The Process of ASEANisation and its Characteristics

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1. precursors to ASEAN
   a. the Association of Southeast Asia (ASA)
   b. Maphilindo

2. process of "ASEANisation"
   a. 1967-1971: stagnant or formative?
   c. 1976 through present

conclusion

1. precursors to ASEAN

After World War II, Asian regionalism as well as nationalism emerged from its historical background of the long colonial period in pursuit of political, economic and cultural independence.¹)

In Southeast Asia, some regional efforts had been attempted before ASEAN formation. In terms of the orientation of ASEAN regionalism, most important was the Asian-African Conference hosted by Indonesia in Bandung in April 1955 which could be said to provide intellectual and conceptual foundations for the ASEAN birth and development in economic, cultural and political area. In fact, through the 1950s and the early 60s some regional organizations—for example, SEATO, ASPAC, ASA and Maphilindo—had come into being in Southeast Asia. Most of them, however, could not survive and grow into a substantial body. Nonetheless, among them, ASA and Maphilindo could be regarded as direct precursors to ASEAN. They were the first

¹) according to James N. Schubert’s "Toward a ‘working peace system’ in Asia: organizational growth and state participation in Asian regionalism" (International Organization, vol. 43, No. 3, 1979), between 1950 and 1975, more than two dozen Asian inter-governmental organizations (IGOs) were formed primarily with concerning technical and economic problems. And over the period from 1950 to 1967 in which ASEAN was established, some 16 IGOs had been seen in the region.
groupings which were confined to Southeast Asian countries and established under the regional initiative.

a. the Association of Southeast Asia (ASA)

The Association of Southeast Asia (ASA), formed in Bangkok on 31 July 1961, consisted of Malaya, the Philippines and Thailand. In spite of “its limited membership” and “accusations that it was a pro-Western, anti-communist group”\(^2\), ASA could be considered to a major step towards regional cohesion in Southeast Asia.

ASA’s stated purposes in the Bangkok Declaration was not beyond economic, social and cultural cooperation. In fact, its activities was attempted to keep a low profile politically and primarily concentrated to economic, social, cultural, transport and communication area.\(^3\)

ASA’s significance to regional integration in Southeast Asia, particularly to ASEAN, could be summarized into the several points: the first, as noted above, is that ASA was the first regional grouping which was not created on the initiative of extra-regional powers nor consisted of any states out of the region, but on the regional initiative and confined its membership to Southeast Asian countries; secondly, ASA gave a regional framework within which the member-countries fostered a sense of solidarity and habit of cooperation among them; thirdly, the experience of ASA’s operation under intra-regional political tensions and its avoidance of going out of existence could be argued to bring ASEAN an instructive effect on its administrative and operational ability. ASA had entered a disruptive phase since the latter half of 1963 because of the deteriorative relations between the Philippines and Malaya over the former’s claim to North Borneo (Sabah) and the following formation of the Federation of Malaysia in September 1963. However, it should be noted that even under such political tensions ASA’s activities continued to operate through the intermediary of the Thailand’s bilateral communications between the other two member-countries and that consequently ASA was reactivated and paved the way for the creation of ASEAN in 1967; finally, ASA can be considered a predecessor to ASEAN for the reason that the former’s reactivation in 1966 led to the birth of the latter in 1967 and further that the former’s purposes, various projects and programmes was succeeded to the ASEAN’s objectives and activities. The purposes of ASEAN as stated in the

\(^3\) ibid., p. 9
Bangkok Declaration are fundamentally similar to those of ASA. ASA’s projects such as the railway links between Bangkok and Kuala Lumpur, the shipping lines and tourist promotion are also absorbed in ASEAN as its projects.

b. Maphilindo

The other organization inherent in the region is Maphilindo, which was formed in 1963 by the proposal of the Philippines for “Greater Malay Confederation” and composed of Malaya, the Philippines and Indonesia. The name of “Maphilindo” which was given to this confederation by the then Indonesian Foreign Minister Subandrio is made up of the first syllables of each member’s name—Malaya, the Philippines and Indonesia.

The “Maphilindo” concept was, instead of the ASA framework, intended to internally settle the same interested issues between the members and externally get rid of any interference from ex-regional powers on the basis of the exclusive common Malay origins of member-countries.

