

# Highlights of the Thirty-Eighth Year of ASEAN

## June 2005 to May 2006<sup>1</sup>

The large part ASEAN's thirty-eighth year was focused on tackling the 'big' ideas of community building. Guided by the Vientiane Action Programme, or VAP, ASEAN made headway on institutional strengthening, regional economic integration, and entrenching broader and deeper intra-ASEAN cooperation. Concurrent with these developments, ASEAN continued to build its external partnerships and secured a prominent role for itself in the evolving strategic architecture of East Asia.

### The 11<sup>th</sup> ASEAN Summit

The outcomes of the 11<sup>th</sup> ASEAN Summit in December 2005 in Kuala Lumpur were indicative of the momentum that had been building in ASEAN's community-building efforts. There, the ASEAN Leaders took key decisions that will shape the grouping's future.

Perhaps the most significant step to advance community building was the Leaders' decision to establish the ASEAN Charter. It is envisaged that the Charter will serve as a legal and institutional framework of ASEAN and confer a legal personality to ASEAN. In effect, the Charter is expected to move ASEAN from being a loosely-organised political grouping to a rules-based international organisation, defining the very nature and direction of ASEAN as it approaches its fourth decade. An Eminent Persons Group has been tasked by the Leaders to study

the evolution and future of ASEAN, and will present its report at the 12<sup>th</sup> ASEAN Summit in December 2006.<sup>2</sup>

At the sidelines of the Summit, key ASEAN economic agreements were signed, accelerating ASEAN's efforts to establish a single market. The Agreement to Establish and Implement the ASEAN Single Window will facilitate trade and investment through the expeditious release and clearance of goods and commodities by customs authorities and relevant government agencies; the Agreement on Mutual Recognition Arrangement (MRA) for Engineering Services was the very first MRA on professional services in ASEAN; and the Agreement on ASEAN Harmonised Electronic Equipment Regulatory Regime aims to minimise technical barriers to trade for the electrical and electronics sector in the region.

Broadening ASEAN's external economic linkages also featured on the Leaders' agenda, with the signing of an agreement on economic cooperation and development with the Russian Federation and a framework agreement on comprehensive economic cooperation with the Republic of Korea (RoK).

The first East Asia Summit, or EAS, enhanced ASEAN's reputation as a generator of international dialogue and cooperation. ASEAN, entrusted with the responsibility of driving the EAS, navigated through controversies



*The 11<sup>th</sup> ASEAN Summit, Kuala Lumpur*

<sup>1</sup> ASEAN's financial year runs from 1 June to 31 May (of the following year) while ASEAN's chairmanship cycle usually runs from late-July of one year to late-July of the next year.

<sup>2</sup> The actual drafting of the ASEAN Charter will not be done by the Eminent Persons Group.

#### Agreements and Declarations of the 11<sup>th</sup> ASEAN Summit and its Related Meetings

##### Agreements

ASEAN Agreement to Establish and Implement the ASEAN Single Window  
ASEAN Mutual Recognition Arrangement on Engineering Services  
ASEAN Agreement on ASEAN Harmonised Electronic Equipment Regulatory Regime  
ASEAN-Russian Federation Agreement on Economic and Development Cooperation  
ASEAN-Republic of Korea Framework Agreement on Comprehensive Economic Cooperation  
ASEAN-Republic of Korea Agreement on Dispute Settlement Mechanism Under the Framework Agreement on Comprehensive Economic Cooperation

##### Declarations

Kuala Lumpur Declaration on the Establishment of the ASEAN Charter  
Kuala Lumpur Declaration on the ASEAN Plus Three Summit  
ASEAN-Russian Federation Joint Declaration on Progressive and Comprehensive Partnership  
Kuala Lumpur Declaration on the East Asia Summit  
East Asia Summit Declaration on Avian Influenza Prevention, Control and Response

The full text of all the above documents can be found on [www.aseansec.org](http://www.aseansec.org)

surrounding the participation, purpose and agenda of the forum to successfully convene the inaugural EAS on 14 December 2005. The sixteen participating leaders came from the ten ASEAN Member Countries, Australia, China, India, Japan, the RoK and New Zealand. They exchanged views and deliberated on a range of regional and international issues and challenges, and adopted a joint plan to combat avian influenza. In signing the Kuala Lumpur Declaration on the East Asia Summit, the leaders agreed that the EAS would be a leaders-led forum for strategic discussions on key issues affecting the region.

