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Dear readers:

Welcome to the September 2015 issue of the monthly Thinking ASEAN!

This month’s issue focuses on Malaysia, a multiracial, newly industrialized leading member country of ASEAN that, by virtue of its geography, links the two main natural divisions of Southeast Asia: mainland and maritime Southeast Asia.

The Malaysian government, as ASEAN’s chair this year and before, has been instrumental in the lead-up to the ASEAN Economic Community (AEC). In fact, the 27th ASEAN Summit in Kuala Lumpur in November will inaugurate this first phase of ASEAN integration.

An article by Alexander C. Chandra, Associate Fellow at the Habibie Center and formerly Executive Director of the ASEAN Business Advisory Council (ASEAN-BAC), will start off this September issue. Chandra will review the state of the art when it comes to the AEC and what will unfold after it starts.

Despite Malaysia’s leadership in the region, not all is well domestically. This issue’s second article, written by Dr. Mohamed Nawab Osman, Assistant Professor and Coordinator of the Malaysia Program at the S. Rajaratnam School of International Studies, Nanyang Technological University, questions the future of Malaysian democracy.

To round out this month’s issue, Bunn Nagara, Senior Fellow at the Institute of Strategic and International Studies in Kuala Lumpur, pens a lively retort to Dr. Nawab’s piece. His piece gives context to recent, controversial developments in Malaysian politics.

Please do not hesitate to drop me a line at thinkingasean@habibiecenter.or.id if you have comments, suggestions or prospective submissions.

Happy reading!

Best regards from Jakarta,

Ray Hervandi
Managing Editor

From Southeast Asia
On Southeast Asia

Thinking ASEAN is a monthly publication that aims to provide insightful, cogent and engaging perspectives on issues central to contemporary Southeast Asia and the ASEAN member states. It is a product of The Habibie Center, with the generous support of the Republic of Korea’s Mission to ASEAN.

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The ASEAN Economic Community after 2015: Prospects for our more competitive, inclusive, and outward-looking region

Alexander C. Chandra, Associate Fellow at The Habibie Center and formerly Executive Director of the ASEAN Business Advisory Council (ASEAN-BAC).

The official launch of the much-anticipated ASEAN Economic Community (AEC) will take place in less than three months at the 27th ASEAN Summit in Kuala Lumpur, Malaysia. ASEAN’s most ambitious economic integration project will come about at a point when key economic fundamentals of Southeast Asia are relatively strong. Throughout the region, the rise of new technologies, fast-growing middle-class consumers, and the entry of the millennial generation into the labor force are powering the GDP figures of Southeast Asian countries. All these factors contribute to what observers have called the “golden period” of the Association.

However, despite hype and expectations about the AEC, much remains to be seen as to how the post-2015 economic integration process in the Association will fare. As the Economic Research Institute for ASEAN and East Asia (ERIA) has rightly pointed out in the ASEAN Rising publication in 2014, many issues remain key sticking points that require attention and urgent action. These issues include, among many others, the significant presence of “core non-tariff measures” (NTMs), a fully operational ASEAN Single Window (ASW), and a mixed record of services and investment liberalization in different ASEAN member states (AMSs).

Another pressing concern for the Association after 2015 is how to make its economic integration project more inclusive and, in ASEAN parlance, “people-centered.” By and large, the region’s private sector — one of the most important stakeholders of AEC — remains cautious toward the initiative. A recent opinion piece in the Jakarta Post, a premier English-language newspaper in supposedly ASEAN’s capital, conveys this apprehension. It is no secret that large and multinational firms have so far benefited the most from ASEAN’s economic integration initiatives. This leaves smaller businesses consequently more resistant toward AEC.

