

BIBLIOGRAPHIC INFORMATION

Title	AFTA and the New Regionalism
Source	http://phuakl.tripod.com/pssm/conference/day34.doc
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Publication/Conference	4th International Malaysian Studies Conference; 3-5 August 2004, Universiti Kebangsaan Malaysia, Bangi
Edition	NA
Document Type	Article
CPI Primary Subject	Foreign Relations and Treaties
CPI Secondary Subject	AFTA; ;
Geographic Terms	Malaysia; ASEAN
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AFTA AND THE NEW REGIONALISM

by Lee Poh Ping

The formation of the ASEAN Free Trade Area (AFTA) marks a new stage in economic cooperation among the countries of ASEAN. Hitherto, ASEAN economic cooperation had been on a much lower level which were in the form of a Preferential Trading Agreement (PTA) and of industrial collaboration. At the same time AFTA's formation in 1991 (made operational in 1993) came at a time when many other regional groupings were being forming or were planning further integration. The examples of the former were groupings such as the Asian Pacific Economic Grouping (APEC) formed in 1989, the North American Free Trade Agreement (NAFTA) established in 1992, while an example of the latter can be seen in the move towards a European Union (EU) in 1992 made by the European Economic community (EEC), such groupings and many others established around this time were considered by many to be different from regional groupings before. They were seen as part of a trend towards a "new regionalism" as distinguished from the "old regionalism" of those groupings before them.

Is AFTA part of this new regionalism? The paper will answer this by first considering both the causes and content of this new regionalism.¹ Then it will discuss how AFTA fits or not fit with the contents of this new regionalism. As AFTA evolved from ASEAN, AFTA and ASEAN are sometimes discussed here in an interchangeable manner.

The New Regionalism: Causes

There had been since the mid-1980s a proliferation of regional groupings such as NAFTA and EU. Many saw these as different from previous regional groupings. They attributed the development of these new regional groupings, or the new regionalism, to the following reasons. One was that this new regionalism was

made possible by a trend from bipolarity towards multipolarity, particularly in the economic arena. Before that, regional groupings were primarily either pro-communist or pro-American. But NAFTA, APEC and EU were not really ideological. They represented groupings around more than economic poles, with some grouping having one or more than one country acting as a pole. NAFTA thus revolved round the US but APEC had the US and Japan as the major economies. The European Union has Germany and France constituting the core economies of that groupings. Second, the regionalism from the mid eighties occurred at a time of what was thought to be an America on the decline (hard as it is now to imagine with America being such a dominant superpower). This meant an America, more willing to allow for a kind of regionalism for which it might not have the dominant control to develop.² Hitherto, the US had primarily emphasized bilateral arrangements, security in nature or otherwise, in which it was the dominant partner or encouraged regional groupings it could control. The third reason was that the nation state, as a result of the growth of interdependence, transnationalization and globalization had to face new pressures which necessitated its restructuring. Regionalism was one result of this new restructuring. Fourth, there was some fear in the mid-eighties over the fate of multilateral arrangements. The General Agreement on Tariffs and Trade (GATT) for example had yet to be replaced by the World Trade Organisation thus throwing multilateral arrangements on trade into uncertainty. In addition there was also a fear that nations might increasingly resort to the use of non-tariff barriers to protect their economies. Regionalism was seen as one response to both of these developments. Lastly, from the mid-eighties onwards, there had been a change in the attitude towards neo-liberalism in many of the developing countries as well as the in the post-communist countries. Many of these countries were beginning to lose faith in the command economy and were willing to become members of regional groupings based on the market system. Examples were that of the ex-communist countries of Indochina joining ASEAN and the keenness of many of the former communist countries of Eastern Europe to join the European Union.

