

# ASEAN Economic Community 2016: A Progression Study

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## Abstract

*The region of Southeast Asia region had not been integrated with certain common rules or customs. Society in this region disconnected by forest, seas and mountain, focused more on their own respective localities than others outside their country. They retained control of the culture, political and economic development within their respective territorial spheres of influence. The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967 with the signing of Bangkok Declaration by Indonesia, Malaysia, the Philippines, Singapore and Thailand. At the beginning it was founded as a loose organization. ASEAN was build based on three principles of: Respect for state sovereignty, Non intervention in other state member internal affairs, and The non- use of force in resolving conflict.*

## 1. Introduction

Southeast Asia is composed of eleven countries of impressive diversity in religion, culture and history: Brunei, Burma (Myanmar), Cambodia, East Timor, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. It is also one of the most dynamic areas of the world economically, a factor which largely accounts for its growing international significance. [1]

The region of Southeast Asia region had not been integrated with certain common rules or customs. Society in this region disconnected by forest, seas and mountain, focused more on their own respective localities than others outside their country. They retained control of the culture, political and economic development within their respective territorial spheres of influence. Due to not much interaction, or interrogation of the Southeast Asian

region naturally led to even more distinctive features and perspectives of each sub- regional society. The traditional rule of Southeast Asian nations, even in the face of an external threat as great as that posed by the European colonial powers later in the 20<sup>th</sup> century, met the challenge individually and not collectively.

## 2. Forerunner before ASEAN

The forerunner of the Associate of Southeast Asian Nation (ASEAN) the Association of Southeast Asia (ASA), composed of Malaysia, the Philippines, and Thailand was established in Bangkok on July 31, 1961. Originally, the Philippines and Malaya had sought an organization similar to the European Economic Community (EEC), but they assented to Thailand which insisted on an association with a looser structure and obligations. They hope the entire other Southeast Asian Nation join the ASA by assuming a less formal channel. However the ASA was seen as a political aligned to the west. From this it does not goes well with particularly Muslim prominent country like Malaysia and Indonesia.

There were other integration effort for the region Southeast Asian such as the MAPHILINDO that consist of Malaya, The Philippines and Indonesia, which was formerly established on July 1963 in Manila. Originally it was intended to draw together the Malay people who had been blocked communication during the colonial era; MAPHILINDO could not work due to the different interest of the participants nations. They had territorial disagreement with each other. MAPHILINDO was unsuccessful it is because mainly of military issue.

Another fail integration attempt in Southeast Asian was the; South East Asia Treaty Organization (SEATO). It was an international organization for defensive collaboration established on September 8, 1954. It has failed it is because it lack of agreement

among members. The organization required unanimity in order to pursue policy or express a stance on an issue such as Vietnam's invasion of Cambodia, but there were always several countries that expressed disapproval.

### 3. Establishment of ASEAN

The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967 with the signing of Bangkok Declaration by Indonesia, Malaysia, the Philippines, Singapore and Thailand [2]. At the beginning it was founded as a loose organization. ASEAN was built based on three principles of:

- Respect for state sovereignty,
- Non intervention in other state member internal affairs,
- The non- use of force in resolving conflict.

ASEAN was never a formal dispute- resolution mechanism and hence was not a collective security arrangement. The founders of ASEAN did not want ASEAN to be mistaken for a military grouping among political allies as some of its unsuccessful predecessors had been. The main objectives of ASEAN were to increase economic growth, increase social, cultural development and also to promote regional peace and stability in the region of Southeast Asia.

All members of ASEAN have different reason for an affective regional organization in the region. Indonesia wants to repair its image in the region after its *konfrontasi* with Malaysia. Malaysia, Singapore and the Philippines supported ASEAN as a way to constrain Indonesia, while providing Indonesia with a channel for its aspirations to regional preeminence. Beside this ASEAN members also saw that by joining ASEAN; it is an opportunity to exercise regional leadership and to reduce the ability of external power in Southeast Asia. For Malaysia and the Philippines, ASEAN was an opportunity to enhance their national prestige. Philippines also hoped that ASEAN would strengthen Filipino's Asian identity and trading links, thereby counterbalancing the Philippine's relationship with the United States. As for Thailand, ASEAN was a basis for 'collective defense' of the region, forming an organization that could supplement and perhaps eventually replace its own security relationship with the United States.