Another set of non-traditional economic issues will likely affect the successful implementation of the AEC after 2015, as issues normally confined to the political-security and socio-cultural pillars of ASEAN become more intertwined.
with AEC-related policies. These issues range from human rights, sustainable development, gender equality to migration. A recent Associated Press exposé on modern-day slavery in the fishing industry involving forced labor from many ASEAN countries on the tiny island of Benjina in eastern Indonesia illustrated the necessity of a well-coordinated regional cooperation across ASEAN pillars. By now, there must surely be countless policy reports and studies that recommend ASEAN to do so even when progress on this front remains modest, if not absent. It is timely to remind ASEAN policymakers again that their willingness to address these cross-pillar challenges may prove critical in making our region more competitive in the future.

Unfortunately, the challenges confronting AEC after 2015 do not stop there. ASEAN policymakers and other stakeholders have been keen to see a more active and independent course for the region’s foreign and economic policies, especially amid great-power rivalries in the region. The Association has been pushing its ASEAN Centrality agenda ever since it launched and ratified its mini-constitution, the ASEAN Charter, in 2009. Nevertheless, that vaunted centrality risks sounding hollow in the ongoing negotiations of the Regional Comprehensive Economic Partnership (RCEP) and onward. While ASEAN countries have presented consolidated positions in RCEP negotiations, it remains to be seen if the principle can be sustained and translated in other multilateral forums, such as the World Trade Organization (WTO).

Where is ASEAN heading with the AEC?

Since ASEAN leaders decided to develop a post-2015 Vision at the 23rd ASEAN Summit in 2013, a significant amount of lobbying by ASEAN stakeholders, within the region and beyond, has been underway. For example, Southeast Asia’s private sector, through the Association’s official business organization, the ASEAN Business Advisory Council (ASEAN-BAC), has been pushing for a number of economic proposals to strengthen economic integration after 2015. Likewise, diverse civil society groups have submitted proposals for incorporation in ASEAN Vision 2025. This is not to mention numerous activities supported by the Association’s economic partners that aim to help mould the post-2015 economic vision.

The task of developing that post-2015 vision falls to a High Level Task Force, expressly mandated to develop and formulate a vision to guide the evolution of ASEAN in the next ten years. In addition to the ASEAN Community Vision 2025, which is to serve as ASEAN’s main post-2015 document, the Association also plans to develop Attendant Documents, specific blueprints for each of the three pillars. The one related to AEC is known as the ASEAN Economic Community (AEC) 2025 Document. Apparently, the development of this document took into account two studies from the region’s major policy think tanks. They are the Jakarta-based ERIA, and the S. Rajaratnam School of International Studies (RSIS) and the Institute of Southeast Asian Studies (ISEAS), both of the latter are based in Singapore.

Although the other documents remain a work in progress to date, main components of the AEC 2025 document are looking promising. From what can be gathered from ASEAN officials and stakeholders, as well as the think tank studies above, the AEC 2025 Vision will build on the existing AEC blueprint. Plus, it will consist of five interrelated and mutually reinforcing pillars: (1) a highly integrated and cohesive economy; (2) a competitive, innovative and dynamic ASEAN; (3) enhancing economic connectivity and sectoral integration; (4) a resilient, inclusive and people-oriented, people-centered ASEAN; and (5) a global ASEAN.

The focus on a highly integrated and cohesive economy will push forward attempts to complete and enhance ASEAN’s existing economic integration initiatives, such as the ASEAN Trade in Goods Agreement, the ASEAN Comprehensive Investment Agreement, and the ASEAN Trade in Services Agreement. Meanwhile, a stress on a competitive, innovative and dynamic ASEAN should provide the framework for effective ASEAN policies on competition, consumer protection, intellectual property, research and development, taxation, good governance, and sustainable development.

Meanwhile, under the umbrella of economic connectivity and sectoral integration, ASEAN is expected to focus economic cooperation in strategic economic sectors, such as transport, telecommunication and energy. It seems quite likely that the AEC after 2015 will also consider electronic commerce as one of the region’s priority sectors for further integration. Whilst the sector remains underdeveloped in Southeast Asia, the increase of purchasing power and internet penetration rates in the coming years are expected to boost the online retail sector in the region by as much as 25 percent annually. Another interesting development in this component of AEC 2025 document is an emphasis on science and technology, which is an element of ASEAN cooperation that is traditionally covered under its socio-cultural pillar. The incorporation of science and technology under the AEC pillar makes very good sense given that these are critical elements that should help drive the region’s innovation and competitiveness.

