

The Development of ASEAN

Leszek Buszynski

Working Paper No.8

April 1999

**Leszek Buszynski is Director of the IUJ Research Institute,
International University of Japan.**

As a successful regional organisation ASEAN now ironically faces the challenge of relevance. ASEAN confronts a multitude of problems and issues which are beyond the organisation's original scope and function and which will test the organisation's viability. ASEAN evolved as a diplomatic co-ordinating body that brought together the foreign ministers of initially five, then with the addition of Brunei in 1984, six countries which mainly dealt with foreign policy issues.¹ The attempt to engraft economic functions onto the organisation starting in 1977 was unsuccessful as member economies, Singapore excepted, were protectionist to varying degree. ASEAN remained until the end of the Cold War essentially a diplomatic grouping. As the organisation was prompted to develop additional functions in response to the demands of the post-Cold War era its ability and capacity to adjust was put to the test. ASEAN has begun to shoulder functions that it cannot implement on its own in which case the question arises of its future role. Four developments will be noted here.

First is the expansion of the organisation from the original five members to the current nine in pursuit of the vision to embrace all ten countries of Southeast Asia. Initially, ASEAN had included states with stable political systems which for the most part had overcome the problem of domestic instability before joining the organisation. The expansion of the organisation led it to include countries with fragile or unstable political systems which would pose difficult dilemmas for the future. The organisation would face the challenge of managing instability in its new members for which it has been unprepared. Second is the assumption of an economic purpose as the rationale for the organisation and a basis for its cohesion and survival. ASEAN had adopted economic co-operation as a means of endowing the organisation greater cohesion and to promote collective prosperity under conditions of globalisation. As ASEAN economies opened up to international markets they became vulnerable to their vicissitudes which facilitated the outbreak of the unprecedented currency crisis of late 1997. Third, is the

expansion of its security functions under new regional conditions since the termination of the Cold War. ASEAN cannot adequately cope with the security issues faced by the region when they involve major extra regional actors which are unaccountable to ASEAN for their actions. Fourth, is the development of extra regional linkages with organisations and groups of states outside the region for diplomatic, economic and security purposes. These linkages have been developed in response to the particular inadequacies of the regional organisation in recognition that alternative and complementary arrangements would be required. ASEAN as a regional organisation has been compelled to formulate a response to the fundamental challenge of relevance as illustrated by these developments.

ASEAN was created as a single function or simple regional organisation whose principal activity was to co-ordinate the diplomatic responses of its members over the issues of the time. Attempts to endow the organisation with an economic purpose after the Kuala Lumpur summit of August 1977 were initially unsuccessful and it retained its essentially single function character until the end of the Cambodian conflict. ASEAN developed a mechanism for interacting with external actors through the annual Post Ministerial Conference [PMC] but it remained basically a coordinating diplomatic body. Since then ASEAN has been confronted by the challenges outlined above which will compel it to develop a multi-level and multi-functional structure that would make it a more complex organization. ASEAN has discarded its single function identity and is germinating a multi-functional character as it responds to diverse needs. ASEAN has demonstrated the features of a complex form of regionalism as it develops various functions, simultaneously developing into a vehicle for economic integration while enhancing its role as a common security grouping and expanding its diplomatic co-ordinating functions in new areas.

The expansion of regionalism

The expansion of the regional organisation results in impaired cohesion as it includes states that were not included in the integrative processes of the 1970s and 1980s and are consequently less committed to the organisation. The original ASEAN five had a common commitment to organisational unity and viability because they were founding members. New members were added to an organisation whose ethos and working style has been forged without their participation, and in some cases without their sympathy. ASEAN's cohesion and consultative operating procedures were a product of two major events in regional history which shaped and conditioned regional behaviour and expectations. The first was Indonesia's confrontation of Malaysia or *konfrontasi* which was pursued by Sukarno from January 1963 to August 1966. The second was the Vietnamese occupation of Cambodia from December 1978 to September 1989.

The experience of *konfrontasi* was a traumatic event in the 1960s and reinforced the dangers of regional instability which could be exploited by external powers. For the smaller regional states *konfrontasi* stressed the importance of a stable Indonesia and one that is committed to regional stability. For Indonesia the experience demonstrated the importance of responsible behaviour towards neighbours, the absence of which would push them towards external powers for support and protection. Maritime states of the region that were traumatically affected by this period of instability developed an understanding amongst themselves to respect each other's foreign policy interests which subsequently became the basis of an ASEAN code of conduct. That code was expressed in Article 4 of the Treaty of Amity and Co-operation signed on 24 February 1976 that prohibited interference into each other's internal affairs. This understanding was later extended to cover new members of the organisation without the same domestic conditions which placed this accepted code of conduct under some strain.

The second event which defined the organisational ethos was the Cambodian issue which arose when Vietnam occupied Cambodia in response to a deteriorating relationship with China. Tensions developed between two groups within ASEAN in relation to the appropriate strategy over the crisis. One group included the hard-liners, Thailand and Singapore, which wanted to see the complete withdrawal of Vietnamese forces from Cambodia and sought to marshal maximum diplomatic pressure upon Vietnam for this purpose. The second group included Indonesia and Malaysia which were more inclined to compromise with Vietnam over this issue to ensure that China would not benefit from a Vietnamese defeat. Thailand's position over this issue was particularly irritating to Indonesia as it was perceived to make little allowance for Vietnamese security concerns to which Indonesia was considerably more sensitive. The fact that tensions between these two groups did not break out into open polemics which could have endangered the unity of the organisation showed the extent to which members were committed to the maintenance of organisational unity. These issues contributed to the formulation of organisational behaviour and the recognition within ASEAN of the importance of maintaining the corporate interest. The original members of the organisation have been through a period of socialisation into the organisational ethos which has strengthened their commitment to regional conflict resolution procedures, and to the non-interference principle in particular.

ASEAN's expansion was driven by three factors which did not necessarily take account of the problems of accommodating states with diverse experiences and backgrounds into one organisation. First was the visionary factor in that Indonesian leaders had habitually regarded ASEAN as incomplete without the inclusion of all of Southeast Asia, mainland as well as maritime sections. Second was the security factor in that a united Southeast Asia would be a barrier to external penetration of the region. Indonesian leaders were particularly concerned about China during the 1980s and framed

their vision of a united Southeast Asia in terms of the exclusion of Chinese penetration. Third was the economic factor in that Southeast Asia could present a market of some 500 million people for local industries seeking alternative markets to those of the US, Japan and the European Community. ASEAN's new and candidate members had domestic problems of their own and in which case the principle of non interference was placed in question. Neither could they be expected to display the same sense of commitment to the regional organisation as the original members in which case tensions and conflicts would be the result.

Myanmar

Myanmar's membership of ASEAN which was formalised at the 30th anniversary Annual Ministerial Meeting of Foreign Ministers [AMM] in Kuala Lumpur in July 1997 has created particular difficulties for the organisation. ASEAN maintained a positive image of itself within the West during the Cold War as a community of developing states committed to the free market and opposed to Communism. When ASEAN leaders began to call for Myanmar's membership of the organisation to bring the process of regionalisation to completion the prospect arose of ASEAN including as a member a rogue state and a major violator of human rights. The Western world was outraged by the ruling State Law and Order Restoration Council [SLORC] which intervened to take power in Myanmar in September 1988, and which subsequently annulled the results of the May 1990 elections. The victor at those elections, leader of the National League for Democracy [NLD], Aung San Suu Kyi was placed under house arrest until her release in July 1995. As an organisation ASEAN cannot maintain smooth relations with the Western world while condoning the behaviour of SLORC and neither will it be at peace with its own human rights and democratic organisations. If ASEAN is to develop in stature as a recognised major actor the non-interference principle will have to be adjusted to accommodate human rights concerns.

The initial impetus for Myanmar's inclusion in ASEAN was Thai in origin as Thailand first developed the notion of the "constructive engagement" of Yangon out of concern for the border security. "Constructive engagement" was popularised by Thai foreign minister Arsa Sarasin in 1992 at a time when both Malaysia and Indonesia were opposed to SLORC because of the junta's treatment of the Muslim Rohingyas. Thailand's interest in "constructive engagement" was an outcome of Prime Minister Chatichai Choonhavan's policy of transforming Thailand into a regional centre by expanding economic and trade relations with neighbours. There was the expectation that SLORC's behaviour could be managed in the context of trade relations which would ensure security along the common border. Specifically, in terms of commercial benefit, Thailand on 2 February 1995 signed a contract for the construction of a 400 km pipeline connecting eastern Thailand with the Yadana gas fields in the Indian Ocean involving Total and Unocal. Thai government officials defended the project against criticism and described the Yadana fields as an important source of energy for the eastern provinces.²

Both Malaysia and Indonesia have been strong advocates of Myanmar's inclusion into ASEAN despite the earlier expressed reluctance. For both Mahathir and Suharto Myanmar's membership of ASEAN was part of the fulfilment of the vision of a united Southeast Asia in which case the issue of the domestic behaviour of the ruling regime was regarded as irrelevant. In addition, ASEAN leaders tended to be swayed by the argument that the military regime was essential for the unity of the country and without it the country would disintegrate into its constituent ethnic groups. This view was often expressed by Lee Kuan Yew, who believed that military rule under the circumstances was an unavoidable reality. There was also the concern that an isolated Myanmar would find no alternative to China as support in which case the Chinese strategic position in the region would be accordingly strengthened. As Singapore's Tommy Koh declared, an isolated Myanmar would have nowhere to go except "into the arms of China."³ After the proposal to include

Myanmar in ASEAN aroused international criticisms both Mahathir and Suharto became adamant that ASEAN should go ahead. In February 1997 Suharto visited Yangon and in a meeting with First Secretary of SLORC Khin Nyunt openly called for Myanmar's rapid entry into ASEAN. Ali Alatas explained that it was the common ASEAN position that the domestic situation within a country should not be a criterion for its membership of the regional organisation.⁴

The Western world expressed opposition to Myanmar's membership of ASEAN in varying degree. The US openly lobbied to prevent a consensus emerging within ASEAN in relation to Myanmar's membership. In April 1997 the US introduced a ban on investment in Myanmar which was applied to new investment and conveniently did not affect existing operations by US companies there. Objections were also voiced within ASEAN which removed all basis for characterising the opposition as entirely Western and therefore unsympathetic to Asian values in a way which Mahathir was inclined to do. In Malaysia the Muslim Youth Movement urged a delay in Myanmar's entry into ASEAN while Karen National Union [KNU] representatives within Thailand expressed their alarm over the easy acceptance of the ruling SLORC regime within ASEAN circles. Thailand's parliamentary House Committee on Foreign Affairs and human rights organisations within the Philippines and Thailand similarly protested.