However, no sooner had Maphilindo proved to be inoperative than it was launched in August 1963 through the birth of the Federation of Malaysia in September 1963 and the subsequent Indonesian confrontation against the new Federation. Furthermore, facing the tension between the new Federation of Malaysia and the Philippines over the latter’s claim to North Borneo since 1962 and Indonesia’s friendly policy to Communist China from 1963 to 1965, Maphilindo could not choose but come to a still-born end.

But, the defeat of the Maphilindo idea could be described as having led the three countries to seek for an alternative more broader scheme of regional cooperation.

2. process of “ASEANisation”

As mentioned above, the Southeast Asian region had seen some native regional groupings since the early of 1960s. This stream of regionalism in the region had embodied into the formation of the Association of Southeast Asian Nations (ASEAN).

Immediately, some changes of the intra-regional conditions made the region possible to form ASEAN: the abortive “coup” of 30 September 1965 in Indonesia put an end to Sukarno’s regime and led to the termination of “Confrontation” against Malaysia since 1963; the birth of Marcos’s government in November 1965 made the Filipino claim to Sabah toned down. These alleviation of inter-state tensions resulted in the reanimation of ASA in March 1966 and the development of inter-state dialogue, especially
between Indonesia, Malaysia and Thailand, in which Indonesia's Foreign Ministers Adam Malik promoted preliminary discussions concerning formation of a new regional organization with active support from Thailand's Foreign Minister Thanat Khoman. Subsequent to the last preparative discussion between the Foreign Minister of Indonesia, the Philippines, Singapore and Thailand and the Deputy Prime Minister of Malaysia, the Association of Southeast Asian Nations (ASEAN) was established by the Bangkok Declaration on 8 August 1967.

The process of ASEAN development could be divided into three phases: from 1967 to 1971, 1971 to 1975 and 1976 through present. We will make a survey of the development of ASEAN by each period below.

a. 1967-1971: stagnant or formative?

In its early years ASEAN was forced to make little progress mainly due to the worsening of relations between the Philippines and Malaysia through the “corregidor Incident” and a recrudescence of the Sabah dispute. However, ASEAN’s institutional, symboric and expective existence finally led the two member-states to restore their diplomatic relations in December 1969 with the assistance of much efforts of Indonesia and Thailand to combine the members together. It should be noted that “a largely unstated but important underlying objective” of ASEAN “was clearly to establish a framework for peaceful intra-regional relationship between member states and to attempt to contain those disruptive disputes that had in the past distracted attention away from internal task.”

The Association also initially had to be engaged in establishing its organizational structure i.e. permanent and ad hoc committees and the joint fund etc., and investigating possible cooperative areas. Moreover, it needed to take a certain time for the members to break the ice of mutual suspicious, unacquaintance and animosity, which would be a more fundamental reason for ASEAN’s slow-footed progress.

Nonetheless, this early years of ASEAN as well as its next period can be appropriately described as formative as noted by R. Irvine rather than stagnant. Especially through a number of meetings of ASEAN committees which resulted in many recommendations for cooperation in various area, “a habit of cooperation and a sense of solidarity” had come into being between the officials of ASEAN countries.

5) Roger Irvine, op. cit., pp. 11-12.
6) ibid.
b. 1971-1975: response to external changes

ASEAN in the second period continuing a deliberate but steady step since the latter half of the first period might be characterized by the initial development of its external policy including the regional security.

The political environment of ASEAN had been undergoing a series of fundamental changes since its formation: the withdrawal of British forces from the east of Suez by the end of 1971; the announcement by President Nixon of the "Guam Doctorine" in July 1969 which indicated a substantial contraction of U.S. military involvement on Southeast Asia; following the era of "Ping-pong Diplomacy", the announcement in July 1971 of President Nixon's visit to Peking; the Soviet Union's proposal for an Asian collective security pact in June 1969.

These events indicated that the region had come into a new stage of political multipolarization which had seated ASEAN in an uncertain international ambience and at the same time offered it an opportunity to form its own regional security concept.

The initial move to form their own regional security scheme was the proposal for neutralisation of Southeast Asia, guaranteed by the three great powers i.e. the People's Republic of China, the Soviet Union and the United States. The neutralisation proposal was firstly offered by Tun Ismail in January 1968 and had been proceeded by Malaysian leaders since early 1970 following the 1969 racial riots.

