

ASEAN 100

LEADERSHIP FORUM 2011

One ASEAN: How Close Are We?

28 – 29 September 2011

Shangri-La Makati Hotel in Manila, Philippines

Summary Report

The ASEAN 100 Leadership Forum is an annual meeting of the most outstanding next wave of leaders from the region who will shape the future of ASEAN.

It brings together the brightest men and women from business, government and civil society to engage in dialogue and debate on solutions to foremost challenges and their implications to the future of business and politics.

The ASEAN 100 Leadership Forum 2011 began with a Fireside chat with Chandran Nair followed on the next day by thought-provoking discussions around a central theme of “**One ASEAN**”, led by key figures from Southeast Asia and other parts of the world and ended with Dinner Address and Dialogue with **President Benigno Aquino III** of the Philippines,.

This report highlights the key discussions that arose from the dialogues.

Key highlights:

- Asia must redefine consumption-led growth model, going beyond the claim that technology, free markets and finance will help overcome the issues of constraints and limits. The opportunity to do so lies in strong governments that are not usurped by private interest, those that are transparent and at the same time able to render the need for tough action.
- ASEAN region is as strong as ever, standing as a solid pillar of stability and growth. The latest comparative growth rates of member countries are telling: In 2010, Singapore’s economy grew by 14.5 percent; the Thai economy grew by 7.8 percent. The Philippine economy posted a good 7.6 percent growth rate; and Laos’ economy grew by 7.5 percent. This growth has underscored investor interest in our region. Foreign direct investment inflows in Southeast Asia reached more than 70 billion dollars in 2010.
- ASEAN must continue its effort to deepen and broaden its economic integration. It must think of sub-regional arrangements and expand its co operations with South Asia. There is plenty of room for potential for regional co operation not just on the economic front but also on natural disasters.

- As a region, ASEAN must continue to implement self-help mechanisms such as the multi-lateralization of the Chiang Mai initiative to ensure regional stability and to prepare for future volatility and uncertainty.
- ASEAN needs concerted effort and global solutions in order to address the crisis in the global financial system. ASEAN in plus 3, plus 6, or plus 8 will need to play a role in contributing, shaping and managing the road map to the realization of the new global, financial and economic order.
- The low hanging fruits in ASEAN include the registration of business and property as well as construction permits. These issues affect largely the SMEs therefore; priority should be given to deal with this relatively simple issue via concerted capacity building efforts and collaboration as well as learning from Singapore.
- The governments in ASEAN need to pay great attention to capacity building for SMEs. Thailand is now pushing for the establishment of ASEAN trade and investment centre in each member country so that the essential information and assistance can be provided to small and medium sized enterprises.
- The grouping should consider putting in place a lease framework for ASEAN investors which can serve as a catalyst for attracting intra-investment within the region.
- The softer areas that create unity such as sports, arts, education where commonality of spirit can be created in a much stronger way in ASEAN. Therefore, perhaps this should be an area of priority to use as a building block for creating a common spirit.
- Time for ASEAN lane to be reinstated to facilitate movement of people across the region. The GCC and APEC have a special lane in airports in their respective member countries therefore ASEAN should look to have such arrangements.

September 29 2011

Fireside Chat on “Rethinking Asia’s Role in the World Economy: Why is the Conventional Wisdom Wrong?”

with **Mr Chandran Nair**, Author of “**Consumptionomics: Asia’s Role in Reshaping Capitalism and Saving the Planet**” and Founder/CEO of Global Institute for Tomorrow (GIFT)

Moderated by **Dato Timothy Ong**, Forum Convener



“If Asia is to achieve prosperity for the broad majority of its population, the countries of the region must find alternative ways of promoting human and economic development”

Chandran Nair’s book ‘Consumptionomics’ argues that the conventional wisdom based on the model of consumption driven economics is completely unsustainable. Asia has been intellectually subservient with the narrative of capitalism made by the West for too long. While it is irrefutable that Asia will shape the 21st century, it will not be without catastrophic outcome if Asia is to follow the Western model of economic development. Therefore, Asia must redefine consumption-led growth model, going beyond the claim that technology, free markets and finance will help overcome the issues of constraints and limits.

In the Q&A that followed, the following comments and questions were among those that were brought up:

- **Asian countries have grown on the basis of export led growth. How does Asia change this ideology?**

The harsh reality is that Asia has adopted that free markets ideology that only a strong political will will be able to fix. Asia needs to change its perception of the Western led growth model trodden for many decades and deemed to be the only possible route to an alternative route that delivers more equitable societies and one that protects resources in a crowded and resource constrained 21st century. This alternative will require some great deal of intellectual honesty; bold thinking and experimentation in with governments will need to embark now. Nevertheless, this will not be an easy task as vested interests and Western ideology will stand in the way of new thinking. Therefore, leaders have to sharpen the ability to communicate some hard truths and move their organizations to adapt to some new realities rather than do the easy thing, which is to be in denial and perpetuate old business models whilst talking about technological innovations as if it is a panacea for all challenges.