The New Regionalism: Content

What then were the contents of this new regionalism? The old regionalism was something imposed from above. Then countries became part of regional groupings as a result of pressure from the two superpowers during the Cold War on the elites of the countries on their side of the ideological divide. Thus we had on the communist side regional groupings such as the Warsaw Pact and the Comecon and on the American side, groupings such as NATO, ASEAN, the Organisation of American states (OAS), the European common market and so on. New regional groupings were however more spontaneous, came from below and from within. Thus a grouping like APEC or NAFTA was conceived at a time when there were urgent reasons for the states in the respective groupings to get together because of the pressing challenges of the world economy brought about by growing interdependence among countries. Often, the pressures for these groupings came not from the governments but from businessmen and academics. Also, such pressures did not emanate directly from an outside superpower but from member countries of the regional groupings. For example, in the two cases of APEC and NAFTA, the superpower, America, even though it was a member of both, did not press for their formation. Instead it displayed some ambivalence towards its membership.

Second, the old regionalism was specific and exclusive in its membership and purpose. The groupings were limited to countries from one specific region or ideological grouping. Thus ASEAN was basically confined to the non-communist countries of Southeast Asia, the Organisation of American states to the countries of the Americas, and so on. Moreover the old regional groupings were either devoted to the specific purpose of achieving a particular economic arrangement such as free trade or a security arrangement such as a collective security agreement. An example of the former would be the European Free Trade Area (EFTA) while the North Atlantic Treaty Organisation (NATO) would constitute an example of the latter. The new regionalism is however not regionally specific in that it could cover countries that may not really have a regional identity. New regional groupings may not necessarily fit the minimum definition by the well known Harvard Scholar, Joseph

Nye, that of 'a limited number of states linked together by geographical relationship and by a degree of mutual dependence.'³ Thus a new, regional grouping like APEC does not really fit into this definition as it has as a member Peru which borders the Pacific Ocean while another member Thailand does not. On the other hand, those which have a regional, even a national coherence may not form part of a regional grouping. Parts of such a region or a country may in fact, if not in theory, be taking part in a regionalization process as is the case of the coastal areas of China (and not so much the interior) participating in the East Asian regionalization process. Thus APEC and this East Asian regionalization, may be more of a social construction by people who want such groupings rather than based on any regional integrity. Also, new regional groupings, are not exclusive in nature. They are heterogeneous, comprehensive and multidimensional. These groupings involve state, market and society actors, and cover economic, cultural, political, security and environmental aspects.

Third, the new regionalism is linked to global structural change and globalization. In fact what maybe happening is that globalization, whether in the form of the increasing interdependence of trade or finance, is posing new challenges to the national state that each by itself may not be able to handle alone. It is turning out that the state is proving unable to handle adequately international trade and financial developments unless it resorts to some kind of pooling of sovereignty with other relevant states to meet these challenges. APEC and NAFTA are such examples. Similarly, the ASEAN plus Three is to a great extent a response to the financial globalization that wreaked havoc on the Asian economies during the Asian crisis. At the same time, this globalization is putting pressure on the state at a subnational or intrastate level. By that is meant that while on one hand as mentioned, the state is too small to handle for example the challenges of financial flows, such as involving currency alignments and so on, it is also too unwieldy or oppressive to handle problems arising from the pressures of globalization on a subnational level. Such subnational pressures may have both a negative and positive impact. On the negative side, there may be ethno national mobilization that could lead to severe tension in the state or lead to its breakup, particularly in states

with integrated minorities. On the positive side, the pressures could lead to microregions or subnational groupings. In Southeast Asia there had been a proliferation of subregional groupings in the eighties and nineties such as the growth triangle involving Singapore, Johore and the Riau islands; the Indonesia, Malaysia, Thailand (IMT) triangle consisting of adjacent areas from the three countries, and so on. In short, globalization and regionalisation should not be seen as two dichotomous process but as interrelated processes. In fact, one can speak of globalization as possibly producing a world of regions.