The ASEAN Foreign Ministers approved formally the neutralisation proposal in Kuala Lumpur in November 1971 and issued the Kuala Lumpur Declaration which stated that the member-states "are determined to exert initially necessary efforts to secure the recognition of, and respect for, Southeast Asia as a Zone of Peace, Freedom and Neutrality free from any form or manner of interference by outside powers". However the ZOPFAN Declaration was not followed any immediate step to implement itself, by reason that most of the members had some reservation about the ZOPFAN concept stemming from different political circumstances one another. While between the member-states there was unanimity in admitting the ZOPFAN idea to be "a desirable or ultimate objective", there was no consensus in strict definition and therewithal modus of realisation of the idea.

Nonetheless, the ZOPFAN Declaration has much significant for the ASEAN countries partly because "it was the neutralisation proposal that led to the first significant

7) "the Kuala Lumpur Declaration," in ASEAN Documents (Bangkok, 1983), p. 4.
8) ibid.
external venture in foreign policy cooperation by the five AXEAN countries". And another two reasons make the ZOPFAN proposal much important to ASEAN: one is that through the proposal ASEAN had intensified a non-alignment or neutral orientation in its political nature rather than anti-communist one, which is one of fundamental political pretensions of ASEAN taking a rise in the "spirit of Bandung" and the other is that the ZOPFAN concept intra-regionally have represented a potentially significant area of shared interest with Vietnam and the other non-ASEAN states, and extra-regionally suggested ASEAN's existence as a regional political organization. Also during the second period as well as the first one, in the field of economic cooperation the ASEAN members still had been on the preliminary stage of "conceptualising and organising". The intra-regional trade of ASEAN regarded as one of most important criteria reflecting the degree of economic integration had rather shown a diminishing trend in its share to its total from 18% in 1968 to 13% in 1975. Such a tendency in the share of intra-ASEAN trade had been observed through the period of 1968-1975. This could be attributed to some reasons in part because through '70s and '70s the member-states had been employing an "export-oriented industrialization" as major strategy for development, which led to the relatively decrease of the share, not volume, of intra-ASEAN trade through the way of on one hand increasing their import of capital- and technology-intensive goods from the developed countries and on the other hand promoting their export to the industrialized countries of material resources and labour-intensive goods, and at the same time partly because the members during the first eight years, as mentioned above, had to engaged in conceptualizing ASEAN solidarity and organizing ASEAN machinery in parallel with alleviating tensions between the member-states within ASEAN regional framework.

In the second period 1971-1975, ASEAN began to show its collective action in the international politico-economic arena, which would characterize ASEAN regionalism throughout its orbit. ASEAN in the beginning formed a Special Co-ordination Committee of ASEAN Nations (SCCAN) and the ASEAN Brussels Committee (ABC) in 1972 to negotiate and coordinate with the EC. By the end of 1975 the Association made out to obtain from the EC the recognition of ASEAN as one region and the preferential treatment of certain commodities within the framework of the EC Generalised System of Preference. Furthermore, in this second period ASEAN had been developing

or preparing its economic and technical cooperation with some Pacific Basin countries, namely, Australia, New Zealand and Canada and the Western State, the Netherlands.

This steady progress of the Association in the field of external relations which later on led to form the network of "dialogues" with third countries and organizations, could be ascribed to majorly ASEAN's institutional function providing such an appropriate apparatus as the third states could regard the ASEAN countries as a regional unit with significant politico-economic potentiality. So to speak, ASEAN's formation and existence as one regional grouping had brought the ASEAN region certain upgrade of its international position. Over the process of ASEAN development it might be said that the member-states had confirmed a political and economic efficiency of ASEAN framework not on the field of intra-regional cooperation but on the area of the joint or collective approach to external countries and organizations.

However, we could not neglect the Association's steady progress and expansion in intra-regional cooperation by the mid-1970s.

The Fifth Ministerial Meeting in April 1972 saw the revival of a Filipino proposal made at the 1968 second Ministerial Meeting for the establishment of a central secretariat. From then onward the need and desirability of a central secretariat, an so-called ASEAN Secretariat, had been admitted by each of member-states with the aims of making ASEAN more effective as a framework for regional consolidation. Therefore, the Association decides to launch into working out the establishment of an ASEAN secretariat at the Sixth ASEAN Ministerial Meeting in 1973 and in the following year agreed that the ASEAN secretariat be located in Jakarta.