ASEAN foreign ministers moved to incorporate Myanmar, Laos and Cambodia into the organisation by the time of the 30th anniversary of the founding of the organisation in August 1997. ASEAN was not to be deflected from the vision and in March Thai Foreign Minister Prachaub Chaiyasarn declared that the three new candidates could not be separated and would be admitted into the organisation together.⁵ After Myanmar's entry into ASEAN was formalised Malaysian Foreign Minister Abdullah Ahmed Badawi claimed that improvements in the Yangon regime would follow, he added that the written pledge of these new members to comply with the ASEAN Free Trade

Agreement was an important factor in the decision.⁶ Malaysia's Prime Minister Mahathir insisted that constructive engagement had produced results in bringing about reforms in Myanmar though the behaviour of SLORC had failed to create that impression in other observers. Nonetheless, as a concession to Western critics Badawi announced that the new members would not be assigned dialogue partners of which ASEAN had ten.⁷ This move would supposedly eliminate contact between Myanmar and Western dialogue partners of ASEAN but would relegate these new members into a second class category.⁸ ASEAN has been placed on the defensive in relation to Myanmar and its exclusion from the Asia-Europe Meeting or ASEM 2 in London in April 1998 indicates that the organisation will accommodate the Western world's views.

Cambodia

Cambodia posed particular problems for ASEAN in terms of its ability to meet the demands of membership as well as its political stability. Second Prime Minister Hun Sen explained in an interview that Cambodia had to participate in some 250 annual ASEAN meetings which required a greater number of English-speaking support staff than was available at the present. Other problems identified by Hun Sen included the need to adjust Cambodia's French legal system to the requirements of English-speaking ASEAN and the need to prepare the economy for the ASEAN Free Trade Agreement [AFTA].⁹ King Sihanouk claimed that excessive haste in entering ASEAN would bring Cambodia to bankruptcy. Sihanouk revealed that Cambodia derives some \$250 million annually from customs revenue which would be lost as a result of membership of AFTA unless some alternative were found.¹⁰ Hun Sen thought that ten years would be required to allow Cambodia sufficient time to prepare for AFTA. These issues were relatively minor and Cambodia's entry into ASEAN with Myanmar was anticipated when the country exploded into violence.

No sooner had ASEAN foreign ministers endorsed Cambodia's membership of ASEAN, which was to be formally approved by the 30th AMM in July 1997, when Cambodia plunged into civil war. Cambodia had been steadily sliding into instability since the tensions between the two co-premiers, Prince Ranariddh and Hun Sen escalated as a consequence of the defection of Khmer Rouge leader Ieng Sary and his forces in August 1996. It was Ranariddh's group that had enticed Ieng Sary to defect with the hope that his forces could be used in the political struggle against the Hun Sen faction. When Rannariddh announced that Ieng Sary's Khmer Rouge had decided to defect to his party Hun Sen was provoked to present him with an ultimatum either to side with the Khmer Rouge or with Phnom Penh. Hun Sen's fear that Ranariddh's group would benefit from the disintegration of the Khmer Rouge galvanized him to launch a coup on 5 July 1997.

Cambodia's entry into ASEAN was postponed by the 30th AMM which meant that the dream of a united Southeast Asia in ASEAN could not be achieved by the 30th anniversary of the organisation. Badawi explained on behalf of ASEAN that Cambodia should meet three criteria before membership could be approved; they included the re-establishment of the coalition government which had been eliminated by Hun Sen, an effort to uphold the present constitution, and the maintenance of the existing national assembly.¹¹ Difficult issues were raised by the Cambodian problem as for the first time ASEAN was compelled to face domestic instability in one of its candidate members. The non-interference principle had developed in relation to basically stable political systems and came under attack as a result of these events. Jusuf Wanandi of the Centre for Strategic and International Studies [CSIS] in Jakarta, Suchit Bunbongkarn of Chulalongkorn University in Bangkok, and Democratic Party MP and subsequently Deputy Thai Foreign Minister Sukhumbhand Paribatra all thought that ASEAN would have to jettison this convention of non-interference as a result of the expansion of the organisation and the inclusion of new areas of conflict.¹² The most high

ranking ASEAN official to call for a change in organisational practice was Malaysia's Deputy Prime Minister Anwar Ibrahim who declared that ASEAN should move from being a "reactive organisation" to a "proactive" grouping and should undertake "constructive intervention" in this situation.¹³

A debate was aroused over ASEAN's convention of non-intervention, which could have significant ramifications for the future. Anwar Ibrahim had attempted to promote the idea of "constructive intervention" within the 30th AMM but faced resistance from other members. The idea was never properly defined and within a diplomatic context clear definition could not be expected. "Constructive intervention" could mean the expression of approval or disapproval, active support for specific parties including economic or military assistance, or it may mean a mediatory function and active involvement in the negotiation of a political solution. At the 30th AMM Indonesian Foreign Minister Ali Alatas dismissed this proposal as a personal opinion only and certainly not the ASEAN view.¹⁴ Singapore's Foreign Minister Shanmugan Jayakumar expressed the view that this convention had prevented the outbreak of military conflict between ASEAN members and that its removal would be the "quickest way to ruin" the organisation. Singapore as a small state wanted to ensure that the principle of non-interference into domestic affairs would continue to be upheld by ASEAN as protection against larger neighbours. Mahathir with characteristic vehemence dismissed the idea that ASEAN should pass judgement on one of its candidate members but avoided commenting directly on the views of his deputy and heir apparent. Mahathir had campaigned vigorously for the expansion of the organisation and denied Western accusations of indifference to human rights concerns.¹⁵ He was not allowing the West an opportunity to overturn his policy on admitting Cambodia or Myanmar because of objections to their domestic politics. Nonetheless both Jayakumar and Mahathir endorsed the decision to suspend Cambodia's membership of ASEAN on the basis that, as Jayakumar expressed it, an unconstitutional change of government had been effected by force.

ASEAN avoided the contentious elevation of "constructive intervention" to a principle that would guide future behaviour but nonetheless acted according to its spirit.

Despite these denials ASEAN was engaged in negotiating a solution to the problem which superficially satisfied the idea of "constructive intervention". ASEAN had on 10 July exerted pressure upon Hun Sen by postponing Cambodia's membership and demanded the return of Ranariddh as first prime minister of the coalition government which had been established after the May 1993 elections. An ASEAN delegation which included Ali Alatas, Prachaub Chaiyasarn and Domingo Siazon visited Phnom Penh and attempted to mediate in the dispute but faced a truculent Hun Sen who warned ASEAN of the consequences of intervening in Cambodia's domestic affairs.¹⁶ ASEAN representatives demanded that the violence in Cambodia be terminated and a cease-fire be negotiated. Chairman of the ASEAN Standing Committee on Cambodia Domingo Siazon stressed that the elections planned for July 1998 should be held on schedule and that Ranariddh be allowed to participate. ASEAN refused to recognise Ung Huot who was elected first prime minister by the Cambodian National Assembly in Ranariddh's absence and insisted that there could be no resolution of the issue without Ranariddh. Subsequently ASEAN supported a Japanese proposal which called for a cease-fire, the return of Ranariddh and his pardon by Hun Sen as preparation for this participation in the elections. Ranariddh was placed on trial for conspiracy to overthrow the Phnom Penh government with the Khmer Rouge and received a total sentence of 35 years but was pardoned by King Sihanouk at Hun Sen's request. The way was clear for his participation in the elections.

There were different views of the Cambodian situation which ASEAN may have to accommodate. There was support for Hun Sen within and outside the organisation and the impression was that Ranariddh had provoked the coup through his dalliance with the Khmer Rouge, that

Ranariddh's judgement was seriously askew if he had thought that the Khmer Rouge could bring stability to the country. Moreover, there was the view within ASEAN that Hun Sen was the only figure capable of realistically stabilising the country and that the prospects for peace would be enhanced with Ranariddh removed from the political scene. Vietnam showed support for Hun Sen after having initially brought him to power for this reason. The Vietnamese Foreign Ministry issued a statement calling for Cambodia's admission into ASEAN despite the coup.¹⁷ The US State Department accused Ranariddh of "flirting" with the Khmer Rouge and was not inclined to demand his return. The State Department called for the return of his party FUNCINPEC into the coalition and insisted that no senior Khmer Rouge leader should play a role in Cambodian politics. It was also obliged to suspend a \$35 million aid program to Cambodia.¹⁸

The principle of non-interference in internal affairs was forged in different circumstances and assumed that members were politically stable and did not pose a threat to neighbours through their instability. When this principle was developed ASEAN members were under strong authoritarian or one party systems which could effectively control and manage internal disturbances before they could have regional implications. ASEAN's extension to include unstable states or states with questionable human rights records undermined the rationale behind this policy and made it imperative that the organisation alter its habitual operating style. The organisation may have to identify the occasions when its involvement in the internal affairs in members may be required as well as acceptable procedures and mechanisms for such involvement. Cambodia may have pushed ASEAN to depart from the earlier convention in recognition that in certain cases the organisation may be required to mediate in an internal dispute, or may develop conflict resolution procedures in domestic conflicts that threaten regional harmony.

