United States. Two have something similar: the Lao People's Democratic Republic (Lao PDR) has a bilateral trade agreement, and Indonesia has a Trade and Investment Council. (Myanmar alone has no agreement and would be excluded from negotiations if political conditions there remain unacceptable.) Early negotiations on FTAs with nine ASEAN countries are therefore feasible, but will require an approach that makes them politically viable in the United States and ASEAN.

Second, plan to create an ASEAN-U.S. Economic Space by 2020. A systematic framework to deepen FTAs, to expand their coverage, and to remove additional obstacles to

economic links between the United States and ASEAN would provide a long-term context for deepening economic relations. By 2020, the AEC will be operational, making it possible to develop a framework for a mature economic relationship.

2. Intensify U.S.-ASEAN cooperation on global economic issues. The strategic and economic interests of the United States span the world. As a stable, prosperous, and friendly region, Southeast Asia has received less attention than many others. As a united region, it will have much more influence than it does now. Just as a squeaky wheel needs oil, a well-running machine needs lubrication. The United States and ASEAN countries should hold a regular summit—perhaps consisting of senior ministers in some years—to confirm the importance of their partnership. Media reports from the 2007 APEC Leaders Meeting, attended by President Bush, suggested that such an invitation might be extended to the ASEAN leaders, but thus far nothing has been announced.

This approach could help the United States and ASEAN coordinate their positions in the World Trade Organization (WTO), APEC, and in other regional organizations, and mount joint global and regional initiatives as needed.

ASEAN Expands

Original Members, 1967

Indonesia, Malaysia, the Philippines, Singapore, and Thailand

First Enlargement, 1984

Brunei Darussalam

Second Enlargement, 1995

Vietnam

Third Enlargement, 1997

Lao People's Democratic Republic and Myanmar

Fourth Enlargement, 1999

Cambodia

It might also lead to the creation of ASEAN-U.S. “task forces” to promote mutual interests. In WTO issues, for example, where the current Doha Development Agenda is blocked by purported differences between developing and developed countries, an ASEAN-U.S. Task Force could be particularly influential. Of course, ASEAN and the United States need to remain staunch allies in fighting terrorism and in confronting other crises in the region and beyond.

3. Improve U.S.-ASEAN relationships through “soft power.” A solid U.S.-ASEAN relationship will require the full engagement of civil society. The Enhanced Partnership agreement envisions such cooperation in social and educational affairs. But much more can and should be done across all dimensions of society: science and engineering, the professions of law, management and medicine, business and nongovernmental organizations, and sports. Activities should target people-to-people connections (including by electronic means) to build relationships and trust throughout society.

To serve these and many other important ends, ASEAN and the United States should establish a substantial U.S.-ASEAN Partnership Fund, providing support for a wide range of programs, projects, and activities. These might include joint environmental and technological projects, poverty-reduction programs, scholarships, related university programs, cultural exchanges, and other projects articulating mutual priorities. The fund should be supported by governments, and even more so by the private sector. It should be managed—independently of governments—by an international committee of distinguished citizens.

Over the last four decades, Southeast Asia has been transformed from a region of strife and poverty to one of progress and spreading democracy. Much still remains to be done, but ASEAN’s “coming of age” is a historic milestone. The region’s extraordinary achievements deserve praise and celebration, and a forceful commitment of U.S. support for ASEAN’s new mission.

ASEAN-U.S. Cooperation in Building the ASEAN Economic Community



SCOT A. MARCIEL
*Deputy Assistant Secretary for Southeast
Asia and Ambassador for ASEAN Affairs*

Michael Plummer makes a persuasive case for U.S. cooperation and support in building the ASEAN Economic

Community. I agree with his comments on the importance of ASEAN and the value of building a stronger U.S.-ASEAN relationship. I would like to reinforce some of his points, by describing what the United States is doing to support the ASEAN Economic Community and adding some comments. But most importantly, I want to describe how much the United States is already doing in cooperation with ASEAN. This support from the United States has not been fully recognized outside a fairly small group of officials and others directly working on our cooperative programs, so I am very pleased to be able to describe some of this work here.

