

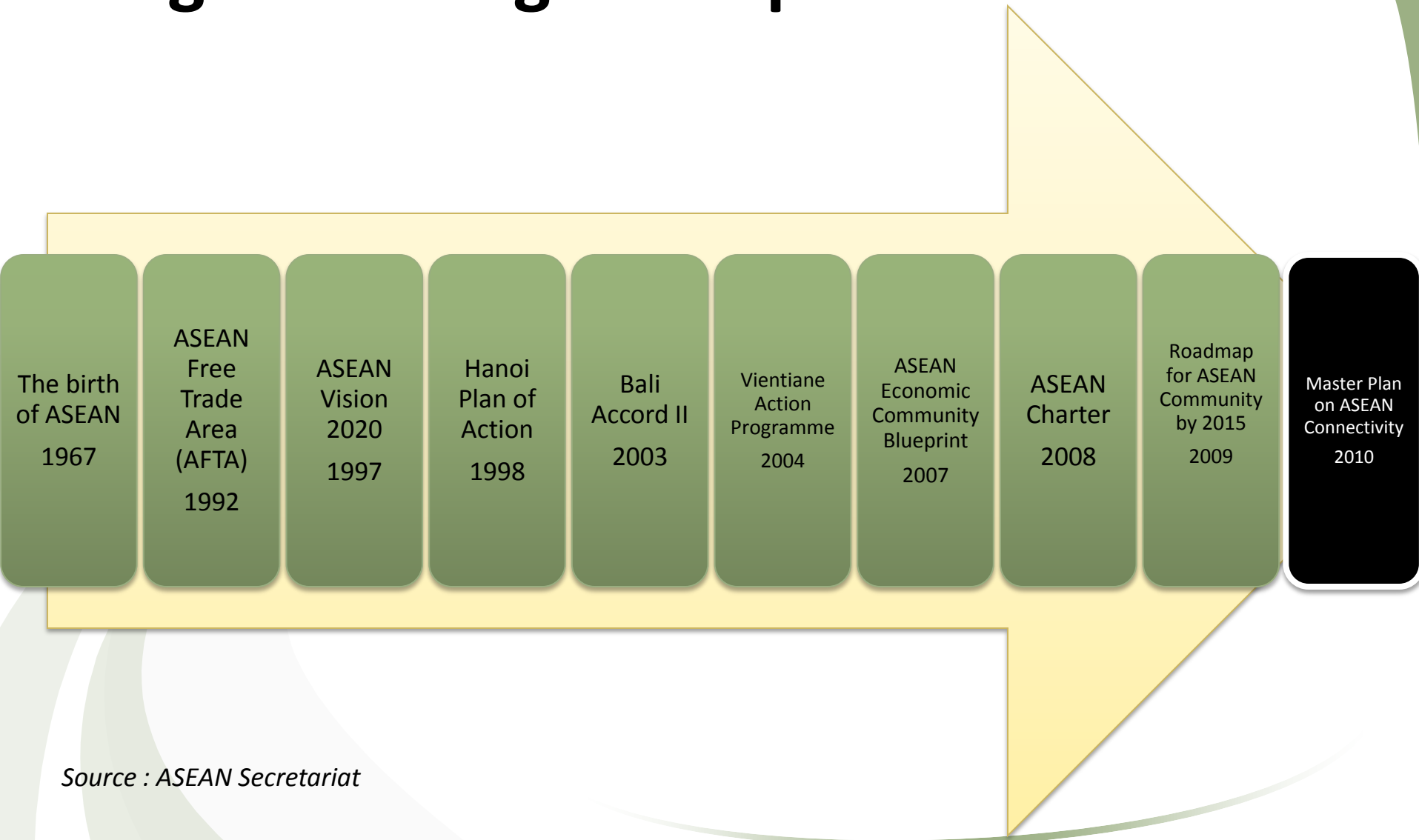
REGIONAL CONNECTIVITY AND CROSS BORDER COOPERATION IN ASEAN

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Regional integration process in ASEAN



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Regional connectivity in the context of Master Plan on ASEAN Connectivity (MPAC)

- In July 2009, Thailand proposed the idea of enhancing ASEAN connectivity as a strategic goal of ASEAN towards a more competitive ASEAN Community 2015. It aims to bring people, goods, services and capital closer together in accordance with the ASEAN Charter.
- The idea : allow freer travel passage and with minimal impediments within the ASEAN region.
- MPAC has significance only if all ASEAN Member States and indeed all citizens are stakeholders, i.e. must benefit all and leave no country or individuals in the margins.
- Coverage of MPAC – physical connectivity, institutional connectivity and people-to-people connectivity with a total of 15 prioritised projects.
- However, the problems caused by transnational crime, illegal immigration, environmental degradation and pollution, and other cross-border challenges should be addressed properly.

Issues

- Government
 - The prospect of an immediate widespread global economic slowdown due to European debt crisis and weak fundamentals of the US economy may hamper the implementation of priority and current connectivity projects. As the global economic gravity is shifting to the East, funding for infrastructure projects are most likely to be sourced from the Plus Three partners. This raises the question of how ASEAN countries to tap these funds.
 - National planning and regulatory coherence amongst ASEAN Member States is important to:
 - avoid duplication, conflicting or burdensome enforcement systems to facilitate smoother movement of goods, services, capital and people;
 - promote economic growth in a transparent, effective, enforceable and mutually coherent regulatory system based on international best practices; and
 - Greater transparency and consultation process in national infrastructure plans.
 - Although the proposed ASEAN Infrastructure Fund and financing assistance from other interested parties (China and Japan) would ease the capital burden for infrastructure projects, nothing is concrete as yet. Planning and disbursement of AIF will take time.

Issues (cont.)

- Private sector
 - Cross-border infrastructure projects are large and require massive expenditures and long-term payout periods. As such, project operators are exposed to revenue risks, due to pricing, duration and currency exposure. EU's operator compensation system and common regulatory approach would be a good yardstick to circumvent this potential setback. However, the funding mechanism requires strong institutional setups.
- Social (the human side of connectivity)
 - A freer flow of people within the region would create as many problems as it solves as in the case of migrant workers, transnational crime (weapons smuggling, human trafficking and drug smuggling) and illegal immigrants. This calls for much stronger bilateral and regional cooperation in these areas.

Conclusion

- A house divided against itself cannot stand - A more globalised world and better connected ASEAN demand a more effective mechanism in further strengthening engagement on information and intelligence sharing, but also to close the legal, regulatory and capacity gaps – domestically and regionally.
- Intra-ASEAN policy and process alignment are necessary to ensure that better integrity is maintained through regional integration. That is, the degree of enforcement by all ASEAN countries must be reciprocal and operate according to the same high standards.
- Regional integration, in the context of MPAC, must be able to tackle where it matters – the equilibrium of political, geo-strategic and economic justifications will ensure the success of the master plan.

THANK YOU



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