ASEAN promise lies in its potential as a major economic bloc. It is home to 620-million people today with a nominal GDP or total economic output of USD 2.2-trillion or 3.3% of the world’s total GDP; total exports of USD 1.2-trillion or 7% of global exports; and total GDP in purchasing power parity of USD 3.6-trillion.

ASEAN’s Heads of State launched the Initiative for ASEAN Integration (IAI) in 2000 to narrow the development gap and accelerate economic integration of its new members, namely Cambodia, Lao PDR, Myanmar, and Viet Nam (CLMV).

This is being driven by the IAI Work Plan (IAI-WP). The first phase of covered the years 2002 to 2008. The current Work Plan (IAI-WP II) is based on key program areas in the three Blueprints for the ASEAN Community:

- **ASEAN Economic Community Blueprint**
- **ASEAN Political-Security Community Blueprint,**
- **ASEAN Socio-Cultural Community Blueprint.**

Measures in the three Blueprints target policy reforms to foster regional cooperation and greater socioeconomic integration to build an ASEAN
Community in 2015.

The Economic Security Blueprint is the “tip of the spear” that will begin the process of integration because it is relatively the easiest to achieve. In a recent talk before the Armed Forces of the Philippines Command and General Staff College, former President Fidel V Ramos said that the more difficult to accomplish would be the other two blueprints.

So let me discuss the matter of ASEAN Integration in the following sequence:

- Economic Integration
- Political-Security Integration
- Socio-Cultural Integration

**ASEAN Economic Community**

Earlier this year, ASEAN leaders discussed preparations for the birth of the ASEAN Economic Community (AEC) in 2015 to become a single market and production platform marked by the free flow of capital, labor, goods and services.

However, there are fears that the region is not yet ready for economic integration because member-countries are not competitively on the same footing, while some are unstable due to their political contexts. Compared to other regional groupings like BRIC, ASEAN has higher
labor costs, more complex policy uncertainties and fragmented national markets despite AFTA, the internal free trade area it rolled out in 1993.

In any case, ASEAN has decided to pursue economic integration by 2015, fully aware of the need for enhanced implementation of initiatives at the national level; and full implementation of regional measures by all member states in their jurisdictions.

Top needs are:

1. Removing legislative and regulatory limitations that impede implementation.
2. Strengthening national coordinating agencies for them to effectively implement across various ministries and agencies.
3. Private sector engagement to assess impacts and effectiveness of policies and measures, and enhance integration to ensure the free flows of goods, services, investments, and capital.
4. Improving AEC’s progress to monitor outcomes, identify issues and address execution gaps.

Ways Forward: Specific recommendations for the Philippines

I will briefly cover 3 crucial areas: Investment Promotion and Facilitation; National Single Window and Trade Facilitation; and Transport Facilitation.

A. Investment Promotion and Facilitation
In our operational environment and investment climate, there are still many processes such as registration and applications for permits and licenses that remain complex, problematic, and costly. The PH still needs to:

- automate business procedures of all NGAs;
- have transparent procedures and guidelines;
- streamline NGA procedures;
- clear and consistent policies,
- effectively communicate policy changes;
- expertly assist prospective investors;
- undertake effective investment promotion.

Other recommended key reforms are:

1. Increase investments in physical infrastructure, power and logistics.

2. Review the Constitutional limitations on foreign equity and competition, and strengthen institutional and regulatory frameworks, particularly in public utilities.

3. Address corruption to reduce business costs and improve over-all competitiveness.

B. National Single Window and Trade Facilitation
The Philippines created the National Single Window (NSW) portal to maximize benefits and minimize disruption as well as compliance costs. Ownership of the entire process and leadership is key.

Strong commitments of Other Government Agencies (OGAs) and the BOC, and the phasing in of Value Added Service Providers (VASPs) into the system are necessary to make the NSW work as envisioned.

A long-term agenda must be adopted for business process reform and change management, which are central to good governance.

NSW should be adaptable to changes in legislation and developing situations.

Risk management, software development and data warehousing that directly links information and databases need further improvement.

On the country’s preparedness for ASEAN Customs and ASEAN Single Window (ASW), the PH is progressing in laying the foundations. The simplification and harmonization of manifest and declaration processing will be in place this year.

At the regional level, the ASEAN Single Window (ASW) initiative requires customs integration to deal with outward and inward processing; Authorized Economic Operators (AEO) mutual recognition;
and an Electronic Certificate of Origin (e-CO) coordinated system where e-COs are issued and received, checked and verified electronically.

**C. Transport Facilitation**

The PH transport services sector is still facing infrastructure development and regulation problems. On the table are several policy recommendations:

1. Improve port infrastructure and modernize port operations through efficient public-private partnerships.
2. Remove conflict-of-interest situations of regulatory agencies; and ensure their independence to stimulate a competitive market and uphold consumer welfare.
3. Allow international operations in selected airports that provide exporters less costly options.
4. Improve efficiency with information and communications technology (ICT).
5. Comprehend and master revised policies guidelines, and simplified documentation requirements.
6. Amend cabotage (restriction) policy to improve competitiveness.
7. Address border and behind border issues.

