

# ASEAN reaffirms drive for development

by Lydia Cherry

The six heads of state of the Association of Southeast Asian Nations (ASEAN), the regional cooperation forum, meeting in Singapore at the end of January, clearly disagreed on many specific points, but they were unified on the underlying theme that has kept the organization on track for 25 years: that economic development is necessary to maintain peace and stability in the region. The unanimity on the need for development defied cynics who sneered at ASEAN and said it would not last. The commitment was perhaps most clearly formulated by Indonesia's President Suharto: "The development of ASEAN cooperation has been designed to enhance the people's prosperity; we are aware that stability and security depends on the people's prosperity."

Suharto, who as Indonesia's President will soon hold the rotating chairmanship of the Non-Aligned Movement, insisted that ASEAN had proven this principle and emphasized that this was his greatest concern, "looking at the world economic map. We are concerned over the continued striking gap and the disparity between the developed and developing countries." He added, "We now have the obligation to help establish a new world order based on greater prosperity and justice."

## Poor neighbors are no asset

Malaysian Prime Minister Dr. Mahathir Mohamad made the same point, as he spoke broadly of the situation in Indochina and the need for ASEAN to reach out to Vietnam, Laos, Cambodia, and even Burma (Myanmar). "Poor neighbors are no asset to anyone. The problems of the poor are likely to spill over in the form of refugees, smuggling, black markets, etc. Poor countries are not good trading partners. Helping neighbors to become prosperous is therefore mutually beneficial. If ASEAN wishes to be stable and prosperous then it must help its neighbors to attain prosperity. Above all, it must eschew confrontation." Mahathir added: "I hope that the greatest military power with the most efficient intelligence agency [the U.S.] is wrong when it predicts the possibility of a 'Gulf war' in East Asia which can only be deterred by its military presence."

Although there was reportedly heated debate about the form it would take, the decision to move the organization to a higher plane of cooperation, particularly economic cooperation, is reflected throughout the Singapore Declaration of the ASEAN heads of state. A high profile in the final docu-

ment is given to the passage of Thailand's proposal for an ASEAN Free Trade Area (AFTA), a plan that, although finalized, will not go into effect for 15 years. The plan includes reducing intra-ASEAN tariffs to between zero and 5% by the year 2008. Other facets of economic collaboration specified included: 1) the decision "to increase cooperation in industry, minerals and energy, the member states also agreed to increase investments, industrial linkages, and complementarity by adopting new and innovative measures," and 2) "enhancement of cooperation in the field of energy would include energy planning, technology transfer, research and development, and production and supply of energy resources." There was also "agreement to strengthen regional cooperation in the development, production, and promotion of agricultural products to ensure food security."

## ASEAN's changing history

ASEAN, now composed of Indonesia, Malaysia, Thailand, the Philippines, Singapore, and Brunei, was formed in 1967 by the small and medium-sized countries in response to the rise in military might of both the Soviet Union and China and the then-intensifying war in Indochina. The first summit of heads of state, however, did not come until 10 years later. At that time, in 1976, U.S. troops had pulled back from Vietnam and the region had witnessed the communist takeover of Vietnam, Cambodia, and Laos. Here, a more decisive plan was formulated and the Treaty of Amity and Cooperation in Southeast Asia drawn up. Although this treaty was based primarily on security considerations, in which the contracting parties were guided by the fundamental principles of independence, sovereignty, equality, territorial integrity, and renunciation of the threat or use of force, the theme that development is the name for peace was also evident. Article 6 notes that the contracting parties "shall collaborate for the acceleration of the economic growth in the region in order to strengthen the foundation for a prosperous and peaceful community of nations in Southeast Asia."

Now, 16 years later, Vietnam, Laos, and Cambodia have announced that within months they will accede to this same treaty, as the first step in the process of joining ASEAN. And, indeed, the Vietnamese Army paper *Quan Doi Nhan Dan* responded to the late-January summit of ASEAN heads of state with a sense of optimism, describing the event as "ASEAN's most important meeting since its founding in 1967," and "a meeting of historic significance." The Vietnamese paper described ASEAN's wish to broaden its cooperation with the three countries, and their wish to become part of ASEAN, as "important factors for the establishment of a new security order in the region which contributes to the consolidation of peace and stability in the world."