Another significant fact showing ASEAN's development could be found in this period. The first was the development of a strategic sketch for intra-ASEAN economic development and cooperation including as the core of tactics the recommendation of the UN Study Team, namely, three techniques of selective trade liberalization, industrial complementation and package deal arrangement. Secondly, in May 1975 the Eighth Ministerial Meeting agreed on the establishment of the ASEAN Trade Negotiation body to set up an ASEAN system of trade preferences and urged trade negotiation being intensified and expanded to cover all possible products.

c. 1976 through present

The process of ASEAN prior to 1976 or the second half of 1975 was often regarded as stagnant or indolent. However, as stated above and noted by R. Irvine, it may be rather appropriate to describe its pre-1975 years as a "formative" or prerequisite period
for the next vigorous phase of ASEANisation.\textsuperscript{11} Admitting that the fall of Saigon was a critical event, which would force ASEAN to hurry its steps forward to realize more substantial cooperation, it was ASEAN's own independent element of its preliminary setting the stages for substantial cooperation that enabled the member-states to launch out into realization of ASEAN regionalism.

Clearly, the first ASEAN Summit held in Bali on 23-24 February 1976 could be considered as making a new epoch of ASEANisation among the member-states. The significance of the Bali Summit was that: this summit conference was the first meeting held by the heads of government; through the Bali Declaration of ASEAN Concord, the explicit and formal recognition was given to security and political cooperation as one of major purposes of ASAN regionalism; in the preparatory discussion, the member-states arrived at consensus in being against any military alliance within the formal context of ASEAN; “national and regional resilience” the Indonesian concept were formally accepted and stated in the Treaty, which have constituted an important part of ASEAN concept; the early establishment of ZOPFAN was reaffirmed to be a political objective of ASEAN cooperation; through the Treaty of Amity and Cooperation, the principle of peaceful settlement of disputes among member-states without any external interference was established; the Summit's major documents of the Treaty of Amity and Cooperation, the Declaration of ASEAN Concord and a joint communique were regarded as a first blueprint for giving political and economic substance to its regionalism, especially significant as a symbol of ASEAN regionalism was the program for economic cooperation i.e. the establishment of large-scale regional plants and preferential trading agreement etc.; with a view to contribute to establishment of the New International Economic Order, ASEAN joint approaches in negotiating for world economic problems such as international commodity one was reemphasized; on ASEAN machinery, the establishment of the ASEAN secretariat was formally agreed, which could be regarded as a further step to the institutionalization of ASEAN regionalism.

And besides above, as noted by David Irvine, we must make reference to mental effects of the summit meeting.\textsuperscript{12} An atmosphere of unity, solidarity and revitalization was animated in the five Heads of Government through the Bali summit.

Organizationally, the Economic Ministerial meeting had become playing an important and practical role as a machinery for economic cooperation. The Declaration of

\textsuperscript{11} Roger Irvine, op. cit.

ASEAN Concord stipulated that economic ministerial meetings should be held regularly or as deemed necessary.

The impetus and direction provided by the Bali Summit has been shaping ASEAN development from thenceforth, and still now sustained by the member-states. However, at that time ASEAN had to be engaged in reorganizing its machinery and structure sooner or later to realize the contents of the summit meeting.

In the original structure of ASEAN machinery, even though a great number of recommendations were produced—really, various recommendations were offered in the pre-1976 period by Committees although they were often overlapping each other—, the Standing Committee consisting of the Foreign Minister of the host country and the accredited Ambassadors of the other four member-states could not efficiently submit for the consideration of the Foreign Ministers all reports and recommendations of the various ASEAN Committees, for the Foreign Minister and Ambassadors on the Standing Committee served for only one year between the Ministerial Meetings and “were frequently more preoccupied with their bilateral representative functions, with neither the time nor the specialized knowledge to exercise effective managerial oversight”.

As for the ASEAN National Secretariat considered as the only true “Aseanocrats” in the upper echelons of the individual governments, its lack of staff and a great deal of task hindered the Secretariat from performing “to coordinate at the national level the implementation of ASEAN affairs in their respective countries”.

