



ASEAN: Toward a common voice

Simon Tay

A united geopolitical voice would give the Association of Southeast Asian Nations a bigger global role, says Simon Tay, the chairman of the Singapore Institute of International Affairs.

As the Association of Southeast Asian Nations (ASEAN) and its ten member states join in the establishment of a common economic community in 2015, they must also learn to speak with one voice about matters of geopolitics as well as commerce and trade.

To date, ASEAN has shied away from frank discussions about borders and boundaries, particularly with regard to territorial disputes in the South China Sea. That reluctance reflects recognition among members that sentiments on territorial issues vary widely. Even so, ASEAN is capable of speaking and acting in unison on such matters. I believe ASEAN can debate such issues candidly without abandoning long-cherished principles of unity, consensus, and regional resilience. A clearer, more straightforward dialogue about territorial disputes and regional security issues is not only consistent with ASEAN's core ideals but also vital to the organization's survival.

Past and current experience

There are many instances in which ASEAN has adopted a clear, unified position. On Myanmar, for example, ASEAN stood firm in its refusal to join the United States and European Union in imposing sanctions against the military regime in Yangon. Instead, it embraced a policy of

“constructive engagement,” under which Myanmar was invited to join ASEAN as a full member. In 2007, ASEAN was united in criticizing Myanmar’s military when it used violence to suppress the peaceful “Saffron Revolution” led by monks. However, it unanimously endorsed continued dialogue with the regime, rejecting Western demands to treat Myanmar as a pariah. By maintaining the trust of leaders in Yangon, ASEAN was thus able to play a vital role in facilitating international aid to Myanmar in the aftermath of Cyclone Nargis in 2008. In 2010, ASEAN endorsed the call for general elections in Myanmar, disregarding assertions by other nations questioning the integrity of the electoral process.

ASEAN has also demonstrated an ability to stand together in negotiating with China on territorial disputes in the South China Sea. In 1995, when the government of the Philippines reported that it had discovered Chinese structures on Mischief Reef, all member states joined in expressing alarm. In 2002, all ASEAN members signed the Declaration on the Conduct of Parties in the South China Sea, a nonbinding agreement in which ASEAN and China affirmed the need to “exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability . . . refraining from action of inhabiting on the presently uninhabited islands.”¹ ASEAN’s show of unity can be said to have encouraged China to come to the negotiating table and to have contributed to a resolution acceptable to all sides.

ASEAN also proved it can mobilize behind a common agenda on economic issues when it rallied in support of a succession of free-trade agreements reached with its major partners in the region (known as ASEAN+1 free-trade agreements).

While these three examples reflect ASEAN’s ability to speak with a common voice, each also reflects the limits of solidarity. On Myanmar, for example, ASEAN remains divided on questions of human-rights violations against the Muslim Rohingya in Rakhine state. On the South China Sea territorial dispute, ASEAN ministers notoriously failed in their meeting in Cambodia in July 2012 to agree on a joint communiqué because of disagreements among some members over concerns expressed by China. ASEAN was unable to smoothly implement the China–ASEAN free-trade agreement on time because of concerns from individual members.

ASEAN has failed to forge consensus on many significant multilateral issues. The group has done little to push forward ongoing negotiations at the World Trade Organization, and it hasn’t shown much inclination to support the United Nations–led process for dealing with problems of climate change. ASEAN members met at the sidelines of international conferences addressing these issues, but in the actual processes of lobbying, they splintered and aligned with other groups and coalitions. Indonesia, the group’s economic heavyweight, is the only member included in the G-20. Yet Indonesia has not sought—nor would it likely be entrusted—to speak for ASEAN.

¹ Association of Southeast Asian Nations (ASEAN), “Declaration on the Conduct of Parties in the South China Sea,” November 4, 2002, asean.org.