- **On colonialism as the root cause of the capitalism model.**

Slavery was the first and most extreme form of under-pricing resources to produce goods and services. In this sense, colonialism was the first expression of society's under-pricing of assets which then had a population of only one billion people. Today, this system cannot work because the reverse is taking place- too many people and too few resources.

- **On governance and intervention.**

Liberal Western democracies have morphed into political systems that have resulted in the inability to make meaningful long-term decisions. A strong government can stand up and prevent the inevitable collapse of shared resources in our crowded planet. Rules and limits are necessary in Asia- the successful imposition of controls on smoking in public places and the mandatory use of seatbelts in cars show that people can get used to rules. The opportunity lies in strong governments that are not usurped by private interest, governments that are transparent and at the same time able to render the need for tough action.

- **On the proposed method for resource allocation.**

Policies need to be shaped around certain basic tenets. First, resources are constrained, which means that economic activity must be subservient to maintaining the vitality of resources. Second, resource use must be equitable for current and future generations, which means that

collective welfare must take priority over individual rights. Third, resources must be re-priced and productivity efforts should be focused on reducing use of resources.

In the fireside chat, Chandran calls for constrained consumption that is funneled in ways that do not increase the demands on our resource base; deplete or degrade our environment; produce more emissions and pollutants, and put at risk the livelihood and health of millions.

Chandran asserts that if Asia is to achieve prosperity for the broad majority of its population, the countries of the region must find alternative ways of promoting human and economic development. What Asia must prioritize are incentives that reward “more is less” activities — ones built around putting the management of resources at the center of all policy-making.

*Today, OECD car ownership level is 750 cars per 1000 people. China’s already the world’s largest car market 150 per 1000 people. India 35 per 1000 people. Chandran posed a scenario whereby if Asians start driving cars like the OECD in 2050, there will be 3 billion cars on the road. Americans eat nine billion poultry annually. Asia- with a population 13 times larger than US consumes 16 billion. Asia will consume around 120 billion birds a year if it emulates Western consumption patterns.

September 30 2011

Forum Focus on the Philippines

“Can the Philippines be the next Asian Tiger?”

Address by **Hon. MAR Roxas**, Secretary of Transportation and Communications (DOTC), Philippines on “**Philippines 2020**” followed by an open forum discussion led by:

- **Prof. Michael Enright**, Founding Director of The Competitiveness Institute and advisor to governments and leading corporations
- **Mr. Lance Gokongwei**, President and COO, JG Summit Holdings Inc
- **Mr. Tony Aquino**, President, Ayala Land

Moderator: **Dato Timothy Ong**, Forum Convener



Secretary MAR Roxas in his address told the story of Philippines leadership transformation. *“We are gathered at a period of great enthusiasm and opportunity for the Philippines. Last year, our political system crossed a historic milestone, transforming itself from a government for a few, to a government of the people.”*

The highlights of his address are as follows:

- We believe that good governance begets a sound economy. Good governance plus a sound economy equals a decent and dignified life for our people.
- The return to authoritarian government in the Philippines is an impossibility and observe that this volume of messages also bears the information for commerce and business that is vital to a nations economy.
- Transforming our people’s expectations of what their government and leaders are supposed to do and how they are supposed to behave is how the battle will be won.
- The Philippines government have adopted ‘zero-based budgeting’ to evaluate the effectiveness of government programs. Effective programs get increased funding, but programs that are not delivering desired results are eliminated and every expenditure is itemized.
- These are part of our leader’s 5 Rs standard for undertaking and spending of the people’s money: ‘Right project, Right quality, Right people, Right cost and Right on time’.
- We are now letting the sunlight in on official contracts and transactions. Blind justice is being restored. Many people are regaining the self-esteem that can only come from a revitalization of the rule of law and growing respect from abroad.
- We are making steady progress and it is becoming noticeable. For one, the latest World Economic Forum global competitiveness index ranking has the Philippines rising 10 spots from number 85 last year, to number 75 out of 142 economies this year. It is a good improvement certainly but we will strive on.



The open forum discussion began with **Dato Timothy Ong** posing the following:

In the last 60 years, there have been only 13 economies that have grown by an average of seven per cent or better for a sustained period of time. Of these economies, one is from South America, Africa, Europe, Mid-East but nine are from Asia; five are from East Asia: Japan, China, South Korea, Taiwan, Hong Kong and four are from ASEAN. Singapore, Malaysia, Indonesia and Thailand. When we see these Asian tigers, do we see a common themes, is there anything that stands out. Why is the Philippines not on that list?

What stands out when we look at these Asian tigers?