Furthermore, the AEC 2025 document is expected to cover an expanded role of the private sector and other AEC-related stakeholders as it discusses ASEAN’s intention to create a resilient, inclusive and people-centered AEC. The role of ASEAN-BAC, the Association’s apex business institution, is likely to be enhanced, with the process of engagements between the Council and ASEAN built on a more structured process that allows the private sector to monitor and report progress of key priority integration sectors to ASEAN. Moreover, given much attention for micro-, small- and medium-sized enterprises (MSMEs) these days, the AEC 2025 document is likely to specify ways in which MSMEs-related programs and activities can be further institutionalized in the ASEAN context.

Despite these elaborations, it remains to be seen how the AEC 2025 document will treat engagement between economics-
focused policymakers and civil society groups, as the two official studies that the ASEAN Secretariat commissioned make no mention of them. Notwithstanding the engagement process in the political-security and socio-cultural pillars of ASEAN cooperation, civil society has been relatively absent when it comes to the economic pillar.

Last but not least for the AEC 2025 document is the question of how ASEAN will locate itself in an increasingly global economic community. This component of the document will likely give focus on the progress of RCEP negotiations along with other future free trade agreements into which ASEAN will enter. However, there is no saying that the Association will sketch out its strategy for ASEAN centrality in multilateral forums like the WTO.

**Monitoring and supporting progress**

ASEAN's 2025 Vision, however, would not be complete without specific details on how all these goals are to be achieved a decade from now. Aside from identifying a specific organ to coordinate all related initiatives, ASEAN can ill afford not to specify ways to monitor progress in the AEC 2025 document. For instance, the AEC Scorecard, a mechanism to track progress solely on information shared by AMSs, has fallen short in providing objective assessments that reflect developments on the ground. A new monitoring mechanism must take into account input from diverse economic stakeholders if the AEC 2025 Vision is to reflect economic realities of Southeast Asia.

Finally, the AEC 2025 document should clearly mention how adequate institutional, financial, and manpower resources will support all these initiatives. In a 2014 publication, the Asian Development Bank (ADB) recommends that ASEAN undertake major institutional reforms at the national and regional levels to achieve its full potential.2 AMSs' financial contribution to support ASEAN organs, the expansion of staff number and salary scale of ASEAN Secretariat officials, and adjustments made to the roles of existing ASEAN organs are just some of ADB's recommendations that merit inclusion in ASEAN's post-2015 agenda.

The official launching of the AEC in November 2015 is no doubt a major milestone in ASEAN's 48-year history. Despite much criticism for its supposed failure to serve as an effective economic integration initiative, the AEC will lay down the necessary foundation for a more economically sustainable, inclusive, and competitive Southeast Asia. However, ASEAN policymakers must work with their citizens, stakeholders, and partners for the AEC 2015 Vision to succeed.

**Notes**


2 For further detail of this publication, see Ponciano Intal et al., ASEA-N Rising:ASEAN and AEC Beyond 2015 (Jakarta: ERIA, 2014), 48-49.


5 See, for example, ASEAN-BAC's official “Report to ASEAN Leaders” from November 2014 and April 2015 for a more detailed view of private sector input on post-2015 AEC. The reports are available at: http://www.asean-bac.org.

6 At least two set of input have been put forth by civil society organizations in the region. The first comes from the Jakarta-based Human Rights Working Group (HRWG) and the Weaving Women's Voices in ASEAN (WEAVE), which is a regional network of women's organizations in some AMS, and was officially submitted to the ASEAN Secretariat on May 27, 2015. The other was submitted by the Solidarity for Asian People’s Advocacies (SAPA) Working Group on ASEAN on July 1, 2015. Unfortunately, both documents are not available electronically.

