ASIA HOUSE

# Re-Thinking ASEAN Integration:

## European Precedents and Southeast Asian Futures

AirAsia

# INTRODUCTION

The Association of Southeast Asian Nations (ASEAN) celebrated its 50th anniversary on 8 August 2017. First established to hedge against the US and the former Soviet Union in the context of the Cold War, ASEAN has evolved over the years to focus on economic, political, social and cultural cooperation. In late 2015, the long-promised ASEAN Economic Community (AEC) came into effect, carrying the vision of a globally competitive single market and production base – but not that of a political or monetary union as the European Union (EU) has aspired to do – across its 10 members.

ASEAN has been criticised for its slow pace of integration. While there have been major achievements in tariff liberalisation, other areas such as services have yet to make similar headway. However, ASEAN's slow and incremental approach towards regional integration may be deliberate – especially in view of recent internal frictions faced by the EU and the unprecedented decision of the United Kingdom to leave the European Union, which will come into force on 29 March 2019.

*"ASEAN integration has not been on the same level of intensity. We go very incrementally and step by step. We did not go for full integration – making the entire ASEAN one economic or political unit. In that sense, we have room for adjustment. And I have always said, the EU has been our inspiration but not our model".*

Surin Pitsuwan, former Secretary-General of ASEAN (2007-2012) in a June 2016 *Nikkei Asian Review* interview[1]

This raises several questions: How different are ASEAN and the EU? What are the drivers underlying ASEAN integration? To what extent is the European model relevant as a blueprint for ASEAN, given its own ambitions? This paper seeks to address these questions, and examines where the European model should be drawn upon in various sectors.


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# ASEAN IS NOT THE EU

ASEAN has been described as the second most successful regional organisation in the world, after the EU. However, this tendency to invoke the European project as a realistic remedy, a source of inspiration or even a blueprint for ASEAN is misplaced. The two entities are fundamentally different: regionalism in each continent has followed patterns which reflect their historical and cultural contexts; therefore, assessments of ASEAN's success must be set in the context of its own stated ambitions, and not measured against what the EU has achieved.

Ideological differences: EU integration is an expression of a pan-Europeanist political vision, which underlies its identity as a *supranational* organisation involving pooled sovereignty among its members. In contrast, ASEAN is an *intergovernmental* organisation, marked by a strong adherence to the principle of non-interference in member states' domestic affairs and a rigid protection of national sovereignties. This is a result of the volatile nature of developments in the region in 1960s, with disputes between countries, internal subversion, secessionist movements, as well as fresh memories of their relatively recent colonial pasts.

*"ASEAN countries' consistent adherence to this principle of non-interference is the key reason why no military conflict has broken out between any two ASEAN countries since the founding of ASEAN."*

– Professor S Jayakumar, Singapore Foreign Minister (1994-2004) at the 30th ASEAN Ministerial Meeting, Subang Jaya, Malaysia on 24 May 1997.[2]

Legal disparities: ASEAN and the EU differ in their respective structures. The most concrete example of this is the absence of a robust judiciary institution in ASEAN, in contrast to the strong legal backbone present in the EU. From its inception as the European Coal and Steel Community, the EU has possessed major legal powers, embodied in the European Court of Justice (ECJ). By slowly expanding its purview in the 1960s and 1970s in a series of landmark cases, the ECJ managed to cement a supranational legal hierarchy that has acted as a cornerstone for political integration.[3] In contrast, the rule of law in ASEAN remains entirely the prerogative of member governments.[4]

Inter-governmental decision-making: In the EU, decision-making is by ordinary legislative procedure, where a directly elected European Parliament approves EU legislation together with the governments of the 28 EU members. While there is an Inter-Parliamentary Assembly in ASEAN, it only has the power of moral suasion. Ultimately, the practice of consensus is at the core of ASEAN's decision-making process. While this may be necessary to address the differences that exist across Southeast Asia, it also leads to collective decisions being adopted based on the lowest common denominator. As a result, regional cooperation can sometimes be

hampered by individual member states focussed on their own immediate national interests.[5] Criticism of this mechanism has led to the introduction of the 'ASEAN minus X' formula, which enables two or more ASEAN states to move ahead on certain issues on the basis that other members will follow at a later stage. It has been applied mainly for economic issues, and occasionally on an ad hoc basis to other areas of cooperation such as counter-terrorism.