From Above

If one looks upon AFTA as an organization that evolved from the Association of Southeast Asian states or ASEAN,⁴ one would have to argue that AFTA's establishment in the early 1990s(1993), unlike ASEAN which was formed in 1967, was not in response to the Cold War or to pressure from above, specifically the United States. ASEAN itself was an example of the old regionalism in this regard. It was formed in 1967 during the Cold War as an association of the non-communist states of Indonesia, Singapore, Malaysia, Philippines and Thailand. While ASEAN when formed placed much emphasis on its socioeconomic aims, it nevertheless was seen in the initial stages by those in the communist bloc as an anti-communist grouping encouraged by the Americans.⁵ Despite much rhetoric about economic cooperation among each other, ASEAN nevertheless achieved its greatest success in the political arena, particularly in the confrontation against Vietnam and the other Indochinese states over the Vietnamese occupation of Cambodia (1978 to 1989). This occupation was widely seen as the glue that greatly bounded together the ASEAN 5. AFTA on the other hand was not a response to the Cold War. In the first place AFTA include the Southeast Asian states that were or still are communist and Myanmar. Cold War foes have now become partners in AFTA. AFTA was if anything to a response to the end of the Cold War. ASEAN needed a new glue or purpose with the end of the Cold War, more specifically with the end of the Vietnamese occupation of Cambodia. This purpose could be found in regional economic cooperation in the formation of an ASEAN free trade area.

But the record is less clearer as to whether AFTA was 'spontaneous' that its formation resulted from inputs by non governmental groups such as the business sector and academia and certainly none from mass movements. In this regard, AFTA is of course better than ASEAN when it was formed as there had been a lot of businessmen (such as ASEAN-CCI)⁶ and academics pushing for AFTA's formation. But it remains to be seen whether in the end, AFTA's formation was more the result of a governmental decisions than of a response to non governmental groups.

Exclusivity and specificity

When ASEAN was formed from the original five states, it was clear that these states envisaged the grouping ultimately to include all the remaining states of Southeast Asia, as the very name of ASEAN suggests. In this sense Southeast Asia was a geographically defined region and not a social construct. There may have been some differences of interpretation over what constitutes the geographical region of Southeast Asia as evidenced at one stage by suggestions that countries like Sri Lanka and Papua New Guinea could join ASEAN as they could be part of Southeast Asia. Such suggestions were not really taken seriously as it is generally accepted by now that Southeast Asia consists of the present ten countries that now constitute ASEAN.⁷

So with AFTA, which it is also confined to the ten countries of Southeast Asia. But this geographical exclusivity is confined only to the membership of ASEAN and AFTA. Such exclusivity does not prevent AFTA from practicing what is called "open regionalism". The concept of 'open regionalism' is of course rather nebulous. It however a useful concept in that it allows us to distinguish it from the 'closed regionalism' of the old regionalism. The old regional groupings of the 1960s and 1970s were in a sense aiming for some exclusivity in that they strove for a measure of independence from the international economy which was then seen as exploitative of the developing countries. They also aimed to reduce North-South linkages. 'Open regionalism', as part of the new regionalism, however aims for continued participation in the international trading system and does not prevent multiple regionalism. The former involves the continuation, if not the strengthening,

of North-South linkages while the latter means that countries of a new regional grouping can belong to different regional groupings and organizations. There may also be overlapping membership in some cases. Examples of groupings involving North-South linkages are the North American Free Trade Area (NAFTA) where you have a developed country like the US and a developing country like Mexico, and APEC with developed countries like the US and Japan and developing countries like those in ASEAN.

AFTA by itself does not actually have countries from the north though it has members with very different levels of per capita income. Singapore has a per capita GNP twenty five times greater than that of Indonesia. Whether Singapore is part of the 'north' is a matter of debate though. But even if AFTA may not have membership of developed countries in it, it has not constrained itself or any of its individual members from participating in other regional groupings which have members from the north, or to participate in multiple regional arrangements. Thus the members of ASEAN are also members of APEC, the Asia-Europe Summit and the East Asian Economic Caucus (EAEC), with the first two having members from the north. There have also been bilateral free trade arrangements between some ASEAN countries and others. Singapore for example has a comprehensive economic agreement with Japan and has signed free trade agreements with New Zealand and the United States. Some other ASEAN countries are also thinking of bilateral free trade arrangement with these developed countries.