Simon Tay



Vital statistics

Born January 4, 1961, in Singapore

Married, with 1 child

Education

Graduated with an LLM from Harvard Law School in 1994 as a Fulbright Scholar

Admitted as an advocate and solicitor to the Supreme Court of Singapore in 1987

Graduated with an LLB from the National University of Singapore in 1986

Career highlights

Singapore Institute of International Affairs

(1999–present)
Chairman

WongPartnership

(2010–present)
Senior consultant

National University of Singapore

(1995–present)
Associate professor, law

National Environment Agency of Singapore

(2002–08)
Chairman

Fast facts

Author of *Asia Alone: The Dangerous Post-Crisis Divide from America* (John Wiley & Sons, 2010), *City of Small Blessings* (Landmark Books, 2008), and *Stand Alone* (Landmark Books, 1991)

Served three terms as a nominated member of parliament in Singapore from 1997 to 2003

Appointed by the Singapore government as an eminent person for the ASEAN Regional Forum and an eminent expert for the International Advisory Panel on Transboundary Pollution and is a member of the National Climate Change Network

Serves on the global advisory boards for Mitsubishi UFJ Financial Group and Toyota Motor and is a board member for the Far East Organization and Hyflux in Singapore

Conferred the Public Service Medal (Pingat Bakti Masyarakat), a Singapore National Day award, in 2006

Ambitions and limits

If it can find a common voice, ASEAN has an opportunity to play a far more central role in wider regional and global issues. In the economic sphere, protracted World Trade Organization negotiations have spurred talk of regional and interregional agreements, such as a trans-Atlantic free-trade agreement between Europe and the United States. Asia, too, must respond. In addition to existing ASEAN+1 free-trade agreements, there is an opportunity to establish the Regional Comprehensive Economic Partnership (RCEP) as the key pan-Asian free-trade agreement, creating links from India to China and south as far as New Zealand, with ASEAN at the center. Asia–Pacific will also be networked with the United States and the 11 other countries participating in the proposed Trans-Pacific Partnership.

ASEAN lies at the geographic center of RCEP, but it does not necessarily follow that it will play a central role in how RCEP is organized and managed. Only some of its members (Brunei, Malaysia, Singapore, and Vietnam) are involved in the Trans-Pacific Partnership—presenting challenges and complexities to negotiations. ASEAN economies, even as a group, are smaller than RCEP's

largest members, China and Japan. In addition, several other RCEP economies—Australia, India, and South Korea—are large and dynamic. The possibility of tensions between China and Japan may contribute to the challenge. If ASEAN is to play a leadership role in RCEP, members must demonstrate their ability to act in concert on matters such as the pace and degree of liberalization.

The challenges for ASEAN are greater still when it comes to matters of politics and security. Economic agreements typically offer trade-offs within a win–win framework. In the sphere of security, there is often a narrower win–lose dynamic. That dynamic is evident in the territorial disputes among Asian neighbors: China and Japan, China and India, or China and some ASEAN members (Brunei, Malaysia, the Philippines, and Vietnam) in the South China Sea.

ASEAN has never sought to be a military alliance like the North Atlantic Treaty Organization, and even its current community and charter stop well short of such an aspiration. Member states envision the eventual creation of a security community, but this would fall within the broader frame of cooperative security rather than a clear military alliance.

Clearly, there are limits to ASEAN’s ability to address such matters with a common voice. But that is no reason to give up; there are many areas in which consensus can be forged. A common ASEAN voice can be developed further within the principles of unity, consensus, and regional resilience. Some principles, policies, and practices would need to be reconsidered and adopted or adjusted. The following are a few items on a possible agenda to develop a common ASEAN voice.

First, the ASEAN position on consensus in decision making needs to be clearly defined. Some understand consensus as unanimity. If so, then every ASEAN member in effect has a veto on decisions. A veto that can be used in every difficult situation would be untenable.

Second, the ASEAN agenda should be framed with respect to what is best for the region. A common voice should not be misunderstood to mean the lowest common denominator—the narrowest objectives around which the national interests of the ten ASEAN member states can be aligned. Members are now moving toward regional norms as they review the ASEAN charter; this discussion is a positive step even in the absence of specific implementation mechanisms.

Third, ASEAN must match unity with flexibility. Speaking with a common voice does not always imply saying the same thing. ASEAN as a group must be able to modify its goals and positions as circumstances evolve.

And a common ASEAN voice should not drown out the voices of dissenting members. ASEAN should seek to create a supplementary avenue for member states—one capable of accommodating the diversity of views and status of its members, especially Indonesia, a large country with G-20 member status.

Toward a common voice: What is to be done?

If ASEAN is to find its voice, the group should consider several practical measures.