7 See, for example, AT Kearney and CIMB ASEAN Research Institute, *Lifting Barriers to E-Commerce in ASEAN* (Kuala Lumpur: CARI, 2015). Available at: https://www.atkearney.com/documents/10192/5540871/Lifting+the+Barriers+to+E-Commerce+in+ASEAN.pdf/d977df60-3a86-42a6-8d19-1efdf92010d52.

Malaysia now faces with one of its worst political and economic challenges since the country’s independence. The country’s political turbulence has taken a turn for the worse with the recent rally organized by the Malaysian Coalition for Free and Fair Elections (BERSIH). At the rally, former prime minister Mahathir Mohamad called on Malaysian members of parliament to table a vote of no confidence against Prime Minister Najib Razak to force him to step down.

The first time he has publicly stood for an opposition cause in the country, Mahathir’s stance could lead to a reconfiguration of political alliances in Malaysia. In turn, it could set Malaysian politics off on a trajectory different from the one it has been on since independence.

The mysterious financial transfer

On July 2, 2015, the Wall Street Journal (WSJ) reported that almost US$700 million (RM2.95 billion) from 1Malaysia Development Berhad (1MDB) funds had been allegedly channelled into Najib’s personal bank account. The revelation has triggered the most serious political crisis that the Najib-led government ever faced.

Founded in 2009, 1MDB is a state-owned company that manages funds for Malaysia’s long-term economic development. Najib, who is simultaneously finance minister, chairs the advisory board of 1MDB. Six years after its inception, 1MDB is plagued with controversies, including one surrounding its accumulated debt of US$11.7 billion (RM42 billion).

Calls from within the long-ruling United Malays National Organisation (UMNO), the opposition, and the public that Najib provide an explanation have largely gone unanswered. In a latest twist to the saga, the prime minister admitted that Arab benefactors had deposited cash into his account. This unexpected response triggered even more questions about the reasons that had instigated the donation. Najib has had to deal with strident criticisms from both the opposition and the long-time former prime minister.
Cabinet reshuffle and growing internal dissent

In a widely anticipated cabinet reshuffle to deflect his critics’ growing influence, Najib sacked Muhdyiddin Yassin, then deputy prime minister and education minister, along with four other ministers viewed to be dissidents. The prime minister also likely had a hand in the removal of then Attorney General Abdul Gani Patail, who had been leading the special task force set up to investigate the WSS claims.

To consolidate his position further, Najib appointed four members of the Public Accounts Committee (PAC) as ministers in his restructured cabinet. By appointing Nur Jazlan Mohamed, a former PAC chairman known for his sharp critiques and independent politics, to deputy home affairs minister, the prime minister probably wanted to telegraph his willingness to bring on board heterodox voices. However, this attempt at co-option has not quelled the critics. UMNO Youth Chief Khairy Jamaluddin, Kedah Chief Minister Mukhriz Mahathir and a number of other UMNO leaders have joined in the censure of the prime minister.

An opposition in disarray

Given the weak position of the prime minister and his government, the opposition in Malaysia has the perfect chance to gain political mileage. However, it has proven itself to be weak and in disarray. While the opposition Pakatan Rakyat (PR) was formed out of political expediency, it lacked internal coherence due to its constituent parties’ competing ideologies and differing political agendas.

Disagreements and tension regularly flared up between all three parties in PR: the People’s Justice Party (PKR), the Democratic Action Party (DAP) and the Pan-Malaysian Islamic Party (PAS). One major disagreement was over the issue of hudud law that PAS, an Islamist party, seeks to implement in the northern state of Kelantan. A multicultural party often associated with the ethnic Chinese, DAP emphatically opposed the issue.