ASEAN remained in the driver's seat in the ASEAN Plus Three process which has been acknowledged as an integral part of the overall regional architecture and the main cooperative vehicle to build the East Asian community. At their annual summit, the ASEAN Plus Three Leaders agreed to accelerate the implementation of the measures recommended by the East Asian Study Group. In addition, a stock take of ASEAN Plus Three cooperation since 1997 is underway.

ASEAN's substantive relations with its Dialogue Partners made further progress at the ASEAN-China, ASEAN-Japan, ASEAN-RoK, ASEAN-India and ASEAN-Russia summits that followed the 11<sup>th</sup> ASEAN Summit.

The ASEAN Leaders also gave emphasis on developing a people-centred ASEAN and engaging a wide cross-section of the region's population. To this end, the ASEAN Business Advisory Council and the ASEAN Civil Society Conference were invited to present recommendations to the Leaders at the 11<sup>th</sup> ASEAN

Summit. The Leaders highlighted the importance of reaching out to the youth and agreed to establish ASEAN university games and a youth peace corps, among other initiatives, to promote greater interaction and understanding among the region's young people.



The Inaugural East Asia Summit, Kuala Lumpur

### Progress in ASEAN Community Building

While the ASEAN Summit served as a focal point of ASEAN's year, ASEAN's ministerial bodies and officials worked to translate the principal programme areas of the VAP into action and advance the goals of the ASEAN Security Community (ASC), the ASEAN Economic Community (AEC) and the ASEAN Socio-Cultural Community (ASCC). The ASC, AEC and ASCC form the three pillars of the ASEAN Community.

Of note, three institutional developments will increase the capacity and effectiveness of ASEAN in implementing the VAP.

First, the ASEAN Development Fund, or ADF, was set up on 26 July 2005 at the 38<sup>th</sup> ASEAN Ministerial Meeting (AMM) in Vientiane. Seeded by the conversion of US\$ 10 million from the original ASEAN Fund, the ADF serves as a common pool of financial resources to expedite the implementation of the VAP. Under the ADF agreement, Member Countries have committed to giving an additional US\$ 100,000 each to the ADF before 2007 but they can also contribute further amounts, as Malaysia had done in pledging US\$ 500,000 to the ADF on 26 July 2005.<sup>3</sup> Dialogue Partners like Australia, India and Japan have also made contributions to the ADF, or in support of the VAP.

<sup>3</sup>Although beyond the period covered by this Annual Report, it is noted that on 12 June 2006, Malaysia transmitted the US\$ 500,000 it had pledged and also became the first Member Country to fulfil the US\$ 100,000 additional commitment to the ADF.



*The newly established ASEAN Education Ministers Meeting will promote regional education collaboration*

Second, ASEAN sectoral cooperation expanded with the establishment of the ASEAN Ministerial Meeting on Minerals (AMMin) in August 2005, ASEAN Education Ministers Meeting (ASED) in March 2006 and ASEAN Defence Ministers Meeting (ADMM) in May 2006. ASEAN now has twenty-eight ministerial bodies focussed on coordinating regional cooperation and the implementation of the VAP. Over the past decades, the mode of ASEAN cooperation has evolved. It is no longer only about meetings among the foreign and economic ministries, but is now more about functional cooperation across a wide range of sectors.

Third, the Senior Officials Meeting on Development Planning was revived in July 2005 after an eight-year hiatus and is expected to play an important role by injecting an ASEAN perspective and making ASEAN's VAP priorities more central to the respective Member Countries' national development efforts.