This is not to say that the multiple regional membership of ASEAN and AFTA has not been without controversy within the ranks of ASEAN. For a long time some ASEAN countries, have had reservations about participation in APEC. Malaysia for example feared that APEC could be an organization dominated by developed Western countries like the United States. Instead Malaysia preferred an Asian organization like the EAEC where Japan was the member of the north in this caucus. In the end, ASEAN countries managed to overcome their differences and joined the above mentioned organizations.

As to specificity, the ASEAN countries have decided to form AFTA which aims basically at an economic arrangement. Thus, AFTA is like the old regional

groupings that are devoted to either security or economic arrangements and not multidimensional like for example the European Union which cooperates on many areas other than the economic one. However in recent times, ASEAN have been subjected to pressures to have more multidimensional cooperation as a group, particularly in the security, political and environmental arenas. Hitherto, on the security front for example, ASEAN countries had cooperated with each other only on a bilateral level. Thus there are border security arrangements between for examples Malaysia with Indonesia, and Malaysia with Thailand. Malaysia and Singapore are also members with Britain, Australia and New Zealand of what is called the Five Powers Defence Agreement. However ASEAN does not cooperate with each other on a collective security level. But there have always been calls for ASEAN to cooperate collectively in the security arena but they have not been heeded. The most recent case is that of Indonesia urging ASEAN to set up some kind of a security community (such as beginning with a regular dialogue among ASEAN defence officials,⁸ if not a security pact) to deal with the problems of unresolved territorial disputes and other transnational problems that could affect regional economic ties. Such cooperation is necessary according to Indonesia to meet the challenges of the post Cold War era. It remains to be seen whether it will be accepted by ASEAN. On the environmental front, also, particularly a few years ago when there was a very bad haze that covered many ASEAN countries such as Singapore, Malaysia and Thailand as a result of indiscriminate and uncontrolled burning of Indonesian forests, there have been calls for Asean to act collectively. But this did not lead to any collective ASEAN effort or even governmental acknowledgement that it was an ASEAN problem. There was only an apology from the then President Suharto of Indonesia which was an implicit acknowledgement that it was an ASEAN problem. There was only an apology from the then President Suharto of Indonesia which was an implicit acknowledgement that Indonesian haze was affecting ASEAN neighbours even if it is no suggestion for ASEAN to act as one on this. Finally, the most pressure has been exerted on ASEAN to breach one of its cardinal principle of non-intervention in the internal political affairs of a member country if human rights were violated in that country. Again ASEAN did not take it

up. But recently pressure has been stepped up in the Myanmar government over the detention of the opposition leader and Noble Laureate, Aung San Syu Ki and her supporters in the National Defence League. It has been held by many that ASEAN would increasingly lose its effectiveness, if it has not already, if it cannot act as a group to put pressure on the Myanmar government to free Aung San Syu Ki, and on other ASEAN countries that do not respect human rights. ASEAN in its latest foreign ministers meeting in Cambodia in 2003 however did urge Myanmar government for free Aung San Syu Ki though it stopped short of criticising its detention. Whether this will lead to ASEAN acting collectively in the internal political affairs of a member country in future remains to be seen.

Global Structural Change, End of Cold War and AFTA

One aspect of the global structural change, the end of the Cold War, had made possible the formation of AFTA in two respects. One is that the demise of the Soviet bloc, which hitherto had Vietnam and the Indochinese countries as members. The end of the Soviet bloc meant that the Indochinese countries had nowhere to turn to for the economic interaction necessary for their development. They had no other choices, unless they practised autarkic economies than to turn to the international economy or the Western dominated international capitalist system. The most obvious way for them to do so was to participate in ASEAN, already successfully integrated in the international capitalist economy. With membership in ASEAN, membership in AFTA also came.