The sharp disagreement within PR was a key reason that led to the severance of ties between PAS and DAP in June 2015. Earlier that month, the conservative faction in PAS routed the progressive faction at the party’s annual congress. The split between PAS and DAP effectively signaled the end of the loosely tied PR. Parti Amanah Nasional (PAN), a newly formed, progressive Islamist party, will fill the void PAS left in the coalition. Started by former PAS leaders disillusioned with the party’s conservative posturing, PAN hopes to capture the support of Malays who used to vote for PR.

A racially polarized political landscape

The political upheaval in Malaysia has exposed how racially polarized the Malaysian polity has become. The recent BERSIH rally gained little traction with the Malay community despite the fact that the fourth installment of the rally saw the largest-ever turnout of Malaysians. This was not entirely unexpected, however. A survey conducted by the Merdeka Centre showed that only 23 percent had supported the rally.

The decision of the PAS leadership not to send its members and supporters to the rally also contributed to poor Malay turnout at the event. The party’s secretary general issued a circular highlighting the party’s agreement with the fundamental demands for a clean government. However, the circular also noted that PAS rejected the method and timing of those voicing the demands. Likewise, for disgruntled members of UMNO, the fear of persecution by their leadership might have prevented them from joining the rally. As political scientist Wong Chin Huat argued, “Malaysia’s political system has been so winner-takes-all, with losers not only marginalised but often also persecuted.”

PR’s failure to galvanize the Malays is indicative of a bigger problem facing the coalition. The notion that a newly formed PAN will secure Malay support for the coalition seems far-fetched given that the party failed to assemble Malays at the latest BERSIH rally. PAS is preparing for a congress aimed at charting a future direction for Malaysian politics in September 2015. If the party succeeded in gathering 60,000 Malays as planned, that will further underscore the party’s support among Malays in Malaysia.

Realignment of political alliances

With the current political development as a backdrop, a new realignment of political alliances will likely emerge. Following the demise of the opposition coalition, some PR leaders touted a new political alliance made up of DAP, PKR, PAN, civil society groups as well as segments of the Barisan Nasional (BN). BN is, of course, the UMNO-led alliance that has persisted since 1973.

Some have suggested that the Muhdyiddin faction within UMNO might ally with PR. Such a scenario will be highly unlikely given the fact that Mahathir, a key patron for this group, will never agree to Anwar Ibrahim becoming the next prime minister or to be released from prison.

It is more likely that Malaysian politics will move towards a tripartite system comprising the Barisan Nasional (BN) coalition, the Pakatan Rakyat coalition and a coalition between PAS and disgruntled UMNO leaders. In this scenario, it will be difficult for any coalition to form a government because each coalition will have their respective sphere of influence.

Another plausible model that may emerge is a temporary shifting alliance that could see political parties coming together based on issues and political expediency. The example of the DAP in Sarawak on Malaysian Borneo is a case in point. While the DAP is part of the PR alliance nationally, DAP Sarawak left the alliance as early as March 2015. Temporary alliances could be a suitable arrangement in a country where political parties are divided by ideologies but share certain common goals and objectives.

Political patronage and legitimacy

Malaysia is suffering from a crisis of political legitimacy that began after the 2013 elections. Then, the current ruling coalition formed a government despite losing the popular votes. Najib was able to form a government due to patronage politics that became entrenched during the premiership of Mahathir, Najib’s strongest critic.

Ironically, Najib’s political survival could be attributed to his careful utilization of the patronage system. By dishing out ministerships to key leaders of the BN coalition especially those in Sabah and Sarawak, the prime minister survived despite leading the BN to its worst-ever electoral performance.
Taking cue from Mahathir’s playbook, Najib sacked BN leaders whose loyalty was suspect and appointed loyalists to the cabinet. Regardless of how little legitimacy the prime minister enjoys, he is likely to survive and lead his party into the next election due to this patronage system and the sorry state of the opposition.

Notes

1 “Funds were donated by Arab royals to Najib for his ‘anti-Jewish stance,’” Today, August 24, 2015. Available at: http://www.todayonline.com/world/asia/funds-were-donated-arab-royals-najib-his-anti-jewish-stance.
Some reflections on ‘Future of Malaysian democracy’

Bunn Nagara, Senior Fellow at the Institute of Strategic and International Studies (ISIS), Malaysia.