Finally, the pre-Summit structure of ASEAN machinery could be described as in the policy-making function proliferative but uncoordinated and in the decision-making process much centralized on the respective Foreign Minister.

Nonethless, this illegitimate and loosely-structured system of ASEAN organization could be regarded as “an inherent withdom” in the formative period when the member-states primary had to be engaged in alleviate tensions among themselves and disarming mutual suspicions and in parallel had to make a fundamental concept of ASEAN regionality, for “this provided for flexibility in the way the member countries could deal with regional problems for which they had no previous experience”.

After the Bali Summit, the Association formally set up the ASEAN Secretariat in

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13) 10 Years ASEAN (Jakarta, 1977), p. 18.
14) David Irvine, op. cit., p. 54.
15) 10 Years ASEAN, p. 18.
June 1976 as a permanent central administrative organ “to provide for greater efficiency in the coordination of ASEAN organ and for more effective implementation of ASEAN projects and activities”.

Furthermore, since the Bali Summit, reflecting its indigenous development and its will to intensify economic cooperation, there had been significant modifications in the organizational structure of ASEAN.

All the former ASEAN permanent and some ad hoc committees have been reorganized into nine committees, that is:

The committees under the economic ministers—
1. Committee on Trade and Tourism (COTT)
2. Committee on Industry, Mineral and Energy (COIME)
3. Committee on Food, Agriculture and Forestry (COFAF)
4. Committee on Transportation and Communication (COTAC)
5. Committee on Finance and Banking (COFAB)

The committees under the foreign ministers—
6. Committee on Science and Technology (COST)
7. Committee on Culture and Information (COCI)
8. Committee on Social Development (COSD)
9. Committee on Budget and Audit (COBA)

Under these newly-established committees and the Ministerial Meeting, a number of sub-committees or working groups are established as required to deal with specific subjects.

Moreover, the economic ministers meeting had gained full autonomy on economic matters so as to promote economic cooperation but be to keep the foreign ministers informed of their decisions through the Central Secretariat. Concerning the other ministerial meetings, namely, Labor Ministers, Ministers of Education, Ministers responsible for Social Welfare and Information Ministers, they could report directly to the Heads of Government while the Foreign Ministers remained the principal coordinator of overall ASEAN policy and the highest decision-making body of ASEAN apart from the Heads of Government.

ASEAN’s organizational structure emerged in 1977 was still inefficient mainly because the foreign ministers were disinclined to hand over control of ASEAN to the economic ministers through intensifying the ASEAN secretariat. But, considering the stage of

ASEAN unanimity and economic, political, cultural and social differences among the member-states, it stands to reason that ASEAN had remained to prefer a decentralized and loosely-structured organization to a centralized scheme with rigid rules of procedure.

Economic cooperation between ASEAN countries was promoted considerably after the Bali Summit, which characterized the third period of ASEAN. The core techniques of ASEAN economic cooperation were to promote a Preferential Trading Arrangement (PTA), ASEAN Industrial Projects (AIP) and ASEAN Industrial Complementation (AIC) as recommended by the UN team's report of 1974.

In January 1977 the ASEAN Preferential Arrangements (PTA) was agreed on at the third meeting of the Economic Ministers. It was formally signed by the Foreign Ministers in February. Tariff reductions were to be negotiated at quarterly round table sessions of the Committee on Trade and Tourism (COTT) on a product-by-product basis. The proposals and recommendations made by the COTT are to meet with the approval of the Economic Ministers. Preferences are granted by either negotiated or voluntary offers. Negotiated preferences are arrived at by the negotiating teams from two countries and their agreement are to be multilateralised among the member-states. Voluntary offers are made unilaterally by the individual members and applied to all the trading partners. The preferences are applied to Basic Commodities, particularly rice and crude oil, products of the ASEAN Industrial Projects, products for the expansion of intra-ASEAN trade and others of interest to Contracting States. By June 1981 the ASEAN Economic Ministers had approved 6,581 items under the PTA. In January 1982, adding a further 1,948 items, the total number of the PTA list had covered 8,529 products.

