

Keynote Address

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THE EU, ASEAN AND APEC: DIFFERENT MODELS OF INTEGRATION

Talking Points

The EU is the most successful regional organisation in the world. It is a paradigm case of the “institutional regionalism” model.

What are the characteristics of the EU model?

- Reliance on laws and institutions;
- Binding commitments;
- Shared political values;
- Pragmatic, step by step approach;
- Progressive pooling of sovereignty;
- Consensus among member countries and peoples that they are better off acting together rather than acting separately.

ASEAN is often said to be the second most successful regional organisation in the world, after the EU.

ASEAN’s journey towards integration can be divided into three stages:

Stage One : emphasis on confidence building, networking, consensus, and relatively low levels of cooperation. The exception is in the area of foreign policy, where ASEAN was able to act as one and led the campaign against Vietnam’s invasion and occupation of Cambodia.

Stage Two : ASEAN began to both broaden and deepen its cooperation. An example of an ASEAN achievement in this period would be AFTA. In Stage Two, ASEAN also began to launch several initiatives to promote peace and prosperity in Southeast Asia and in the larger Asia-Pacific region. Two landmark initiatives are the Southeast Asian Nuclear Weapon Free Zone (SEANWFZ) and the ASEAN-China Declaration of Conduct on the South China Sea (DOC on SCS). Other initiatives include the ASEAN PMC, ARF, ASEAN+1, ASEAN+3, ASEAN+6, ASEM, FEALAC, AMED, etc. The success of ASEAN’s diplomacy has entrenched its role as the region’s convener and facilitator. In this respect, ASEAN has been more successful than the EU.

Stage Three : the current phase of ASEAN under its Charter and with new institutions, a greater reliance on rules and binding commitments. In this new phase of ASEAN’s development, it will begin to resemble the EU in some respects, but not in others. ASEAN will evolve its own model, with a blend of networked regionalism and institutional regionalism.

APEC is almost the diametrical opposite of the EU. For this reason, it is hard for Western scholars and analysts to understand and, as a result, they often dismiss it as a talk shop. APEC is a grouping of 21 economies which meets annually at the Summit level. They are united by two common visions:

- To unite the two sides of the Pacific and to prevent the recurrence of a future Pacific war;
- To promote the regime of free and open trade and investment in the Pacific and to achieve that goal by 2010 and 2020, respectively for developed and developing economies.
- Although the APEC model is based on open regionalism, on voluntary liberalisation and on peer pressure, it seems to have worked. This is counter-intuitive and must be very puzzling to Western scholars. The proof of the pudding is in the eating and here are the facts.

In 1989, the average tariff in APEC was 17%.

In 2009, the average tariff is 5%.

In 2009, intra-APEC trade is 67%, only 1% less than intra-EU trade. APEC represents 50% of world GDP and over 40% of world trade. One of its unique features is that it puts business right at the centre of APEC. The APEC Business Advisory Council meets with the APEC Leaders and submits an annual report to them. APEC is therefore a paradigm case of “networked regionalism”.

My concluding insight is that there is not a single model of regionalism and regional integration. Different models can work in different regions of the world, depending upon the region’s history, culture and circumstances. The EU model has worked in Europe. In APEC, the EU model will not work. The region is too diverse. The APEC model of voluntary liberalisation and benign peer pressure seems more suitable. The 2009 APEC Economic Leaders Meeting in Singapore was a resounding success. I think the key to APEC’s success is the close partnership between the visionary political leaders and the dynamism of the private sector. In ASEAN, an important transition is taking place. It is moving from a loose “networked regionalism” to a more “institutional regionalism” paradigm. It is too early to say whether ASEAN will succeed in translating the provisions of the Charter into reality but, I think I would not be wrong if I were to say that it has made a good beginning.