Some of the other key highlights that brought ASEAN closer to the goals of the ASC, AEC and ASCC included:

#### *ASEAN Security Community*

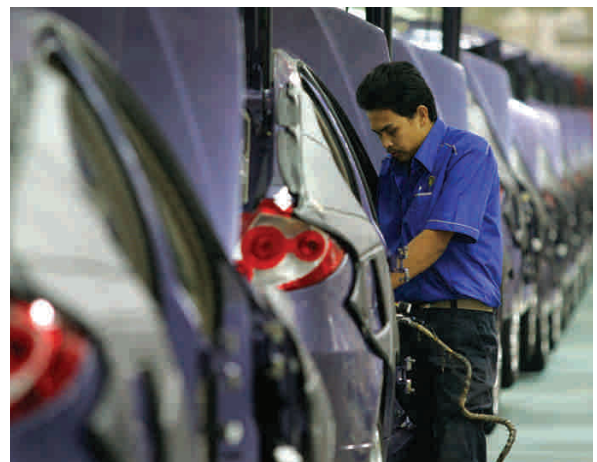
- The increased acceptance of the Treaty of Amity and Cooperation in Southeast Asia (or TAC) with the accession of Mongolia, New Zealand and Australia, bringing to ten the number of non-regional States that have acceded to the Treaty;
- The signing of Joint Declarations for Cooperation to Combat International Terrorism with the RoK, New

Zealand and Pakistan, bringing to ten the total number of comparable joint declarations between ASEAN and external parties;

- The meetings of the ASEAN and China Joint Working Group under the framework of the 2002 Declaration on the Conduct of Parties in the South China Sea;
- The establishment of the Inter-Sessional Group on Confidence-Building Measures and Preventative Diplomacy of the ASEAN Regional Forum;

#### *ASEAN Economic Community*

- The continued progress made in the implementation of the Common Effective Preferential Tariff (CEPT) under the ASEAN Free Trade Area (AFTA) with the average tariff under the CEPT scheme in the ASEAN-6 countries<sup>4</sup> now down to 1.87 percent from 12.76 percent in 1993;
- The ratification by all Member Countries of the 1987 Agreement on the Promotion and Protection of Investment and its 1996 Protocol, and the 1998 Framework Agreement on the ASEAN Investment Area and its 2001 Protocol;
- The launch of the FTSE-ASEAN Indices which will raise the profile of leading ASEAN companies to global investors;
- The on-going free trade agreement negotiations with Australia, China, India, Japan, the RoK and New Zealand;
- The signing of the ASEAN Framework Agreement on Multimodal Transport;



*Automotive Products: An ASEAN Priority Sector for integration*

<sup>4</sup>The ASEAN-6 countries are Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand.

- The steady progress made to narrow the development gap between the ASEAN-6 and the CLMV countries<sup>5</sup> through the Initiative for ASEAN Integration;
- The establishment of the ASEAN Wildlife Law Enforcement Network to combat illicit wildlife trade in the region;
- The launch of on-line courses for the public by the ASEAN Virtual Institute of Science and Technology;
- The adoption of the ASEAN ICT Focus 2005-2010 on Building a Connected, Vibrant and Secure ASEAN Community;
- The launch of the Visit ASEAN Pass for international travellers;

#### **ASEAN Socio-Cultural Community**

- The signing of the ASEAN Agreement on Disaster Management and Emergency Response and the conduct of the first-ever ASEAN regional disaster emergency response simulation exercise (ARDEX-05) based on an earthquake scenario;
- The establishment of the ASEAN Centre for Biodiversity which will continue the work of the ASEAN Regional Centre for Biodiversity Conservation project; and
- The coordinated efforts among health and agricultural officials to address the threat of avian influenza, working with Dialogue Partners as well as international and regional organisations like the World Health Organisation, the World Organisation for Animal Health, the Food and Agriculture Organisation and the Asian Development Bank.

More achievements of all the twenty-eight ASEAN ministerial bodies can be found on pages 16-40.



*ARDEX 05: The first-ever ASEAN disaster emergency response simulation exercise was held in Malaysia*

#### **Conclusion**

It was a busy but productive twelve months for ASEAN. Throughout the period June 2005 to May 2006, ASEAN Member Countries convened about 600 meetings (including ministerial meetings, senior official meetings, working groups, project workshops and discussion forums) and worked on more than 200 projects. Every initiative and activity contributed towards making ASEAN more relevant and central to the lives of the people in the region, and ASEAN a more effective actor on the regional and international stage.



<sup>5</sup>The CLMV countries are Cambodia, Lao PDR, Myanmar and Viet Nam.