Economic co-operation

ASEAN faces a major challenge that arises from its vigorous pursuit of economic co-operation. While the organisation was essentially a diplomatic community it could define itself in terms of its Southeast Asian identity, which has been important for both Indonesia and Malaysia. Members were linked by their common diplomatic experience and could concur on a collective response, or at least could contain their differences in the name of organisational unity. The move to economic co-operation may undermine the basis for group identity, as economics knows no regional boundaries or loyalties. Moreover, economic co-operation within the region is inadequate to meet the interests of members, particularly in the era of globalisation, while ASEAN's major trading and investment partners are external to the region. The rational calculation of economic interest will lead members to develop extra-organisational and regional ties and relationships with alternative regional bodies which boast of a wider membership such as APEC or with major trading and investment partners. The currency crisis that erupted in the region in 1997 revealed the deep dependence of the regional economies upon international financial organisations and external actors and questioned the effectiveness of ASEAN economic co-operation. If the regional organisation were unable to mitigate the effects of the currency crisis economic co-operation would be undermined as a result.

There were three reasons why ASEAN leaders promulgated the ASEAN Free Trade Agreement or AFTA in 1992 which was effectively blocked in the 1970s and 1980s. First, ASEAN leaders were concerned about the rise of regional groupings such as NAFTA and the development of a single market in the European Community, which could have a trade diverting effect. China was also of great concern to ASEAN and it was feared that FDI flows would be diverted from Southeast Asia to the rapidly expanding Chinese economy. Secondly, the ASEAN economies had changed as a consequence of policies adopted in the 1980s. Previously protectionist and import substituting

countries such as Indonesia, the Philippines and Malaysia became more receptive to trade and tariff reductions as their own manufacturers and business groups sought markets for their products. Thirdly, ASEAN leaders sought to maintain the organisation's cohesion and status after the termination of the Cambodian issue by endowing it with an economic purpose. After the promulgation of APEC in November 1989 ASEAN leaders struggled to define the relationship between their Southeast Asian organisation with the wider Asia-Pacific economic grouping in a way that would retain ASEAN's identity and cohesion.¹⁹ For these reasons AFTA was proclaimed in the 3rd ASEAN summit in Singapore in January 1992.

AFTA was promulgated not to increase regional trade so much but as an investment attraction device and as an answer to the problem of investment diversion that ASEAN experienced with the rise of China. Intra-regional trade was minor and was estimated at 19.3% in 1993 and ASEAN's major trading partners were Japan, which accounted for 20% of regional trade, US with 17% and the EU with 14%. Moreover, Singapore accounted for the major portion of regional trade and without the Singaporean contribution the figure for intra-regional trade would drop to round 5%.²⁰ The ASEAN countries produced similar products for the world market and natural resource or manufactured exports were competitive rather than complementary. Nonetheless there was the hope that intra-regional trade could be encouraged and that the reliance upon external markets could be reduced somewhat.

Political and economic hopes were attached to AFTA tariff liberalisation, which proved difficult to implement. Delayed for a year after being scheduled to begin in January 1993 tariff reductions actually began in January 1994. Members maintained a general exclusions list which excluded products for public policy reasons, and a temporary exclusions list which excluded sensitive items temporarily from AFTA. The rules relating to these exclusion lists were not clearly defined in which case members could invoke them to exclude

products from AFTA. The agreement did not define when products could be withdrawn from the AFTA list and no penalties were specified for their removal in any case. Indonesia, Malaysia and Thailand acted to protect their petrochemical industries despite the inclusion of these products in fast track reductions. Thailand, which under the appointed Prime Minister Anand Panyarachun [1991-92] so determinedly promoted the idea of ASEAN free trade, displayed greater hesitance once full democracy was restored in 1992. Democracy made tariff reductions more troublesome for Thailand as domestic business groups developed links with political parties whose support was required to maintain coalition stability. Thai governments were then formed from five to six party coalitions with strong business connections and became vulnerable to lobby group pressure. Thailand delayed tariff reductions on five petrochemical products beginning from 1 January 1997 on the basis that, as Industry Minister Korn Dabbaransi explained, the industry required time to prepare for foreign competition. When the decision to reduce tariffs had been originally made, Korn claimed, Thai industry was in better shape and was capable of meeting competition.²¹ If the criterion for the observance of AFTA was the ability of industry to compete then the commitment would be an unstable one and unlikely to last the next downturn in the economy.

One of the most contentious issues for AFTA proved to be agriculture as both Indonesia and the Philippines acted to protect their small farmers for reasons related to social stability. Thailand had been pushing to have rice placed on the inclusion list in which case tension with both Indonesia and the Philippines was provoked. In September 1995 Indonesia unilaterally withdrew 15 categories of agricultural products, including rice and rice flour, from the tariff reduction scheme and placed them in the temporary exclusion list. Malaysia had in 1994 withdrawn both timber and tobacco from the inclusion list and so the action was not unusual. Indonesia's intention was to place these products on the general exclusions list but Thailand threatened to withdraw all its agricultural products from AFTA if Indonesia went ahead.

Indonesia then placed these products on the temporary exclusion list of unprocessed agricultural products as a compromise to defuse tensions with Thailand.²² Indonesia and the Philippines had the longest temporary exclusion lists with some 109 and 203 products respectively while Malaysia had 65 and the others none.²³ Whether those items will be transferred to AFTA after the required five years is an issue that will be later negotiated.

One of the difficulties for AFTA emerged as a consequence of the expansion of the organisation and the inclusion of economies that were at different levels of development from those that had experienced the high growth of the 1970s and 1980s. With Vietnam's inclusion in 1995 and the decision to accept Myanmar and Laos as members of ASEAN in 1997 the organisation included three closed economic systems, two of them centrally planned economies, that had little contact with the international economy. These new members could not be readily integrated into the economic regionalism that had developed within ASEAN without transformation of their economies. The prospect of two-tiered regional economic co-operation emerged with the free market members on one tier and the new members on a separate tier. Economic co-operation amongst the free market members will be hindered by the need to await the necessary changes within the economies of the new members in which case transitional arrangements will be required with the two groups proceeding at different paces. Vietnam was allowed an additional three years to complete the process of tariff reductions which was to begin on 1 January 1996 and would conclude by 2006. Myanmar and Laos accordingly received a five-year postponement in terms of their adherence to AFTA. Their tariff reductions were scheduled to begin on 1 January 1998 and were scheduled for completion in 2008.²⁴

Various problems can be anticipated in the attempt to integrate the economies of these new members into ASEAN. Trade barriers could not be eliminated and economic co-operation encouraged without transformation of the economies of the new members, which would require the elimination of

state firms, protective non-tariff barriers and obstructive regulations. Vietnam's economic reform has been constrained by the on-going battle between party conservatives and reformers, which has resulted in reduced levels of FDI since 1995.²⁵ The frustration of dealing with Vietnam's bureaucracy compelled two American companies, Chrysler and Avon as well as the Australian resources company BHP to withdraw in 1997.²⁶ The appointment of former head of the army's political department General Le Kha Phieu as party chief in December 1997 indicates that social stability has taken priority over reform.²⁷ Vietnam's list of items for inclusion into AFTA which was to be submitted to ASEAN Secretariat was delayed in 1995 leading to considerable irritation with that country. Vietnamese leaders decided that they required additional time to prepare their agriculture sector for AFTA and introduced on 1 July 1997 a temporary ban on imports of palm oil which provoked the Malaysians to protest.²⁸ It is not at all clear whether and to what extent Vietnam would be able to meet the AFTA deadline but further delays and prolonged negotiations can be expected. The concern arises that economic co-operation would be hindered by the two-tiered structure that would develop within ASEAN if these economies remain at different levels of development for longer than expected.

AFTA has had a limited impact upon intra-regional trade. The 9th AFTA Council meeting of April 1996 noted the success of AFTA claiming that intra-ASEAN exports in 1994 reached 24.99% of the ASEAN total while the figure for 1995 was 25.35%. Intra-ASEAN exports grew faster than total exports and AFTA products under the Common Effective Preferential Tariff scheme [CEPT] have reportedly become more significant for ASEAN trade.²⁹ Additional steps are required to ensure that AFTA will meet expectations which include; the need to harmonise tariff nomenclature and tariff regimes, to clarify the rules of origin, to deal with the problem of non-tariff barriers such as import quotas and customs procedures, and to establish a dispute settlement mechanism [DSM].³⁰ The Bangkok Summit of December 1995

declared an intention to deal with tariff nomenclature, non-tariff barriers and the DSM but progress is awaited.

Beyond AFTA other measures are required to ensure that ASEAN retains its attraction for international investors. ASEAN Secretary General Ajit Singh in February 1997 noted that in percentage terms FDI into Southeast Asia was declining and emphasised the importance of integrative measures that go beyond AFTA.³¹ FDI into ASEAN in 1990 was \$7.7 billion which was 35.5% of global FDI; the 1995 figures for ASEAN were \$19.6 billion which was almost 20% of global FDI for that year.³² ASEAN's percentage of global FDI had declined while absolute figures had increased by more than double. That ASEAN could not maintain its percentage of global FDI was no surprise in view of the competitors that had emerged in China and Latin America. Nonetheless, some within ASEAN were disturbed that the region may lose its attraction for international investment in view of the fact that global FDI had risen by 38% since 1994, which was not reflected in FDI flows into ASEAN.

