

Strategic Analysis Paper

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Indonesia and ASEAN: Limited Prospects for Greater Multilateralism

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Key Points

- ASEAN plans to reform itself into a closer economic, political, security and cultural identity, to be known as the ASEAN Community.
- Due to the organisation's strong norms and values, which make it highly resistant to change, it will be difficult for the region to implement meaningful community-building measures.
- While tariffs have been lowered and governments appear to be in favour of establishing a regional peacekeeping force, these efforts, on their own, have little chance of contributing to a closer-knit multilateral body.
- Indonesian involvement will be vital if the ASEAN Community is to come into being, but President Widodo appears to be unwilling to provide the leadership ASEAN requires to achieve closer integration.

Summary

The Association of South-East Asian Nations (ASEAN) plays an integral role in the politics of South-East Asia. Over the last 48 years the organisation has, generally speaking, helped to maintain stability and cordial relations between regional states. Members have expressed a desire, some more strongly than others, to construct a more powerful and cohesive ASEAN. The end of 2015 was set as the point at which an ASEAN Community was to be established. As this paper will demonstrate, however, the member states are still a long way from

achieving this ambitious goal and 2015 is more likely to be a key milestone in the development of the project.

Analysis

An Introduction to ASEAN

ASEAN was established in 1967 by five original members, Indonesia, Malaysia, Singapore, Thailand and the Philippines. By the beginning of the twenty-first century, its membership had increased to ten states - all the South-East Asian states, except Papua New Guinea and Timor Leste.

The region is an economic dynamo with enormous potential. Together, the economies of ASEAN would rank as the world's seventh-largest economy with a combined gross domestic product of US\$2.4 trillion. Over 60 per cent of its population is under the age of 35 and it has the world's third-largest labour force, after China and India. If it were able to construct a single economic community, liberalise its trade regime and standardise rules and regulations, it would become a major international economic power in its own right. Building a unified community does not happen overnight, however, and it remains unlikely that the envisaged ASEAN Community will be completed by the end of 2015. Many within the region now suggest that 31 December 2015 be treated as a milestone in the creation of the Community rather than an end point.

The organisation has some very strong norms that have proven highly resistant to change and could prove problematic for the creation of a closer knit community. Non-interference in the internal affairs of member states is a guiding principle that shapes relations between the organisation's member states. Decision-making within the organisation is conducted through a process of consensus. Together, these norms make ASEAN an organisation that is highly resistant to change and swift action.

To overcome these entrenched norms, ASEAN requires a strong supranational body charged with overseeing the organisation and ensuring that its member states were acting in the best interests of the Community. Currently, the ASEAN Secretariat is a weak institution that lacks the resources to act in this capacity. It [has a staff of 300](#) and an annual budget of US\$17 million, nowhere near enough to adequately implement and enforce the kind of community-building measures that many suggest ASEAN is capable of.

The ASEAN Community

In 2003, ASEAN members set out to create a community that would construct closer economic, political, security and cultural ties between member states. Ensuring the future peace, stability and economic growth of the region is the primary goal of the project.

The organisation drew up a Plan of Action that would become the focal point of the emerging regional order. It sets out to build common socio-political values including democratisation, non-alignment, attitudes conducive to peace, the avoidance of an arms

race and the renunciation of force. These sentiments were designed essentially to create a security community, a group of states that have become so closely integrated that they feel that they could not possibly pose a security threat to each other.

ASEAN has adopted a more holistic approach to the development of the community, including economic and socio-cultural community-building measures. These measures are meant to be universally adopted by 2020 when the ASEAN Community is expected to be fully operational. For the more highly-developed member states, which, according to ASEAN, includes Indonesia, the main components of the community are meant to be in place by 2015.



For the first time in its history, South-East Asia would have an intergovernmental vehicle to discuss, plan and implement supranational policies that would be in the interest of the region. There are problems with this ideal, however, which the following section of the paper will discuss.