Prof. Michael Enright: The first thing that stands out is the set of differences that includes vastly different political systems, economic philosophies, roles of government in the economy and very different starting points. The common features or similarities are the ability to mobilize resources, getting basics right, adequate governance, links with the rest of the world and pragmatism.

Do you see this improvement in the way your businesses operate in? What would you say is the biggest challenge confronting the Philippines in terms of doing business?

Mr. Lance Gokongwei: There has been a marked improvement in the business environment in the Philippines driven primarily by sentiment. The business community is beginning to see the benefits of some of the measures that the new government has taken mainly on the fiscal front. Interest rates have dropped significantly which is seen to be making a marked difference in terms of business and risk taking. The concern is how the momentum can be sustained beyond this term so that the positive change can carry on into the future.

Mr. Tony Aquino: The change that has been brought by the new governance has benefitted all industries in the last 15 months or so. The Philippines now need to focus on having the right level of consensus and inclusive growth across the board all the way down to judiciary, the legislature, local governments and the other stakeholders as there are still continuing challenge in those particular areas.

In the Q&A that followed, the following comments and questions were among the highlights:

- The greatest strength and weaknesses of the Philippines.

The greatest strength is unreservedly agreed to be its people. Its human resource capital is deemed as the key factor in the development of the economy going forward.

The main challenge of the Philippines however is the dysfunctional systems which is the inability to create complex systems that work reliably and repeatedly to high standards.

- The need for investment in education and the role of government and business community.

The education problem is quite overwhelming given the population growth in the Philippines and the resource constraint. The key issue is the fact that the education cycle is the shortest in Asia- the number of years spent in school before college is only 10 years. Currently President Aquino's administration is addressing this issue and is looking to implement a 12 year basic education cycle.

The Philippines business community formed the Philippine Business for Education so that the business community can have a voice in expressing opinion relating to the policy direction in education. It was also highlighted that the tertiary education system is dominated by the private sector where a number of business groups that make education a part of their business activity especially in poor communities therefore; this endeavor would continue to play an important role in the future.

- Key priority for the Philippines in making its way to a different kind of economic destiny.
 - 1) At this stage of economic development, the Philippines needs to focus on getting the basic systems right including education, infrastructure, health and corruption which require vast investments and cooperation by both the government and the private sector. The country has to build momentum in a step by step approach and put in place incentives and policies that promote inclusive growth.
 - 2) The Philippines need to leverage on globalization to its advantage. It used to be that being an island nation made it difficult to communicate, transport and trade but globalization has resolved this barrier. Therefore, Philippines businesses need to be able to take advantage in investments that will bring optimal benefit to the economy-especially ones that will link them to the regional and global production systems.
 - 3) Corruption and the lack of competent political leadership over the last 50 years have brought the Philippines to where it is today which has been the root of all the other issues such as the lack of investment in infrastructure, education, health and other programmes. Therefore, setting the tone and strengthening the accountability are extremely important.

In responding to the questions, Dato Timothy Ong summed the session with the following:

- Are things really different now? Things are different now- the chances of a new kind of future are suddenly within reach. While it is difficult to overcome decades of cynicism, nonetheless, there is an overwhelming sense that things are different this time.
- Can the Philippines be the next Asian Tiger? Can the Philippines shape its economic future differently? Whenever these questions are raised, the first thing that comes to mind is the strength and resilience of the people of this country. In fact one of the biggest riddles in the economic history of the ASEAN region is why with such gifted resourceful people; the country has not done better.

- Will the Philippines be the next Asian Tiger? Clearly a lot more time is required, there is a long agenda list and a lot more work needs to be done to get there. Even with the best will in the world, resource constraints will confine potential. However, the big difference is the feeling of optimism. When people start to believe that change is possible, when there is leadership by example all things become possible.

Forum Stocktaking

On ASEAN's prospects and possibilities in a turbulent world

“What are ASEAN’s prospects? What are the key challenges? What are the obstacles to greater trade and investment within the region? What are the milestones towards achieving One ASEAN? What are the issues that need to be addressed?”

Open forum discussion led by:

- **Mr. Jaime Augusto Zobel de Ayala**, Chairman and CEO, Ayala Corporation
- **Mr. Sandiaga Uno**, President, Saratoga Capital
- **Mr. Alvaro Celis**, Vice President, Asia Pacific, Microsoft

Moderator: **Mr. Heinrich Jessen**, Chairman, Jebsen and Jessen (SEA)



Mr. Heinrich Jessen convened the session with the following:

One ASEAN: Is it a pipe dream? Is it a fantasy? Or is it something we can realistically make happen in the foreseeable future?