ASEAN has attempted to promote greater economic co-operation through the establishment of the ASEAN Industrial Co-operation Program [AICO] in April 1996, which was intended to promote joint manufacturing amongst ASEAN based companies. Tariffs were to be reduced to a maximum of 5% on the products of these companies to allow them the opportunity to expand production ties within the ASEAN region.³³ The program benefited the auto industry and Japanese manufacturers above all but representatives from other industries including electronics, petrochemicals and electrical appliance producers had applied for preferences under the scheme. Negotiations over the program deteriorated in October 1997 when the ASEAN working group on the project failed to overcome the objections of local auto parts manufacturers.³⁴ The applications that had been received in the previous year were still pending by the end of 1997. Moreover, the tariff

incentives under this scheme would become less attractive as AFTA reaches completion by 2003 in which case the program would lose its purpose.

Other steps towards greater economic integration within ASEAN included a Framework Agreement on Services, which was concluded on 15 December 1995. This agreement called for a free trade area in services with the schedule and the relevant sectors to be included left aside for later negotiations.³⁵ As former Thai Deputy Prime Minister Supachai Panitchpakdi noted if "ASEAN remains a loosely tied group of fragmented markets as is the case now its trade and investment competitiveness would rapidly deteriorate in relation to the emerging economies".³⁶ Supachai declared that economic integration within ASEAN should embrace intellectual property protection, the mobility of labour and capital as well as the liberalisation of services. ASEAN economic ministers met in Kuala Lumpur in October 1997 to finalise these details. Economic ministers agreed upon the liberalisation of five service sectors including air services, marine transport, telecoms, tourism and business services. The agreement on services includes specific commitments by individual countries to extend preferential treatment in services to others on an MFN basis.³⁷ Other areas such as financial services and construction may be included subsequently. Heads of ASEAN customs departments who met in Brunei in May 1997 approved the idea of an ASEAN customs union. According to their agreement ASEAN countries would begin to harmonise customs categories and terminology in three stages beginning in 1998.³⁸ The most ambitious plan circulating within the organisation, however, was for an ASEAN Economic Area [AEA] to be established by 2020 which would entail the formation of an economically integrated union. All such visions and plans were suspended by the events of 1997.

The currency crisis

The currency crisis that unexpectedly erupted in Southeast Asia in 1997 will no doubt affect the pace and direction of ASEAN economic co-

operation but there are different schools of thought as to the extent of the impact. Optimists believe that the effect will be transitory and that the organisation will be stimulated to respond to the new challenge by developing ways to cushion the influence of global market forces, or to assist struggling members. A change in the direction of ASEAN economic co-operation would allow the creation of self-help mechanisms that would buttress members against the arbitrary play of market forces particularly as they affect local currencies. Pessimists believe that the currency crisis is a demonstration to the region that the problems that accompany economic globalisation are beyond the capacity of ASEAN to solve and will require the engagement of international financial institutions or major economic actors. To that extent ASEAN may be inadequate for the task of managing the financial consequences of globalisation and different solutions will be necessary which will involve international financial actors.

The currency crisis indeed may signal a change in the direction of ASEAN economic co-operation away from its present course. ASEAN leaders may be compelled to downplay tariff reductions and the other plans for greater economic integration and to reorient their efforts towards the control and management of global market forces. ASEAN may be stimulated to develop regional mechanisms to cope with the impact of globalisation either by creating regional self-help devices or by co-ordinating a common regional position in relation to international financial bodies and global actors. ASEAN regionalism should be developed and extended in a way to demonstrate collective management of globalisation which would allow it to influence global financial institutions. Through this mediatory function, and certainly not through Mahathir's insistence upon an outdated regional autonomy, ASEAN would demonstrate its relevance to its members in the era of globalisation.

As the Southeast Asian economies suffered a loss of competitiveness various warning signals of the looming crisis were emitted. Indeed, an Asian

Development Bank annual report entitled "Asian Development Outlook" noted in April that Thai exports were declining and the current account deficit was increasing to 8% of GDP. Thailand, said the report, had to move from labour intensive and resource-based industries to higher value-added manufacturing. In Indonesia wages had been rising since 1994 placing pressure upon manufacturers who had to compete with the products of low wage areas such as China, Vietnam and India.³⁹ Regional growth rates for 1997 were predicted to fall but the extent of the crisis that followed was not anticipated. When Thailand was compelled to float the baht on 2 July it began to fall dramatically. The Malaysian ringgit was similarly affected while the Indonesian rupiah began to drop in value against the dollar when local companies sought dollars to repay their short-term debts to external lenders, which had been designated in US dollars. A vicious cycle set in which drove the value of the currency down further.

Leaders inclined to act in the spirit of a misguided nationalism were reminded by the crisis that national solutions were misplaced in the era of globalisation in which case the consequences would be far worse. Mahathir's immediate reaction was to blame currency speculators claiming in his address to the 30th AMM that there was a "well planned effort to undermine the economies of all the ASEAN countries". Mahathir on 26 July named George Soros as the leading speculator and called upon the region to unite against him. At the IMF/ World Bank annual conference in Hong Kong in September 1997 Mahathir again lambasted the currency speculators after the Malaysian ringgit fell by 20% against the US dollar. The Malaysian prime minister accused the "great fund managers" of forcing the economies of developing countries to bow to them and pronounced currency trading as "unnecessary and immoral".⁴⁰ Mahathir's outbursts had the effect of dragging the ringgit further down and eventually the truculent Malaysian prime minister as compelled to desist.

Even before the crisis surfaced the enthusiasm for economic co-operation within ASEAN was dampened somewhat by developing financial difficulties in the most affected members. In March 1997 ASEAN financial ministers began to discuss the liberalisation of financial services to enhance the attractiveness of ASEAN's capital markets and to promote a regional capital market. This meeting occurred in a worsening regional financial climate as ministers began to express concern about declining currency values. Indonesian bank officials declared that their country was not yet ready for financial liberalisation, as the capitalisation of banks and insurance companies was considered weak. Several other ASEAN countries similarly expressed reservations about this move.⁴¹

The currency crisis indeed stimulated regional efforts for a concerted approach towards financial stabilisation and attempts were made to formulate an appropriate solution. ASEAN financial ministers noted in March 1997 that regional currencies came under pressure as the US dollar, to which most currencies were pegged, rose in value and they suggested that the 1977 currency stabilisation scheme be revived. The IMF proposed an ASEAN financial assistance scheme that would help members stabilise their currencies. The idea was that ASEAN should establish an emergency credit system upon which members could draw if their currencies were under attack and in danger of losing value dramatically.⁴² Supachai Panichpakdi who was then Thai Commerce Minister proposed that the regional states co-ordinate macro-economic policies which would, he claimed, be more effective than financial bailouts. By September Indonesia's President Suharto was calling for a "regional safety net" which would involve a common fund to bail out economies in difficulty.⁴³ ASEAN leaders responded to Suharto's appeal and by October both President Ramos of the Philippines and Thailand's Prime Minister Chavalit Yongchaiyudh were voicing similar views. How such a "regional safety net" would function under the circumstances was not explained.

Other measures were proposed to enable members to deal with the currency crisis and related issues collectively. Mahathir warned at the 29th meeting of ASEAN economic ministers that members should no longer rely upon manufacturing as the only source of growth and should develop the services sector. According to Mahathir it was because of an undeveloped services sector that ASEAN members suffered current account deficits. This was perhaps more true for Malaysia than for Thailand where other factors contributed to the current account deficit including capital and consumer imports. Mahathir accordingly proposed that ASEAN members co-ordinate the formulation of macro-economic policy to emphasise the services sector and called for greater economic integration within ASEAN as the path out of the present crisis.⁴⁴ Thailand pushed for a regional surveillance mechanism with IMF assistance which would help monitor the condition of ASEAN economies. Kobsak Chutikul, Director of Economic Affairs Department of the Thai Ministry of Foreign Affairs claimed that this was an important objective for ASEAN as important as the ASEAN 2020 vision.⁴⁵

ASEAN leaders at the Kuala Lumpur informal summit of December 1997 endorsed the ASEAN finance ministers' agreement to enhance regional surveillance to strengthen the IMF's capacity to respond to financial crises. They took note of the recent establishment of the ASEAN central banks forum and supported the finance ministers' decision to create a select committee with a permanent secretariat to work with the ADB to develop the regional surveillance mechanism in close co-ordination with financial agencies. They also called for increased intra-ASEAN trade as a way to overcome the financial crisis and expressed a strong intention to implement AFTA before 2003.

Mahathir continued to explore indigenous ways of overcoming the impact of the currency crisis to reaffirm the validity of ASEAN, and to demonstrate that the regional organisation could manage its problems without the need for external support. Mahathir proposed that ASEAN could

trade in regional currencies which would avoid dependence upon the US dollar to curb the impact of financial speculators. There were two variants of the proposal, one was that the Singapore dollar be used for regional trading while the other was the idea that exporters would pay importers in their own currencies.⁴⁶ Mahathir visited Singapore and claimed that he had Prime Minister Goh Chok Tong's agreement. Mahathir began to muse about the idea of a single regional currency using the European Union as an example as well as intra-ASEAN transportation to reduce costs.⁴⁷ ASEAN finance ministers met in Jakarta in March 1998 and offered support for the proposal to move to bilateral payments arrangements on a voluntary basis but there was much opposition. Thai Prime Minister Chuan Leekpai thought that Thailand was not ready for the proposal while Singapore's Finance Minister Richard Hu was decidedly opposed to the idea of turning the Singapore dollar into a regional currency. Despite the appeal of the proposal its obvious impracticality prevented its implementation. Most ASEAN trade was directed towards external partners anyway which minimised the significance of the proposal and reduced its relevance to intra-ASEAN trade. In that context it would hardly meet the stated objectives of reducing dependence upon the US dollar or reducing currency speculation.

