

Chapter 2

ASEAN: Significance of and Issues at the First East Asia Summit

SUEO SUDO

In 2005 the Association of Southeast Asian Nations (ASEAN) experienced both destabilizing factors as well as success in promotion of regional cooperation. The destabilizing factors consisted of the tsunami damage caused by the Indian Ocean earthquake and the terrorist bombings which occurred in Bali in October. On the other hand, regional cooperation was promoted by the Peace Agreement of Aceh, the convening of the Myanmar National Convention, and the holding of the East Asia Summit. On the economic front, ASEAN member countries, while gradually recovering their growth trends, are actualizing growth by using as leverage the free trade agreements (FTAs) inside and outside the region and are strengthening cooperative relationships in preparation for the formation of the ASEAN Community. To promote formation of the ASEAN Community, a summit meeting on Mekong River Basin development as a measure to correct the noted economic gaps in the region was held in Kunming in Yunnan Province, China, in July. The summit adopted the “Kunming Declaration,” which aims to achieve both the strengthening of the industrial base, including installation of transportation and communications networks, and protection of the ecosystem of the Mekong River.

Overall, it may be said that the expansion of regional cooperation through the holding of the East Asia Summit will steadily contribute to the strengthening of the identities of the member countries. For example, according to the public opinion survey of six ASEAN countries released in December (*Straits Times*, December 5, 2005), in response to the question “Do the people of the ASEAN member countries think of themselves as being part of a single group?” 60.3 percent answered “yes” and 35.5

percent answered “no.” In response to the question “Should ASEAN have a single currency?” 45.0 percent answered “yes.” Moreover, 45.4 percent responded that the speed of ASEAN integration is “too slow,” thus revealing the strength of the opinion in favor of ASEAN integration.

Indian Ocean Earthquake and Tsunami

The Indian Ocean earthquake that occurred in December 2004 gave rise to a broad spectrum of problems that continued into 2005. Conditions were serious in Thailand (5,300 victims) and Indonesia (110,000 victims) which suffered unprecedented damage. It was an unparalleled disaster that resulted in 350,000 dead and missing, including victims in Sri Lanka and India, 1,500,000 refugees, and damage equivalent to US\$7.2 billion (World Bank Report, February 2005). UN Secretary-General Kofi Annan proposed a donor meeting in Geneva, and ASEAN displayed its leadership by responding swiftly to hold an emergency summit meeting in Jakarta attended by 26 countries and institutions on January 6. The joint statement of the ASEAN emergency summit summarized the meeting and mentioned the preparation of an assistance system in which all countries unite under the leadership of the United Nations, construction of a tsunami early warning system, support for the UN’s emergency appeal that calls for US\$1 billion for the next six months as humanitarian aid of the victims, and appointment of a new UN Secretary-General Special Envoy to assist with the smooth implementation of aid activities.

Consequently, not only did the ASEAN initiative produce significant results including aid from Japan, the United States, China, and Australia totaling US\$5 billion, but conspicuous effects were also visible in regional cooperation. In short, in preparation for future occurrences of disasters, ASEAN agreed to a plan to set up a “special unit” for relief activities. Moreover, the foreign ministers meeting in July adopted the Agreement on Disaster Management and Emergency Response which aims to simplify procedures for moving supplies and people so that member countries can smoothly implement emergency assistance in times of disaster. Given that there had been a lack of discussion on coordinated action in the region during disasters involving multiple countries, stronger cooperation within ASEAN in future disasters will likely give momentum to the trend toward regional integration.