The second has been the discrediting of the socialist or the non-market economic system with the end of the Cold War. What this means is that the Indochinese countries which had resisted or greatly controlled foreign trade or financial flows during the Cold War point to the example of the Soviet bloc as consisting of countries which could develop without this so-called foreign capitalist exploitation. But now with the failure association, it is now no longer that easy to argue against participation in the international economy (and increasingly globalization) in the name of socialism. Then the ideological resistance against

participation in ASEAN and AFTA in the Indochinese countries has thus lost its potency.

Globalization, Regionalization and AFTA

It can be argued that the steps taken by ASEAN to participate in the ASEAN plus three grouping, in the formation of AFTA and in permitting the development of sub-regional groupings like the growth triangles are a regional responses to the process of globalization. Globalization in the economic sphere, particularly on the financial side, has greatly affected the capacity of the nation state to deal with it. If one takes the Asian financial crisis as a result of financial globalization, one finds that the individual affected state does not by itself possess the wherewithal to deal with the consequences of the crisis. Thailand, in the initial stages, spent a lot of dollars to battle the erosion of its currency value as a result of the pullout of capital from Thailand by many foreign investors. The net result was a severe drain on the foreign reserves of Thailand without achieving its aim. Similarly the experience of some of the ASEAN countries like Indonesia and also Thailand in looking for a global solution through the International Monetary Fund had been an unhappy one. The IMF demanded too many conditions that proved too onerous and politically destabilizing to these affected ASEAN countries. Thus the ASEAN countries began to realize that they needed to participate in a grouping which did not demand the onerous conditions and 'one size fits all' approach of the IMF and yet had the financial wherewithal and expertise to handle future Asian type crisis. This was to be found regionally in an East Asian kind of grouping such as the ASEAN plus 3 framework.

It can also be argued that when ASEAN decided to form AFTA, it was also a regional response to the process of globalization and global structural change in the sense that AFTA was more of a response to investment diversion brought about by globalization than by the need for trade enhancement. While trade enhancement in the ASEAN region has always been a very important aim of ASEAN ranging from the formation of arrangements such as PTA and so on, in reality, intra-ASEAN trade has not been very impressive or has not increased very much in the years preceding

the formation of AFTA. Thus according to Imada and Naya,⁹ neither the preferential trading arrangement PTA set up by ASEAN nor its attempt at industrial cooperation have done much to increase intraregional trade and investment. Despite this lack of success there was not much interest in the 80s to further interregional trade and investment. The Philippines for example in 1986 proposed phased reduction in intra-ASEAN tariffs and some kind of a customs union arrangement. This was rejected by Indonesia and Singapore. Yet five years later, when Thailand proposed AFTA (the intraregional trade has got lower, around 20 per cent of total ASEAN trade), it was unanimously adopted. What has changed ASEAN's mind? The answer, according to Paul Bowles, lies in the changes that had been going on in the ASEAN economies and in the threat of investment diversion as a result of the globalization process. Bowles argues that there were two important developments that were crucial to the formation of AFTA. One consists of the developments in the economies of the ASEAN 4 and the other were the developments in the international political economy, both greatly influenced by the change in the global structure and globalization. By the 1980s, ASEAN was shifting away more and more to the import substitution strategies of the 60s and 70s to a more export oriented strategy and began to adopt policies more favorable to foreign direct investment.¹⁰ The reasons for these have been among others, the world economic slowdown in early 1980s (and the recession in 1984 to 1985) and the increasing influence of international financial institutions in the domestic policy making circles of the ASEAN 4. These financial institutions pressed for emphasis on exports. At the same time this shift into an export strategy came about the same time with the restructuring of the Japanese and East Asian Nicks economies brought about by the revaluation of their currencies. Japan in particular went through a massive restructuring as a result of the Plaza Accord. This accord about doubled the value of the Yen against the US dollar, necessitating the relocation of many Japanese in industries overseas. The ASEAN 4 were the recipients of many of these relocated industries which used the ASEAN 4 countries as production bases for exports back to Japan and elsewhere. All these led to the increasing importance of foreign direct investment in the ASEAN 4 countries. Between 1985 and 1990, FDI as a percentage of the GDP jumped four