*"ASEAN is not the EU – a duck is not a chicken. Although the temptation is always there, what would happened if you introduced a voting system in ASEAN to make key decisions? I don't think it would be good for the unity of the organisation. There are inherent limitations [in the consensus model], but I think it's also what makes the organisation flexible and resilient."*

Albert Chua, Second Permanent Secretary in the Ministry of Foreign Affairs Singapore (2014-2018) at the Asia Society in New York in September 2016. [8]

Institutions: The EU has a powerful secretariat in the form of the European Commission (EC), which acts like a government and has the authority to negotiate treaties and submit proposals for legislation. On the other hand, ASEAN has a relatively powerless secretariat, hampered by a limited mandate of "providing for greater efficiency in the coordination of ASEAN organs and for more effective implementation of ASEAN projects and activities",[6] as well as a limited staff and a small budget of US$20 million – which has been described as "not enough to get an EU commissioner out of bed in the morning".[7]


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# DRIVERS OF ASEAN INTEGRATION

The extent to which the EU can serve as a general template for ASEAN integration boils down to ASEAN's objectives. Bilahari Kausikan, Ambassador-at-large of Singapore's Ministry of Foreign Affairs, has argued that "'community' is perhaps too loaded a term to describe ASEAN's goals".[9] Unlike European integration, which is fundamentally a political project with an inward focus, ASEAN's integration is largely an economic project, limited to the AEC. A monetary and customs union or supranational regulatory body, key characteristics of the EU, are currently out of the question.

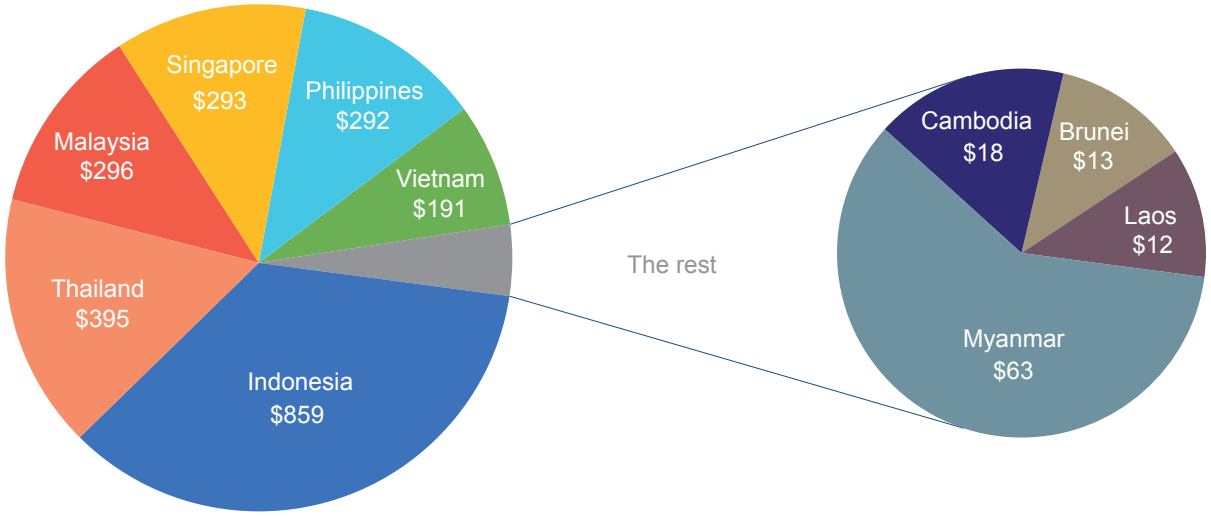
Maintaining relevance: Post-Cold War, economic cooperation helped to sustain ASEAN's relevance beyond its initial purpose of maintaining the sovereignty of its member states in the face of the communist threat.[10] In 1992, ASEAN Free Trade Agreement (AFTA) – the first of ASEAN's economic projects – was concluded. It paved the way for other ASEAN economic projects, which together provided the building blocks for the AEC. As enshrined in Article 1.5 of the Charter, one of ASEAN's purposes is "to create a single market and production base which is stable, prosperous, highly competitive and economically integrated with effective facilitation for trade and investment in which there is free flow of goods, services and investment; facilitated movement of business persons, professionals, talents and labour; and freer flow of capital". The AEC Blueprint 2025 outlines a vision of creating a deeply integrated and cohesive ASEAN that can deliver inclusive economic growth.

However, implementation of the AEC is an uphill task. More than two years on from its launch, many goods remain subject to trade restrictions, services are highly fragmented, and intra-ASEAN trade amounts to only 22% of member states' overall exports and imports.[11] With the exception of Laos, ASEAN countries' trade with economies outside of ASEAN still outpaces intra-ASEAN trade by a factor of three.[12] By comparison, intra-NAFTA (North American Free Trade Agreement) trade surpassed extra-NAFTA trade levels just five years after NAFTA's implementation.[13] These problems often stem from the significant development gaps between and within member states in income, human capital, institutions and infrastructure. The standard deviation in average incomes among member states is more than seven times that of EU member states.[14] While Indonesia represents almost 40% of the region's economic output and is a member of the G20, Myanmar is still working to build its institutions.[15] GDP per capita in Singapore, for instance, is more than 30 times higher than in Laos and more than 50 times higher than in Cambodia and Myanmar.[16]

The absence of a central mechanism to enforce compliance and dispute-settlement mechanism will also hinder the effective implementation of the AEC. With highly open economies,[17] ASEAN member states stand to benefit from the AEC. A single market would enable greater efficiency in fragmented supply chains, providing local firms with possibilities for extended production networks, and making ASEAN more attractive as a destination for foreign investment and a link in global value chains. Integration will also enlarge markets for both local and extra-

regional firms, and lead to increase trade efficiency brought about by higher competition and greater mobility of factors of production. If implemented successfully, the AEC could boost the region's economies by 7.1% between 2016 and 2025, as well as generate 14 million additional jobs.[18] This aligns with Article 1.6 of the Charter, which states that the purpose of ASEAN is to "alleviate poverty and narrow the development gap within ASEAN".

