

OVERVIEW

Community-building in ASEAN gained new momentum in 2004. At the 10th ASEAN Summit in Vientiane, all plans of action for the establishment of the ASEAN Community fell into place. Under the framework of the Bali Concord II, the Leaders defined specific measures for the ASEAN Security Community (ASC), ASEAN Economic Community (AEC) and ASEAN Socio-Cultural Community (ASCC). These measures formed the basis of the Vientiane Action Programme that the Leaders adopted as ASEAN's work plan up to 2010.



ASEAN Foreign Ministers at the 37th AMM

ASEAN continues to contribute to the peaceful and positive security climate in Southeast Asia. There is general acceptance outside the region that a stable ASEAN contributes to a stable East Asia. Seven non-ASEAN countries have now acceded to the Treaty of Amity and Cooperation in Southeast Asia, or TAC. This is a concrete show of support for ASEAN's principles of peaceful coexistence and friendly regional cooperation.

The ASEAN Regional Forum (ARF) remains the premier mechanism for dialogue and

cooperation on political and security issues in the Asia-Pacific region. Ten years since its inception, the ARF is steadily progressing from confidence building towards having a stronger preventive diplomacy role.

Terrorism poses a threat to peace and stability. ASEAN has stepped up intra-ASEAN interagency cooperation among concerned officials to better counter this challenge. In 2004, ASEAN further expanded its counter-terrorism efforts outside the immediate region, concluding joint declarations on combating terrorism with Australia, Russia and Japan, bringing the total number of such agreements to seven. Similar joint declarations with New Zealand, Pakistan, and the Republic of Korea (ROK) will soon be made.

Transnational crime, considered a "non-traditional security issue" under the ASC framework, received careful attention as officials worked across agencies and across borders to stem arms smuggling, money laundering, cyber crime and the trafficking of people and drugs. Of note, the Leaders adopted the ASEAN Declaration Against Trafficking in Persons Particularly Women and Children at the 10th ASEAN Summit.

On the economic front, ASEAN made progress in its push to realise a single ASEAN market and production base by 2020. The Framework Agreement for the Integration of Priority Sectors and its Protocols, signed in November 2004, will be the catalyst as there is now a firm commitment to eliminate duties for eleven priority sectors by 2007 for ASEAN-6¹ and 2012 for the CLMV².

In the context of the ASEAN Free Trade Area (AFTA), tariffs on almost 99% of the products in the 2005 Common Effective Preferential Tariff (CEPT) Inclusion List (IL) of the ASEAN-6 have

¹ ASEAN-6 refers to Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

² CLMV refers to Cambodia, Lao PDR, Myanmar and Viet Nam.

been reduced to the 0-5% tariff range, as of 1 January 2005. The average tariff for ASEAN-6 under the CEPT scheme is now 1.93%, down from 12.76% in 1993. For the CLMV, about 81% of the products in the IL are in the 0-5% tariff range.

To deal with disputes arising from trade liberalisation and related initiatives, the ASEAN Protocol on Enhanced Dispute Settlement Mechanism (DSM) was signed in November 2004. This Protocol will cover about fifty ASEAN economic agreements.

While focussed on intra-ASEAN economic integration, ASEAN concurrently pursued deeper economic linkages with its Dialogue Partners in the past year. ASEAN concluded a Trade in Goods Agreement with China in November 2004 and also began free trade negotiations with Australia and New Zealand, India, Japan and the ROK.

Cooperation in finance progressed in the areas of capital market development, capital account liberalisation, liberalisation of financial services and currency cooperation, guided by the Roadmap for Financial and Monetary Integration of ASEAN. An ASEAN 100 index of publicly-listed companies from the region's five major exchanges is currently under development.

Regional economic cooperation was also pursued in various sectors and areas, such as investment, services, small and medium enterprises, energy, food, forestry and agriculture, intellectual property, minerals, statistics, telecommunications and information technology, tourism, and transport.

Efforts to reduce the development gap between the ASEAN-6 and the CLMV continued under the Initiative for ASEAN Integration (IAI). Forty-four out of the 100 projects in the IAI Work Plan have been completed as of May 2005. A large part of the IAI funding has come from external partners like Australia, India, Japan, Norway and the ROK (providing a combined total of US\$ 13.7 million). However, the ASEAN-6 have also contributed close to US\$ 165 million to the CLMV's development since 1996, on a bilateral basis as well as through the IAI.

As regional economic integration intensifies, ASEAN workers are faced with both opportunities and challenges. To better construct informed economic and social policy responses, ASEAN labour officials carried out studies on skills recognition and labour movement under the ASEAN Framework Agreement on Services. An ASEAN tripartite study on labour and employment implications of AFTA was completed in early 2005.

Signing of the ASEAN-China Agreement on Trade in Goods





The ASEAN-World Bank Programme – A Cambodian village council meeting

Vulnerable groups within society, namely, children, the elderly, youth, women and the poor, also received attention and remained a focus of ASEAN's social sectoral cooperation. In these areas, ASEAN benefited through collaboration with China, Japan and the ROK, as well as various international organisations. Notably, the ASEAN-World Bank programme that concluded in October 2004 brought together central and local government officials, non-governmental organisations, faith-based organisations and academics to develop country action proposals on poverty reduction.

Challenges posed to social stability were not only economic in nature. The avian influenza outbreak in 2004 was a reminder that concerted regional action is crucial to prevent and control communicable diseases. ASEAN health officials studied measures to prevent such outbreaks

escalating to pandemic proportions and also set up an avian influenza task force in 2004. HIV/AIDS remained high on ASEAN's health agenda and May 2005 saw the completion of an ASEAN-Rockefeller Foundation project that focussed on public health-related IPR laws and increasing the access of patients to affordable medicines.

ASEAN was also active in diverse areas such as culture, education, the environment, information, and social welfare. From the development of a joint emergency response to haze pollution to youth exchange programmes, ASEAN's socio-cultural cooperation continued to create an enabling environment for ASEAN citizens to interact, giving credence to the ASEAN tagline, "Ten Nations One Community".

The strength of ASEAN's cohesiveness and cooperative character was put to test as the world reeled from the 26 December 2004 tsunami. ASEAN Member Countries were the first to send humanitarian assistance to the affected regions. The ASEAN Leaders initiated the Special ASEAN Leaders' Meeting on Aftermath of Earthquake and Tsunami on 6 January 2005 where world leaders and senior diplomats, along with the UN Secretary-General, convened in Jakarta to take stock of what had happened, and chart the road ahead in mobilising emergency relief operations and coordinating the rehabilitation and reconstruction efforts.

ASEAN exchange programmes foster interaction among the youth



Throughout the past year, ASEAN's interests have been advanced through its strong external partnerships. Relations with Dialogue Partners were smooth and constructive. Collaboration covered a wide spectrum and new areas of cooperation were constantly explored and initiated. ASEAN was in the driver's seat, taking a proactive role in strengthening East Asian cooperation. The proposed East Asia Summit planned for 14 December 2005 in Kuala Lumpur is symbolic of ASEAN's commitment to an inclusive approach towards sustaining peace, prosperity and progress in Southeast Asia and East Asia.



ASEAN Member Countries gave swift assistance to tsunami-hit areas