ASEAN is not a security- oriented structure. ASEAN made it clear that the organization would not deal directly with security matter of political controversies. However, securities matters were of primary significant for ASEAN in fact a grouping of anti- communist states and also against foreign power in the region of Southeast Asia. The common

political outlook was a major factor in bringing ASEAN members together, but ASEAN refused itself as a security bloc because it wished to avoid the polarizing effects of such position [3], [4], [5].

### 4. Major Principles of ASEAN

The principles of the ASEAN are based on the 'ASEAN Way', which mainly respect member nation's sovereignty. The most important values of ASEAN Way is the notions of non- interference, informality and consensus building, generally supporting cautious diplomacy. ASEAN support the principles of non- interference; it respect each nation's self interest. It tries not to infringe upon nation interest in the name of the region as a whole. As a Southeast Asian organization ASEAN recognizes the diverse ethnicities, cultures, history, religion and political system accordingly it accepts and respects each nation interest.

ASEAN adheres to its informality meeting are not held regularly but on an ad hoc basis. The member's state meets when there is a need to, such as an occurrence of international disputes or urgent incident. ASEAN arrange meeting in issue by- issue- issue coalitions. There are completely no completely strict and legal procedures to strain the members and the meeting because ASEAN believes such law might be checks that curbs national sovereignty. ASEAN respects procedural significance. Generally, meeting does not end with tangible and specific results; this sometimes poses a major problem of ASEAN. This is the case it is because ASEAN value the meeting among as members as progressive and having approached nearer to solving a problem. The consultative process itself is beneficial because one of ASEAN's objectives is to promote its understanding of the norms and practices of international society to the rest of society, and the process serves this purpose well.

ASEAN seeks to postpone and compartmentalize sensitive or disputable issues so that they can focus more on the issue that states can share and agree on, ASEAN also sometime try to avoid to implement the policy needed. As a whole ASEAN practices cautious diplomacy, it does not instigate member states by enforcing them to sacrifice their national interest for those of the association. ASEAN also does not impose strict rules to deprive other member's states of the freedom. At the same time ASEAN attempts to dissatisfy the least number of states by employing consensus- oriented method in dealing with certain sensitive issue. ASEAN does not welcome and sometimes ignore disputes and hence try to avoid them.

ASEAN's first thirty years of its existence it is a most successful regional cooperation outside of Europe, second only to the European Union (EU). From this it has become the model for regionalism in

many parts of the world. ASEAN was established as the result of an elite group of policy maker who responded to clear and straight forward international structures. ASEAN came into being during the Cold War reaches its peak. ASEAN founder saw increasing regional cooperation as a means of strengthening Southeast Asia position's in the Asia Pacific area and thereby reducing its risk of becoming a victim to great power global rivalry. One of the remarkable success of ASEAN is that the ASEAN member's ability to harmonise ASEAN foreign policy and be able to speak as one voice in international affairs. ASEAN has worked well for many years because of its relatively low complexity involved in the political process.

In the predominantly non- democratic setting of Southeast Asia politics, peace and stability prevail not despite but because of first, the relative insulation of policy making and, second; well- defined an international structure that requires little policy adaptation over many years, these were the two pillars of quick and overall effective intra- elite policy coordination and conflict management. Also McCloud [6] stated that by 'The relative peace and quiet of ASEAN for the first thirty years of its existence has allowed political leaders, civil servants and business executives to come to know and interact with one another on a close, first- name basis in the process fostering a uniquely ASEAN non-legalistic consensual, low- key, pragmatic, approach to problem and settling issues'.