Dr. Mohamed Nawab Osman’s “Future of Malaysian democracy” raises a number of important issues on the subject, several of which require more clarification and context.

Analysts may argue that while Tun Dr. Mahathir Mohamad’s call for a parliamentary vote of no confidence against Prime Minister Datuk Seri Najib Razak is certainly the first of its kind by a former prime minister, it is not an opposition cause per se because it is not a partisan objective. The very fact that such a vote — or even a motion to be tabled realistically — requires bipartisan, or multiparty, support testifies to its non-partisan nature. Other vocal individuals within Barisan Nasional (BN) parties have also made the call, and Mahathir, being a former prime minister, is only the most prominent.

Despite its uniqueness, Mahathir’s action also need not be as momentous as it has been made out to be. Any reconfiguration of political alliances in Malaysia impacting on the future of its politics, as the article puts it, would be a much larger undertaking that will require more by way of motivating factors or forces. Mahathir’s action may be a part of that, but it is most unlikely to have that effect on its own.

1MDB’s (1 Malaysia Development Berhad) allegedly missing RM 42 billion remains debatable. While critics assert the disappearance, 1MDB and the government insist the funds are still in other asset forms, or the missing quantum is considerably less. Just what and how much are actually missing still need to be ascertained in a full and impartial inquiry.

Serious doubts also remain about the prospects of the new Islamist party, Parti Amanah Nasional (PAN), which has effectively replaced PAS by capturing Malay support for the new opposition pact Pakatan Rakyat 2.0. Nobody can really know for certain because it is still too early to tell. There is little or no optimism in Malaysia — not even from spin effect — that PAN will be up to the task even though that possibility remains open.

Outside UMNO, considerable Malay support is still with PAS or Parti Keadilan Rakyat (PKR). Since the split within PAS — over tactics rather than ideology — its less conservative wing that was ousted at a party congress then formed Gerakan Harapan Baru (GHB, or New Hope Movement) as precursor of PAN. The new political force
has stirred doubts about its endurance, capacity and appeal to Islamists even, or particularly, after it pledged to open its membership to non-Muslims.

The whole issue of the degree of Malay participation in BERSIH 4 remains contentious. Rally supporters cite a significant degree of Malay participation, particularly on the second day on August 30, whereas federal government publicists and pundits have downplayed such significance and even racialize the event as a largely ethnic Chinese exercise. Certainly BERSIH 4’s purpose was no more racial than any of BERSIH’s three previous outings. One common view is that many Malays stayed away for fear of racial conflict given efforts to racialize the rally, and after efforts by UMNO and PAS to ban members from it. But after the first day saw no incident, more Malays turned up on the second day.

Hardly anyone regards Pakatan Rakyat (PR) as having “failed to galvanize the Malays,” as the article says. They have succeeded, if anything only too well for UMNO’s liking, as reflected in multiracial support for an unprecedented number of PR seats in parliament since the 2013 general election. PR does not seem to have succeeded in galvanizing much Malay support for the BERSIH 4 rally probably because they never really tried. BERSIH 4 and PR 2.0 are quite different entities with different ends and means as well as different leaders and administrative systems, such that they are neither synonymous with each other nor interchangeable.

True, the Mahathir-Muhyiddin faction — if it exists — in UMNO is unlikely to agree to Anwar’s release from prison, much less to the prospect of his becoming prime minister. This would be the “price” of PR 2.0 delivering all its constituent parties’ votes in parliament to achieve a successful no-confidence motion. But PR 2.0 is at least as eager as anyone else to get the vote through, and preconditions may stall or jeopardize the process. Indeed any concessions for Anwar have been in the backburner. Even Azmin Ali, Anwar’s long-time lieutenant and now Selangor Chief Minister, only mentioned Anwar’s release as a possible condition in response to a question to that effect, and after his PKR colleague Rafizi Ramli had started drafting the no-confidence motion.

