

ASEAN and Its Future
Keynote Address Given by
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I should, first of all, like to express my deep appreciation to the organizers of this international conference, Chiang Mai University and the Asia Foundation, for their wisdom and generosity in convening this timely and important meeting. The fact that this conference has been able to attract many distinguished participants, both from public and private sectors, from all six member countries of ASEAN, is a testimony to the increasing awareness of the central role that ASEAN can play in the national and regional affairs. Obviously, an invitation to spend a few days in Chiang Mai, especially during the balmy days of January, is a temptation that few people can afford to resist. For me, I am very pleased and flattered to have been asked to deliver a few remarks at the opening of the Conference.

In all ASEAN countries, private sectors are often referred to as “engines of growth”. As in all developing countries, ASEAN governments do have varying degrees of involvement and participation in the economic activities of their countries. By and large, ASEAN member States follow and believe in a system of free enterprise, and have essentially a market economy. On that basis, the role of private enterprise, in intra-ASEAN trade and investment is an indispensable one. In this connection, I should like to commend the Department of Economics of Chiang Mai University for their initiative in selecting the topic.

As one who at one time was directly involved in the ASEAN matters on the governmental level and who, for the past seven years, has been closely associated with the workings of ASEAN on the private sector side, I naturally maintain my interest in ASEAN, its development and its future. As the great Chinese philosopher, Confucius, said, centuries ago, “Prediction is difficult ... especially if it is about the future”. Acting on that advice, it would be foolhardy on my part to attempt to predict -- let alone to predict about the future of ASEAN. My present exercise is merely to try to paint what I hope to be the future scenario of ASEAN.

There is no need for me to go into the history of ASEAN -- the motivations which led to its formation in Bangkok in 1967, the first decade of its existence as a regional mechanism for getting to know one another, dispelling mis-trust and mis-understanding, pursuing modest forms of cooperation, and laying the ground-work for wider and more significant measures for economic and political cooperation. Then came the regional

political crisis in 1975 when South Vietnam fell, and the dominoes in the Indo-Chinese peninsular fell one by one. In response to that critical situation, which could have far-reaching implications for the independence and territorial integrity of the ASEAN member nations, the ASEAN political leaders rallied together and convened the first ever ASEAN Summit at Bali in February 1976. The meeting of the Heads of Governments, prompted by political factors, turned a new chapter for ASEAN cooperation in trade and industry. Out of the summit meeting, there emerged the Declaration of ASEAN Concord and other agreements, which reflected a renewed determination of the then five ASEAN governments to embark on more meaningful forms of regional cooperation.

First came the AIPs - ASEAN. Investment Projects - undertaken at the government level. Then, the ASEAN private sectors, spear-headed by the ASEAN Chambers of Commerce and Industry, ACCI, were the prime mover in launching ASEAN Industrial Complementation Scheme (AIC) in 1981 and ASEAN Industrial Joint Ventures (AIJV) in 1982. The private-sector modalities initially raised high hopes in the ASEAN business circles, but since then have encountered many difficulties and impediments. So much so that industrial cooperation on the private sector side has a rough going not dissimilar to the AIPs which fall into the governmental domain.

On the intra-ASEAN trade, the story is not too bright either. The ASEAN Preferential Trading Arrangement is a sound conceptual framework, but when put into practice, national interests invariably dominated the process of negotiations. Regional interests are usually accorded priority, only if they coincide with or promote national interests. Economic cooperation has greater possibility when measures pertain to pooling of resources, but ASEAN governments up to now have not demonstrated their political will to share the markets. Clearly, financial restraint is a major hurdle. So long as governments place heavy reliance on import tariffs as a major source of revenue, any attempt to reduce the income from that source, is bound to be resisted strenuously by the Ministries of Finance.

ASEAN governments and, indirectly, their private sectors' desire to protect their industrial base and their markets, also contribute to the slow progress in the regional economic cooperation.

Having just given you a not too cheerful side of ASEAN, I should be remiss in my duty if I were not to portray the positive developments of ASEAN as a regional body. To start with, the formation of ASEAN in 1967, in the midst of intra-area rivalries, distrust and ominous aspirations, was already an achievement in itself.

Against the 70's troubling background the creation and evolution of ASEAN has provided a focus for stability in the region, and a bulwark for the preservation of international law and order. Its role in the region is vital, and generally recognized as a regional device for peace, progress and prosperity for individual member States, as well as for the area as a whole.

What I should, however, like to raise at this meeting, pertains more to the policies and directions which, if left blurred and undefined, would unavoidably impede the pace of progress of ASEAN regional cooperation, and might even stunt the normal growth of ASEAN, to such an extent that ASEAN would become less relevant to the critical issues of the "nineteen-eighties".

The first question which, in my view, needs to be clarified, is how do governments in ASEAN countries in 1986 envisage the future of ASEAN. Is ASEAN, a regional organization set up in Bangkok in 1967, to remain as a collective vehicle for regional cooperation in all fields and for all purposes, deserving more or less equal attention and priority? Is it moving, systematically or otherwise, in the direction of horizontal growth - that is all round expansion of cooperation in general? Or is it about to focus itself on some specific areas, which should have priority of interest and consideration? I believe that while enlargement of ASEAN cooperation, in general, was necessary and desirable in the initial stage, the time has now come for governments to place special emphases on two particular areas, namely economics and politics. On that basis, member governments must be prepared to give priority attention and resources to the economic cooperation which has been lagging far behind the ASEAN political cohesion. Closer and broader cooperation in the political and economic fields would strengthen national and regional resilience and deepen the bonds of friendship among ASEAN nations.