The Economic Aspect of the Community

The ASEAN Economic Community (AEC), if fully realised, will create a single market and production base with the free flow of goods, services, investment, capital and labour. It also aims for equal economic development throughout the region and full integration into the global economy. Some elements of the AEC appear easier to implement than others; creating a single market and production base is simpler than ensuring equitable development among member states. The broad outline of the AEC could be in place by the end of 2015, but the implementation of its more idealistic aspects will prove far more difficult.

At times, the AEC has been, incorrectly, compared to the European Union. ASEAN members are not attempting to create a union that is as close-knit as that embodied by the European Union. South-East Asia will not have a common currency and the cross-border movement of labour is likely to be more highly regulated. Protectionist policies, such as local content requirements, mandatory product standards and import restrictions still remain in many ASEAN states. Their removal will be a hard sell to many South-East Asian governments. These tariff and non-tariff restrictions are supposed to be eliminated through the creation of

the ASEAN Community, but it appears increasingly unlikely that they will be abolished by the end of 2015.

Non-tariff barriers, in particular will be difficult to overcome. These barriers have increased since the global financial crisis. Between 2009 and 2013, ASEAN countries created 186 [new non-tariff barriers](#), with most of them initiated by the Indonesian Government. Trade between South-East Asian economies peaked at 25 per cent in 2007 and has remained static since then. The free flow of skilled labour is also treated with scepticism in many South-East Asian countries. There are concerns that it will result in domestic workers missing out on jobs within their own country.

The nationalistic side of South-East Asian politics could yet derail efforts to construct a more integrated regional economy. The AEC will assist in liberalising ASEAN economies, however, it will be more limited than many have predicted.

The Security of the Community

The ASEAN Political-Security Community (APSC) seeks to bind the region into a comprehensive security environment in which each member state is responsible for ensuring the continued peace and stability of the region. It does not override state sovereignty or prevent governments from pursuing their own foreign policy positions. Instead, it seeks to advance good governance, democracy, the rule of law and respect for the protection of human rights and fundamental freedoms as outlined in the ASEAN Charter.

The APSC could strengthen the role of regional security architecture such as the ASEAN Regional Forum (ARF), East Asia Summit (EAS) and the ASEAN Defence Ministers' Meeting (ADMM). Unity is still lacking in security issues, so much so that these platforms have long been perceived as talk shops that have failed to produce any meaningful outcomes for the region. Changing this dynamic, however, would entail overturning 48 years of entrenched regional norms, including the strong commitment to non-interference in internal state affairs, making it a very challenging prospect.

Senior ranking members of the US military have [indicated](#) that they would welcome the formation of a multilateral security body within South-East Asia. Given the inherent difficulties in constructing meaningful or powerful multilateral organisations within the region, it is extremely unlikely that there will be an ASEAN equivalent of NATO in the near future.

Malaysia, as the current ASEAN Chair, has indicated that it is interested in closer ASEAN strategic unity. Defence Minister Hishammudin Hussein has [pushed](#) for the creation of an ASEAN peacekeeping force. Such a force would be deployed after natural disasters and in conflict zones to carry out humanitarian operations. Other ASEAN Defence Ministers have [suggested](#) that the force could be modelled on the peacekeeping forces of the African Union. As the idea of common peacekeeping forces is not a new one - it was originally suggested over a decade ago - and there has been little headway made on the initiative since then, it will probably fail to materialise in the near future.

On the other hand, all ten regional Defence Ministers [recognised](#) that the renewed threat of terrorism that stems from the Islamic State movement poses a significant risk to the entire region. Malaysia has also [downplayed](#) tensions in the South China Sea, claiming that the region faces more pressing security concerns. These concerns are likely to be less contentious than the territorial disputes and pose less risk of the organisation being split into opposing camps. Recent examples of natural disasters, according to the Malaysian Foreign Minister, present a more pressing challenge to the militaries of ASEAN. These factors suggest that there is an increasing sense of common purpose among the members and that, if a regional security apparatus is to be established, now would be a good time to do so.

An ASEAN peacekeeping force, however, falls far short of the kind of collective security that many observers would like to see implemented. It will not push the ten-member bloc into a military alliance, nor will it encourage closer defence co-operation. It could, if that comes to pass, portend a shift towards such outcomes in the future.