The current situation in Malaysia does not stem from the 2013 general election when BN lost the popular vote. That dented BN’s prestige in governing without necessarily precipitating a crisis of political legitimacy, particularly when the alarming loss then was suffered by BN coalition partner MCA rather than UMNO itself. Granted that was the lowest level BN’s popularity had sunk to, but governments in many other countries continue to govern despite losing the popular vote since only parliamentary seats are decisive. Gerrymandering and allegations of it are neither uncommon nor unique. Today’s crisis of legitimacy in Malaysia focused on UMNO has quite different and more recent origins. UMNO’s patronage system and the state of the opposition are not the only conditions challenging Najib’s tenure. Other challenges include a split in UMNO party ranks, continued withering attacks by Mahathir and his allies, non-partisan public opinion, unprecedented international pressure, several lawsuits in train (including for the allegedly excessive use of election campaign funds, and the allegedly improper dismissal of dissenting UMNO members), and ever sophisticated and widespread “new media” use. The challenges to Najib’s continued tenure as PM are therefore greater than at first supposed, meaning that political survival would be an even greater achievement while failure would have well-grounded reasons.
A lot has been said about the importance of South China Sea: through different lenses and from different countries. This edition of Thinking ASEAN tries to summarize one side of the argument: what are truly at stakes through a political-economy perspective.

Why the South China Sea matters

Oil and gas trade routes through the South China Sea

Around 25% of world traded goods and 25% of world oil trade pass through the strait every year.

Source: US Energy Information Administration and CSIS ASIA Maritime Transparency Initiative
...while not the biggest producer, the region plays an important role in the GLOBAL distribution of oil and gas.

South China Sea estimated conventional hydrocarbon production

<table>
<thead>
<tr>
<th>Country</th>
<th>Estimated production in the South China Sea (2011)</th>
<th>Major exploration and production areas</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Oil* <em>(1000 barrels/day)</em></td>
<td>Natural gas <em>(billion cubic feet)</em></td>
</tr>
<tr>
<td>Brunei</td>
<td>120</td>
<td>400</td>
</tr>
<tr>
<td>China</td>
<td>250</td>
<td>600</td>
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<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Indonesia</td>
<td>60</td>
<td>200</td>
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<tr>
<td>Malaysia</td>
<td>500</td>
<td>1.800</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vietnam</td>
<td>300</td>
<td>300</td>
</tr>
</tbody>
</table>

* Oil production includes lease condensate

Source: U.S. Energy Information Administration, Oil & Gas Journal, IHS, CNOOC, PFC Energy

The South China Sea also plays a major role in GLOBAL and REGIONAL trade. So far, this lucrative trade route has not been hindered with countries involved in the dispute prefer to decouple the dispute from existing economic relations.

Total Trade Volumes

<table>
<thead>
<tr>
<th>Value (in billion US$)</th>
<th>China</th>
<th>Japan</th>
<th>Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td>$366.542</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>$229.076</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>$93.7</td>
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</tbody>
</table>

Note: in 2014, China is ASEAN countries’ largest external trade partner while Japan is ASEAN’s third largest external trade partner.
Source: ASEAN Secretariat, and Taiwan’s Ministry of Economic Affairs

...in 2014, China is ASEAN countries’ largest external trading partner, while Japan is the third.
ASEAN banks to accelerate branch presence in Vietnam

aseannews.vn - September 7, 2015

The number of banks from ASEAN countries is expected to increase in Vietnam in the coming years as the domestic banking market opens following the carrying out of regional integration commitments. Dau fu (Vietnam Investment Review) reported that Thai, Malaysian and Singaporean banks have been speeding the opening of branch locations in Vietnam.