ASEAN MEMBER STATES' CURRENT GDP (US$b) IN 2016




(Source: https://data.worldbank.org/indicator/NY.GDP.MKTP.CD)

External pressure: The economic drivers behind integration are mirrored in ASEAN's political aims. In addition to the economic benefits, the AEC is also key to "maintaining the centrality and proactive role of ASEAN as the primary driving force in its relations and cooperation with external partners in a regional architecture" (Article 1.9 of the Charter). This has been ASEAN's basic purpose, harking back to its establishment in 1967 during the Cold War and endures today as China looms ever larger in economic calculations. The AEC will be key to strengthening ASEAN unity against rising competition from within and outside the region.

China's influence in the region is growing. Aside from expanding its military presence in the South China Sea, China has a major economic stake in ASEAN: it is the largest trading partner for ASEAN collectively, as well as for almost all ASEAN countries. China's Belt and Road Initiative (BRI) represents the largest infrastructural development plan in modern history, with maritime routes and land networks over Africa, Asia and Europe. Beijing has pledged US$160 billion for infrastructure projects related to the BRI; analysts predict that construction spending will amount to several trillion dollars by the projected end date of 2049.[19] While Chinese investment could aid in resolving some of the developmental problems that ASEAN members have been grappling with for decades, some

sceptics have viewed the BRI as an attempt to expand and secure Beijing's geopolitical power.[20] For example, in 2012, Cambodia – whose biggest foreign investor is China – blocked ASEAN from issuing a statement on the South China Sea dispute, which Beijing has been sensitive toward. This has been particularly pertinent since the election of US President Donald Trump, which has stoked fears of the US' withdrawing from its traditional role as a guarantor of security in the region.

*"The region's geopolitical location, at the intersection of major power interests, puts sovereignty at continual risk; accordingly, ASEAN harnessed the nationalisms of its members to a mechanism that could enhance their capacity to retain autonomy by challenging those nationalisms to this goal."*

Bilahari Kausikan. "ASEAN must work hard to stay central." *Nikkei Asian Review*. October 2017. [25]

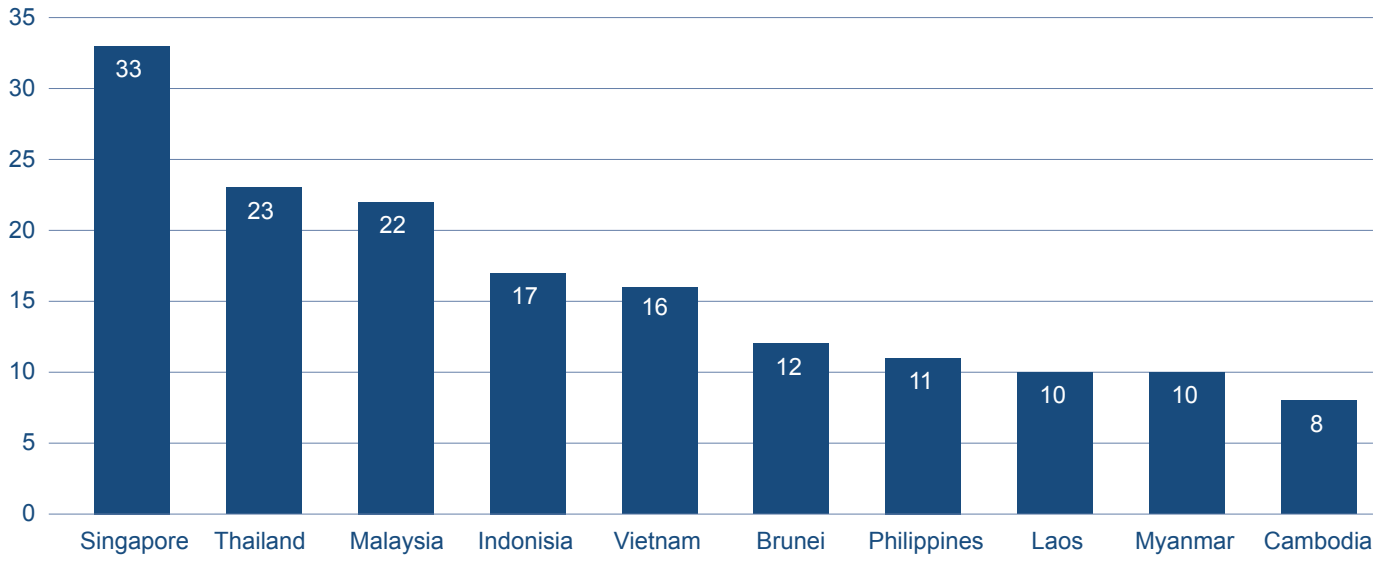
Positioning on the global stage: The ability to be regarded as an entity in regional trade and security talks also allows ASEAN member states to assume an importance in discussions that would otherwise be dominated by other powers. This can be seen in the core position that the grouping has maintained in larger intergovernmental bodies, including the Asia-Europe Meeting, Forum of East Asia-Latin America Cooperation and the Asia Pacific Economic Cooperation forum.[21] ASEAN's intermediary position has also enabled it to form the core of initiatives towards larger integration schemes. This has been referred to as 'ASEAN nesting', i.e. the creation of large trading blocs centered around ASEAN+1 FTAs.[22] A firmly integrated ASEAN with a common external position allows for the creation of partnerships like the Regional Comprehensive Economic Partnership (RCEP) which attempt to consolidate and/or harmonise existing trade treaties around ASEAN. This ability to act in a united way has allowed ASEAN to become East Asia's "integrative center".[23] To some extent, ASEAN has filled an important gap left by the WTO: since the stagnation of the Doha round, ASEAN+ negotiations have been responsible for driving the creation of new FTAs and international trade policy.[24]