The Cultural Aspect of the Community

The ASEAN Socio-Cultural Community (ASCC) aims to develop a shared socio-cultural identity among the South-East Asian states, an identity that transcends national, ethnic and religious identities. It is also designed to further educational attainment, training, science and technology development, job creation and social protection. Constructing a shared regional identity that brings together the disparate identities within the region is a monumental task – even the European Union, probably the world’s most closely-knit, socio-cultural community has had difficulties in building a common cultural identity.

Constructing a shared ASEAN identity would be instrumental in ensuring that efforts to establish closer economic, political and security frameworks are successful. Large disparities in wealth, education and development characterise ASEAN today. Membership ranges from highly-developed Singapore to comparatively poor Burma, making efforts to construct a regional community challenging. Furthermore, important differences remain in the political systems of various member countries with some committed to forms of democracy and others only just beginning to emerge from authoritarian regimes.

The major cultural differences between the member states make the construction of a regional community challenging. Differences are also a source of strength, however; the economies of South-East Asia depend upon different products and there is adequate scope for complementarities.

What Is Indonesia’s Role?

As the largest economy and most populous country within ASEAN, Indonesia is a regional heavyweight. Without its involvement, the emerging community would be consigned to failure. As a large market of over 250 million people with a growing middle class, Indonesia has the potential to attract foreign investment. Once the AEC is properly established, the country could act as a gateway into the wider ASEAN market of over 600 million people. Jakarta has insisted that it will help the association’s current chair, Malaysia, to ensure that the targets set for 2015 are met.

Indonesia was instrumental in initiating a more cohesive structure for ASEAN. The idea of a regional peacekeeping force and a security community first [emerged](#) when Indonesia occupied the role of Chair in 2003. These efforts were held back by a lack of trust among members and a lack of common threat perceptions. The regional environment has changed since this time as many, but by no means all, regional states now see an increasingly assertive Chinese presence as undermining regional security. Even so, it is unlikely that ASEAN will band together to counter a perceived “China threat”.

With the election of a new president in 2014, however, questions have emerged regarding Indonesia’s position within ASEAN. During his election campaign, President Widodo [suggested](#) that Indonesia should ‘be wary’ of the AEC. His coyness towards trade liberalisation during the campaign season is not surprising in a country with a strong sense of nationalism and a general distrust of foreign entities. After he won the election, the President is also on the record as [stating](#), in no uncertain terms, that he will not allow Indonesia to become ‘merely a market’ and he will ensure that its national interests are not harmed by greater openness. Care should be taken not to read too much into such statements, however. It is unlikely that Indonesia will abandon its traditional role at the centre of ASEAN, as doing so would ultimately harm its interests. While the President may seemingly not place a high value on the organisation, it is likely that his foreign ministry does.

During the initial months of his presidency, Widodo has demonstrated that he is clearly a populist leader. While he claims not to be swayed by public opinion, his actions would say otherwise. The Indonesian populace is largely opposed to the ASEAN Community and the AEC that is a key part of it. His predecessor showed a similar disposition towards avoiding closer economic integration. Ex-President Yudhoyono steadily restricted foreign investment and remained sceptical of the benefits of freer trade to reduce poverty. Widodo has shown a willingness to implement domestic policy measures, such as cutting fuel subsidies and boosting the level of investment in infrastructure, to boost economic growth but has remained undecided on trade liberalisation. Such a stance indicates that he is not willing to set his country’s national interests aside for the opportunity to construct a more meaningful multilateral economic, security and cultural community centred on ASEAN.

Conclusion

While ASEAN has shown a willingness to become more closely integrated, its member states have been reluctant to forego their national interests. The ASEAN Secretariat also lacks the wherewithal to compel member states to put their national interests aside and commit to closer integration. Indonesia, in particular, is wary of completely liberalising its economy as it fears that doing so will disadvantage it vis-à-vis its regional competitors. The lack of interest displayed by the leading South-East Asian economic power in closer regional linkages shows that the nascent ASEAN Community will be constrained. The next part of this paper will explore how the Widodo Administration is putting a greater emphasis upon regional bilateral relationships to ensure that certain common security objectives are met.

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