Regular Foreign Ministers Meeting

During July 25 and 26 in Vientiane, the capital of Laos, a series of foreign ministers meetings was held, with the centerpiece being the 38th ASEAN Ministerial Meeting, and international and regional issues were debated. At the ASEAN Ministerial Meeting, two agreements (the Agreement on Disaster Management and Emergency Response and the Agreement on the Establishment of an ASEAN Development Fund) and seven declarations and joint statements were released. The joint statement, which summarizes the meeting, mentions the admission of New Zealand and Mongolia into the Treaty of Amity and Cooperation in Southeast Asia (TAC), reconfirmation of the importance of ASEAN Plus Three for the actualization of the East Asian Community through the East Asia Summit, reconfirmation at the ASEAN foreign ministers meeting retreat of the commitment to “make the East Asia Summit a summit that is open, extroverted, and comprehensive, with ASEAN as the driving force,” the withdrawal of Myanmar’s foreign minister as a chair of ASEAN 2006, and welcome of the resumption of the six-party talks on the North Korean problem.

Distinctive features this time were, first of all, the resolution of the problem of Myanmar’s acceptance of appointment as a chair of the summit by using the so-called ASEAN way. The ASEAN way is a decision-making process peculiar to ASEAN wherein weight is given to dialogue and consensus formation, based on non-interference in domestic affairs and the equality principal. As a result of ASEAN’s use of informal dialogue methods amidst growing negative reactions in Europe and the United States, ultimately Myanmar’s Foreign Minister Nyan Win announced, “Myanmar will postpone acceptance of the chair in order to give priority to a series of democratization processes including the establishment of a Constitution, on which we are currently working.” Vietnam and Laos retorted that “they should not give in to foreign pressure,” but the Philippines, Singapore, and Indonesia persuaded them and a compromise was reached.

Second is that agreement was reached on a specific plan for the ASEAN Community. There was accord to continue work on preparing the ASEAN Charter which reconfirms the objectives, goals, and basic principles of the ASEAN Community and agreement on the draft of the Kuala Lumpur Declaration concerning preparation of the ASEAN Charter, including the establishment of an Eminent Persons Group. Furthermore, by signing the Agreement on the Establishment of the ASEAN Development Fund, the ability to mobilize funds which will support the

action plan of the ASEAN Community will probably be significantly promoted.

Third is that basic agreement was reached on the East Asia Summit. This, too, was a result of the ASEAN way, but that process was fraught with difficulties. For example, there was conflict over the frequency with which to hold the summit, where to hold it, and which countries should be allowed to participate. Provisional agreement was reached to hold the summit (1) once every three years, (2) in the capital city of an ASEAN member country, and (3) to have countries take turns as the chair, and room was left for further adjustments in the future. Moreover, ASEAN decided to hold high-level business meetings and ministerial meeting retreats in March–April, and following the ASEAN Plus Three Ministerial Meeting in May, decided on the following three qualifications for participation: (1) have a real relationship with ASEAN, (2) express support for the TAC, and (3) be a country in dialogue with ASEAN. As countries that met these conditions, three more countries in addition to the Plus Three countries were added, namely, India, Australia, and New Zealand.

The Post Ministerial Conference (PMC) with dialogue countries held after the ministerial meeting adopted a new method called a 10 plus 1 meeting (individual sessions with the one institution and five countries of ASEAN, the United States, Australia, and Canada, etc.) and 10 plus 10 retreats. ASEAN agreed to elevate its partnership with the United States to a higher level, given the 30 years since dialogue began between them. With Australia, ASEAN confirmed its participation in the East Asia Summit in December, given Australia's decision to participate in TAC. With regard to the EU, ASEAN reconfirmed coordination against international terrorism and expressed high regard for progress in economic cooperation. At the first 10 plus 10 retreat PMC, the agenda contained economic problems such as progress of ASEAN integration, the Vientiane action plan, and energy cooperation, as well as a follow-up to the tsunami meeting in January. Attention henceforth will be on whether or not the retreat method becomes a regular fixture and produces results.

ASEAN Regional Forum

The 13th Asian Regional Forum (ARF), where regional security is discussed, was held on July 28, with 22 countries and one institution in attendance. The six main issues in the chairman's statement were (1) welcome of the resumption of six-party talks, (2) denouncing of the terrorism that occurred in Egypt and London, (3) expression of concern over the

degree of progress of the democratization process of Myanmar's military administration and demand for the early reentry of the UN Secretary-General Special Envoy, (4) welcome of the efforts to increase security in the Malacca Straits, (5) approval of East Timor's membership, and (6) welcome of the signing of TAC by New Zealand and Mongolia.