**ASEAN POLITICAL-SECURITY COMMUNITY**

I will now dwell on the subject that I was asked to discuss – ASEAN’s Political-Security Community.
ASEAN’s regional security architecture is generally underdeveloped, but that is not to say that nothing is being done. In 1992, ASEAN created the Annual Regional Forum (ARF) to discuss regional security issues, and provide a stage for preventive diplomacy between major powers.

In 1995, it agreed to sign the Treaty on the Southeast Asian Nuclear Weapon Free Zone, obliging the signatories from developing / acquiring nuclear weapons; and to refuse other countries from testing or warehousing nuclear weapons on their soil.

In 2004, it agreed to convene an Annual Defense Ministers Meeting (ADMM) was decided. It is ASEAN’s highest defense consultative and cooperative mechanism to enhance trust, confidence, transparency and openness. Accomplishments to-date are:

1. Established the ADMM-Plus (ASEAN + 8 Dialogue Partners) to strengthen security and defense cooperation.
2. Adopted the Principles for Membership.
3. Adopted “Configuration and Composition” and “Modalities and Procedures.”
4. Adopted ASEAN Defense Industry Collaboration (ADIC) and Peacekeeping Centers Network. Implementation is underway.
6. Conducted tabletop exercises on HADR, military medicine, counterterrorism, maritime security and peacekeeping operations.
8. Agreed to establish direct communications links for use in times of crisis and emergencies.

In that span of 22 years, ASEAN has shown few solid accomplishments due to a seeming lack of urgency. As such, forging an ASEAN security community remains a distant possibility.

ASEAN has not been able to take advantage of its links with its eight (8) security dialogue partners – Australia, China, Japan, India, Republic of Korea, New Zealand, Russia, and the United States – to help resolve its internal issues.

Nor has it been able to influence China to resolve legal disputes in the South China Sea with ASEAN member States, caused by its controversial dash lines (originally 11-dashes, then 9-dashes, then 10-dashes today).

The following factors pose major obstacles to a regional identity of a single community and a political security architecture:

1. the lack of formal mechanisms for internal and external conflict resolution;
2. conflicting national interests and geopolitical relations with competing major powers;
3. fundamental historical differences and cultural gaps.
Internally, ASEAN proved less than able, for example, to:

   a.) address human rights abuses in Myanmar;
   b.) diffuse tensions between Malaysia and Thailand over the insurgency in southern Thailand; and between the PH and Malaysia over the Sabah issue,

because of the “ASEAN way” – its preference for consensus over intervention in another state’s affairs.

Externally, after decades of “peaceful rise”, China is now aggressively asserting its power in the region and attempting to deny the U.S. its long-standing role in Southeast Asia. ASEAN’s internal disputes revealed its weakness as an organization.

Although the South China Sea dispute is a matter of the highest priority to Vietnam and the PH, other states have not provided the kind of diplomatic support for ASEAN to assert itself.

Adjudicating the South China Sea disputes has made little difference to Beijing because even a relatively unified ASEAN has few policy levers at its disposal.

China has declared that it considered the elevation by the PH of its dispute to an Arbitral Tribunal in ITLOS an insult, and that it would not participate in the proceedings nor abide by a decision favoring the PH.
Using its economic might, China is monkey-wrenching ASEAN’s consensus-building culture and is posing challenges to its unity.

Consequently, the PH, Vietnam, and other claimants (Taiwan, Brunei, Indonesia and Malaysia) have consciously pursued closer defense ties with the US, exactly the opposite that ASEAN aimed to avoid.

Yet, despite the grim outlook for a regional security alliance in the foreseeable future, there are some silver linings.

In the case of nontraditional regional security challenges, the good news is that ASEAN is addressing its capacity issues such as:

- transnational crime
- HADR
- maritime security
- cross-border law enforcement issues (e.g. illegal drug trafficking, poaching, piracy, smuggling, terrorism and illegal immigration);
- military medicine to deal with epidemics and mass casualties.

The other good development is credited to Indonesia, ASEAN’s primus inter pares. According to former President Ramos, Indonesia set a security landmark with its proposal for ASEAN to establish a Peacekeeping Center and a Regional Peacekeeping Force.

“Without minimizing the difficulties of multilateral security cooperation,
he said, “we do believe the proposal...is absolutely necessary and within ASEAN’s capabilities.”

*The United States and ASEAN*

A discussion on ASEAN’s security architecture cannot ignore the other elephant the room, the United States.

ASEAN was founded in part to craft an independent foreign policy but its record in this area is not encouraging. During the Cold War, most ASEAN member states sided closely with the US and took cues from Washington on most major regional foreign policy issues.