# INTEGRATION WITH EUROPEAN PARALLELS

Notwithstanding the inherent differences between the two entities, some aspects of the EU's experience in regional economic integration can be a guide for ASEAN in its community-building. For example, the EU model of setting clear goals and specific implementation timelines for economic integration was replicated by ASEAN's enunciation of the AEC Blueprint 2025, followed by the AEC Scorecard that keeps track of implementation.[26] Some sectors in which European precedents can be invoked to different degrees will be covered in this section.

Extra-regional trade policy: ASEAN is at the heart of a dense web of bilateral and multilateral trade agreements: aside from the ASEAN Free Trade Area and ASEAN+1 FTAs (with Australia and New Zealand; China; Hong Kong; India; Japan and South Korea), individual ASEAN member states are also party to bilateral FTAs with extra-regional states (e.g. US-Singapore FTA, Vietnam-EU FTA) and multilateral FTAs (e.g. the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership). While this appears to be a significant commitment to the rapid liberalisation of trade relations, too many FTAs complicate trade processes and diminish the ease of doing business: this is known as the 'noodle bowl effect'.[27] Firms have to navigate different definitions and requirements for the rules of origin of a given product or intermediary export, as well as different agreements on rules of cumulation. This problem is compounded by the lack of a regional system of assessment regarding product quality, environmental and labour standards.[28] Due to the introduction of the Common Effective Preferential Tariff scheme as part of the ASEAN Free Trade Area, intra-ASEAN trade itself remains unaffected by the types of heavy complications outlined above.[29] Instead, the 'noodle bowl effect' applies mainly to ASEAN member states' trade with extra-regional countries, rather than intra-ASEAN trade.[30] That said, intra-ASEAN trade lags behind extra-ASEAN trade for all member states except Lao PDR: in 2016, total extra-ASEAN trade amounted to approximately US$1.7 million, while intra-regional trade stood at US$540,000.[31]