At the meeting, the future direction of ARF was discussed, and it was decided to move from the first stage of confidence building to the second stage of preventative diplomacy. With regard to the preparation of a specific system, opinions were exchanged on strengthening support for the ARF chairperson, ARF unit, and ARF Fund. A particularly important result is the establishment of the ARF Fund, to which each country contributes funds for human resources development and various kinds of studies.

There was also progress in countermeasures for international terrorism, including pirates and terror at sea. As shown by the kidnapping of three crew members on the Japanese ship *Idaten* in March, the risk of terrorism at sea remains high, and so a special statement was adopted that incorporates promotion of information sharing among criminal investigation authorities in each country for the prevention of forgery of identification papers. With regard to the security problem in the Malacca Straits, following requests from Singapore and Malaysia, Japan and Indonesia decided to co-host the "ARF Workshop on Capacity-building for Security at Sea."

This time, the foreign ministers of the United States, Japan, China, and India did not attend the meeting. Since Chinese Foreign Minister Li Zhaoxing suddenly absented himself from ARF and visited Myanmar after attending the Plus Three ministerial meeting, there is concern that this will unavoidably be seen as a slighting of ARF.

Regular Economic Ministers Meeting

Following the debate on issues in regional politics and security, the 37th Economic Ministers Meeting, where promotion of regional economic cooperation is discussed, was held in Vientiane on September 28. The economic record and actual state of regional cooperation in FY2004 was evaluated, and issues and policies for the future were discussed. The following three outcomes were the main features this time. First, given global decline in demand and the latent inflationary pressure accompanying higher oil prices, it was thought that the regional economic growth rate in 2005 would be moderate. In reviewing 2004, it was noted that the

economic growth rate in the ASEAN region was 6 percent, which was the highest in the past five years, and foreign direct investment, at US\$25.1 billion, was in an uptrend, with further increases anticipated in 2005. In trade in 2004, exports increased 20.6 percent and imports increased 26.8 percent. However, although trade in the region grew quantitatively, the percentage as a share of global trade fell slightly, to 22.5 percent.

Second, it was decided to fully deregulate service trade by 2015. Up to this point, service trade deregulation had been limited to seven priority sectors including finance, communications, tourism, and construction, and the timing of deregulation of non-priority sectors was undecided. This time, in trade of goods as well, partial advanced implementation in 2006 was studied for sectors such as textiles, out of the nine priority sectors where customs tax is to be abolished by 2007. The timing of deregulation for service trade overall, including priority and non-priority sectors, was set as 2015. With an outcome that accelerates deregulation of both goods and services, this meeting attracted attention as a strong expression of ASEAN's desire for regional market integration, which is the first step in realizing the concept of the East Asian Community of the future.

The third point involved economic cooperation with countries outside the region. Methods for and issues in FTA negotiations with a total of six countries, including Japan and China, were discussed. In particular, strengthening of the relationship with Japan was prominent, and it was agreed to actualize "cooperation for the integration of the ASEAN economy" with Japan. This included support for (1) energy trial projects, (2) development of the Mekong River basin, and (3) support for small and medium companies. EPA negotiations with Japan also progressed a step further. In April, agreement was reached with ASEAN to begin EPA negotiations, and in May, general agreement on an EPA was reached with Malaysia. In June, agreement was reached with Indonesia to begin EPA negotiations, and in July, general agreement on an EPA was reached with Thailand.

