

## Asia-Pacific Forum 2015

### “ASEAN Community Building and Regional Economic Integration in East Asia: Looking beyond 2015”

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**Panel comments: Murray McLean**

**Panel Session 1: A Decade of EAS and Economic Regionalism: How can we pursue our growth strategy and achieve structural reform**

**We all know that the region of which we are all part is leading the pace globally in economic growth**

- **And 2015 is a significant milestone in the ongoing progress being made towards regional economic integration and growth and increasing the region’s prosperity**
  - marks the 10<sup>th</sup> anniversary of EAS
  - establishment of the ASEAN Economic Community (AEC)
  - conclusion of the TPP negotiations
  - progress in the RCEP negotiations
  - further bilateral agreements reached and note that Australia and Indonesia are re-engaging on bilateral CEPA on top of other recently concluded bilateral agreements with other regional countries

In short significant progress is being made in economic integration. This is an encouraging picture. But how is it possible? It does not happen in isolation.

**Regional security environment is fundamentally linked to these achievements. Why?**

First - Because the best environment for the region is one which promotes strategic stability, open societies and economies, and economic integration.

Secondly - Because of the strategic importance of ASEAN’s role as an institution. ASEAN plays a key role in consolidating the strategic stability of SE Asia as well as expanding its economic reach. Apart from the two well-established groupings in our region - ASEAN and APEC - ASEAN-centred institutions including the EAS and the ADMM plus play important roles in building trust and habits of cooperation amongst countries in the region.

Thirdly - Because the strong and consistent US presence in the region has been and will continue to be important in providing confidence in the region’s changing strategic landscape

BUT there are many **multi-faceted and evolving security risks and challenges** that must not be allowed to adversely affect the environment that is necessary to continuing strong economic growth, deeper economic integration and prosperity of the region

- Traditional security disputes relating to trust, maritime and territorial disputes and changing power dynamics in the greater Indo-Pacific region,

- Non-traditional security threats posed by terrorism, extremism including by foreign terrorists, natural disasters, human pandemics, and transnational crime, including cybersecurity

So how do we minimize these risks that impact on the region's stability and prosperity?

In addition to the factors just mentioned above (ie ASEAN's strategic role and the US presence in the region)

- **Constructive and forward-looking bilateral relationships**, particularly among the region's major powers, are fundamental to addressing these challenges and play a crucial complementary role in promoting a stable and resilient regional order
- All regional countries need to work together and put energy into helping build institutions and norms of behavior in the region. These structures and habits can help manage strategic tensions and can act as an anchor at a time of transition in the region.
- **EAS** is unique as the regional institution which has the membership composition to be able to play a constructive and positive role in helping underpin ongoing economic growth and prosperity as well as in helping ensure regional security
  - EAS can complement the work of APEC and the G20 in fostering greater economic and financial cooperation.
  - But EAS can play an additional role in nurturing habits of consultation across the region including on transnational issues. Consultation might not always resolve problems but it can make the search for solutions easier and diminish the risk of miscommunication and miscalculation
  - Welcome the commitments by the EAS leaders at their recent meeting to strengthen the EAS as an institution, e.g. in its statement of regional maritime cooperation, on cyber issues and on measures to help combat extremist terrorism

All of the points I have mentioned just now are important to laying the basis for achieving further progress in regional economic integration

- The establishment of the AEC offers new pathways for business from other EAS member countries to engage with ASEAN
- The conclusion of the TPP and progress on RCEP is full of potential benefit for economies involved in these partnerships. TPP and RCEP are complementary and are viable pathways for the ultimate realization of a free trade area in the Indo-Pacific
- Australia through the ASEAN-ANZ FTA and through our development cooperation programs is committed to supporting ASEAN's efforts to advance regional integration. Indeed regional integration is a project that needs even greater effort in each SE Asian country as well as by ASEAN as an institution

- Ongoing regional trade liberalisation is important. Such efforts can drive further significant growth within SE Asia especially in the services sector, in hitherto relatively untapped areas such as transport, infrastructure, education and investment.
- One particular example consistent with this growing trend to open up our economies is the very recent commitment by Australia's Prime Minister and Indonesia's President to re-engage actively in order to conclude a Comprehensive Economic Partnership Agreement. This comes directly after President Widodo publically expressed to US President Obama his keen interest in joining TPP.
- Bilateral agreements, alongside the TPP and potentially the RCEP are helpful in opening up regional economies and contributing to further economic growth. This means reducing the tariff and behind-the-border barriers to services trade to gain the efficiencies and benefit from increased.
- Indeed such structural and regulatory reform within the countries of ASEAN and of EAS as a whole must be undertaken on a continuous basis. Without this ongoing reform the potential will not be realized and that would be to the detriment of the whole regional economy.