According to Khoman [7], the formation of ASEAN is the first successful attempt at forging regional co- operation was actually inspired and guided by past events in many arrears of the world including Southeast Asia; the fact that the Western powers, France and Britain, reneged on their pacts with Poland and Czechoslovakia promising protection against external aggression, was instrumental in drawing the attention of many countries to the credibility of assurance advanced by larger powers to smaller partners. The lesson drawn from such events encourages weak nation to rely more on neighbourly mutual support than on stronger state that serve its own national interest rather than those of smaller partners. This could be seen at the last ASEAN Summit in Bali, Indonesia where LPDR a predominantly small land lock country uses ASEAN to push its agenda with China regarding its constructions of its controversial dam project in the Mekong rejoin. Beside this, Malaysia also uses ASEAN to further its interest in world politics. It is stated in the Malaysian foreign policy of 2011 in KLN [8] that 'In Malaysia's foreign policy, regional cooperation has always been its major preoccupation. ASEAN remains our cornerstone. In this respect, Malaysia attaches vital importance to relationship with countries in our own Southeast Asian region. ASEAN will continue to be the cornerstone of our

foreign policy and the predominant forum for maintaining regional peace and stability through dialogue and cooperation. The peace, prosperity and stability that Malaysia enjoys today are to a large extent, due to ASEAN's role as an organisation that fosters trust and confidence amongst its member states.'

The growing mutual trust among ASEAN member and also together with the increasing convergence of interest has also seen ASEAN assuming a large and more important role in regional and international political and security affairs. The first three decades since the formation of ASEAN largely remain a network- facilitating framework for government elites. Thought the early formation years till the late 1990s the political process at both national and regional levels in Southeast Asia could be describe as static, highly centralized and one-dimensional. ASEAN has greatly benefited from its deviated performance. Due to this ASEAN has become a well established international fixture.

## 5. Strategic Goal of ASEAN

ASEAN leaders agreed on a shared vision of ASEAN as a concert of Southeast Asia nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in development and in a community of caring society, furtherer more in 2003, the ASEAN leaders resolved that an ASEAN Community shall be established compromising on three pillars that is ASEAN Security Community, ASEAN Economic Community and ASEAN Socio-Cultural Community (Association of Southeast Asian Nation 2009).

As Severino [9] said the ASEAN Charter has reaffirmed the ASEAN's purpose and principles, it makes clear ASEAN objectives which are:

- An integrated regional economy, a single market, and production base;
- Regional cooperation on regional problem;
- Regional peace, security, and stability;
- A Southeast Asia free of weapons of mass destruction and non nuclear zone;
- The alleviation of poverty;
- Sustainable development;
- The development of an ASEAN identity;
- Non interference in the internal affairs of other; and
- Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations.

Acharya [10] stated that every ASEAN members are working towards their strategic goal that is to follow the ASEAN charter and also cooperation with each member country. It could be said that ASEAN member country has develop a way to gain its

strategic goal and to strengthen more its relationship with each member nation, that is true the development of the ASEAN Way. The ASEAN Way is the process of intra-mural interaction and to distinguish it from other multilateral setting, especially, western multilateral setting [10].

In the pass years it could be seen that ASEAN has progress in many aspect such as in economic cooperation, defense and transnational issue. ASEAN has evolved in its own way. With only what is now the European Union as guide, the ASEAN member countries have tentatively moved forward. Dosch [11] stated that ASEAN stood for the most successful regional cooperation scheme outside Europe second only to the European Union (EU) and became the model for regionalism in many other part of the world. ASEAN regional cooperation could to be said that a way to strengthen Southeast Asia's position in the Asia Pacific area and from this it reduce its risk of becoming a victim of other greater power in the world.