In-so-far as political cooperation is concerned, it is generally recognised that ASEAN has made long strides in this direction. The evolutionary process of consultation, coordination and eventually harmonization of positions on international, political and security questions has gained for ASEAN an enviable position in international conferences, and has made ASEAN an important factor for peace and stability in the region. The psychological and historical impediments to close cooperation in the political area have been either removed or set aside. This is another success story of ASEAN.

However, in looking to the future, I cannot help but feel that the ultimate objectives of "peace, progress and prosperity" in the entire region and the creation of the Zone of Peace, Freedom and Neutrality in Southeast Asia prove to be quite elusive. Our success so far, in the political realm, has not brought ASEAN much closer to the goals we set in the Bangkok Declaration and other subsequent declarations of intent. ASEAN governments should continue to re-examine their perspectives of the regional scene and review their positions as to whether the present trend is in fact contributing to the achievement of our long-term objectives.

One main stumbling block impeding the progress towards the realization of peace in Southeast Asia, is the question of Kampuchea. In this respect, while ASEAN policy and measures in the past have generated close and effective political cooperation, which inevitably redounds to the credit of ASEAN, it should be realized that our successes in the United Nations and other international gatherings have a limited scope. A more comprehensive strategy is required, to set in motion a process for negotiation, for the political settlement acceptable to all parties concerned.

It is, therefore, my view that ASEAN governments, individually and collectively, should persist in and intensify their search for a political solution to the Kampuchean problem by exploring all possible avenues and modalities which would realistically and effectively lead to, the early attainment of ASEAN's basic objectives.

The present stalemate caused by the intransigent stand of Vietnam lessens the possibility of creating conditions conducive to the organization of peace and stability in the area, which is a pre-requisite to the eventual establishment of the Zone of Peace, Freedom and Neutrality (ZOPFAN).

ASEAN commitment to ZOPFAN needs no re-affirmation and yet, because of other pre-occupations in the region, efforts to promote the concept and gain its acceptance within and outside the region have slackened, and the momentum was lost in the process. I believe that renewed efforts should be made to bring about greater understanding for ZOPFAN in ASEAN countries, as well as with other powers which are in a position to contribute to the establishment of ZOPFAN.

Political and all other forms of cooperation have important roles to play in facilitating the orderly development of effective and meaningful economic cooperation. The slow progress made in this area is due to the differing perceptions of national interests, and not sufficiently high priority given by member countries to ASEAN economic cooperation. Economic nationalism plays a dominant role in the formulation of national policies. This in-grained attitude of governments cannot be easily swept aside, but must somehow be adjusted. Economic cooperation, whether in the trade or industrial sectors, would entail short-term and long-term losses and gains for each member. The criteria, which should govern any ASEAN arrangement of economic cooperation should, therefore, be as follows:

1. Benefits to participating member countries should exceed the costs.
2. Member countries, in participating in any ASEAN cooperative arrangement, would gain more economic benefits through such participation, than they would have been able to obtain through their own individual national programme.

In view of the fact that all six members of ASEAN, which now includes Brunei, have essentially private enterprise systems. It follows that ASEAN efforts to achieve effective and meaningful economic cooperation should be directed towards setting up a business-orientated framework, and ground rules which would enable the ASEAN private sectors to translate economic cooperation intentions into actual business cooperative ventures.

Putting aside the question of political cooperation, which appears to be moving on course, we are now left with one key area of concern. That is ASEAN economic cooperation. It assumes increasing importance in the light of current economic performances of member states and current international economic trends. The

wholesale slump of commodity prices, debt problem, modern technology and world-wide protectionism measures and threats, have all combined forces, to place in jeopardy our national economies and stability, as well as our progress towards full democracy.

The regional political crisis in 1975, led to the first ASEAN summit in Bali in 1976, which reaffirmed our political commitment to ASEAN, and opened the way for concrete actions on ASEAN economic cooperation. Is it too much to hope for, that the sluggish economic outlook for 1986 may spur member governments into holding another summit meeting in the course of the year? -- A working forum which can renew member States' political will and spell out their common political commitment, to widen the "ASEAN market" in order to promote the establishment or enlargement of industrial enterprises in any ASEAN country for intra-ASEAN trade, as well as for export to other nations. The political commitment, given jointly by the heads of governments of member States should, in my view, lay down political guidelines and framework in which ASEAN economic cooperation would operate.

The widening of the market, which would attract larger foreign investment into the ASEAN area, cannot obviously be a comprehensive one, but may be applied on a sector-by-sector or product-by-product basis - qualified by a realistic time frame and workable procedures. Such specific guidelines could be established at the highest-level political meeting, and endorsed by responsible national bodies, government officials and national delegations. As a result, those who have to draw up ASEAN agreements, in the direction set by their superiors, will not feel vulnerable to any charges of sacrificing their national interests. There will also be instilled a sense of regionalism -- a sense of ASEAN identity, which will forge closer relations among ASEAN members.

The adoption of this strategy, will compel member-States to take ASEAN cooperation into full account as an important factor in their national development policies and planning. This will not only benefit cooperation in trade and industry, but will enhance further cooperative measures in social and cultural areas, as well as in science and technology.

Needless to say, the entire ASEAN organizational structure will have to respond to, and be compatible with, the new policy frame-work further the ASEAN Secretariat may usefully have greater input into the ASEAN decision-making process.

ASEAN in its 18 years of existence has more than adequately served the member-nations. It is a regional grouping that has proved its worth. It has a vast potential, which is not yet fully explored and exploited. With more determination and greater vision, ASEAN can be developed into a more dynamic regional organization. It is high time we pledged our political commitment to meaningful and wider economic cooperation. In this joint venture between government and industry, the ASEAN private enterprises, I am confident, will not be found wanting.