## Fight over the Malaysian initiative

Writing as the Singapore summit ended, the Malaysian daily *The Star* reflected that "the fourth ASEAN summit that

ended in Singapore today will be remembered for the clash of perceptions of Malaysia's push for an East Asia Economic Caucus" (EAEC). The Malaysian initiative, announced in December 1990 but most clearly conceptualized in a Mahathir speech in Bali, Indonesia on March 4, 1991, proposed that ASEAN would add to its ranks Japan, China, South Korea, Taiwan, Hong Kong, Vietnam, Cambodia, and Laos, and that this larger grouping would together chart the fate of the region. Mahathir's concern was explicit: "There are a host of problems for the world arising out of the structural weaknesses of the world's biggest economy and biggest debtor nation, the United States. . . . There is the sole American giant, with immense problems at home and no longer driven by the imperative of the Cold War abroad." The Bush administration opposed Mahathir's initiative from the outset, and arm-twisted its Asian allies to have no part of it, and instead to operate as part of the Anglo-American controlled Asia-Pacific Economic Cooperation (APEC) grouping. The Bush administration's major targets were Japan, South Korea, and Indonesia.

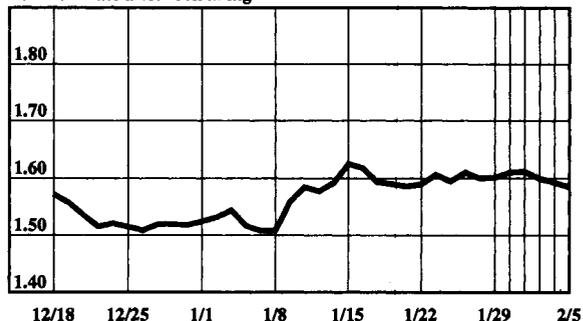
Although the ASEAN governments, including Indonesia, had earlier backed the Malaysian initiative, at the summit in Singapore the Indonesian government balked. Indonesia is known to be concerned that the EAEC would drive a wedge between the U.S. and Japan, a concern that Mahathir attempted to address the last day by noting that the "wedge" is already there, that Malaysia didn't cause it, and that the problem will not be solved until the U.S. does something with its own economy. ASEAN's final consensus was not to shelve but to slow down the formation of the EAEC. As the South Korean daily the *Korea Times* described the decision: "Southeast Asian nations are moving toward the creation of a new regional economic bloc in competition with the trading blocs in Europe and North America. But, they have refrained from the outright formation of an economic body similar to the EC [European Community], apparently in consideration of objections from the U.S. and some other Asia and Pacific states."

Indonesia's Foreign Minister Ali Alatas denied that his country's apparent policy reversal on the EAEC was based on fear of alienating the United States or of losing western markets. Some policy analysts think that the fact that President Bush has declined—at least for now—to rupture U.S.-Indonesian relations over the recent "Dili incident," in which East Timor demonstrators were killed by Indonesian troops, may be connected to President Suharto's decision not to rupture Indonesia's relations with the U.S. over the EAEC. The intensifying campaign to split East Timor from Indonesia is led by Portugal under British direction, but thus far the Bush White House has downplayed Indonesia's "human rights violations"; this, at the same time that the Bush administration is using similar tactics to bring down other developing sector governments.

## Currency Rates

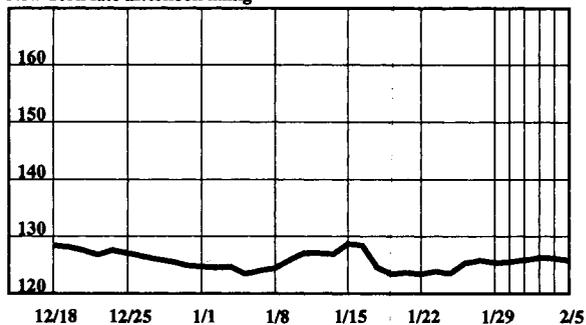
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New York late afternoon fixing



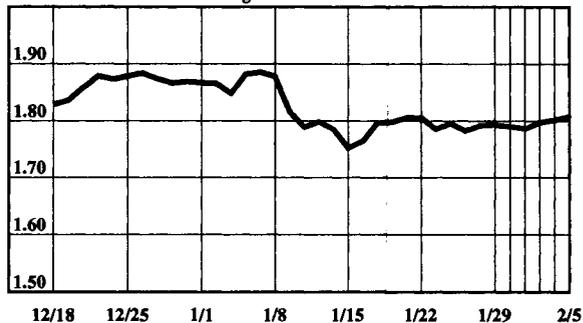
### The dollar in yen

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### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