times from 0.6 per cent of GDP to 2.4 per cent. FDIs contribution to gross domestic capital formation increased from 2.5 per cent to 7.1 per cent. Interestingly also, the composition of intra-ASEAN trade, low as it may have been changed significantly from 1980 to 1990 in that the percentage of manufactured goods of this intra trade rose. It was 28.2 percent in 1980 and jumped to 61.3 percent in 1990.¹¹ Without doubt, much of this manufactured goods resulted from the activities of multinational corporations. With multinational production spread around in these countries, it stands to reason that ASEAN as a group offers more to foreign investors in that it offers a combination of advantages no member individually possesses. Also around the end of the 1980s there were significant international developments that could pose a threat to the ASEAN competition for scarce global capital. This competition came from China and the former Soviet bloc then being freed from communism. Also, there was the potential investment diverting effects of greater European integration in 1992 and that of Mexico joining NAFTA in 1992. Thus, Bowles quoted as supporting this a statement from the ASEAN ministerial meetings of the foreign ministers that in supporting an ASEAN free trade area in 1991. ASEAN was responding to the 'increasing competing demand for capital and investment resources from Eastern Europe, from the indebted countries of Asia, Latin America and Africa, as well as to meet the needs of reconstruction in the Gulf and the Soviet Union,'

Globalization has also led to the formation of micro regional units in ASEAN. The examples are the IMT-GT, the Sijori Growth Triangle, the East ASEAN Growth Area and so on. If one were to look at some of these examples closely, one finds that globalization has brought about in ASEAN micro regional groupings that have 'natural' economic complementarity and historical antecedents Sijori for example has a Singapore with more than its share of capital and technological skill while the Batam islands are well endowed in land and cheap labour. Johore is somewhere in between. The three complement each other economically. At the same time, the EAEG, which has also a certain economic complementarity, is also, in the words of the former president of the Philippines, Fidel Ramos, the resurrection of the old Sulu

trading area. So is Sijori to some extent reminiscent of the Riau trading area of the 19th century.

There is also a negative side from globalization, as earlier mentioned. Globalization has brought to the world and to the ASEAN region no less not only economic influence but also political and other influences. Ideas of human rights, cultural and religious autonomy and so on have influenced some minorities within the countries of ASEAN to the extent of then wishing to agitate for more autonomy. If not complete freedom. One can see this with the East Timorese and the Achehnese in Indonesia and the Muslims in the Southern Philippines. While the grievances of these minorities may predate the globalization of the last two decades, nevertheless it was this globalization, through the advances in the information revolution and transportation, that have made these minorities even more aware of their grievances and of the possibility that they can do something about redressing them. The tragedy is that rather than these minorities gaining what they want they provoke a backlash from the states which are not quite ready to accommodate their demands.

Conclusion

It can be seen that AFTA is in some respects part of the new regionalism and in some respects not. It is a part of the new regionalism in that it is not a grouping that resulted from the conflict of the Cold War. It is also not exclusive in that it allows for membership of countries with different levels of economic development, unlike many old regional groupings that sought to, if not keep countries that are more developed out, at least minimize their dependence on them. At the same time AFTA, like many new regional groupings, permits its members to join other regional groupings with in their own individual capacity or AFTA or ASEAN as a group. AFTA, like many new regional groupings, was basically formed to prevent the diversion of investment to other places brought about by global structural change and globalization. At the same time it has allowed for the pooling of sovereignty necessary to respond to globalization, such as in permitting membership in macro regional organizations such as APEC and ASEAN plus 3 and in allowing for micro