Apart from treaty allies Thailand and the Philippines, the US developed tight links with Indonesia, Singapore, and Malaysia. The US and Japan were the biggest investors and trading partners in most ASEAN nations.

When the Asian financial crisis hit in 1997, the US-ASEAN relationship cooled after it declined to bail out distressed Asian economies despite doing so for Russia and Mexico, providing other powers in the region, like China, opportunities to play a larger role in regional cooperation.

In 2001, terrorist attacks and the wars in Iraq and Afghanistan further soured U.S.-ASEAN relations. In Muslim-majority nations like Indonesia, Malaysia and Brunei, leaders turned sharply against U.S. policy when they were unable to ignore public opinion.
The US, under President Barack Obama, reset U.S.-ASEAN relations. It appointed the first U.S. resident ambassador to ASEAN; signed the ASEAN Treaty of Amity and Cooperation; undertook a policy of collaboration with Myanmar; and launched the first regular dialogue between the U.S. and the Mekong River basin nations (Vietnam, Cambodia, Laos, and Thailand).

This strategy was part of a broader pivot of U.S. forces and American diplomacy toward Asia that included:

- committing to the TPP agreement;
- launching the U.S.-Indonesia Comprehensive Partnership;
- bolstering Vietnam’s and the PH defensive capabilities;
- a more vocal defense of SEAsian nations’ interests in the SCS;
- supporting the PH’s Triple Action Plan [cessation of tension-building activities in the West PH Sea (WPS); establishing a Code of Conduct in the South China Sea (SCS); and settlement of territorial disputes through the rule of law].

The pivot is drawing countries that consider China a threat to their national security closer to a security coalition, perhaps way ahead of an ASEAN Political-Security Community.

I see the US, Japan, Vietnam, the PH, Indonesia, Malaysia, Singapore, Thailand, Australia, New Zealand and India to be part of that developing
coalition, possibly Taiwan and the Republic of Korea, in varying roles.

Countries like the PH, Vietnam, Malaysia, and Indonesia are unprepared for potential conflict with neighboring China; and lack sufficient resolve to multilaterally deal with it resolve thorny SCS disputes.

Their weak collective position, in the face of China’s unrestraint, has pushed them to lean on the US in varying ways for their security.

At the other end, Cambodia, Laos, and Myanmar are dependent on China, almost like client states of Beijing. ASEAN’s disunity blocks the creation of a regional political-security community giving China the upper hand to exploit it and “call the shots” in a manner of speaking.

As such, insecure ASEAN member states are individually upgrading their defenses to deter China’s rising aggressiveness, and in anticipation of a potential conflict that may be accidentally or deliberately triggered by China at some point in the future.

Arms spending in Southeast Asia have risen dramatically in the past five years according to studies by the Stockholm Peace Research Institute. ASEAN member states are buying submarines, new aircraft, destroyers, and other advanced weaponry to strengthen their positions.

Sensing trouble ahead, Indonesia has advocated for a closer ASEAN security cooperation but it is not gaining needed traction.
A major factor is that the military in ASEAN member states is not only a security actor but, more importantly, functions as a center of political power. The implication is that highly powerful militaries are disinclined to cede power to a regional security organization.

A shared fear of China’s emergence as the regional power and a possible American withdrawal is moving countries in the broader Asian theater to increasingly cooperate with the US to share military intelligence, boost interoperability and address nontraditional security threats.

It has predictably provoked harsh reactions from China that sees this emerging security alliance, especially surrounding states, as reminiscent of the containment strategies of the Cold War.

**ASEAN SOCIO-CULTURAL COMMUNITY**

ASEAN does not have a sense of community because it does not have a common identity. That, in a nutshell, explains why ASEAN finds it difficult to create its Economic and Political-Security Communities.

A prerequisite to having a community is to first have the awareness that there is one. One biting criticism is that the concept of ASEAN as a single community is exclusive to its leaders, and that awareness does not trickle down to ordinary citizens. Citizens of ASEAN countries are, in reality, indifferent to each other.
Thus, ASEAN stands at a crossroads today. On the one hand, it has largely achieved its initial purpose: preventing Southeast Asia from further outbreaks of war following the Indochina Wars.

On the other hand, its current limitations given the marked historical, political, cultural and economic disparities among its members, ASEAN is unlikely to move ahead at a faster pace and develop into an organization capable of promoting serious regional security cooperation, taking responsibility for its own security, and leading Asia beyond current trade deals and into a much deeper, intertwined economic order.

In summary, ASEAN Economic Integration in 2015 will anchor ASEAN’s envisioned transformation into a single community. Economic integration is the path to least resistance in forming a solid ASEAN powerhouse. However, tremendous cultural, political and historically based challenges prevent the formation of a regional security community. It will take compelling forces to trigger ASEAN to surmount the roadblocks to a united, powerful and indivisible collective.

Thank you for your kind attention. Mabuhay!