One of the biggest successes of ASEAN is that it has been the ability of its member state to harmonise their foreign policies and often speak with one voice in international affairs. Form this it allows ASEAN to established formal relation with the leading regional and global power such as the United State, the European Union, China and Japan. ASEAN worked very well for many years it is because of the relatively low complexity involved in the political process. Over the years ASEAN has develop into a working diplomatic community and has currently grown in international stature becoming in the process a factor of some significant in the calculations of both regional and extra states.

ASEAN has added new dimension to its organisation that is the ASEAN Regional Forum (AFR) it relates to security matter, ASEAN+3 this include country such as Japan, China and South Korea, and the newest and the most contentious is the East Asian Summit (EAS) inaugurated in December 2005, it brings ASEAN +3 countries together with India, Australia and New Zealand all of which will discuss the issue regarding economic cooperation, political cooperation and also in the issue of security in regarding security cooperation, terrorism treat and transnational crime. As Goh [12] stated that ASEAN has been the main channel of engagement with external power although these engagement were aim at enhancing ASEAN's economics ties with the major develop countries, they were subsequently targeted at inducting secondary and rising power into the regional power into the regional order, this is seen as essential in helping to diversify the source of Southeast Asian strategic and economic stability.

## 6. ASEAN Way

The ASEAN Way is a styled of diplomacy or it could also be said a code of conduct among the ASEAN members. Mee [13] described that In contrast to a Western, 'American' or even 'Cartesian' style of diplomacy which some Asian regards as 'formalistic' and focused on 'legalistic' procedures and solutions, the 'ASEAN Way' stressed patience, evolution, informalities, pragmatism. Also stated by Snitwongse [14] "The ASEAN Way is a distinct political process developed by ASEAN and characterised by the habit of 'consultation and accommodation' fostered by frequent interactions among members". The use of the ASEAN Way could be said when ASEAN uses the process talking to one another to solve problem and also the non- bidding commitment rather than legalistic formulae and codified rules to solve problem like the European Union (EU) does. For the ASEAN Way to be affective it is important that ASEAN ministers and diplomat has good personnel relation to one another.

According to ASEAN 2011 [15], the ASEAN Way has its limitation and drew huge criticism from many scholars and also many policy makers in Asia and also from the Western powers themselves. This is so because it is not efficient and it does not solve problem, it rather add more problem to an existing one. For an ASEAN Way to work properly ASEAN need a formal institution like the EU, currently ASEAN is just a merely a talking forum without any positive action that produces concrete result. As stated by Koh [16] 'Southeast Asia could learn much from European experience of institution- building. The 1998 Asian economic crisis has shown that the ASEAN Way needs to be supplemented by a sound good institution. The time has come for Southeast Asia and ASEAN in general, to strengthen existing institution and build new one to further strengthen ASEAN'. Beside Koh, an Indonesia diplomat by the name of Jusuf Wanandi [17], he stated that 'Basically, the old principles which guided ASEAN in the last thirty years- namely on personal, non-legalistic and informal system of cooperation between state or their bureaucracies and step- by-step approach, are no longer adequate to cope with fundamental changes happening in ASEAN members country and also the Southeast Asian region. ASEAN also practices a cautious diplomacy, conflict within ASEAN members are dealt with by postponing difficult issues, compartmentalizing an issue so that it does not interfere with other arrears of cooperation. As a result of this ASEAN is not capable of resolving many issues that arises among its members. What ASEAN is good in is that they

ASEAN would push the issue aside so that this issue does not interfere in the progress of other area.

This could clearly be seen in the issue of the South China Sea. The South China Sea is a highly contested area not only among ASEAN member but also foreign power including China. Besides this, issues such as transnational crime and environmental issues are also a concern for ASEAN. But it was never addressed properly, this is so because if the issue is brought up to one member of ASEAN, it would be considered interference in the domestic issue of another member. Due to this ASEAN never fully developed into a full functional regional organization. One of the most serious issues that ASEAN faces is the recent conflict in 2010 between Thailand and Cambodia. These two ASEAN member states clashed regarding border disputes. The issue could not be solved, this is so because Thailand and Cambodia regard this as an internal matter and any interferences by ASEAN is considered interference in domestic issues. Due to this ASEAN's unity is threatened. The conflict may drift ASEAN apart, in terms of political unity it affects the progress of regional cooperation.