regionalism such as in the growth triangles. But in the specificity of its purpose, that of a free trade area, it is more like the old regional groupings, AFTA, or ASEAN from which it springs from, is also not multidimensional like many new regional groupings. While there may be much security, political and cultural cooperation in the ASEAN area, such cooperation had been effected on a primarily bilateral level and not by ASEAN as a unit. It is also not clear whether AFTA came about primarily from non-governmental pressures or from the governments of ASEAN themselves.

There is however one development that could call into question the long-term viability of the new regionalism. In so far as the new regionalism was influenced by the Americans being more relaxed about multilateralism, as was the case in the late eighties, then the events of September eleven can only be seen as a setback to this new regionalism. America has since become more unilateralist and less tolerant of multilateral groupings it does not control. And even if it does not withdraw from the many multilateral groupings or arrangements it is part of, it might force its agenda of anti-terrorism on them, thus diverting them from their new regionalism contents. While this may not directly affect AFTA, it could influence the attempt of ASEAN or AFTA to head fully towards the new regionalism. Finally and more directly affecting AFTA is the trend towards bilateral agreements by individual ASEAN members with outside powers. This began with Singapore signing a comprehensive economic agreement with Japan and free trade agreements with the US, New Zealand and Australia. Many other ASEAN countries, Thailand in particular, are now anxious to link their own bilateral deals with others.¹² While such bilateral agreements may be permissible under AFTA rule and are in keeping with the new regionalism, it remains to be seen whether its proliferation will not dilute AFTA, rather than enhance it.

¹ This discussion on new regionalism relies quite heavily on *Regionalization in a Globalizing World*, ed by Michael Schulz, Frederik Soderbaum and Joakim Ojendahl (Zed Books, London and New York, 2001).

² For US policy towards regionalism, see "US Economic Policy and Regionalism" by Paula Stern in *Vital Speeches of the Day* 05/01/97, Vol. 63 Issue 14, p. 424, 4p

³Quoted in Soderbaum, op.cit page 15.

⁴For some readings on AFTA, see

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- (a) "Agreeing to disagree The political reality of ASEAN economic cooperation" by Kurus Bilson in *Asian Affairs: An American Review*, Spring 93, Vol. 20 Issue 1, p. 28, 14p.
 - (b) "ASEAN Free Trade Area: Progress and Challenges" by Nattapong Thongpakde, Jarunee Termphaiboon, Chirath Isarangkun Na Ayuathaya and Panitda Puapunwattana in ASEAN Roundtable 1999 organized by Institute of Southeast Asian Studies, Singapore, 5-6 November 1999.

⁵ *Georgetown Southeast Asia Survey 2002-2003* edited by Catharin Dalpino and David Sternberg (Georgetown University, 2003) p 34.

⁶ See "ASEAN AFTA and the new regionalism" by Paul Bowles in *Pacific Affairs*, Vancouver, Summer 1997, p. 2.

⁷ The geographical area of Southeast Asia has been a matter of some dispute. Most scholars however now accept that Southeast Asia consists of the ten states that now form ASEAN.

⁸ See "ASEAN urged to set up security community" in *The Financial Times*, London June 16, 2003.

⁹ Taken from Bowles, op.cit, p. 1 I have relied heavily on Bowles for this section.

¹⁰ See "Foreign Direct Investment and Economic Cooperation" by Takeuchi Junko, in *Road to ASEAN-10, Japanese Perspectives on Economic Integration* edited by Sekiguchi Sueo and Noda Makito (JCIE, Tokyo, 1999).

¹¹ Figures taken from Bowles, op.cit. p. 3.

¹² See "Is Thailand pushing too hard for trade pacts" by Sakulrat Montree Vat for the *Straits Times* June 24, 2003 (Singapore).