First East Asia Summit

The most significant outcome in 2005 was that a series of summit meetings organized around the ASEAN Summit was held in Kuala Lumpur in December, and the long-awaited East Asia Summit was actualized. Eight years had passed since the ASEAN Plus Three (Japan, China, and South Korea) was held in 1997, and the fact that this summit could finally be held after many complications is the result of the ASEAN way. As shown

by the fact that the East Asia Summit was held together with the ASEAN Summit and the ASEAN Plus Three Summit, the ASEAN way has been a method for ASEAN to put itself in the “driver’s seat” in the promotion of supra-regional integration in East Asia.

After the ministerial meeting in July, adjustments by ASEAN continued, a declaration draft was presented by the ASEAN chair for the first time at the high-level business meeting in Kuala Lumpur in October. The ASEAN draft did not include the words “East Asian Community” in the East Asia Summit Declaration but emphasized that “the framework of ASEAN Plus Three is the real organizer of the East Asian Community.” Japan and India reacted very negatively to this, and the discussion reached a deadlock. Finally, a compromise was presented by ASEAN at the 16-country high-level business meeting on December 8.

The 10th ASEAN Summit on December 10 centered on three agenda items, and after the summit, ASEAN officially announced the Kuala Lumpur Declaration for community building, an initiative to resolve the Myanmar problem, and the “Declaration on the Establishment of the ASEAN Charter.” Of these, first of all the Kuala Lumpur Declaration indicates a political intention to accelerate the formation of an ASEAN Community, emphasizing “one vision, one identity, and one community.”

Second is the Myanmar problem. With the United States and Europe also calling for democratization of Myanmar, the summit’s initiative strongly demands the democratization of Myanmar, clearly specifying the “liberation of people under restrictions.” As a specific plan, ASEAN agreed to send a special envoy in mid-2006 and is shifting from a stance of “constructive engagement” where it watches over Myanmar’s self-initiated measures to a stance of “active engagement” where it becomes involved in the domestic politics of Myanmar.

Third is the “Declaration on the Establishment of the ASEAN Charter” which sets guidelines for the actualization of the community concept up to 2020. It emphasizes (1) the need for a charter which will promote the community and form a solid base, (2) codification of the general standards, rules, and values of ASEAN, (3) pursuit of the common benefit of all ASEAN members, (4) strict observance of the common values of societal culture and political society, and (5) promotion of democracy, respect for human rights, and good governance and strengthening of the democratic system. Henceforth, the plan is to seek the advice of the Eminent Persons Groups composed of experts from various countries for the drafting of the charter.

The Ninth ASEAN Plus Three Summit produced the following. It confirmed the continued progress of cooperation by ASEAN Plus Three, confirmed that ASEAN Plus Three is the main means for attaining the East Asian Community and that this framework forms an indispensable part of the overall regional framework because it is complementary to other forums and processes in the region, and agreed to begin work on a second joint statement, concerning cooperation in East Asia, for 2007 which is the 10th anniversary of ASEAN Plus Three. It was confirmed that the specific plan is to hold the ASEAN Plus Three Summit meeting together with the ASEAN annual summit meeting, to accelerate the short-term and long-term implementation of the East Asia Study Group's final report, and in particular, to promote cooperation in the following fields. They are, (1) ASEAN integration (correction of the developmental gap, in particular), (2) strengthening of human exchanges (by students, scholars, researchers, artists, media persons, youth, intellectuals, think tank members, and religious persons, etc.), and (3) strengthening of important mechanisms for promotion of cooperation within ASEAN Plus Three, such as establishment of an ASEAN Plus Three unit in the ASEAN Secretariat.

On December 14, the first East Asia Summit was held, attended by the 16 countries of ASEAN Plus Three and Australia, New Zealand, and India, and the summit adopted the Kuala Lumpur Declaration, which indicates the direction for the future. The declaration recognizes the shared view, as a principle of the community, that the East Asia Summit will play an important role in the formation of the community in the region, and that it is necessary to support efforts for the formation of the ASEAN Community.