It could be clearly seen that the ASEAN Way could not solve the current contemporary issues that face ASEAN members. It could be said also that the ASEAN Way itself is an impediment for ASEAN itself to grow and develop.

## 7. ASEAN Problems

ASEAN has many problems also; some of its problems are serious and could lead to the failure of ASEAN itself. Some of these problems are border disputes between member's countries, uncontrolled migration, and maritime disputes between ASEAN members and also with China. Southeast Asian region is rich with diversity; this includes religion, population, political system, population and geographical conditions of member's countries. For example Malaysia, Indonesia, Philippines and Thailand confront serious internal ethnic, linguistic, religious division impeding agreement on even a single set of national.

One of the most sensitive and taboo subjects in the region is the issue regarding religion and population. Thailand is a Buddhism country while Islam is prevailing among Malay population in Malaysia and Indonesia. So for Southeast Asia to integrate, as a single organization could be a difficult task. Another kind of diversity of Southeast Asia that leads to different national interests is the natural structure of the member's countries. Indonesia and the Philippines are archipelagos with around 13,000 and 7800 islands respectively. Malaysia and Thailand are embedded on the Asian continent and Singapore is a small island. Transportation,

communication and most importantly defense problems call for entirely different concepts and policies in a state with numerous islands and state that is located on land.

These diversities grow even more when members such as Laos, Vietnam and Myanmar. These member countries brought ASEAN's original objectives into question. This is so because of the political nature of these member countries. Given such wide-ranging diversity among ASEAN members, it could not be as an integrated region like the Gulf State, Central American or the Western State. The numerous differences among ASEAN members have frequently made ASEAN member states difficult to agree on certain matters such as economic integration policy, ASEAN defense policy and also due to discrepancies in perceived national benefits.

Even though the region's diversity relates to larger groupings, diversities in ASEAN do not necessarily lead to an effective economic integration grouping. The Southeast Asian region is too small to be effective as an economic integration grouping. Although ASEAN has a population exceeding the EU, its GDP size is less than 10% of its association. In addition to this, ASEAN's lack of balance between national interest and regional priorities is a major hindrance to a sustained integration as a whole. ASEAN's loose structure and the rule of non-interference, along with the tendency of Southeast Asian countries to preoccupy themselves with sub-regional issues, contribute to the limitation that hinders the growth of a strong community. As the member nations have their internal problems at hand while the association does not require them for more participation and contribution during meetings, ASEAN does not develop much.

Moreover, the very principles that ASEAN pursued; that is putting a side conflicting problems in order to prevent military confrontations. Due to this it makes ASEAN itself powerless to solve anything. From this ASEAN always practices the 'ASEAN Way' of leaving things unsolved to avoid problems among member countries. Distrust among ASEAN members remains a major problem also. ASEAN members lack the military power that is needed to form a credible bloc. Like the Northern Atlantic Treaty Organization (NATO) did for Europe. As a whole, ASEAN's diversity in various spheres checks the member state from reaching a practical agreement on specific issues. The variety of nations does not lead to much benefit from economic integration either. The principles ASEAN adhere to also deter the way to further development of the region.

The non-intervention could be said as a tool that prevented ASEAN from further progress. Many issues such as non-traditional security such as piracy in the Malacca Straits, uncontrolled illegal migration,

environmental problem and transnational crime need closer cooperation between ASEAN members. Most ASEAN problem is transnational in nature and the issue of non- interferences need to be lifted in order for future progress [18], [19].