Mr. Jaime Augusto Zobel de Ayala: ASEAN as a balance to rising India and China necessitates a certain unity. There have been some natural movements already in this direction- we're already a hub for production that's led to production networks being distributed throughout the ASEAN area that naturally have to coordinate with each other. On the financial front, there's been stronger cooperation since the 1997 crisis that has led to a certain unity of purpose and so there have been building blocks but ASEAN still has a long way to go.

Mr. Sandiaga Uno: Despite the rhetoric, enthusiasm and optimisms, investors and the investment community lack the confidence on the region because of the poor level integration- ASEAN still is not seen have a common platform. So despite all the potential and statistics, not that many people within the business and investment community are that convinced that ASEAN has a story or a very attractive market.

Mr. Alvaro Celis: ASEAN has very fascinating opportunities which is a big part of the potential that investors see in Asia. When one looks at the market size and the combined GDP, it is an obvious choice to try to make One ASEAN happen. ASEAN must find the axis of economic development opportunity happen. The big opportunity lies in how ASEAN can make decisions based on the common good.

The open forum discussion followed soon after with the following questions and comments:

- The risk of crisis in ASEAN as a region the same way as EU- whether one member would pull down others similar to the EU scenario.

The danger is not as apparent as the EU because ASEAN is not as integrated under one central bank and hence one economic system as Europe. In fact, the opposite has happened. In 1999, ASEAN had a difficult period but we came out relatively strong. There has been a moving up to common best practice, a learning from the crisis that took place in the past and a strengthening of our financial system that resulted in a win for us as ASEAN countries. Therefore, we are in a much stronger position.

- The idea of sub-groupings specifically BIMP EAGA in ASEAN.

BIMP EAGA makes a lot of sense to ASEAN. However, the effectiveness lies in the business to business approach. In Indonesia, SMEs contribute to 60 percent of the economy and 92 percent of employment absorption and creation. This sub-grouping should specifically focus on SME collaboration in ASEAN especially around access to finance and technology and synergies in education, healthcare as well as human resources.

- Can the dream of One ASEAN happen before building strong individual nation states?

It was highlighted that it is easier for strong states to make binding international agreements that it is weaker nation states that ASEAN is comprised of. There was a concern that ASEAN is inflicted with many deep internal divisions and hence might be in essence focusing on the wrong level.

However, the panel responded that while ASEAN recognizes the difference complexities, different levels of success and challenges, there is a lot of value in working together to build stronger nations through collaboration and synergies across the chain. If ASEAN comes up with a commitment, it can raise its standards together therefore, it is not necessary to begin with having strong nation states before ASEAN can become truly integrated. Sandiaga Uno highlighted the example of Indonesia's democratic transition in 1998 that was met with relative success (nonetheless recognising that this transition did not essentially translate into strong governance).

The softer areas that create unity are seldom mentioned or brought up whereas issue of structural, infrastructure, commonality of standard are emphasized all too often. Nonetheless, there are many soft things that create unity such as sports, arts, education where commonality of spirit can be created in a much stronger way. Therefore, perhaps this softer unity should be an area of priority in ASEAN as productive competition can be used as a building block as a way of creating a common spirit.

- **Low hanging fruits in ASEAN**

It was identified that the low hanging fruits in ASEAN include the registration of business and property as well as construction permits. It is recognised that these issues affect largely the SMEs therefore; priority should be given to deal with this relatively simple issue via concerted capacity building efforts and collaboration as well as learning from Singapore.

Note: Before the start of the session, participants were encouraged to make a vote on two questions and the results are as follows:

One ASEAN: How Close Are We?

Very close: 7%
Quite close: 42%
Nowhere close: 51%

What should ASEAN's Number One Economic Priority be?

Improving Ease of Doing Business: 59%
Financial cooperation: 19%
Infrastructure development: 16%
Reducing tariffs: 5%
Other: 1%

The ASEAN 100 Oration

“One ASEAN: What Must We Do?”

By **H.E. Abhisit Vejjajiva**, 27th Prime Minister of Thailand (December 2008 to August 2011)

Moderator: **Ms. Doris Magsaysay Ho**, President and CEO, Magsaysay Group



His Excellency Abhisit Vejjajiva delivered an oration on ONE ASEAN. The extract of the oration is as follows:

- There is a sense of pride of what has been achieved in recent years in moving ASEAN forward, but at the same time recognition of the enormous task that lay ahead in creating One ASEAN that would be meaningful and sustainable for the ASEAN people.
- During the global economic crisis, whilst many countries and regions talk about the need to resist protectionist measure, ASEAN concluded over 60 agreements related to trade and investment liberalizations.
- ASEAN also demonstrated that the coordination of macroeconomic policies and the creation of a regional mechanism, such as the multi-lateralization of the Chiang Mai initiative to cope with the volatility during the crisis.