The currency crisis showed how important international funding institutions were to the financial stability of the region. Thailand and Indonesia required the assistance of the IMF to stabilise their economies an objective which was well beyond the ability of the regional organisation to achieve. On 11 August the IMF unveiled a \$16 billion assistance package for Thailand which included contributions from the World Bank, the ADB plus ten states with the participation of China for the first time. Bilateral arrangements with external economic actors also became important for the economies affected by the crisis. In October 1997 Japan agreed upon a program of assistance for Thailand which included short-term trade insurance to the value of \$1 billion, long-term trade insurance valued at \$7 billion to

help with infrastructure development and the dispatch of advisors from Japan to assist Thailand in its restructuring efforts.⁴⁸ At the ASEAN informal summit of December 1997 Japanese Prime Minister Hashimoto offered the ASEAN countries soft loans to develop infrastructure projects. Hashimoto also announced the establishment of a \$18 billion trade insurance credit to help small and medium-sized enterprises and to restore financial and currency stability.⁴⁹ APEC finance ministers in Nov 1997 proposed the Manila accord which called for assistance for the ASEAN economies according to IMF guidelines. This proposal was endorsed by APEC summit and again by ASEAN finance ministers in December.

ASEAN finance ministers met in December 1997 and agreed in principle to establish a regional fund which would go beyond ASEAN members and may include other Asia-Pacific actors. The size of the proposed fund reportedly ranged from \$50-100 billion. ASEAN members initially thought in terms of a regional fund which was obviously impracticable without the participation of major actors such as Japan and the US. Finance ministers agreed that countries would extend assistance to each other on a case by case basis but only if the recipient country agrees to IMF reforms. There was some debate about the extent to which the fund would be linked to the IMF as Mahathir argued that it should be independent of the IMF. Finance ministers agreed not to place the fund directly under the IMF but that the ASEAN Secretariat would monitor the regional economies in cooperation with the IMF. The fund was to be independent of the IMF but would work closely with it.⁵⁰

Will AFTA be set back by the currency crisis of 1997? Before the crisis emerged in Thailand in July 1997 ASEAN Secretary General Ajit Singh expressed the optimistic view that AFTA could be realised by 2000 when products with tariffs of 5% and less as stipulated by the agreement would account for 97% of intra-ASEAN trade.⁵¹ ASEAN finance ministers in October agreed to accelerate the implementation of AFTA to meet the target well

before 2003 by way of demonstrating confidence despite the impact of the currency crisis. Malaysia's Trade and Industry Minister Rafidah Aziz reported that economic ministers felt that the currency crisis would strengthen ASEAN's resilience. Nonetheless, there were reports to the contrary that ministers had taken a negative view of trade liberalisation regarding it as the basic cause of the currency crisis. There was the concern that some governments would resort to import substitution policies in a way that would dampen enthusiasm for further trade liberalisation.

The deadline for the agreement on services was set at 31 March 1998 yet it faced similar difficulties. There may be little incentive for countries to liberalise financial services while their economies are vulnerable to external market movements. Even before the crisis emerged ASEAN members such as Indonesia demonstrated particular resistance over the liberalisation of finance, banking, telecommunications and tourism. Singapore and Thailand were willing to go beyond the WTO in offering other members access to these areas but Indonesia was especially reluctant. Considerable resistance was encountered when ASEAN economic ministers met in Malaysia in October 1997, particularly over financial services and agriculture which were regarded as highly sensitive by individual members. Vietnam wanted to delay consideration of the proposals. Thailand was willing to liberalise two sectors only, tourism and marine transport. One way or another the currency crisis was indeed removing the incentive for members to collaborate over this issue.⁵² ASEAN leaders wanted to demonstrate their commitment to integration and the goals of the organisation irrespective of the currency crisis, to show that ASEAN would continue to evolve despite the crisis. As a demonstration of commitment, however, the agreement may have the opposite effect as failure to reach declared goals might impair ASEAN.

The currency crisis is likely to have a dual impact upon ASEAN which should be understood by regional leaders. The plans for economic co-operation as mapped out in preceding years may have to be partially suspended insofar

as they involve grandiose targets that have become politically unrealisable. ASEAN leaders should desist from any attempt to force the pace of this form of economic co-operation beyond acceptable tariff reductions to avoid an outright demonstration of failure. Nonetheless, ASEAN leaders should be examining ways and means by which ASEAN can moderate the impact of globalisation upon the region either through co-ordination with financial institutions such as the IMF or with economic partners such as Japan and the US. What ASEAN requires in the future would be regional mechanisms to cope with the oscillations of global market forces such as financial surveillance systems and a common agreement to issue and respond collectively to warning signals.

Security co-operation

During the Cold War security co-operation on a multilateral level within ASEAN was inhibited by the desire to avoid any appearance of a military alliance, which would have contradicted Indonesia's, and Malaysia's non-aligned principles. Indonesia, in particular, was determined to avoid any association with security that could have compromised its non-aligned ideology.⁵³ In this respect the Indonesian concern was that the assumption of security functions would transform the regional grouping into a vehicle for US military strategy particularly as three members, the Philippines, Thailand and Singapore, were actual or de facto allies of the US during the Cold War. Indonesia adopted the idea of national and regional resilience to express its position over this issue by which it was meant that each member should cultivate its own security which would then strengthen the region as a whole. Indonesia affirmed that security co-operation within ASEAN should be bilateral and should not require multilateral endorsement. Various security forums were proposed within the ASEAN context but it was not until the termination of the Cambodian conflict that ASEAN leaders made serious efforts in this direction.

ASEAN leaders were then motivated to implement the idea of common security in a regional context as a means of managing their post-Cambodian security predicament in which great powers and particularly China loomed large. Common security had been developed within Europe with major contributions from the Stockholm International Peace Research Institute [SIPRI] and stressed mutual dialogue, CBSMs, non-offensive defence and arms control/reductions. Common security was discussed over 1990-91 during the regular meetings of the ASEAN institutes of strategic studies in which European-inspired proposals were tempered by an awareness of regional differences. The findings were presented to the political leadership in a publication issued by the ASEAN-ISIS in 1991 entitled "A Time for Initiative".⁵⁴ The proposals included the idea of an Asia-Pacific dialogue and the "establishment of a multilateral framework of co-operative peace". A regular conference for the discussion of Asia-Pacific security was proposed which would include China, South Korea, Vietnam, Russian as well as ASEAN. It was stressed that the conference would follow the annual ASEAN-PMC meetings in which case ASEAN would be retained as the core feature of Asia-Pacific security dialogue.⁵⁵ ASEAN leaders during the 4th summit which was held in Singapore in January 1992 endorsed these proposals and stressed in their declaration that ASEAN could use established forums to promote dialogue on external security.⁵⁶

Discussion about an Asia-Pacific forum had been underway since Gorbachev's Vladivostok address of July 1986 which had stimulated many debates. Gorbachev had proposed that the European Conference of Security and Co-operation [CSCE] be used as a model for an overarching Asia-Pacific security forum. Australia's Foreign Minister Gareth Evans and his Canadian equivalent Joe Clark in July 1990 raised similar proposals. Indonesia in particular opposed any proposal that would result in ASEAN's marginalisation and resisted attempts to develop Asia-Pacific dialogue based on the European experience. Indonesia and Malaysia under Mahathir

resented what they regarded as outside interference and pressed for a body or forum that would be based on the regional organisation. The notion of an ASEAN-based regional forum developed out of this interaction as external actors were willing to make this concession to ASEAN to remove obstacles to its creation. It became known in 1993 as the ASEAN Regional Forum [ARF].

The ARF has met four times since 1994 and has expanded its membership from the original 18 to 21.⁵⁷ The ARF brings together the major Asia-Pacific actors, the US, Japan, China and Russia and it is the Asia-Pacific's only security forum, which is regarded by the US as an accompaniment to APEC. The ARF represents a hope to establish patterns of dialogue and consultation which may become routine and bear fruit over the vital security issues of the region. ASEAN has cultivated the expectation that its security environment could be managed and made safer through the process of dialogue between the major powers meeting regularly in the ARF. ASEAN leaders have encouraged the major actors to develop a vested interest in regional stability, which would establish an equilibrium between them upon which the region's economic security could be based.

The problems of the ARF are those associated with security bodies in general, that they rely upon the co-operation of the major powers and fall victim to deadlock should the interests of these powers clash over territorial claims or other issues. Moreover, the ARF was grafted on the successful experience of ASEAN regionalism and suffers from a close identification with Southeast Asia which hinders to some extent the development of dialogue in Northeast Asia. Pressure for the establishment of a separate body that would deal with the Korean peninsula or Russia-Japan relations has been a consequence of ASEAN's perceived monopolisation of security dialogue through the ARF.⁵⁸ For ASEAN, however, two problems arise which limit the effectiveness of a security forum such as the ARF. One is that the major actors have priorities which may not coincide with those of the regional organisation in which case their commitment to Southeast Asian security may

be tenuous as best. Secondly, the security of Southeast Asia cannot be separated from the security of the wider Asia-Pacific and ASEAN is compelled to become engaged in dialogue over issues in which it has limited influence. As long as this cleavage exists between the expectations of ASEAN and the major actors the ARF cannot satisfy the initial intentions that called it into being. The ARF has made laudable proposals in relation to CBMs, the submission of defence policy statements, the regular publication of defence white papers and the development of high-level defence contacts.⁵⁹ Over the major security issue that affects ASEAN progress has been minimal, however.