The first imperative is successful implementation of the ASEAN Economic Community and its economic component, in particular. ASEAN needs connectivity to create a more competitive region, a common market to bring together its consumers, and an integrated production base. Beyond the technical and infrastructure issues, members must give greater consideration to one another's interests. Political and business leaders must articulate to the outside world the prospects and attractions of investing and trading with a more closely integrated region. If ASEAN leaders can speak in unison, foreign investors and extra-ASEAN partners will have greater confidence in the region. Regrettably, progress in implementing provisions of the economic community has been marred by a reluctance to dismantle nontariff barriers and liberalize financial services.

Second, ASEAN must show greater leadership at the East Asia Summit when it hosts key strategic and political actors, including the leaders of China and the United States. This gathering aims to be a strategic discussion. But if ASEAN is to be a central player rather than simply a host focused on logistics, it must show itself capable of speaking and acting in concert.

Third, ASEAN must reevaluate its charter. A review is in the works.² Special attention should be given to the processes within ASEAN for due and timely deliberation and decision making.

Finding a common voice will not be easy, nor will it be achieved overnight. Recent turmoil in regional politics has added to the challenge. In many Southeast Asian countries, nationalism is on the rise. But such challenges can be overcome. For ASEAN, greater unity will bring many benefits for members—in their own countries, in the wider Asian region, and indeed throughout the world. □

²In an ASEAN ministerial meeting in 2013, Singapore Foreign Minister K. Shanmugam said that Singapore had circulated a paper to ASEAN member states to review ASEAN processes and institutions. See Saifullah Ismail, "S'pore calls for review of ASEAN processes and institutions," Channel NewsAsia, April 11, 2013, channelnewsasia.com.

The author wishes to acknowledge the contributions of Jittawadee Chotinkul, SIIA researcher, and Jonathan Tan, SIIA deputy director, to this essay.

Professor Simon Tay is the chairman of the Singapore Institute of International Affairs (SIIA), a member of the ASEAN Institutes of Strategic and International Studies.

Copyright © 2014 McKinsey & Company. All rights reserved.

SEPTEMBER 2014

Seizing the ASEAN opportunity

Stuart Dean, the CEO of GE ASEAN since 2010, explains the company's approach to the region.

Having worked for GE in Asia–Pacific for more than two decades, Stuart Dean previously served as president of GE Indonesia and president of GE Capital, Southeast Asia. In this interview with McKinsey's Penny Burt, Dean discusses GE's performance in ASEAN and the region's appeal and potential. An edited transcript of the interview follows.

Interview transcript

GE sees a lot of opportunities in the ASEAN market. We are primarily an infrastructure company. I think one of the interesting things about ASEAN is they're quite committed to building infrastructure, both to meet the needs of their populations—which are very large—as well as building infrastructure that investors—both foreign and domestic—need in order to invest in these countries. Therefore, we've seen many opportunities to build infrastructure across our aviation, power, water, oil and gas, healthcare, and rail-transportation sectors over the last decade.

GE's results [in ASEAN] have been very good over the last four or five years. We've more than doubled the business [in the region]. We'll do over \$5 billion in orders in Southeast Asia across our infrastructure businesses this year. That ranks as the second-fastest growth area for GE and the fourth largest in terms of total orders.

GE's approach

GE thinks about ASEAN both as an integrated market but also as ten country opportunities. I think over the last ten years we've thought more about ASEAN becoming a regional market, but it's maybe 80 percent "country" still. That's because of the unique differences across the ASEAN region. You've got many island nations in ASEAN. So it's obviously not easy to integrate these markets.

ASEAN innovation

Innovation is going to have a huge impact around the world. I think that's very clear. Some of it will be brought in from global companies like GE. But a lot of it will be indigenous innovation as well. A great example in this region is the AirAsia story. Instead of point-to-point travel, [AirAsia] created a kind of spider's web and hub structure that has allowed them to get great scale very quickly. I think we'll see many more examples of that. We see companies achieving scale by investing cross border now within ASEAN as well, which is, I think, innovation. □

Stuart Dean is the CEO of GE ASEAN. **Penny Burt** is the director of public affairs and external relations in McKinsey's Singapore office.

Copyright © 2014 McKinsey & Company. All rights reserved.