However, according to some economists, the impact of the PTA on intra-ASEAN trade has been a little so far. Many of the items is represent of little or no trading commodities. The basis for the classification of commodities was broadened from the original four-digit to a seven-digit system. Moreover, a 20-25% preference in duties is not so sufficient as to encourage traders. Nonetheless, it can be said that the ASEAN PTA represents a firm committment to the development of intra-ASEAN trade over the long term and is also expected to constitute major strong regional bonds linking between the member-states.

The second technique providing substance for ASEAN economic cooperation is so-called "package deal arrangements", which is intended to establish large-scale industrial
plants to meet the regional requirements for essential commodities through realizing economies of scale.

According to the Basic Agreement on ASEAN Industrial Projects, priority is to given to projects as utilize the available resources in each member-states and as contribute to create employment, increase food production and foreign exchange earnings or save foreign exchange, for example, urea, superphosphates, potash, petrochemicals, steel, soda ash, news-print and rubber products.

The original projects to be allocated in each member-states was: Anmoniurea for Indonesia and Malaysia, Phosphatic fertilizer for the Philippines, Diesel engines for Singapore and Rock salt-soda ash for Thailand. At the Economic Ministers Meeting in September 1977, the ASEAN Anmonia-urea Project in Indonesia was accepted as the first of the five ASEAN industrial projects. In the next year the Economic Ministers accepted also the Malaysian Urea project as the second ASEAN industrial project, and the ASEAN Rock salt-soda ash project was accepted to be established in Thailand at the Ministerial Meeting in December 1978. Concerning an ASEAN project for the Philippines, it had been wavering in deciding its project. Though the ASEAN Compound Fertilizer project, instead of a Phosphatic fertilizer industry, was accepted to be established in the Philippines as the Fourth ASEAN industrial project at the Eighth Economic Ministerial Meeting in September 1979, the Philippines proposed alternatively to set up an integrated pulp and paper plant, which proposal was agreed at the Economic Ministers Meeting in April 1980. And further, the Eleventh Economic Ministers Meeting in May 1981 accepted the second alternative proposal for a copper fabrication plants as a Filipino ASEAN industrial project.

Singapore could not gain acceptance of the other ASEAN countries with its diesel engine project under the AIP scheme, and therefore it has been going on with the project as a national one.

The ASEAN industrial project are to be owned jointly by the five member-states: the host country should undertake 60% of the total equity and the other four the remaining 40%. However, this guideline was clearly disadvantageous to Singapore unlike the other members. Singapore is not blessed with a large market and natural resources and thus could expect little to gain from participation in ASEAN industrial projects.

Finally, Singapore decided to contribute a token 1% equity to the other AIP projects, which enabled the member-states to keep up the AIP scheme and be entitled to Japanese financing of US $1 billion.
The ASEAN Industrial Complementation (AIC) arrangements is the third form of ASEAN cooperation. Unlike the ASEAN Industrial Projects (AIP) which is intended to establish a joint large scale plant in each country to meet regional requirements through inter-governmental coordinations, the AIC arrangements is aimed at promoting viable and efficient regional industries and developing intra-ASEAN trade in manufactures by allocating certain components of an industry to each country in the region to realize economies of scale. The AIC arrangements, therefore, would depend much on the private business sector. The ASEAN Chamber of Commerce and Industry (ASEAN-CCI), a private organization on a regional base, would serve as a link between the ASEAN government machinery and private business sector. ASEAN-CCI Working Groups has made the proposals for industrial complementation to the government sector committee, COIME, which in turn be to recommend for the consideration of the ASEAN Economic Ministers. The Tenth Meeting of the ASEAN Economic Ministers held in October 1980 approved two AIC packages in automotive industry as the first AIC project, that is:

   The allocation of the existing products——
   Indonesia——diesel engines (80-135 HP)
   Malaysia——spokes, nipples, drive chains for motorcycles and timing chains for motor vehicles
   Philippines——Ford body panels for passenger cars
   Singapore——universal joints
   Thailand——body panels for motor vehicles 1 ton or above

   The allocation of the new products——
   Indonesia——steering systems
   Malaysia——headlights for motor vehicles
   Philippines——heavy duty rear axles for commercial vehicles
   Singapore——fuel injection pumps
   Thailand——carburators