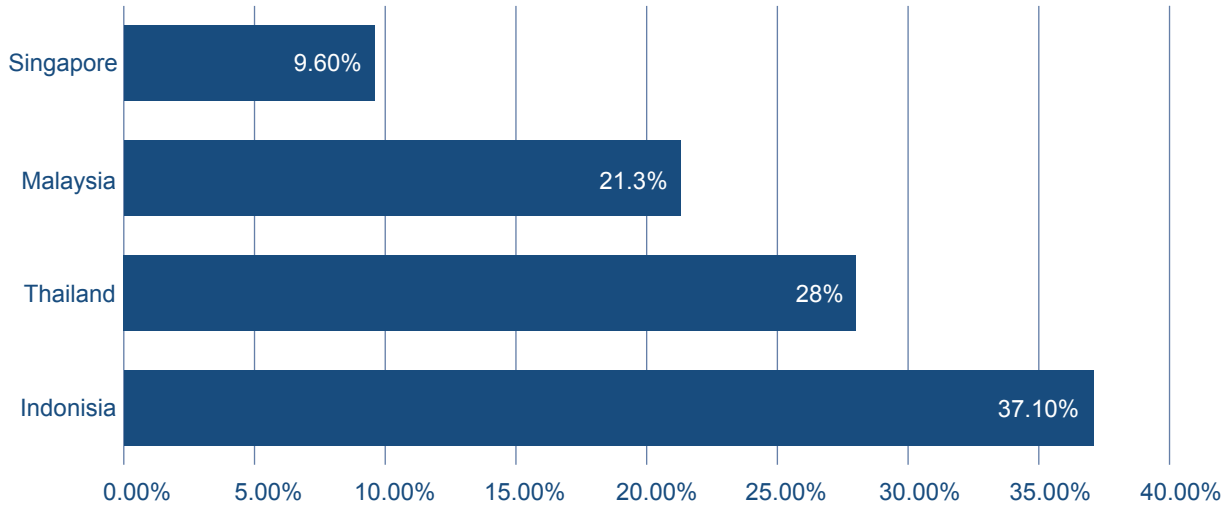
No. of FTAs per member state



The creation of a common ASEAN stance on external trade issues may be key to resolving this issue. In this regard, the Pan-European Cumulation System (PECS) can serve as a guide to ASEAN for streamlining its external trade policy. The PECS was implemented in 1997 in response to the 'noodle bowl effect' caused by a dense web of FTAs among the EU, the European Free Trade Area (EFTA) and new market democracies in Central and Eastern Europe. Initial reluctance to grant homogenised trade concessions to former Communist countries led to an extensive overlap among the rules of origin, resulting in a splintered European trade network.[32] The lack of common tariff regimes and rules of cumulation in turn impeded trade by between 10% and 50% in Europe.[33] The PECS introduced the triple aim of completing any missing intra-European FTAs, implementing the EU Single List to homogenise rules of origin throughout the region, and creating a system of diagonal cumulation which allowed local producers to treat intermediary parts from within the region as domestic products for rules of origin purposes.[34]

However, the potential harmonisation of external duties or even the adoption of common external tariffs in ASEAN is an uphill challenge given the current heterogeneous tariff structures among member states. For example, Singapore is virtually duty free, with very few exceptions, while the other member states have significantly higher tariffs. Common tariffs would hence require Singapore to raise its individual tariffs or other member states to shift closer to a zero tariff – highly unlikely, given the economic disadvantages. In comparison, before the establishment of the common market in 1993, European Community (EC) member states were more homogeneous, as indicated by the similar levels of GDP. The economic benefits of closer integration were also secondary to the political considerations for EC member states,[35] which meant that they were willing to accept certain economic

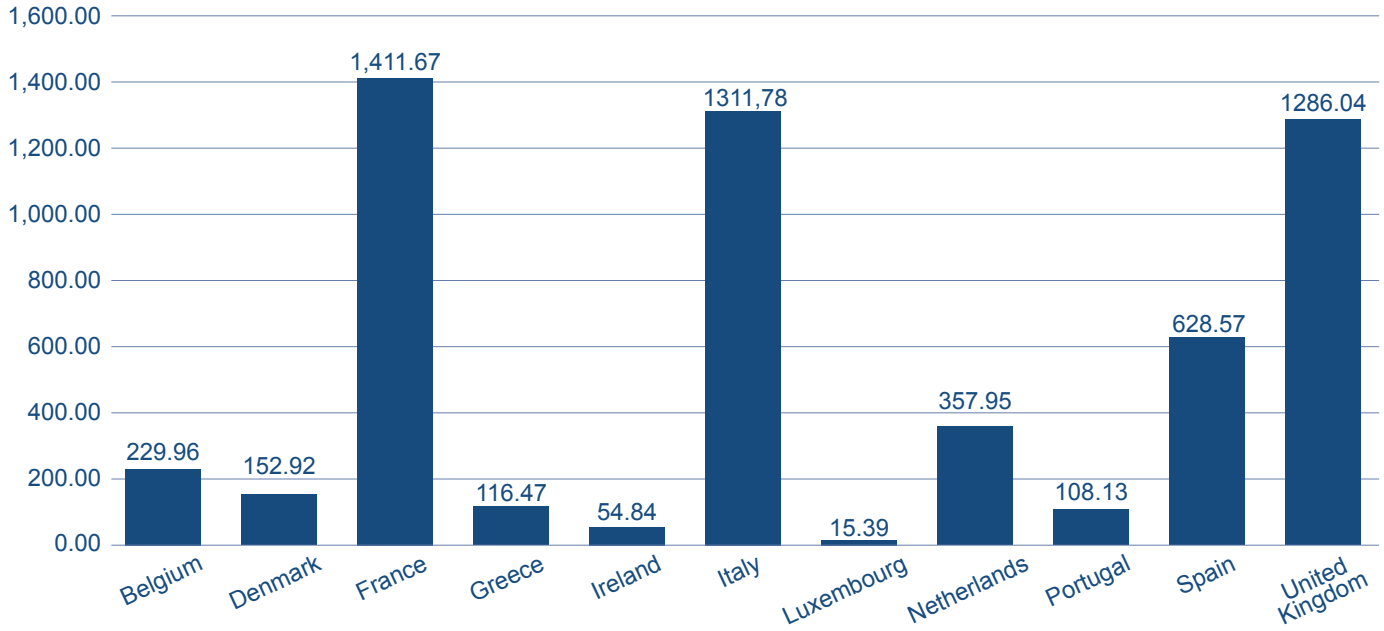
MFN tariffs, simple average, final bound




(Source: https://www.wto.org/english/res_e/statis_e/statis_maps_e.htm)

disadvantages with political considerations in mind. In view of this, the creation of a common ASEAN stance on trade policy will require member states to first undergo a paradigm shift and prioritise ASEAN over national interests.