The objectives of the community are clearly stated as (1) establishing the East Asia Summit as a forum for conducting dialogue for the purpose of promoting peace, stability, and economic prosperity in East Asia, (2) ensuring that the efforts of the East Asia Summit to promote formation of a community in the region, together with actualizing, coordinating, and strengthening the ASEAN Community, form an indispensable part of the evolving regional framework, (3) making the East Asia Summit a forum that is open, comprehensive, transparent, and extroverted, and (4) having ASEAN collaborate with other countries at the East Asia Summit and be the propellant of collaboration, together with endeavoring to strengthen the global standards and universally recognized values.

The following were incorporated in the concrete plan: (1) promotion of strategic dialogue and cooperation on political and security issues for

the purpose of peaceful coexistence in a fair, democratic, and harmonious environment, (2) promotion of technology transfer, infrastructure building, capacity building, good governance, humanitarian support, promotion of financial assistance, development through trade, expansion of investment and deregulation, financial stability, energy security, economic integration and growth, poverty eradication, and revision of the development gap, and (3) deepening of cultural understanding for mutual trust and creation of solidarity, promotion of further cooperation for improvement of people's livelihoods and welfare, environmental protection, prevention of infectious diseases, and reduction of damage from natural disasters.

Finally, four points were decided with regard to the form of the East Asia Summit: (1) Participation is to be based on the participation standards which ASEAN sets, (2) the summit is to be held regularly, (3) the summit is to be hosted by the ASEAN chair country, which will be the chair of the summit, and summit is to be held immediately following the annual ASEAN Summit, and (4) the form of the East Asia Summit is to be reviewed by ASEAN and other participating countries. It was decided to hold the second East Asia Summit in the Philippines in December 2006.

Issues in 2006

Given that the holding of the East Asia Summit was the most significant outcome of 2005, then the problems that were identified there will be the issues in 2006. The following three issues will require immediate action.

First, the division of labor between the East Asia Summit and ASEAN Plus Three needs to be clarified. The East Asia Summit, which is starting off with three countries from outside the region in addition to the countries of ASEAN Plus Three, which has a history of over eight years and preexisting concrete plans, has not yet disambiguated the role it will play or concretely specified its character. Careful discussion is necessary concerning what sort of complementary relationship these two institutions will have in the future.

Second is the fact that the concept of the East Asian Community is not clear. Questions remain as to exactly which geographical area comprises East Asia and how far regional integration is to be taken. The problem of participation by Russia and the United States in particular is a matter that cannot be avoided. If Russia participates starting in 2006, then there is concern that the scope of what is meant by East Asia will become even more blurred. Since this problem is affected by the anatomy of conflict

between those who wish to limit the number of participant countries and those who wish to expand that number, difficulties in resolving the problem are expected. Not only is there conflict between those in ASEAN who want restricted participation (Malaysia, the Philippines, Myanmar, and Laos) and those who want expanded participation (Indonesia, Singapore, and Viet Nam), but a shadow is also cast by the leadership struggle between China, which seeks a hegemony in the region and wishes to exclude countries from outside the region, and Japan, which seeks to maintain balance by accepting countries from outside the region. Because there is strong support among the countries favoring expanded participation for allowing countries outside ASEAN to participate on equal footing, such as allowing them to be chairs, there is a high possibility that it will be difficult to iron out the differences.

Third, it is necessary to reconsider the ASEAN way. The coordination ability of ASEAN in the holding of this summit was conspicuously limited. Domestic conditions in Indonesia, which has been representing ASEAN, were unstable, and if terrorism and economic stagnation continue, there is the possibility that Indonesia may lose its power to lead. At the 2007 ASEAN Plus Three, it has been decided to present an image for future summits, and whether it can produce a roadmap leading to the establishment of a community will be a test of ASEAN's skill.

In light of the fact that Japan and China restrain each other and the advance of regionalism is affecting the feud over leadership between Japan and China, the coordination ability of ASEAN, which is in the driver's seat, will be tested. Future developments will be closely watched in particular because "constructive engagement" in the Myanmar problem and the "ASEAN Charter" will significantly contribute to the birth of a "new ASEAN."