- East Asia including ASEAN became the region that achieved one of the most remarkable recoveries, contributing to the expansion of the East Asia summit to include new powers such as, the United States and Russia.
- But despite the high economic growth and the healthy foreign currency reserves in most countries in the region, ASEAN continues to face a number of new challenges. The crucial question to ask is whether we've done enough and what more do we need to do.
- There are a number of fundamental issues such as flaws in the global financial system that has not been sufficiently addressed. In order to address this issue, ASEAN will need to play a role in contributing, shaping and managing the road map to the realization of the new global, financial and economic order.
- While we have set out our vision to integrate our economies towards a community in 2015, the commitments we have made are not enough realize our goal. Therefore, high on the agenda list of ASEAN leaders is in making the connections within the region in both hardware and software connectivity.
 - Hardware connectivity includes physical infrastructure such as electricity, transport, telecommunications, water and sanitation that are in need of investments to make sure connectivity takes place. These include projects that would solidify the connections that would make not just businesses, but the people feel that everyone is part of one community.
 - On software, the economic integration according to the blueprint is essentially on course. More than 92% of the first tranche activities targeted in 2010 have been implemented, although, there are some areas that are lacking behind especially in transportation and services as liberalization, but the majority of commitments are on course, and the score card for the second tranche of implementation will be reported next year. But essentially, we feel that ASEAN is on course for AEC by 2015.
- The entry into force of the ASEAN trade in goods agreement, one of the region's landmark economic agreements aimed at lowering the costs of doing business and simplifying trade related transactions will also help facilitate trade hence benefiting the business community and the public. While we may achieve the so called ASEAN Economic Community on time, we would still be a long way off from what we should truly call One ASEAN, which will only truly be achieved if the people in this region feel that they are under common challenges, have common aspirations and fully benefit from each other in tapping into the potential and diverse nature of our countries.
- So there is a lot that we must do, while the IMF forecast shows that GDP in ASEAN will be growing around 7-8% per annum to reach close to USD 3 trillion by 2015, we must make

sure that in reality that would truly benefit the majority of the people in ASEAN, particularly with the emergence of the global challenges.

- ASEAN cannot afford to be complacent. We must act individually and as a group of nations at different levels. Globally, we must work hand in hand and act in concert to ensure that the effort in the reforms of the global governance system, including the financial architecture continue in an appropriate place and in right direction. We must also think as a group, that if the negotiation of the DOHA development agenda at the WTO level does not come to a successful conclusion soon, what would be the next best alternative.
- At the regional level, we must continue our effort to deepen and broaden our economic integration. We must also think of sub-regional arrangements as well as expanding our co operations with South Asia, and in addition we must as a region continue to implement self-help mechanisms such as the multi-lateralization of the Chiang Mai initiative to ensure regional stability and to prepare ourselves for future volatility and uncertainty. There is now plenty of room for potential for regional co operation not just on the economic front but also on natural disasters.
- With economic difficulties in the west, depreciation of some major currencies and the dependency on USD for trade transactions, we also need to create necessary financial instruments and facilities to enable countries in the region to use regional currencies for trade and investments as well as to rebalance our foreign currency reserves.
- To complete the missing links in the AEC, we need to find the most cost effective way to finance these multi-trillion dollar investments. That is where the private sector comes in, as the governments alone do not have the capacity to cope with these monumental undertakings.
- As the regional architecture continues to evolve, the private sector needs to constantly change and adapt to the changing environment to stay ahead. The SMEs in the region are generally not equipped with sufficient financial and human resources and they see the process of integration of ASEAN more as a threat than as an opportunity. They are slower to adapt and still cannot withstand too much competitive pressure, and this is where governments in ASEAN need to pay attention to the most. Thailand is now pushing for the establishment of ASEAN trade and investment centre in each member country so that the essential information and assistance can be provided to small and medium sized enterprises.
- Finally and perhaps most importantly, to achieve One ASEAN, we have to go beyond the realm of economies and governments. If our peoples are to be truly united in One ASEAN, it will be imperative for us to confront some issues that will be crucial for a sustainable integrated ASEAN.

The ASEAN 100 Annual Debate

Motion: “This House believes that in a contest between Regionalism and Nationalism in ASEAN, Nationalism will always Win.”

Speaking for the Motion:

- **Dr Buranaj Smuthraks**, CEO, Trinity Corporation (Thailand)
- **Mr Herman Kraft**, Associate Professor, University of Philippines (Philippines)

Speaking against the Motion:

- **Dr Bayu Prawira Hie**, Chairman, Executive Global Network (Indonesia)
- **Mr Khairy Jamaluddin**, Chief of UMNO Youth; Member of Parliament for Rembau (Malaysia)

Moderator: **Dato Timothy Ong**, Forum Convener



Dato Timothy Ong convened the debate with the following:

Underlying all our discussions on ASEAN is the perennial tension between nationalism - the assertion of national interest, identity and regionalism which is based on the proposition that the whole is greater than the sum of the parts whether be it territorial conflict, claims in the South China Sea or burden sharing as is the subject in Europe today. There is this undeniable tension between nationalism and regionalism.