European states GDP per capita in 1992




(Source: https://www.imf.org/external/pubs/ft/weo/2018/01/weodata/weoselgr.aspx)

Financial integration. Enabling more efficient allocation of capital within the regional financial infrastructure will promote economic growth and bring mutual economic benefit to all ASEAN members. However, major obstacles remain: the varying levels of institutional maturity between member states; the use of extra-regional avenues for commercial investment flows; and the lack of market practice standardisation.[36] The European experience can be of some relevance for ASEAN notwithstanding the higher level of integration and financial institutional maturity among EU members. Both ASEAN and the EU share ambitious goals of developing their regional capital markets as alternative means of financial intermediation and sources of financing. Both also set up capital market schemes in the aftermath of financial crises to improve regional liquidity: ASEAN's Capital Market Integration (CMI) scheme following the 1997 Asian financial crisis and the EU's Capital Markets Union (CMU) and the 2009 Eurozone crisis.[37]

First, ASEAN should take reference from the EU in its drive to create a regional, as opposed to nationally segmented banking sector. However, ASEAN is at a much earlier stage of financial market maturity.[38] As a result, while the EU's measures to support non-banking capital sourcing are relevant, ASEAN should first seek to establish European-style regional banking institutions. This includes the creation and promotion of an accessible regional

banking license that will allow for the emergence of banking institutions that bridge the gap between the region's national capital markets and reduce reliance on extra-ASEAN markets for intra-ASEAN transactions. As of 2016, approximately 45% of intra-ASEAN goods and services flows involved payment via extra-regional intermediaries, with 97% of these intermediary payments going via the USA.[39]

The introduction of the Qualified ASEAN Banking (QAB) status as part of the ASEAN Banking Integration Framework (ABIF) is consequently a welcome addition.[40] In 2017, Indonesian state-owned Bank Mandiri became the first bank in the region to be designated a qualified ASEAN bank. While there has been some cross-penetration of national banking sectors in the past, Bank Mandiri would be the first financial institution to receive the same treatment as domestic banks in its foreign target market, Malaysia.[41] This in turn would not only add to the competitiveness of the Malaysian banking sector, but would allow for the development of regional Southeast Asian players in finance, while extra-regional international banks would continue to operate under more limited conditions. That said, the ABIF scheme is limited in its ability to serve as an effective, regional licensing mechanism that enables market penetration in all 10 member states, given that it is ultimately based on "each country's readiness and on a reciprocal basis" – as stipulated in Article 17(i)(b) of the AEC Blueprint.[42]

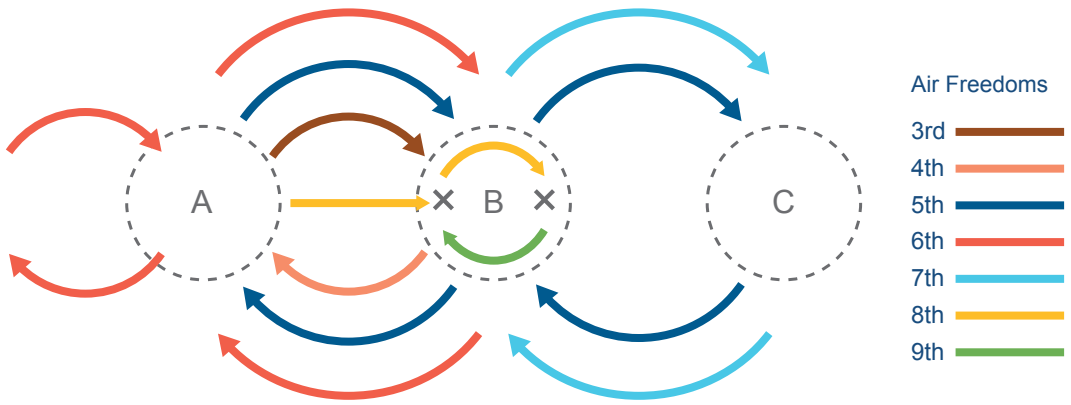
Second, ASEAN has sought to adopt international standards and best practices that have been implemented in more highly developed capital markets, like the EU. For example, Article 18(ii) of the AEC Blueprint expressly refers to the ISO 20022 – a sophisticated, international standard relevant for digitalised data flows across borders and between financial actors – as an "international best practice". The introduction of ISO 20022 as a standard tool by the ASEAN financial community would act as an ideal measure towards the achievement of a more digitally developed financial infrastructure in the region. In Europe, where some of the highest rates of ISO 20022 adoption worldwide are documented, shows that this type of standardisation can help to improve international avenues for capital flows.