Why it matters: Under the ASEAN Banking Integration Framework (ABIF) that was concluded and endorsed by the ASEAN Central Bank Governors in December 2014, each ASEAN Member States (AMS) must open its banking market to other ASEAN banks. In this case, Vietnam undoubtedly has become a destination country for other ASEAN banks to expand their business. The establishment of the ABIF will allow greater financial integration in the region.

Civil groups urge end to forced disappearance in ASEAN

The Jakarta Post - September 3, 2015

As ASEAN moves toward a single economic community, civil society groups have urged regional governments not to tolerate human rights violations and to address past abuses, including cases of forced disappearance. In its efforts to become a democratic region, ASEAN still faces unresolved cases of involuntary disappearances. According to the Asian Federation Against Involuntary Disappearances (AFAD), some 800 cases of forced disappearances in ASEAN member countries have been reported to the UN.

Read more: http://www.thejakartapost.com/news/2015/09/03/civil-groups-urge-end-forced-disappearance-asean.html

Why it matters: Even as ASEAN has made progress in the human rights sector with the establishment of AICHR, ACW, ACWC, ACMW, human rights violations are still among the most pressing issues that the region faces. The issue also shows the limit of civil society’s engagement within policymaking circles in ASEAN and ASEAN countries.

Study ASEAN in its villages, not in Internet cafes

Farish A. Noor, The Straits Times - September 5, 2015

As we get closer to the goal of creating the Asean Economic Community, it is heartening to see that on the ground level, awareness of ASEAN and appreciation of ASEAN’s achievements have both grown, notably among the younger generation. This was at least one of the findings of a survey released by the Institute of Southeast Asian Studies (Iseas-Yusof Ishak Institute) last month.


Why it matters: The call for more fieldwork to ‘human’ the study on and about the region is an important one. As the region faces a number of humanitarian and development challenges, at times it is important to frame the issues in a more nuanced way, beyond the domineering economy and political-security context to a more grounded view; to truly talk about a “people-centered ASEAN.”

Asean effort seen to address tuna woes

Manila Times - September 4, 2015

Stakeholders in the tuna industry in Southeast Asia have agreed to coordinate efforts in combating illegal, unreported and unregulated fishing during an international meet held in General Santos City this week. General Santos City Mayor Ronnel C. Rivera, one of the speakers at the two-day National Tuna Congress, said industry players in the city are pushing for disseminating information on proper fishing methods and standards with the economic integration of member-states of the Association of Southeast Asian Nations (ASEAN).

Read more: http://www.manilatimes.net/asean-effort-seen-to-address-tuna-woes/216063/

Why it matters: Fishery can be a challenging issue in the region, as was exemplified by Indonesia’s action to destroy foreign fishing vessels that were captured illegally fishing in Indonesian waters. If this initiative manages to bring stakeholders from all relevant ASEAN member states—especially from the archipelagic countries—hopefully it can show that there are room for cooperation in the fishery industries, that the issue does not need to be a zero-sum one.
The Habibie Center was founded by Bacharuddin Jusuf Habibie and family in 1999 as an independent, non-governmental, non-profit organisation. The vision of The Habibie Center is to create a structurally democratic society founded on the morality and integrity of cultural and religious values.

The missions of The Habibie Center are first, to establish a structurally and culturally democratic society that recognizes, respects, and promotes human rights by undertaking study and advocacy of issues related to democratization and human rights, and second, to increase the effectiveness of the management of human resources and the spread of technology.

The ASEAN Studies Program was established on February 24, 2010, to become a center of excellence on ASEAN related issues, which can assist in the development of the ASEAN Community by 2015. The Habibie Center through its ASEAN Studies Program, alongside other institutions working towards the same goal, hopes to contribute to the realization of a more people-oriented ASEAN that puts a high value on democracy and human rights.

The objective of the ASEAN Studies Program is not merely only to conduct research and discussion within academic and government circles, but also to strengthen public awareness by forming a strong network of civil society in the region that will be able to help spread the ASEAN message. With the establishment of ASEAN Studies Program, The Habibie Center aims to play its part within our capabilities to the ASEAN regional development.