As for the existing products, the Eleventh Meeting of the ASEAN Economic Ministers in May 1981 approved to expand the above list. The newly added components are motor-cycle axles and wheel rims for motor-cycle to Indonesia; crown wheel and pinions and seat belts to Malaysia; transmissions and rear axles (LVC and below) to the Philippines; oil seals and V-belts to Singapore; brake drums for trucks heavy duty shock absorbers to Thailand. However, in promoting the AIC package as well as the AIP, Singapore could not find any prospective advantage because of its absolute small
market and its relatively advanced economy in a fair way to develop more capital-intensive and higher technological industry. At the same time, Singapore opposed to the idea of applying trade preferences, monopoly rights or protection to the products under the AIC scheme. Finally, Prime Minister Lee Kuan Yew proposed that a member-country should be permitted to abstain from participating in the AIC projects, and suggested the Five-minus-one consensus way: "When four agree and one does not, this can be considered as consensus and the five-minus-one scheme can benefit the participating four without damaging remaining one". This compromise was accepted formally. It would bring further looseness to ASEAN cohesion. However, as noted by D. Irvine, "it would be recognition of the very different nature of the Singaporian economy compared with the other four, and might introduce a greater flexibility into ASEAN cooperation." 19)

Moreover, the two limitations was set to the exclusive right of the AIC products: firstly, the special treatment will be enjoyable for only two years in the case of existing products or three years in the case of new products, and secondly, a AIC product can enjoy total monopolistic privilege until 75% of its production is exported to the extra-ASEAN region.

It has been argued that the AIC system as above could not offer sufficient incentive to the private business sector. Alternatively, the ASEAN Finance Corporation founded in 1981 with a capital of US $100 mn. is regarded as a key element to promote ASEAN-wide or joint ASEAN-foreign ventures. Ground rules for the setting up of private sector joint venture projects were drifted in December 1980 by the ASEAN-CCI. In November 1982, the Economic Ministers approved and initialled the Basic Agreement on ASEAN Industrial Joint Ventures (BAAIJV).

The above are the main areas of ASEAN economic cooperation developed since the half of 1970s. However, the affair more impressed rather than its development in economic cooperation is ASEAN's political attitude to Vietnam's invasion to Kampuchea, which has been coloring majorly through the third phase (1976 to present) of ASEAN. In this paper this problem could not be argued because of the much significance of the subject.

**Conclusion**

From the above overview of ASEAN development, we can abstract certain findings

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APPENDIX: Organizational structure of ASEAN (1983)

Source: Adapted from Chin Kin Wah, The constellation of ASEAN institution, in *ASEAN: A bibliography* (ISEAS, 1984)
concerning ASEAN regionalism.

First, we can observe a tide of regionalism in the Southeast Asian region after World War II which has been sought for the establishment of a regional-level politico-economic scheme as contribute to national economic development and alleviation of the regional tensions. ASEAN’s formation and development is the result of this trend.

Secondly, ASEAN regionalism has involved nationalism of each member-states as its core. ASEAN has been going on with promoting nationalization and regionalization in parallel while in the case of an regional integration scheme among advanced countries i.e. the EC, regionalization had took place after the three-century process of nationalization. Therefore, its ASEAN regionalism can be strengthened only by way of contributing to promote nationalization of the member-states in politics, economy and culture.

Thirdly, on its organizational structure, ASEAN’s machinery can be described as illegitimate and loose although it established the Treaty of Amity and Cooperation, the Declaration of ASEAN Concord and the Central Secretariat. However, the loosely-structured and illegitimate feature of ASEAN machinery could be regarded as “an inherent wisdom” in the formative phase with political tensions between the member-states and on the way of making a fundamental concept of ASEAN regionality, because “this provide for flexibility in the way the member countries could deal with regional problems”.20)

Finally, the field in which ASEAN has proved its power of collective actions is on the ex-regional policy and international negotiations arena. Nowadays ASEAN is admitted to be one of the most viable regional organizations by the major powers. ASEAN has got significant benefits by developing the network of dialogues with the major countries and organization, that is: these dialogues have helped ASEAN to obtain a number of important practical concessions from its trading partners, and have played an significant part in consolidating a feeling of unity among the members and forced them to think about their common economic needs and to formulate joint approaches to their dialogue partners. Therefore, ASEAN regionalism would be able to provide for the Third World a model effective to pave the way for the establishment of a New International Economic Order.

20) Soelo Soemardjan, op. cit., p. xvi.