The debate began with 83 per cent in the room voting in favor of the motion.

Speaking for the Motion:

Dr Buranaj Smuthraks

Any debate between nationalism and regionalism must first accept the fact that this region has been one of the bearers of the most influential nationalism icons of the last century and leaders who have inspired renewed searching of collective ASEAN identity after decolonization. Latent leaders like Lee Kwan Yew and Mahathir left long lasting footprints redefining nationalism even in the context of regionalism.

ASEAN itself was built upon the collective experience of independence, democracy and statehood which have all been achieved through nationalist movements. ASEAN makes sense because of the idea of nationalism within regionalism. ASEAN's key attributes: the ASEAN way, the doctrine of non-interference has been the key mode of engagement in the region.

In ASEAN, nationalism has liberated the region. While the EU traded varying degrees of sovereignty to become integrated, ASEAN sacrificed zero sovereignty. In AFTA, the steady reduction in tariffs has been done through unilateral bottom up process and the creation of a single market is being achieved through a series of ASEAN style practical compromises considering each member's unique agenda.

The house argues that the present economic policies in ASEAN overwhelmingly reflect national, not regional policies. As a matter of fact even in trade, now in tri-regional trade has surpassed the 50% mark but many of this has been due to an export led and pushed within individual economies.

The fact that liberalization has been done in a unilateral basis, demonstrates that while countries and nations are committed to liberalization, there's still a lot of work to be done on a regional level.

Mr Herman Kraft

If you look at ASEAN now, and ASEAN in context of the charter, those points that made nationalism the foundation of ASEAN's regionalism remain embedded in the charter, in other

words, nothing much has changed. Hence, in ASEAN, it is not likely that regionalism will be trumping nationalism any time soon.

In particular, in the ASEAN charter, the emphasis has been on cooperation which has been the original point, and also the emphasis on non-interference and more importantly the respect for sovereignty which is most especially true in conflict resolution. In such case, the nationalist option is to ignore ASEAN and look at other options that might be more advantageous. This has been made worse by the procedural norms that continue to be part of the way ASEAN operates - the ASEAN way. Central to this is, decision making which remains based on the consensus means of making decisions.

The AEC blueprint instead of emphasizing regionalism, in the context of the national interests not fitting into the regional agenda allows national interests its own way. Looking at the idea of binding decisions and the issue of compliance within ASEAN, there is no context within which those decisions in ASEAN are binding upon its members.

In conflict resolution, nationalism to a large extent remains embedded in the regional processes which illustrates that both institutional mechanisms and structural factors favor nationalism in ASEAN.

In economics, there is a two tiered ASEAN where there are sensitivity and gaps between the original ASEAN 5 & 6 and the newer members. The idea of ASEAN has not penetrated deep enough, to actually counter nationalism with a broad regional identity.

Speaking against the Motion:

Dr Bayu Prawira Hie

Regionalism movements are currently looking to create a new dimension of nationalism, whilst at the very core of nationalism is the sovereignty of its nation.

As we observe in the European Union, sovereignty in the financial systems of its member nations has been surrendered to a centralised system, but political and legal sovereignty cannot be totally isolated once the financial system sovereignty is surrendered for integration.

The integration movement of the EU is not without serious problems, such as the current financial problem that plagues the EU due to Greece's default threat. However, instead of leading to breakaway, the problem leads to the idea of the financial system unifying even further and to other systems creating a united entity, the United States of Europe. As the former German Chancellor Gerhard Schroeder put it "The current crisis makes it relentlessly clear that we cannot

have a common currency zone without a common fiscal, economic and social policy. We will have to give up national sovereignty."

It looks like once a regionalism movement starts, it is a one way ticket, but the answer lies in the motives behind integration. The motive behind the formation of the EU after World War II was to prevent future violent conflicts in Europe by strengthening economic cooperation. This motive has now shifted to the economic and welfare enhancement of the people in the EU. It has created a geo-economical and geo-political power balance towards domination of United States of America.

There is no reason why ASEAN cannot lead as the pioneers to the formation of The United States of Asia. ASEAN has the advantage of being able to learn from the experience of EU – it can secure the benefits and avoid the mistakes. Inviting China and Japan to join the alliance will give a boost to the process and the power of the movement – as has already been initiated, in Jakarta in September 2003, with the free trade agreement between ASEAN, China, Japan, and India.

Whenever it is formed, the United States of Asia will comprise 40% of world's land and more than 60% of the world's population. It will be a great economic power to balance the United States of America, and the EU.

However, at the core of every nation is it's people. The economic fear of the citizens of a nation heading for regionalism is that they will lose out to the citizens of other nations in the region. Further, the citizen's fear of regionalism movement is that it will diminish a nation's culture; but in a world where the influence of Information and Communication Technology is pre-eminent, the influence of another's culture happens every day.