## 8. Integration of Southeast Asia

Regional integration is processes in which states enter into a regional agreement in order to enhance regional cooperation through regional institutions and rules. Since 1980s the world has witness a resurgence of integration in world politics. Regional integration rose significantly as a result of development within Europe and also due to the successful negotiation and ratification of the North American Free Trade Agreement (NAFTA) and the increase momentum of co- operation efforts within Asia and continuing discussion within the Asia-Pacific region over new economic and security agreement. The wave of integration ranges from discussion of a world of regional trading blocs on the one hand and to increased emphasis on sub regional co- operation and integration on the other hand. Characteristics of integration is multidimensional, it is important to compare geographically, it is still more important to examine the interrelationship between political, economical, and security issues. The analysis of integration, even of cohesive and effectively institutionalised integration, can no longer confine to the region of Europe. Western Europe and the Americas stand out as the areas where institutionalised integration has made the most impressive advance; a growing sense of regional awareness has been universal, although it has manifested itself in different ways.

Interstate cooperation in Western Europe was mainly influence and driven by one or other of the first three motives, but after 1945 there has been a shift to the fourth. Economic integration was seen as a means of achieving peace, so barriers to trade have been pulled down, national monetary policies harmonised and arrangement made for the free movement of people, goods, money and services, all in hope of bringing new levels of prosperity. This could also be seen in Western Europe, in the case of EU where the use of economic integration as a tool for cooperation among its members. Economic integration won't end in itself; states have built economic ties and form this it could further transform into political integration like the EU. Gehring [20] sated that political integration can be defined as the process by which political leaders and citizen in separate country are encourage to create a new set of common governing institutions, to give those institution jurisdiction power, and to shift some of their loyalties and expectations to that new level of government. Instead of making separate decision

on foreign and domestic policy, they either make joint decision or delegate decision making power to the new institution like the EU. The countries cease to function separately and independently, and instead work as one, with the result that political competition expand beyond the national arena to incorporate multinational values and priorities.

Ernst B. Hass [21] stated that it could be said that the EU integration is a gathering of sovereign state, which retain authority over their own affairs, give power to new cooperative bodies only when it suits them, and reserve the right to take back that power at any time, in short the EU only exists because the member state have decided that it is in their best interest. Regional integration could be explained differently in two set of explanations that are: functionalism and neo- functionalism [21].

### 8.1 Functionalism

Roger M. Scully [22] in his paper presented on the "Explaining the Impact of Jacques Delors: Conceptualizing and Assessing the Commission Presidency" functionalism argues that the best people to build cooperation are technical expert, not government representatives. Furthermore is about the internal dynamic of cooperation, arguing that if states work together in certain limited areas and create new bodies to oversee that cooperation they will work together in other area through a bond of integration. It also argues that the European Integration has its own logic that the EU member states find hard to resist. Functionalism is based on the ideas of incrementally bridging the gaps between states by building functionally organization [22].

So instead of trying to coordinate big issue such as economic or defense policy, functionalism believe they could be promoting integration in relatively non- controversial areas such as the postal service, or a particular sector of industry, or by harmonising technical issue such as weight and measures.

Leon Lindberg and Stuart Scheingold [23] explained that functionalism has dominated the theoretical debate since the 1950s about how the EU has evolved. The two men often describe as the founder of the EU, French businessman Jean Monnet and French foreign minister Robert Schuman, were functionalists in the sense that they opted for integration of a specific area like the coal and steel industry with the hope that this would encourage integration in other area [23].

### 8.2 Neo- functionalism

According to Schmitter [24], it argues that prerequisites are needed before integration could happen. It include switch in public attitudes away

from nationalism and towards cooperation, a desire by elites to promote integration for pragmatic rather than altruistic reason, and the delegation of real power to a new supranational authority. Once these changes take place there will be an expansion of integration caused by spillover: joint action in one area will create new needs, tension and problem that will increase the pressure to take joint action in another [24]. Take agricultural for example, the integration of agricultural will only work if related sectors such as transport and agricultural support services are integrated as well. Spillover takes several different forms. For example, with functionalism spillover, if states integrate one sector of their economies, the difficulty of isolating it from other sector would lead to the integration of all sector.