Third, the European experience in financial integration is also relevant to ASEAN for its unexpected side-effects and the necessary measures to prevent them. The aftermath of the 2008 European Debt Crisis reveal how fragile such a capital markets system can be without proper, regionalised regulation mechanisms.[43] After the 2008 crash, the EU set up the Single Resolution Mechanism (SRM) and the Single Supervisory System (SSM) to avoid the risk-prone fragility of a deregulated market.[44] The takeaway for ASEAN is that financial integration must be supported by the presence of an oversight body with the ability to monitor and regulate banks and lenders operating on a regional level. Otherwise, it will be difficult to sow the intended benefits of financial integration without putting the economies of member states at risk.

Aviation. Driven by mutual economic benefit and external pressure, the integration of national aviation markets in Southeast Asia is becoming increasingly urgent. This can be seen in the strong parallels that ASEAN's aviation sector has with the European Single Aviation Market (ESAM). ESAM highlights the enormous potential that air services integration can bring, with the number of intra-EU routes increasing by 250% since integration in 1992.[45]

The creation of an ASEAN Single Aviation Market (ASAM) was initially planned for 2015. Initial successes towards ASAM emerged in the form of the 2009 Multilateral Agreement on Air Services (MAAS) and the Multilateral Agreement for the Full Liberalisation of Air Services (MAFLPAS).[46] These two agreements revolved around the 'third, fourth and fifth freedoms of the air', which respectively cover the ability to fly from country A to country B, to return to country A from country B, and to fly from country A to a third country C, with an intermediary stop in country B.[47] The different carrier rights or 'freedoms of the air' (FOA) are depicted in the diagram below. [Note: FOA rights 1 and 2 on airspace use and emergency landings are not shown.]

Figure 3.1: Freedoms of the Air (POV: Country A)




MAAS introduced, for the first time, a multilateral agreement between ASEAN member states to allow third, fourth and fifth FOA for all capital cities, effectively creating a network of major international airports that could be accessed by any ASEAN airline. MAFLPAs sought to enlarge this web of new flight routes by extending these FOA to all international airports in ASEAN, which would place all airlines operating in ASEAN on an equal footing regarding cross-border flights, although it should be noted that cabotage (domestic flights covered under the eighth and ninth FOA) remain within the purview of national airlines.

Several member states have yet to ratify and implement the agreements, which are often due to overburdened and underdeveloped airport infrastructures.[48] The Philippines, for example, has only ratified MAFLPAS, leaving

its main airport in Manila closed off to carriers from other ASEAN countries.[49] Laos and Cambodia on the other hand have solely opened their capital airports to international competition by ratifying only MAAS.[50] That said, the largest obstacle to integration in this sector remains the Indonesian government's protection of the country's 29 international airports. Having only joined the ASEAN open skies agreement in April 2016, Southeast Asia's largest air services market is set to open only five airports (Bali, Jakarta, Makassar, Medan and Surabaya) to ASEAN-based competitors.[51] This extremely hesitant opening of the region's most important national aviation sector in turn delays integration as a whole and is based, at least in part, on the intense lobbying of local, protectionist interests.

Policies in this sector must be targeted at the promotion and implementation of existing integrative framework agreements, as opposed to the creation of radically new forms of air services liberalisation. Given the protectionism currently practiced by Indonesia, and to a lesser extent in the Philippines, Cambodia and the Lao PDR, the creation of an ASEAN Single Aviation Market is unlikely in the near-term. European precedents can however provide a platform from which member state governments, together with regional private sector actors, can push for a faster implementation of the initial 2015 ASAM goals.[52] The European ESAM initiative provides a clear example of the power of international competition to bring about regionalisation of the aviation industry. European governments were previously hesitant to embark on regional initiatives in the air services sector, which has been prone to protectionist tendencies. This is often due to the presence of national flag-carriers, which have become symbols of national sovereignty. Exposing these, often nationalised, carriers to international competition on equal footing is therefore often avoided by governments, making integration in this sector integration particularly difficult.[53]

In the European case, integration in the aviation sector was heavily opposed in the 1970s, and partly blocked, by France and Germany. It was only in 1983 that a top-down EC directive initiated a slow integration process that came into fruition with the three deregulation packages implemented in 1987, 1990 and 1992 respectively.[54] These packages are broadly similar in content to the MAAS and MAFLPAS agreements, indicating that it is not the contents but the means of implementation that must be improved in the quest for ASAM. In Europe, pressure from an increasingly powerful American aviation industry led the EU members to prioritise the regionalisation of the aviation sector over the protection of national flag carriers to avoid the dominance of US competitors. This is relevant for ASEAN, especially since the 2010 ASEAN-China Air Transport Agreement, which gave third and fourth freedoms to all Chinese and ASEAN carriers to connect all international airports in ASEAN with any counterpart in China.[55] The regional aviation market is consequently increasingly being influenced by Chinese presence. In addition, while ASEAN is also negotiating a similar Air Transport agreement with the EU, there are indications that it may try to simply sign agreements with individual ASEAN member states to gain further market access in Southeast Asia, as opposed to engaging ASEAN as a collective bloc.[56]