These fears lie in the trust system of the people. Normally, we tend to trust more those who have most similarities to ourselves – be they physical or psychological (for example, in terms of culture, ideology, and aspirations). That trust has multiple layers from our family, to our society or ethnic fellows, to our nation's people, then to our regional nations' people, and finally to the whole of human kind.

Only in time of war, where trust is hurt, will people retract back to those they trust more – which, in case of regionalism means that they will defend nationalism over regionalism. However, in a time of peace, as now, it is a time for people to improve their wealth. Now is the time to extend trust as wide as possible. Now, in a contest between regionalism and nationalism, regionalism will win. ASEAN has only one choice: to further co-operate with other Asian nations and to develop the way towards the United States of Asia.

*** Dr Bayu's argument is longer than the other debaters in this summary as it has been adapted from a piece written by him after the debate.**

Mr Khairy Jamaluddin

If you look through the sweep of history, you will see that nationalism is but a ‘blip’ in the human civilization. Nation states, nationalism dominated the 20th, maybe 19th century, but for most of the time, even in imperial powers, empires, regionalization was a function of their survival which has been the default mode of cooperation between peoples in human civilization.

When ASEAN was formed, there were deep suspicions amongst member countries, threat of communism, and it was ASEAN’s commitment towards regionalism that secured the nationalist desires- for non interference, security and the respect for boundaries which all came about by a strong sense of regionalism.

There are cases in which regionalism has really trumped in the face of nationalistic considerations. One of which is in free trade. Consider Cambodia, Myanmar, Laos and Vietnam, who risk losing government revenue when reducing their trade and tariff barriers under AFTA. This commitment showed that regionalism trumped even in the most difficult circumstances.

This whole business about taking conflicts away from ASEAN to other places where they would be adjudicated is not a defeat for regionalism. Taking on the example of Sepadan and Legetan in 2002 when Malaysia and Indonesia took the case to the international court of justice because there was no platform to present the case in ASEAN. Regionalism in this circumstance won because of the concerted effort between the two parties to keep the peace between their countries. When Malaysia won, Indonesia accepted it and worked to calm down nationalist backlash in Indonesia.

Similar again to the case of Pedra Bangka and Pulau Batu Putih between Malaysia and Singapore. Because of the belief that we live in an ASEAN region together, we must protect the peace hence, there must be a commitment towards each other despite nationalistic pressures- be it in parliaments, the press or the governments. Ultimately, Singapore won Pedra Bangka and Malaysia won the middle rocks next to it. Malaysia accepted it and eventually calmed nationalistic sentiment down.

The nationalistic pressure not to give away this land was tremendous, but ultimately in the interest of regional cooperation and the belief that regionalism must triumph over nationalism if we are to get on better together, governments make decisions in the spirit of “*prosper thy neighbor*” ASEAN STYLE.

We are a small country if we consider ourselves as just one member of ASEAN, but if we are to survive in a world with the ascendancy of China, India and pressures from all over the world, then we must be together. Ultimately, that logic will prevail, if it does not prevail today with the majority of people in this room and outside, it prevails with the governments of ASEAN.

At the close of the debate, 54% of the house believed that in a contest between Regionalism and Nationalism in ASEAN, Nationalism does not always win.

Address by and Dialogue with the President of the Republic of the Philippines



His Excellency President Benigno ‘Noynoy’ Aquino III delivered a keynote address on ASEAN and the Philippines. The extract of the address are as follows:

- In this period of global flux, it is good to see that the ASEAN region is as strong as ever, standing as a solid pillar of stability and growth. A single look at the latest comparative growth rates of our member countries is telling: In 2010, Singapore’s economy grew by 14.5 percent; similarly, the Thai economy grew by 7.8 percent. The Philippine economy was not left behind, posting a good 7.6 percent growth rate; and Laos’ economy grew by 7.5 percent. This growth has underscored investor interest in our region. Foreign direct investment inflows in Southeast Asia reached more than 70 billion dollars in 2010.
- The success of the ASEAN region is one that reflects itself in the Philippine economy as well. Over the past sixteen months, the Philippine economic climate has been better than ever before. In the span of just year, our stock market repeatedly set record highs. We have been ranked by the World Economic Forum as 75th in their most recent competitiveness index—ten places higher than where we were the previous year, making us one of the best improved countries in the world this year. Four credit rating agencies have given us positive rating actions all within the first year of our administration flowing from six downgrades and a solitary upgrade in the past nine-and-a-half years.