The United States has been supporting ASEAN's current integration programs since 2002, when Secretary Colin Powell announced the ASEAN Cooperation Plan. Under that plan, the Department of State and other agencies undertook a renewed program of cooperation to support ASEAN's own Initiative for ASEAN Integration and its Vientiane Action Programme. We had valuable programs to address disaster management, health, the environment, and a range of economic issues such as standards and intellectual property rights. In fact, one of those activities was State Department support for work by Michael

Plummer and Seiji Naya on the Enterprise for ASEAN Initiative (see "For Further Reading").

The United States greatly increased its cooperation with ASEAN when, in 2005, President Bush and ASEAN leaders announced their Joint Vision Statement on the ASEAN-U.S. Enhanced Partnership.

An important benchmark under the Enhanced Partnership was the signing of the Plan of Action by Secretary Rice and ASEAN Foreign Ministers in July 2006. The plan called for the development and implementation of 164 actions and programs between ASEAN and the United States, and work has been completed or is ongoing on over a hundred of them. Examples of importance to both ASEAN and the United States include:

- The establishment of the ASEAN Wildlife Enforcement Network, which has provided training to rangers, the judiciary, and policy officials. In May 2008 alone, five major seizures in ASEAN countries of illegal wildlife and forestry products have resulted from this training.
- The first four participants in the ASEAN Fulbright Visiting Scholars Program will begin their work in the United States in September 2008.

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- Hundreds of parliamentarians, prosecutors, lawyers, judges, policymakers, regulators, enforcement officers, and business persons from ASEAN have participated in capacity-building and other training activities to improve intellectual property rights administration and enforcement.
- Workshops on industrial standards to increase understanding and cooperation on this issue, which is of growing interest to both the governments and the U.S. private sector.
- Training on disaster management, which will help ASEAN officials respond to natural and artificial disasters throughout the region.

The State Department and the U.S. Agency for International Development (USAID) have launched a new program of cooperation under the ASEAN-U.S. Enhanced Partnership called ADVANCE (ASEAN Development Vision to Advance National Cooperation and Economic Integration). This program supports ASEAN's goal of establishing a peaceful, prosperous, and stable community of nations—the ASEAN Community—by 2015, a goal which the United States supports. ADVANCE involves several U.S. government agencies and partners outside government. Funding for fiscal year 2007 was about \$7 million from the State Department and USAID. The program is designed to run for eight years to match ASEAN's time frame for achieving the ASEAN Community. USAID recently launched three regional programs under ADVANCE:

- The ASEAN-U.S. Technical Assistance and Training Facility. This Facility, located in the ASEAN Secretariat, organizes and produces policy studies, assessments, training, technical assistance, and other activities in nine areas defined by ASEAN as priorities.
- The ASEAN Single Window Program. This program supports the development and implementation of a clearance system enabling a single submission and processing of customs data, and a single point

of decision making in clearance. This is a major element in the creation of the ASEAN Economic Community. The ASEAN Secretariat notes that intra-ASEAN container shipments can require up to five days to clear customs; ASEAN's goal is to reduce this to an average of 30 minutes under the Single Window.

- The Regional Supply Chain/Competitiveness Program. This program promotes regional market integration for the development of ASEAN as a unified, competitive market able to attract increased foreign and domestic investment.

We are working with ASEAN now to define areas of future cooperation covering the other two pillars of the ASEAN community—political-security and social-cultural—and also to expand our work together on key regional and global issues. This is a relationship that already is strong, and we see tremendous opportunities to expand it.

The American-ASEAN Relationship



KISHORE MAHBUBANI
Dean, Lee Kuan Yew School of Public Policy, National University of Singapore and former Ambassador to the United Nations from Singapore

American policymakers sadly underestimate the value of ASEAN to American long-term interests. President George W. Bush abruptly cancelled his participation in the 2007 U.S.-ASEAN Summit, which celebrated 30 years of U.S.-ASEAN partnership, in favor of a 24-hour photo op in Baghdad. American Secretaries of State have frequently skipped the annual ASEAN ministerial meetings. These decisions reflect a complete misunderstanding of the standing and value of ASEAN to the international community.