ASEAN's most troubling security issue is the South China Sea which is a test case for the success of common security and dialogue as a way of resolving disputes. This issue involves China whose leaders have continuously asserted their claim to the area in an uncompromising way. China insists that the islands of the South China Sea are indisputably Chinese yet at the same time allows for the possibility for negotiations by calling for joint development of the resources there. Prime Minister Li Peng when he visited Singapore in August 1990 first expressed this ambiguous position which has been since been maintained prompting much suspicion of China's ultimate motives. ASEAN has attempted to develop dialogue with China over the issue with the intention of clarifying China's position and to engage the Chinese into joint development of the area but with discouraging results. Whenever proposals for joint development of the resources in the South China Sea have been raised China has been unresponsive for reasons that are unclear. Is China deliberately stalling or is there a conflict between agencies over an appropriate response? The South China Sea problem involves issues that go well beyond the region and relate to Chinese domestic politics and the security of the incumbent Communist regime, China's energy needs as well as Chinese relations with the Western world, the US in particular. As China's energy needs escalate with economic growth its

interest in the off-shore oil and gas deposits of the South China Sea intensifies.⁶⁰

China is the only claimant to use force in the dispute, first in January 1974 to seize the Western Paracel Islands from South Vietnam and again in March 1988 when Chinese naval units clashed with Vietnamese near Johnson Reef. As a consequence of the latter spat China for the first time could occupy islands in the area subsequently occupying a reported 9 islands without challenge from Vietnam. In both cases China demonstrated an ability to exploit opportunities provided by changing conditions in international politics. In the case of the Western Paracels US-China détente was a constraint on the West's reaction which otherwise might have supported South Vietnam against China. Similarly, China exploited Gorbachev's interest in rapprochement with China and it became clear in 1988 that the Soviet Union would refrain from supporting Vietnam, despite the treaty of November 1978 which bound the Soviet Union and Vietnam. In March 1995 Chinese constructions within the Philippine claim area on Mischief Reef were revealed and additional constructions were found in the following year. Despite the diplomatic protests China has not backed down over this issue and the structures remain. In this case China has taken advantage of Philippine defence weakness as the least prepared of all the ASEAN countries to defend its sea claims and one which ostentatiously threw off American protection when the US Navy was compelled to evacuate Subic Bay in November 1992. The suspicion remains that China may await another favourable opportunity to take action to enforce its claims but it is unclear whether China is motivated by sheer opportunism or some grand design. If China's actions are a product of opportunism then continuous dialogue may go some way to alter Beijing's view of the issue and the Chinese leadership may accommodate the claims of others. If China's actions are related to some grand design that is consistently maintained by the defence and security establishment then dialogue would reach limits rather rapidly and deadlock would follow.

Three ASEAN claimants are involved in this dispute, Vietnam Malaysia and the Philippines. In addition there is an ambiguous area around Indonesia's Natuna Islands where China's claim overlaps with Indonesia's EEZ. Vietnam is China's main rival over the issue with a claim to the entire area while the other ASEAN claims are partial and limited to the EEZ or the continental shelf. When Vietnam joined ASEAN in July 1995 the regional organisation was presented with a dilemma which could affect its future development. There was the convention that had emerged as a result of the Cambodian issue that the organisation would diplomatically support any one of its members in a dispute, a practice which was intended to strengthen organisational cohesion. At the same time there was the recognition that Vietnam's membership of ASEAN could drag the organisation into Sino-Vietnamese territorial disputes which would jeopardise relations with China. It may be that China would avoid testing ASEAN over this issue which could jeopardise relations with the world community in which case Vietnam's inclusion into ASEAN may be one way of constraining China. In March 1997 when a Chinese oilrig was moved into the Vietnamese claim area the Vietnamese Foreign Ministry at first protested directly to China and then appealed to ASEAN on 20 March.⁶¹ The rig was subsequently withdrawn on 1 April but had ASEAN not been invoked it might have stayed in the Vietnamese area longer. Would ASEAN act against China if the situation arose? When Singapore's former Prime Minister Lee Kuan Yew visited Hanoi in March 1995 he stressed that if China were to attack Vietnam after it joined ASEAN the organisation would close ranks behind Vietnam. In Beijing in May 1995 Singapore's Prime Minister Goh Chok Tong claimed that he had told the Chinese that the South China Sea is one issue which could unite the region against them.⁶² Not all are convinced that ASEAN would indeed act against China as non-claimants, Thailand in particular, would have little incentive to join an anti-China coalition.

ASEAN has developed a policy of constructive engagement of China and is at the forefront of regional efforts to integrate China into Asia-Pacific economically. Malaysia under Mahathir has particularly emphasised the need to engage China and to ensure that it would have a stake in the security of the region. Malaysia' Defence Minister Datuk Syed Hamid Albar declared his belief that China would be unlikely to use force over the South China Sea since such action would undermine its trade and economic interests.⁶³ Philippine National Security Advisor Jose Almonte acknowledged that the greatest problem faced by East Asia was the engagement of China but wrote that "the ASEAN states are gambling on the economic development in the Pacific Basin binding all its countries together with mutually beneficial results"⁶⁴ Developments may justify this approach. Since 1995 ASEAN has developed security dialogue with China in a way which would establish a more congenial atmosphere for substantive negotiations over outstanding issues such as the South China Sea. In April 1997 ASEAN-China security discussions were conducted at the senior official level in Hungshan in Anhui province and for the first time China allowed the South China Sea to be placed on the agenda of the discussions.⁶⁵ When Prime Minister Li Peng visited ASEAN in August-September 1997 he was particularly conciliatory and offered financial assistance for Thailand and declared that China would seek common economic development with ASEAN.⁶⁶ Jiang Zemin attended the Kuala Lumpur ASEAN informal summit of December 1997 as a guest and signed an agreement with ASEAN in which both sides "pledged to settle their disputes in the South China Sea through friendly negotiations".⁶⁷

ASEAN leaders are hopeful that a resolution of this issue may be possible in view of these positive developments on China's part. Nonetheless, these positive developments may not necessarily testify to the success of common security or multilateralism. The ARF has made little progress over this issue and one of the most important issues that the body was created to address has been consistently kept off the agenda as China has consistently

refused to discuss the issue at a multilateral forum. The ARF may have made China more aware of regional concerns but the motivating factors behind China's diplomatic efforts to cultivate ASEAN may lie elsewhere. These developments come at a time when China has expressed concern about the US role in the Asia-Pacific and the September 1997 promulgation of the revised US-Japan defence guidelines. The role of the US and Japan is a major constraint upon China, which reveals that ASEAN is the beneficiary of the presence of these actors, the US in particular. The factors that govern the South China Sea issue are external to ASEAN and are related to China's domestic politics and the US regional role over which ASEAN has limited influence. Should these factors change then China's position over this issue and its relationship with ASEAN may also change. ASEAN may have to forgo the effort to manage relations with China through the ARF and may be compelled to link its efforts with Japan and the US in a traditional balancing strategy depending on China's behaviour in the future.

Extra-regional linkages

ASEAN has developed linkages with external organisations and groups of states to obtain support for high priority objectives in recognition that the organisation requires the co-operation and assistance of external actors to achieve its aims. The development of these external linkages is a response to the inadequacy of not only the sovereign state in managing its own problems but the limitations of regional organisations as well. These external linkages can be comprehensive as in the attempt to develop ties with Japan and China which are linked to ASEAN by reason of geography, trade and commerce. ASEAN's relations with these states may constitute the basis of a distinct form of East Asian regionalism. These linkages can also be partial and specific as in the case of ASEAN relations with Australia/New Zealand or the EU. In addition, individual members of ASEAN may develop particular economic or security linkages with external actors in areas of interest to them

which do not engage the organisation as a group but which benefit the organisation nonetheless.

ASEAN requires greater Japanese involvement in the development of the regional economy. Japan's significance for ASEAN lies in three areas. First, in many respects the region can be regarded as part of Japan's economic hinterland which has allowed Japanese manufacturers to avoid rising costs by transferring assembly production to lower wage areas in Southeast Asia. Japan's commercial and industrial transfers to the region since the Plaza agreement of September 1985 have stimulated the region's economic growth and made possible the development of an export-orientated manufacturing sector in Thailand, Malaysia and Indonesia in particular. Second, in terms of security Japan is seen as means of balancing China and a necessary factor in any East Asian balance of power that may have to accommodate a rising China. In this respect concerns about Japan's assumption of a security role have been mitigated somewhat by the need to maintain a working balance of power arrangement while China's intentions remain unclear. Third, Japan can play an important diplomatic role in terms of developing and extending ASEAN's relations with major global actors. As Japan develops its own diplomacy in response to changes in Asia-Pacific political and economic conditions its interests dictate the development of a stable Southeast Asia which it will attempt to ensure through its own diplomatic initiatives. Southeast Asia benefits from Japanese diplomacy in that way.

Japanese Prime Minister Ryutaro Hashimoto visited Southeast Asia in early 1997 and in Singapore on 14 January 1997 was thought to have unveiled what was described as the "Hashimoto Doctrine" which was a misnomer but was actually a restatement of Japanese policy towards the region. Hashimoto called upon ASEAN to deepen relations with Japan, he appealed to the global community to build trust with China and to help it to become a constructive partner in the world community. He described the US-Japan alliance as the "infrastructure" for security, economic stability in the

Asia-Pacific region in general. Moreover, Hashimoto proposed regular summit level conferences with ASEAN which would include regional security and which would upgrade Japan's significance for ASEAN endowing it with a unique status, not even enjoyed by the US.⁶⁸ Japan seeks to develop its own links with the region that would go beyond the multilateralism of the ASEAN Regional Forum giving rise to the issue of duplication. Japan has already conducted annual negotiations with ASEAN in the Japan-ASEAN annual forum which first began in 1976, but the Japanese side now wants to move beyond the limited agenda of this forum and to expand relations under a new format.

In the wake of the currency crisis ASEAN members expected Japanese support for their economies either bilaterally or multilaterally through the existing regional framework. The tendency to look to Japan for support in time of economic crisis is indeed pronounced in the region as Japan is seen as a softer and more understanding alternative than the US or international funding agencies such as the IMF. This attitude was particularly marked in Malaysia where Mahathir had cultivated the idea of common "Asian values" which was to justify special treatment from Japan. A common sense of "Asian values", according to Mahathir, would allow Malaysia and other affected countries to bypass the IMF and the West and would enable Asian countries to deal with this problem on their own. Those ASEAN countries that had inclined to these views were disappointed by Japan's response and discovered that other factors such as economic and financial realities were more significant than "Asian values" in shaping Japanese thinking over this issue. Japan had itself sunk into an economic impasse since the "bubble economy" years and was hardly inclined to bail out the ASEAN countries.