- In the Philippines, we have built on these positive results through advocating and practicing good governance. This concept champions inclusive growth—such that the gains that look so good on paper are truly reflected in the life of each and every Filipino. This means focusing spending on projects that can equip our people with the jobs, the education, and the health and social services they need to lead dignified, meaningful, and productive lives.
- At the same time, however, a significant part of good governance is promoting transparency and accountability—clearing the system of those who choose to tread the paradoxical path of going into public service only to serve themselves.
- On the side of businesses, we have also taken measures to institute transparency and accountability, and to ultimately level the playing field. We have been making it easier for companies to set up shop here by cutting significant amounts of red tape.
- In other words, the Philippines is open for business, and we are working overtime to keep it that way. There are plenty of opportunities here, especially in the high potential sectors of infrastructure, agribusiness, tourism, and services.
- For us to all grow, it is necessary for us member states of the ASEAN to work together to continue to maintain peace, stability, and an environment that attracts investments. Integration has always helped push our economies, so I am hopeful that we can continue working together and build on our momentum.
- At a time when most of the traditional growth centers of the world are slowing down, investors have looked for opportunity here in our part of the globe. While we must be ready to take advantage of the opportunities this presents, we must also remind ourselves that if the rest of the world is coming to us then we should take the effort to further explore economic opportunity within our region. There are plenty of opportunities for investment within our region amongst ourselves—from rice production in Cambodia, infrastructure here in the Philippines, alternative energy in Thailand, to manufacturing in Vietnam. Let us be the first to explore these opportunities.
- I am particularly supportive of the Master Plan on ASEAN Connectivity, which will allow greater mobility within the ASEAN region. I am enthusiastic about the development of an ASEAN roll on-roll off network, which will undoubtedly spur economic growth and improve tourism in our countries.
- As government, it is incumbent upon all of us not merely to do our jobs well, but to cooperate with one another, such that the sustained growth of all our countries is possible. Instability in one country affects us all, and stability in our countries benefits us all. And so with the good of our people foremost in our minds, may we strengthen our cooperation further, and bring ASEAN to where it deserves to be in the world.

In the dialogue that followed, the following questions or concerns were among those that were brought up:

- **On corruption: progress and the future.**

The Philippines is demonstrating the other side of governance, which is to impose law. A lot of corruptions that happened in the past still impacts the present time. Therefore, we will not stop until we have reached such a time, where doing the right thing is always the best.

This principle stands on the belief that there has to be a singular message; if you do something wrong there has to be a certainty of punishment. If there is no certainty of punishment, it is actually an advertisement to continue on the corrupt route up to the present time, which would hamper the abilities to achieve the goals set out for the country. So, those in the past will be prosecuted, as far as the evidence we can gather and also our certainty of conviction against them. And that emphasizes more so that under my watch, I will be stricter.

To ensure the principal goes beyond one term and the change of Presidency, the cabinet is building up coalition and more importantly showing the people the differences between what was and what is. This is the dream, that there is so much change, not a marginal change, not an incremental change but a transformational night and day change. So that anybody who proposes to go back to before will not be listened to. At the end of the day, governance is really about relying on the people who brought us to power to begin with.

- **On the challenge for the Philippines going forward**

The Philippines today inherited a reputation from the past, where it was deemed that doing business in the Philippines was akin to carrying on the burdens of jobs. The government is trying to show a level playing field where rules apply to everybody.

There is a need to unlock the potential that has always been in our country. To do that, the transparency, the accountability and keeping policies, rules and regulations have to be strong. This would provide a conducive environment where businesses could prosper and contribute to economic growth.

The people, whilst having an improved standard of living, should also be given better opportunities for learning and access to better healthcare. Ultimately, human resource is the singular advantage that the Philippines has therefore, the aim is to create an environment for both businesses and people to thrive and achieve highest potential.

- **On the possibility of ASEAN attaining a sense of common values among the people.**

In facing the problems which all of us are confronted with, one would naturally look for allies as problems are solved much sooner with a greater number of people working on it. In ASEAN, there is a confluence of abilities and opportunities that would uplift our country's conditions therefore, cooperation are important. The more we refocus on the other; our abilities will hasten to prosper. More and more interaction just tells us the same thing; that

there are very few problems that are unique to one particular country. A solution decided upon and agreed upon by everybody normally result in a better solution and a more complete solution.

- **On Political Longevity**

Under the constitution I am limited to one term. The beauty of the system frees the government from any political considerations down the line. While I am upsetting a lot of vested interest but together with the cabinet we are changing society's expectations and challenging the status quo. I am clearly focused that as I step down on the 30th June 2016 at 11pm, I will look at our country and say that the changes are so great that we can hardly recognize what we are leaving behind, to what we have found. I am fortunate that I have a very strong cabinet and a lot of political allies that share the same vision.

Maintaining the status quo just ensures our mediocrity as a people, and also a lack of opportunities that will lead to more and more problems down the line. Recently, we have been given a chance where our campaign was fueled by the people and now turning that belief into a reality.