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From the CAG Team

ASEAN's Vision, Challenges and the Way Forward

By Denis Hew



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The *ASEAN Bulletin* is published quarterly by the Centre on Asia and Globalisation at the National University of Singapore's Lee Kuan Yew School of Public Policy. It seeks to bring together a key summary of current news articles, reports, events, and academic publications produced in English on the three pillars of the ASEAN Community - the ASEAN Political-Security Community (APSC), the ASEAN Economic Community (AEC), and the ASEAN Socio-Cultural Community (ASCC).

It gives me great pleasure to introduce the first issue of the ASEAN Bulletin. This periodical, which will be published quarterly by the Centre on Asia and Globalisation (CAG), aims to increase public awareness about ASEAN. The bulletin will include commentaries, key developments and events as well as recent publications on ASEAN. By sharing up-to-date information, we hope that the ASEAN Bulletin will better inform regional policy-makers, businesses, civil societies, academics and other stakeholders on pertinent policy issues affecting the region. ASEAN is one of the world's most successful regional organisations. Since its establishment on 8 August



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1967, ASEAN has over the years transformed to become a vibrant and economically dynamic region. In 2022, the combined GDP of its ten-member states reached US\$3.6 trillion making ASEAN the fifth largest economy in the world.

Although the region, like the rest of the world, was affected by the Covid-19 pandemic, ASEAN economies have proven to be quite resilient with GDP growth gradually recovering from a contraction of 3.7 percent in 2020 to 3.8 percent and 5.6 percent in 2021 and 2022 respectively. Most recent estimates from the ASEAN+3 Macroeconomic Research Office (AMRO) expect ASEAN's economic growth to pick-up from 4.8 percent in 2023 to 4.9 percent in 2024.

Given the region's open and business-friendly environment, ASEAN has been a magnet for foreign direct investments (FDI) over the past few decades. This is most evident by the establishment of extensive manufacturing supply chains by multinational corporations throughout the region. In 2022, ASEAN attracted US\$225.8 billion in FDI, a 6 percent increase from the previous year.

What is ASEAN's vision?

According to the ASEAN Community 2025, the region is envisioned to be a peaceful, stable and resilient Community which is outward looking regionally well connected and economically highly

integrated. Building on an earlier ASEAN Vision 2020, the ASEAN Community comprises three strategic pillars:

(I) the ASEAN Political-Security Community (APSC) which aims to strengthen security/defense and political cooperation among member states and collectively contribute to global peace, security and stability;

(II) the ASEAN Economic Community (AEC) which focusses on deeper economic integration among member states as well as with the global economy (through free trade and economic partnership agreements);

(III) and the ASEAN Socio-Cultural Community (ASCC) that promotes cultural cooperation and social development in the region.

ASEAN Centrality lies at the heart of the community-building process and the operationalisation of this vision (through implementation blueprints).

It is the guiding principle that keeps ASEAN at the core of regional cooperation and integration efforts as well as its engagement with external partners. ASEAN Centrality is also used as a framework to address the region's traditional and non-traditional security challenges including territorial disputes in the South China Seas, pandemics, natural disasters, climate change as well as human security issues.

ASEAN policy-makers are currently in the midst of drafting a new vision post-2025 which will likely build on the current vision while incorporating new elements that takes into account of emerging trends and challenges. It is most certain that ASEAN's three strategic pillars and ASEAN Centrality will continue to be embedded in the new vision document.

What are the challenges that lie ahead?

Against the backdrop of an increasingly hostile global landscape due to rising geopolitical tensions, ASEAN's efforts to integrate their economies and create a stronger regional community will become more challenging. At the national level, there is also a risk that domestic issues or problems will over-ride regional ones. Rising trade protectionism in recent years reflects such risk.

The Covid-19 pandemic had also increased poverty levels and income inequality in the region, resulting in wider development gaps among ASEAN member states. Hence, there is a need to formulate more inclusive policies - that cover economic, social and financial inclusion - to ensure that the most vulnerable segments of the region's populations are not left behind. Globally, there are challenges arising from megatrends that will make the implementation of regional initiatives more difficult. These megatrends include accelerated digitisation/AI adoption, rapid urbanisation, demographic trends (ageing populations) and climate change/

environmental challenges. The region also faces a number of pre-existing challenges that needs to be addressed including low productivity, weak monitoring and enforcement mechanisms (to ensure compliance of ASEAN agreements) as well as slow progress in implementing regional initiatives at the national level.

It is worth noting that many of the issues discussed are cross-cutting in nature and require cross-sectoral, even cross-pillar coordination, in order to address them effectively. Moving away from ASEAN's usual "top-down" approach of doing things and involving other relevant stakeholders, particularly the private sector, in the design of regional projects would instill a stronger sense of ownership and improve chances of successful implementation. Having open channels of communication to all relevant stakeholders that increases public awareness of regional initiatives would also be crucial.

What is the way forward for the region?

Looking ahead, it is no longer business as usual for ASEAN policy-makers - policies that worked well in the past may not be as effective in the future. They need to be more open to innovative new approaches to regional integration and consider strengthening the institutional capacity of existing ASEAN institutions and frameworks.

On the future of economic and security cooperation, ASEAN should adopt its ASEAN Outlook on the Indo-Pacific (AOIP) strategy as a means to engage with the US and China as well as among member states with its dialogue partners. ASEAN Centrality and the AOIP are useful policy approaches that could help ASEAN steer and shape the evolving regional architecture to its advantage.

Bridging the divide among ASEAN member states in terms of political, economic and social developments while building-in more inclusivity in policy-making will continue to pose a serious challenge for the region in many years to come. In this light, we hope that the ASEAN Bulletin - which is structured along ASEAN's three strategic pillars (APSC, AEC and ASCC) – will provide useful information and insights to address the challenges ahead.

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