Local air traffic subsequently risks being dominated by extra-regional airlines from larger powers. This increases the urgency for the emergence of regional player in the ASEAN aviation sector; a development that requires the liberalisation of air freedoms for ASEAN-based airlines. ESAM is particularly instructive in terms of the coalition of voices that enabled a redirection from protectionism towards integration. Non-protectionist European governments, notably the UK and the Netherlands, together with consumer groups and private sector actors, accentuated the need for deregulation to promote growth and continued global competitiveness. In the context of ASEAN, it may therefore prove helpful for pro-integration governments like Singapore and Malaysia to accentuate the increasing dominance of extra-regional airlines, with the help of regional air industry companies and consumers.[57] After all, as the European experience has shown, integration benefits low-cost carriers the most and correspondingly expand the travel opportunities of ASEAN's burgeoning middle class.

Accentuating mutual economic benefit is also an important tool for the implementation of integrative measures. In the case of the aviation sector, the focus should be firmly placed on the region's lack of adequate infrastructure, which limits the growth of the ASEAN tourism and travel industry (currently standing at 8% per annum).[58] Liberalising restrictions on regional investment and market access will allow airlines set on international expansion, as well as other groups, to provide private-sector capital for the modernisation of the regional airport infrastructure. Concerns about overloading local airports are currently blocking the further integration of the Lao PDR, Cambodia and the Philippines into a unified air services market. Here, the removal of barriers on foreign ownership of local companies will allow regional companies to recognise the investment potential in the region. The requirement in the Philippines, for example, that only 40% of national airline shares can be held by foreign owners severely impedes the development of Manila's overburdened Ninoz Aquino Airport.[59]

# Conclusion

Despite the fundamental differences between ASEAN and the EU, developments in the drive for European integration, both historical and contemporary, can be instructive for ASEAN. In particular, the European experience in the aviation sector points towards a potential path forward for the industry in ASEAN. The creation of the ESAM has led to closer regional links and economic ties in the region, suggesting ASEAN aviation integration has the potential to do so as well.

However, the differences between the two regional groupings remain large, and it is unlikely that the EU's historical experiment provides a broad, general blueprint for ASEAN's own integration project. Accordingly, in areas such as migration and labour protection, as well as in the legal services sector, integration must be pursued independent of any EU blueprint.

In the final analysis, ASEAN's drive for integration will have to proceed at its own pace and must be measured against its own objectives, which are wholly different from the EU's. While ASEAN has made significant achievements given its origins, the time has come for it to examine even more closely its future prospects. Ultimately, integration is limited by ASEAN's inter-governmental rather than supranational decision-making, the diversity of economies and the wide development gaps between members. Regional commitments are unavoidably watered down to the lowest common denominator, following which implementation is carried out nationally. The form of this implementation also differs since each member state faces different domestic challenges. The absence of an effective ASEAN Secretariat to ensure compliance and implementation further reinforces the slow pace of integration. As calls increase for ASEAN to review its consensus model and structure as it matures, it remains to be seen if ASEAN will be able to update itself internally in its bid to build a more tightly-linked community.

# Endnotes

1 Kotani, Hiroshi. “Brexit will not hinder ASEAN integration, Surin Pitsuwan says.” *Nikkei Asian Review*. June 2016. https://asia.nikkei.com/Politics/Brexit-will-not-hinder-ASEAN-integration-Surin-Pitsuwan-says (accessed 18 May 2018)

2 http://asean.org/?static_post=opening-statement-by-he-professor-sjayakumar-minister-for-foreign-affairs-of-singapore

3 Zoe Bollinger, ‘Diverging Paths: Economic Integration in the EU and ASEAN’ in Claremont-UC Undergraduate Research Conference on the European Union, Vol. 2013.4, 2013, pg. 20.

4 http://www.europarl.europa.eu/RegData/etudes/note/join/2013/433716/EXPO-AFET_NT(2013)433716_EN.pdf

5 In 2012, ASEAN’s foreign ministers failed for the first time to issue a joint communique at the end of their annual meeting in 2012, when Cambodia – the rotating ASEAN Chair for the year – was perceived to side with China by blocking the inclusion of any references to the dispute in the South China Sea.

6 http://asean.org/?static_post=asean-secretariat-basic-documents-asean-secretariat-basic-mandate-2

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9 Bilahari Kausikan, ‘Beside the Point’ in Nikkei Asian Review, Sept. 5-11, 2016, pgs. 22-23.

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