When ASEAN economic ministers met representatives from Japan's Ministry of International Trade and Industry [MITI] in October 1997 the Japanese side proposed a package of measures to support the ASEAN economies, none of which met ASEAN expectations.⁶⁹ ASEAN trade ministers

pressed MITI Minister Mitsuo Horiuchi to open up Japan's markets to the products of the region and to rectify the huge trade surplus that Japan enjoyed with the region. In 1996 Japan-ASEAN trade reached \$116 billion while Japan accumulated a \$30 billion surplus.⁷⁰ Thai Commerce Minister Narongchai Akrasanee claimed that the deficit with Japan represented two thirds of Thailand's total trade deficit which became of concern when the present currency crisis broke out.

ASEAN has been developing relations with China for economic as well as for security reasons relating to the South China Sea. When Chinese Premier Li Peng visited Singapore in August 1997 he claimed that ASEAN had become China's fifth trading partner and called for co-operation in various fields, infrastructure development, technology transfers, poverty alleviation and environmental protection.⁷¹ ASEAN's dialogue with China will be compelled to expand to embrace other areas beyond diplomacy and security as China's economic and financial actions have been demonstrated to have a significant impact on the ASEAN countries. China's devaluation of the yuan in January 1994 by 33% officially, but much higher unofficially, was seen to be an important factor in the currency crisis. ASEAN products became uncompetitive in various areas such as footwear, textiles, toys and consumer items. Should China devalue its currency again ASEAN would come under renewed pressure in which case China would have revealed its power to throw the ASEAN economies into recession. There was an urgent need for ASEAN and China to establish a regular dialogue that would involve economic and finance ministers and place the issue of economic and financial co-ordination on the agenda. In February 1997 an ASEAN-China Joint Co-operation Committee [JCC] was established as an umbrella body to oversee ASEAN's relations with China. An ASEAN-China business council is to follow later.⁷² These bodies will be inadequate for the task and a higher level arrangement will be required. China declared at the informal ASEAN summit in December 1997 that according to Assistant Foreign Minister Chen Jian it was willing to

assist with "further actions to ensure financial security and stability". Thai Commerce Minister Supachai Panitchpakdi stated that the extent to which China would involve itself in assisting ASEAN was indeed a crucial question.⁷³ This issue will be critical for ASEAN's future financial stability.

As ASEAN establishes the institutional mechanism to develop dialogue with both Japan and China it encourages the coalescence of the kind of East Asian grouping that Mahathir had advocated since 1991. Since that time Mahathir has campaigned for an East Asian Economic Caucus [EAEC] to strengthen ASEAN's "Asian" identification in ideological clash with the West over political and cultural values. The ASEAN informal summit of December 1997 brought together Jiang Zemin, Hashimoto and South Korean Prime Minister Koh Kun with ASEAN for the first time. Mahathir denied that the EAEC had been created but declared that the time when East Asian countries should not be seen as too close to ASEAN was a thing of the past, and that economics was driving East Asia and ASEAN closer together.⁷⁴ In any case the occasion witnessed an ASEAN summit with East Asian leaders that went beyond bilateral relations and may form the basis of a wider grouping in future.

ASEAN has also developed economic ties with Australia and New Zealand under the Closer Economic Relations [CER] formula. Australia and New Zealand have been pressing for closer ties with ASEAN calling for formal ASEAN-CER meetings, the standardisation of customs duties and eventually a free trade agreement. Prime Minister Mahathir has been reluctant to involve these countries too closely with ASEAN in the belief that they are Western and have no place in Asian regionalism. In any case because of the currency crisis ASEAN representatives have called for a postponement of these discussions. ASEAN security connection with Australia and New Zealand continues through the Five Power Defence Arrangements [FPDA] which was formed in November 1971 and includes Australia, New Zealand, Britain, Singapore and Malaysia. Regular exercises are still being conducted

under the auspices of the FPDA and defence ministers still meet, the last time being in April 1997 in Kuala Lumpur. In the Kuala Lumpur meeting ministers decided to alter the language of the agreement so that members would not be obligated to come to the defence of both Malaysia and Singapore but to assist their defence which, as Singapore's Defence Minister Tony Tan explained, simply reflected reality.⁷⁵

ASEAN has engaged Europe in a diplomatic mechanism called ASEM [ASEAN European Meeting] whose first summit was held in Bangkok in 1996. ASEM has 25 members, 15 from the European Union and ten from Asia including seven ASEAN countries and Japan, China, South Korea. One major issue for ASEAN-EU relations was Myanmar's participation in ASEM to which EU members particularly objected. During the ASEM foreign ministers' meeting in Singapore of February 1997 EU commissioner Manuel Marin stressed that Myanmar's membership of ASEAN would create difficulties for the signature of agreements and that the EU Parliament would not extend the ASEAN-EU co-operation agreement to Myanmar, even as a member of ASEAN.⁷⁶ Mahathir insisted that discrimination against Myanmar was tantamount to discrimination against ASEAN and threatened an ASEAN boycott if Myanmar was excluded from the meeting.⁷⁷ Nonetheless, ASEM 2 was held in London in April 1998 on the basis of the seven ASEAN members of 1996, which excluded both Myanmar and Laos. ASEAN avoided a confrontation with the EU over this issue which was an acknowledgement of the difficulties created by Myanmar's membership of the organisation.

Other linkages have been proposed which diversify ASEAN relations according to geographic proximity. Thailand announced a "look West" policy when Chatchai Choonhavan was Prime Minister which indicated an interest in developing economic relations with South Asia.⁷⁸ The Thai Foreign Ministry proposed a Western regional grouping which it called BIST-EC (or informally the Bay of Bengal Economic Community) which was to include Bangladesh, India, Sri Lanka, Thailand and later Myanmar as well. It was

announced on 5 June 1997 as a forum for economic co-operation which would provide a market for Thai products.⁷⁹ The Thai Foreign Ministry envisages co-operation in trade facilitation and investment information and wants to include Myanmar as a transportation link with South Asia.

External linkages are a means of compensating for particular economic, diplomatic or security inadequacies faced by regional organisations and allowing members to function in a wider context. These linkages involve ASEAN as a group and allow it to extend influence beyond Southeast Asia to enhance its significance as an Asia-Pacific actor. Insofar as particular members are involved these linkages they offer economic, security or diplomatic benefits that may not be provided by the regional organisation. In the case of ASEAN's relations with East Asian countries comprehensive linkages are being formed which embrace economic, security as well as diplomatic ties which may require the establishment of forums and institutional mechanisms for their management. As these external linkages become more important for ASEAN their integration into the existing structure would be necessary in which case the organisation as it is now known may undergo an incremental expansion. These external linkages may be indicators of the gradual formation of a wider East Asian regionalism based upon the development and expansion of ASEAN.

ASEAN's future development

ASEAN as a regional organisation has developed well beyond the limited and tentative expectations that brought it into existence 30 years ago. ASEAN has served as a necessary basis for stability for a region that had suffered the effects of political upheaval and conflict in the 1960s. Its first achievement was to facilitate the integration of Indonesia into the regional and global community after the chaos of the Sukarno years. The integrating motion that embraced Indonesia was later extended to include Vietnam which for 20 years at least was the region's principal concern. ASEAN, indeed, was

the mechanism by which regional stability could be effected through the coordination of expectations of its members. ASEAN regionalism contributed to the economic development of the region in the 1970s and 1980s through the creation of a stable regional environment which strengthened business confidence and interest. Singapore's Foreign Minister Jayakumar claimed that ASEAN was the main reason why the region enjoyed such unprecedented peace and prosperity.⁸⁰

ASEAN now faces new problems that have arisen as a consequence of its expansion and development for which it is ill-prepared. The organisation's structure, operating style and decision-making system were forged in another era when ASEAN was basically a single function organisation. Consensus would be now more difficult to achieve as a consequence of the expansion of the organisation and the demand for it may have to be forgone altogether. Moreover, the principle of non-interference in the internal affairs of members cannot any longer prevent the involvement of concerned members over issues that affect them. Whether the concern is the stability of Cambodia, illegal immigration or environmental pollution from Indonesia such as the "haze problem" of 1997-98 ASEAN members can no longer remain constrained by outdated notions of sovereignty and will have to develop acceptable mechanisms to deal with these new problems. ASEAN will be compelled to become a multi-functional and or complex regional body which can no longer be managed effectively in the same organisational structure.

ASEAN confronts problems that it is unable to manage on its own and which require the assistance of the wider regional or global community. The three problem areas analysed above have demonstrated the extent to which the most salient issues faced by the organisation are beyond its ability to solve alone. The Cambodian problem shows that domestic political stability of a member can be an international issue and that ASEAN will require external assistance to stabilise the internal situation of one of its members. ASEAN's major security issue is China which will prompt the organisation into the

development of co-operative linkages with external powers such as the US and Japan. The currency crisis has revealed the vulnerability of the ASEAN economies to external markets and the deficiencies of the regional organisation in facing global market forces that could trigger social and political instability. As ASEAN develops mechanisms to cope with the currency crisis the direction of economic co-operation within the organisation will undergo a change. In response to exigent need the emphasis may move away from market integration towards a reduction of vulnerability before global market forces.

