

Time for region to step up

Trump's 'America first' approach means ASEAN and East Asia must showcase the benefits of inclusive economic integration

By VENKATACHALAM ANBUMOZHI

On Nov 14, US President Donald Trump ended his five-nation, eight-day tour of Southeast and East Asia in Manila, where he attended the Association of South-east Asian Nations (ASEAN) Summit but opted to skip the East Asia Summit (EAS) after it was delayed. In addition to the ASEAN event, he participated earlier at the Asia-Pacific Economic Cooperation summit in Da Nang, Vietnam, and also held one-on-one meetings with several leaders from the region. During his maiden voyage to Asia, Trump, who has repeatedly challenged the United States' traditional alliances in the region, appeared to make conciliatory efforts. But at the summits, he sounded more like a 20th century trade negotiator than a 21st century statesman. He urged East Asian economies to invest more in the US, buy military equipment, import more gas, and generally pressed for economic measures he thinks will reduce US trade deficits. The absence of US

leadership which encourages Asian progress toward economic integration is a disappointment. Trump's protectionist policies are no doubt a result of unresolved economic challenges created by globalization. The bilateral trade deficits are certainly real. China, Japan and South Korea export much more than they import from the US. But the US, through its inaction and lack of innovation, has also contributed to the problem — and now it is up to the US to fix it. On the other hand, Asia also must take responsibility for its own recalcitrance and take actions to move forward. Asian leaders know what must be done. But they remain plagued by inertia, preoccupied with domestic needs and immobilized by conservatism, with many leaders seemingly taken by populist opinions. As a result, the region as a whole failed to take steps required to ensure long-term economic stability, economic growth and prosperity. This is not to say that no positive steps are being taken. In a welcome contrast with Trump's ignorant protectionism, ASEAN and East Asia have continued to advance free trade, opening the negotiations

on the Regional Comprehensive Economic Partnership, and expanding trade deals with non-regional partners, offering almost all of their preferential tariff rates to them. But the achievements in tariff liberalization have been offset by the rise in non-tariff measures. There are also challenges in tackling barriers to trade in services. ASEAN member states have more restrictive services policies in general than any other region in the world. Seeking uniformity in regulatory rules remains challenging given the widely different levels of development and often clashing national interests. The result has been delays in the implementation of specific initiatives such as the ASEAN Plan of Action for Energy Cooperation, as well as in the ratification of signed agreements and their alignment with national laws. In Trump's policy speeches in Tokyo, Seoul and Beijing, the world has seen how economic and social woes can result in protectionist consequences. ASEAN and the EAS would be wise to take note. It has been said repeatedly that the benefits of globalization are at risk because of failure to address

its social implications. Just as globalization needs to be humanized and made more inclusive, this is also true for ASEAN and East Asia regional economic integration. ASEAN already has the necessary constructs embedded in its three community pillars to address this challenge. But these pillars — the Economic Community, the Socio-Cultural Community and the Political-Security Community — cannot pursue their goals in silos. The question will be whether or not the existing institutional setup and prevailing mind-sets allow us to effectively address these challenges. The pursuit of economic integration must put the welfare of the people and sustainability at the center. Shortcomings in the way social and environmental considerations are addressed will limit the success of economic growth. As the US president is ceding his global leadership role to others, ASEAN and East Asia need to make sure that global governance works for them and the rest of the world. It is time for ASEAN to become involved in global rule-setting, albeit toward a higher level. If ASEAN, which turned 50 this year, fails to

seize the moment to implement effective domestic reforms, illiberal trends within and outside the region could be reinvigorated. As Trump remains committed to his "America first" approach, which renounces the traditional US role as the main defender of economic liberalization, ASEAN and East Asia have no choice but to act. A wait-and-see attitude is not an option. The current protectionist and populist policies of the US will inevitably fail to deliver on their simplistic promises. But the progressive forces of ASEAN and East Asia must be ready to showcase the benefits of inclusive and sustainable economic integration. For individual economies, it is not how far they can go, how high they can jump, or how much power they can exert. It is about setting rules for a common destiny, building mutual trust and making reasonable adjustments.

The author is senior energy economist, Economic Research Institute for ASEAN and East Asia (ERIA). These opinions are those of the author and do not necessarily represent ERIA.

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		original price	15% off	original price	25% off
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Brunei	BND	50	42.50	100	75
Cambodia	KHR	100,000	85,000	200,000	150,000
Dubai	AED	125	106.50	250	187.50
Hong Kong	HKD	150	127.50	300	225
India	INR	500	425	1,000	750
Indonesia	IDR	212,500	180,625	425,000	318,750
Japan	JPY	10,000	8,500	20,000	15,000
Malaysia	MYR	50	42.50	100	75
Myanmar	MMK	12,500	10,625	25,000	18,750
Nepal	NPR	750	637.50	1,500	1,125
Philippines	PHP	1,250	1,062.50	2,500	1,875
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