To understand the value of ASEAN, it is important to understand the three modern miracles ASEAN has performed. At the end of the Cold War, if anyone were called upon to predict whether war would break out in the Balkans of Europe or in the “Balkans of Asia” (namely, Southeast Asia), most people would have predicted Asia rather than Europe. Instead, the opposite happened. While the Balkans of Europe erupted into a frenzy of killing, Southeast Asia enjoyed a sweet patch of peace and prosperity. Despite the decade-long tension between Vietnam and ASEAN (over the Vietnamese invasion and occupation of Cambodia), ASEAN was able to peacefully engineer the entry of Vietnam into ASEAN in July 1995. The first modern miracle of ASEAN is that it has ensured that no two ASEAN states have gone to war with each other since ASEAN was created.

What makes this achievement truly remarkable is that the Balkans of Asia are far more diverse in culture, religion, ethnicity, and history than the Balkans of Europe. There is no shortage of bilateral tension between any two ASEAN neighbors. Conflicts could have erupted over territorial and other disputes. Instead, ASEAN secured peace in a geopolitically vital region. Given long-term American interests in a peaceful and stable Southeast Asia, ASEAN is doing the job at no cost to the American taxpayer. Valuable sea lanes and air-traffic routes remain at peace without a massive and active American military presence, in contrast to the Persian Gulf.

The second miracle of ASEAN has been to foster close economic and social cooperation. Here again, if anyone had looked all over the Third World, from Latin America to the South Pacific, few people would have predicted that the most successful regional economic cooperation outside the European Union would be achieved in Southeast Asia. Intra-ASEAN trade has grown from \$123.8 billion in 1995 to \$352.8 billion in 2006. ASEAN has also agreed to implement the ASEAN free-trade area in 2015 for the original six members and in 2018 for the remaining countries.

Equally important, ASEAN holds more than 700 meetings each year. These regular meetings have, over the years,

“The greatest beneficiary
of geopolitical stability
in East Asia is America.”

created a culture of *musyawarah* and *muafakat* (consultation and consensus). Having attended the initial ASEAN meetings in 1971, which were full of suspicion and distrust, I can personally attest to the enormous change in the chemistry and tone of ASEAN meetings. Other regions of the world, including the Middle East and South Asia, could learn valuable lessons from ASEAN on how to overcome distrust. America could encourage this learning by holding ASEAN up as the model to emulate.

The third miracle of ASEAN is the geopolitical centrality it has achieved in Asia—the region where the largest number of new powers is emerging. Normally, the emergence of great powers is accompanied by rising tension and conflict. Instead, the opposite is happening. Many factors explain this. One key factor is ASEAN’s ability to provide the only political platform where new powers can meet and engage with each other. Tensions were rife between China and Japan in 1998, partly as a result of President Jiang Zemin’s visit to Japan, during which he bluntly criticized Japan’s wartime atrocities during an official banquet attended by Emperor Akihito. The ASEAN+3 (China, Japan, and South Korea) meeting in Hanoi later that year, provided a face-saving platform for the Chinese and Japanese leaders to meet and build bridges. Similarly, India’s emergence as a new great power has been delicately managed by ASEAN through the creation of the East Asian Summit.

Paradoxically, the greatest beneficiary of this geopolitical stability in East Asia is America. With its hands tied by looming foreign policy failures in Iraq, Afghanistan, and the Middle East, America can hardly afford to handle major new geopolitical tensions in East Asia. By contributing to geopolitical stability in this region, ASEAN

serves many vital American interests. Yet, while ASEAN has clearly risen as a geopolitical priority in the eyes of China, Japan, and India, it remains a low priority in the United States. The thinking of some key U.S. policymakers is still clouded by old mental maps of ASEAN's geopolitical value. The time has come for Washington to carry out a major reevaluation. Once Washington finally understands the vital importance of ASEAN, it will also understand America's vital interest in the success of the ASEAN Economic Community. Good geopolitical management is the vital foundation for long-term economic cooperation.