The problems that ASEAN faces will prompt its development from an exclusively regional body that represents Southeast Asia towards a complex co-ordinating device that will assume a mediatory role with the Asia-Pacific or global economic and political environment. Considerable restructuring as well as adjustment of expectations will be required particularly on the part of those like Mahathir who cling to an exclusive conception of regionalism that is incompatible with global trends. As a complex regional organisation ASEAN will function at various levels in which case extensive linkages may be developed with other organisations, regional bodies and global institutions. Depending upon the need and purpose, different decision-making groups within ASEAN will co-ordinate with external bodies, defence ministers will be required to liaise with their external counterparts as will economics and finance ministers. ASEAN will be compelled to develop a new and more extensive structure that would harmonise the activities of these functional groups

Moreover, the expanded organisation will spawn disparate group interests based upon level of economic development, geographic location or cultural identification. Singapore will continue to identify with the developed world, Malaysia and Indonesia will continue to search for an Asian counterweight to the developed world, Thailand will look to Indochina, Myanmar and South Asia, the Philippine economic interest in Taiwan and

South Korea will also continue. Those concerned about China's role will continue to foster security links with the US or will attempt to involve Japan more closely in regional affairs. ASEAN members may develop bilateral relationships with actors or groups of states outside the organisation which would better correspond to their own level of economic development and which would share their economic or political demands. Extra-regional linkages that have been developing under the aegis of the organisation may be reinforced and strengthened to the point where their significance may be as important to particular members involved as relationships within the organisation. This is likely to be particularly case in relation to East Asian countries.

The result would be a much more complex organisation whose main task will be to co-ordinate functions and activities at various levels and to develop and oversee linkages with external actors and bodies. In this sense the principal function of regionalism undergoes a change which may be difficult for some within the region to accept but which simply reflects the realities of globalisation. In the past regionalism was regarded primarily as a means of demonstrating regional autonomy and a self-help device that would reduce dependence upon the external world. The present task of regionalism is to co-ordinate with the political, economic and financial forces released by the process of globalisation and to reduce their impact for members. Regionalism becomes a process shaped by the pace of globalisation which will demand the management and development of ties and linkages with the external world at multiple levels. The task of regionalism will be to ensure greater co-ordination with external state or institutional actors and to ensure predictability in both the security and economic areas. ASEAN will be compelled to rise to this challenge by transforming its structure and revising expectations of its behaviour. In doing so it may no longer remain a Southeast Asian organisation and may act as a stimulus for a wider regionalism in the Asia-Pacific region.

Endnotes

- ¹ For the early history of ASEAN see Michael Leifer, *ASEAN and the Security of Southeast Asia*, Routledge, London 1989; Arnfinn Jorgensen-Dahl, *Regional Organisation and Order in Southeast Asia*, Macmillan, London, 1982; Frank Frost, "ASEAN since 1967-Origins, Evolution, and Recent Developments", in Alison Broinowski [Ed.] *ASEAN into the 1990s*, Macmillan, London, 1990.
- ² On the Yadana gas field deal see *Bangkok Post*, 3 February 1995.
- ³ *Straits Times*, 30 May 1997
- ⁴ *Jakarta Post*, 23 February 1997, *Bangkok Post*, 23 February 1997
- ⁵ *Bangkok Post*, 29 March 1997
- ⁶ *Bangkok Post*, 1 June 1997.
- ⁷ ASEAN dialogue partners include; Australia [1974], Canada [1977], China [1996], the European Union [1972], India [1995], Japan [1977], South Korea [1991], New Zealand [1975], Russia [1996], US [1977]. ASEAN also includes the UN Development Program as a dialogue partner and is the only multilateral aid organisation to be accorded this status.
- ⁸ Murray Hiebert, Nigel Holloway, Michael Vatikiotis, "Fly in the Ointment", *Far Eastern Economic Review* (Henceforth *FEER*), 12 June 1997.
- ⁹ *Bangkok Post*, 28 February 1997
- ¹⁰ *Straits Times*, 7 March 1997
- ¹¹ *Nation* (Bangkok), 11 July 1997.
- ¹² Jusuf Wanandi, "ASEAN Hands Off Policy May Have to Change", *Bangkok Post*, 9 June 1997.
- ¹³ *Jakarta Post*, 29 July 1997.
- ¹⁴ Ibid.
- ¹⁵ *Straits Times*, 25 July 1997.
- ¹⁶ *Straits Times*, 22 July 1997.
- ¹⁷ *Bangkok Post*, 15 July 1997.
- ¹⁸ *FEER*, 24 July 1997.
- ¹⁹ See Paul Bowles, "ASEAN, AFTA, and the New Regionalism", *Pacific Affairs*, summer 1997.
- ²⁰ See Chia Siow Yue, "The Deepening and Widening of ASEAN", *Journal of the Asia-Pacific Economy*, vol. 1, no.1, 1996.
- ²¹ *Bangkok Post*, 25 June 1997.
- ²² *Jakarta Post*, 11 December 1995
- ²³ *Sunday Post* [Bangkok], 11 December 1995.
- ²⁴ *Straits Times*, 9 May 1997.
- ²⁵ On Vietnam's reforms see David Dollar, "Economic Reform, openness and Vietnam's Entry into ASEAN", *ASEAN Economic Bulletin*, November 1996.
- ²⁶ Faith Keenan, "What Economic Crisis?", *FEER*, 18 December 1997.
- ²⁷ *Australian Financial Review*, 31 December 1997.
- ²⁸ *Straits Times*, 9 June 1997.
- ²⁹ Joint Press Statement, 9th Meeting of the AFTA Council, Singapore, 26 April 1996. *ASEAN Economic Bulletin*, July 1996, pp. 114-117.
- ³⁰ Chia Siow Yue, "The Deepening and Widening of ASEAN".
- ³¹ *Straits Times*, 25 February 1997.
- ³² *Star* (Kuala Lumpur), 25 February 1997.
- ³³ *Bangkok Post*, 20 May 1997.
- ³⁴ *Bangkok Post*, 8 October 1997.
- ³⁵ ASEAN Framework Agreement on Services, *ASEAN Economic Bulletin*, March 1996, pp.415-419.
- ³⁶ *Bangkok Post*, 12 October 1997.
- ³⁷ *Jakarta Post*, 15 December 1997.
- ³⁸ *Jakarta Post*, 24 May 1997.

- 39 *Australian Financial Review*, 18 April 1997.
- 40 *Straits Times*, 25 September 1997.
- 41 *Jakarta Post*, 2, 4 March 1997.
- 42 *Bangkok Post*, 2 March 1997.
- 43 *Jakarta Post*, 2 September 1997.
- 44 *Jakarta Post*, 17 October 1997.
- 45 *Bangkok Post* 14, December 1997.
- 46 *FEER*, 19 February 1998.
- 47 *Straits Times*, 8 February 1998.
- 48 *Japan Times*, 11 October 1997.
- 49 *Straits Times*, 17 December 1997
- 50 *Jakarta Post*, 17 October 1997.
- 50 *Bangkok Post*, 1, 2 December 1997.
- 51 *Straits Times*, 25 February 1997.
- 52 *Bangkok Post*, 16 October 1997.
- 53 On Indonesia's views of ASEAN see Michael Leifer, *Indonesia's Foreign Policy*, George Allen & Unwin, London 1983, pp. 160-164.
- 54 *A Time for Initiative; Proposals for the Consideration of the 4th ASEAN Summit*, ASEAN-ISIS, 1991
- 55 *Ibid*, p4.
- 56 See *Singapore Declaration*, 28 January 1992.
- 57 The initial membership of the ASEAN Regional Forum was 18 which included 6 ASEAN states, 7 dialogue partners, and China, Russia, Vietnam, Laos, and Papua-New Guinea.. Cambodia joined at the 2nd ARF in August 1995, Myanmar and India joined at the 3rd ARF in July 1996 to bring the membership to 21 states.
- 58 On the ARF see Michael, Leifer, *The ASEAN Regional Forum*, Adelphi paper no. 302, International Institute for Strategic Studies, London, 1996.
- 59 See Chairman's Statement at the Third Meeting of the ASEAN Regional Forum, Jakarta, 23 July 1996. [ASEAN Secretariat, Jakarta, 1996]
- 60 For the South China Sea dispute see; Mark J. Valencia, *China and the South China Sea Disputes*, Adelphi Paper no. 298. International Institute for Strategic Studies, London, 1995, John W. Garver, "China's Push Through the South China Sea: The Interaction of Bureaucratic and National Interests", *China Quarterly*, no. 132, December 1992, Mamdouh G. Salameh, "China, Oil and the Risk of Regional Conflict", *Survival*, vol.37, no.4, winter 1995-96. Eric Hyler, "The South China Sea Disputes: Implications of China's Earlier Territorial Settlements", *Pacific Affairs*, spring 1995, vol. 68, no. 1
- 61 *FEER*, 5 April 1997; *Straits Times*, 18 March, 8 April 1997.
- 62 *Straits Times*, 30 May 1997.
- 63 *Straits Times*, 16 April 1997.
- 64 Jose T. Almonte, "Ensuring Security the 'ASEAN Way'". *Survival*, vol. 39, no.4, winter 1997-98.
- 65 *Straits Times*, 18 April 1997.
- 66 On Li Peng's visit to ASEAN in August -September 1997 see *Bangkok Post*, 23 August 1997; *FEER*, 11 September 1997,
- 67 *FEER*, 25 December 1997/1 January 1998
- 68 *Japan Times*, 15 January 1997.
- 69 Measures included the promotion of human resource development, infrastructure development, the mobilisation of private funds and technology for infrastructure development trade and investment insurance assistance. See *Bangkok Post*, 20 October 1997.
- 70 *Bangkok Post*, 19, 20 October 1997.
- 71 *Straits Times*, 27 August 1997
- 72 *Straits Times*, 28 February 1997.

- 73 *Bangkok Post*, 15 December 1997.
74 *Straits Times*, 17 December 1997.
75 *Straits Times*, 16 April 1997.
76 *Straits Times*, 15 February 1997.
77 *Straits Times*, 3 September 1997
78 Pitak Intrawityanunt, "New Four-Nation Bloc Fills Regional Sub Void", *Japan Times*, 4 July 1997
79 *Bangkok Post*, 26 May 1997.
80 *Straits Times*, 24 July 1997