With technical spillover, different in standards would lead different states to rise or also sink to the level of the states with the strictest or most lax regulation. This could be seen if the integration of Southeast Asian countries would happen, where the standard and law of industrial safety is higher in country such as Singapore and Malaysia; and the low standard in country such as Laos and Cambodia. So when these countries integrate into one, problem will arise. Finally, political spill over implies that once different functional sector become integrated, interest group such as corporate lobbies and trade union will increasingly switch their attention from trying to influence national government to trying to influence the new regional executive, which will encourage their attention in order to win new power for itself. The concept of integration has not been in the mindset of the people in Southeast Asia till the early 1990s. ASEAN originally has always been a talk shop and grouping against external threat. The theories of integration have mainly been developed to explain about European integration. Europe was the region of the world, where regional integration started in the early 1950s with the European Coal and Steel Community (ECSC) in 1952. When early theories of integration were developed there was much discussion on how to define the concept of integration. For instance integration is referring to a process or to an end product. Integration could be defined as a process that leads to a certain state affairs.

## **9. Integration Process and Progression**

The ASEAN integration could be said is a integration of a community with diverse culture and bounded by a common regional awareness where people strives for equitable access to opportunities for total human development regardless for gender, race, religion, language, or social and cultural

background. Other countries such as the United States, Japan and the EU welcome the ASEAN integration; this is so because they find it easy to deal with Southeast Asia as a single entities. The United States found it useful consider ASEAN as a single unit when devising Asia- Pacific plans. The European community also recognized ASEAN as a whole, meeting Southeast Asian states as a whole, through ASEAN, instead of individual countries. Besides this, European countries moreover approved ASEAN latest proposal to set up a meeting of Asian and European States. This is so because they though they had been obvious of a good global market and that they now met a good chance to further advance into such market in the near future.

ASEAN is based on mutual benefit as well; ASEAN can be seen as a significant representative of Southeast Asian region. This regional identity is not acknowledged among all the members to the same degree. The level of commitment to the ASEAN identity varies from state to state, according to the circumstance of each state. ASEAN still has much problem to work on; one of them is the balancing between its non- interference principles and a more formal organization. This fundamental contradiction hinders the association from being an effective organization and not being able to carry out practical actions.

Diversity is also an important problem ASEAN faces. Enhancing its policy could further be useful in reducing the conflicts occurred from such disparity. ASEAN need to improve more than this. ASEAN had not been a particularly successful organization especially in terms of an economic institution and security bloc. As an organization connecting various states in the region of Southeast Asia, ASEAN had affected and mitigated the disputes in one way or the other. ASEAN also help by contributing to political stability, it made the region more attractive for foreign investors. It is unlikely that foreign investor would have been interested in areas effervescent of conflict and wars [24].

## **10. Implication on ASEAN ECONOMIC Cooperation (AEC)**

ASEAN leaders agreed on a shared vision of ASEAN as a concert of Southeast Asia nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in development and in a community of caring society, furtherer more in 2003, the ASEAN leaders resolved that an ASEAN Community shall be established compromising on three pillars that is ASEAN Security Community, ASEAN Economic

Community and ASEAN Socio-Cultural Community (Association of Southeast Asian Nation 2009).

As Severino (2009, pp. 24- 31) said the ASEAN Charter has reaffirmed the ASEAN's purpose and principles, it makes clear ASEAN objectives which are:

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- The alleviation of poverty;
- Sustainable development;
- The development of an ASEAN identity;
- Non interference in the internal affairs of other; and

- Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations.

Every ASEAN members are working towards their strategic goal that is to follow the ASEAN charter and also cooperation with each member country.

## 11. Conclusion

In conclusion the region of Southeast Asia region had not been integrated with certain common rules or customs. To be integrated as one means that it is also to give up being a sole actor in the international arena. The whole region will share both positive effect and negative effect of the outcome of the integration process.

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