Revitalizing ASEAN Competitiveness



CHALONGPHOB SUSSANGKARN
Minister of Finance of Thailand (2007)
and President, Thailand Development
Research Institute (1996–2007)

ASEAN integration was among the ideas presented in a meeting at the Thailand Development Research Institute (TDRI) toward the end of the 1980s. TDRI was hosting a ministerial-level business delegation from West Germany, and the meeting was attended by TDRI trustees (including policymakers and business leaders) and senior staff. The forceful message from the German delegation was that ASEAN should integrate into a single market, to make it a more attractive destination for foreign investment. Europe's experience was cited to stress the importance of size and economies of scale. The idea struck me as something to think about for the distant future. Nevertheless, it made a strong impression on me and shaped the way I have viewed ASEAN economic integration ever since. I cannot say to what extent the meeting influenced Mr. Anand Panyarachun, who was among the TDRI trustees. But in 1991, after becoming prime minister, he proposed the idea of the ASEAN Free Trade Area (AFTA), which was endorsed by the other ASEAN leaders at the Fourth ASEAN Summit in Singapore in January 1992.

Implementing AFTA became the main economic pre-occupation of ASEAN during the first part of the 1990s. Since almost all ASEAN economies were performing very well and attracting global attention, no serious thought was given to economic integration beyond AFTA. A couple of events changed that. The first was the economic crisis that hit the region in 1997, and the second was the rapid emergence of China in the global production network.

The crisis showed that ASEAN economies still had many fundamental weaknesses, and were not as strong as previously thought. The emergence of China raised many questions about ASEAN competitiveness. China quickly replaced ASEAN as the focal point for foreign direct investment (FDI) and as the manufacturing hub for labor intensive products to feed the world market. In fact, even though the crisis gave some breathing room to many ASEAN industries in the form of large depreciations of ASEAN currencies, particularly against the Chinese yuan, China's exports increased much faster than ASEAN's after the crisis. In 2004 China's exports overtook ASEAN's in value for the first time, and by 2007 exceeded them by more than 50 percent.

The message for ASEAN from the emergence of China is clear. Size does matter. In bolstering its competitiveness, ASEAN needs integration beyond AFTA, to reduce the costs of doing business in ASEAN and to make the region more attractive for foreign investment. Without this change, there is a real danger that each ASEAN economy will become marginalized.

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I believe that the challenge from China was the key push factor that led ASEAN leaders to seriously consider further ASEAN integration. At the Ninth ASEAN Summit (Bali, October 2003), the leaders agreed on 2020 as the target for the ASEAN Economic Community (AEC). The date was moved forward to 2015 at the Twelfth ASEAN Summit (Cebu, January 2007), and the AEC Blueprint was adopted at the Thirteenth ASEAN Summit (Singapore, November 2007), where the ASEAN Charter was also signed.

Greater ASEAN integration to revitalize competitiveness is also important for ASEAN's traditional trade and investment partners, such as the United States. I am in full agreement with Plummer that the United States will benefit from and should promote successful ASEAN integration. Remember that the stock of U.S. FDI assets is still far larger in ASEAN than in China. A revitalized

ASEAN will add value to these assets as well as provide further opportunities for U.S. companies in the future. At the same time, ASEAN still needs strong relationships with the United States—both economic and in terms of security. U.S. engagement in ASEAN integration will therefore bring mutual benefits.

Plummer has suggested excellent initiatives that the United States can take to further engage ASEAN. To these I would like to add policy research networking, as a means of pushing forward mutual engagement. After the crisis, much policy research networking emerged in East Asia, and ideas and debates arising from these networking activities have shaped many aspects of East Asian integration. Similar networking among policy research organizations in ASEAN and the United States should be equally productive for future U.S.-ASEAN engagement.

for Further Reading

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In this issue of the East-West Dialogue, *How (and Why) the United States Should Help to Build the ASEAN Economic Community*, Michael G. Plummer calls for ambitious new initiatives, leading to a U.S.-ASEAN Economic Space and a U.S.-ASEAN Partnership Fund to deepen civic and cultural ties. These ideas are expanded in commentaries by Scot A. Marciel, Kishore Mahbubani, and Chalongphob Sussangkarn.

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