

Conclusion

Simon S.C. Tay and Julia Puspadewi Tijaja

This publication has surveyed a number of key global megatrends to review them in the context of ASEAN, particularly the ASEAN Economic Community. From these observations, the authors of each chapter have also suggested the implications for ASEAN's progress and offered a number of policy recommendations. This conclusion does not summarise each of the megatrends already discussed, or collate the different recommendations. Instead, we offer here some broader observations about the nature of megatrends and how the megatrends impact on, and interact with, ASEAN. Thereafter, we offer some points from a reverse perspective: whether ASEAN can respond effectively to megatrends and even proactively influence outcomes, and if so, what steps can be taken for ASEAN to do so. In a third and final part, the editors consider the scope of recommendations in total, and what they might broadly mean for decision makers and the institution of ASEAN.

General Observations about Megatrends in ASEAN

Three general observations may be offered about the nature of the megatrends discussed.

First, they are multi-dimensional. Megatrends often have a wider scope, and their varied impacts are hard to anticipate. Moreover, even when the megatrend is recognised, the many and different impacts are hard to understand and assess comprehensively. The megatrend of urbanisation, examined in chapter five, demonstrates this. The phenomenon is not only of the physical movement of people into the city or the spread of urban spaces into what was rural hinterland. There are – amongst yet more issues that arise -- impacts on social patterns and politics, economic opportunity and consumer patterns, ecological and sustainability issues, demands on hard infrastructure, energy and other resources as well as for education and training.

Second, megatrends interconnect in complex ways. The example of transboundary haze pollution was used in the second chapter to discuss how issues relating to production processes and the environment interconnect, and the different roles of various stakeholders. Megatrends often call for a holistic approach that take into account these manifold issues and perspectives, and require a change of mindset and adjustment to the current way of doing things.

Another example of the complexity in megatrends is the relationship between economic liberalisation (or alternatively, more protectionist policies) and the agenda of

democracy, human rights and development. As discussed in the third chapter, national -- and increasingly regional -- politics have been facing up to questions and criticisms about the economic benefits for the average citizen. This is part of a global trend where some politicians appeal to forms of nationalism and protectionism. Beneath the populist rhetoric, there are demands that economic policies and performance must go beyond the overall growth numbers and instead help ensure better lives for the people.

Thirdly, surprise and speed. Many might expect since megatrends are complex and multidimensional, they develop relatively slowly and can be anticipated. There are however contrary examples, where megatrends have developed and gained momentum with surprising speed. This has meant they have often defied both expert and general expectations. In politics, prime examples discussed in chapter one are the outcomes of the UK's referendum on the EU and the US presidential election. While the events surprised, anti-globalisation voices have been evident for more than a decade; for example, in protests against the World Trade Organization. Additionally, in the world of economics and business, there are many disruptions and changes in value- and supply-chains that happen overnight. The speed and surprise of these megatrends, however, is belied by underlying factors that have been historical and indeed long term factors.

Arguably the most forceful of megatrends, technology in the context of the digital economy, was discussed in detail in chapter two, focusing on the major technological trends, the challenges and opportunities, and policy recommendations for ASEAN to progress in the digital age. These and other emerging technologies are creating the conditions for a fourth industrial revolution or "Industry 4.0", with the many opportunities and also challenges that will arise. When technologies as discussed in chapter two are used to support nationalistic and protectionist policies touched upon in chapter one, patterns of trade and investment can be significantly changed. This can disrupt the supply- and value-chains that have accompanied globalisation and industrialisation in these past decades, and with broad implications to many.

Can ASEAN Respond and Influence?

We do not view megatrends in purely pessimistic terms. They are factors of change, and, perhaps, a new allocation of winners and losers lies ahead. Yet change can also bring opportunity, and much depends on who can adjust best and in the timeliest manner.

How can ASEAN respond to these megatrends? How can the group increase the chances that adjustments can be made to ameliorate negative impacts, increase benefits and take up the opportunities that arise?

Each of the chapters has tried, in relation to its respective focus, to contextualise the

megatrend to the existing ASEAN agenda. In many cases, the megatrend – being wide in scope and complex – does not neatly fit into any single ASEAN action plan or institution. Consistently, therefore, our contributors have called for coordinated responses, working across the three pillars declared in the ASEAN Community – not only economic but also political-security, and socio-cultural. A cross-cutting approach is necessary for ASEAN to respond to megatrends effectively.

Yet while much needed, such an approach has not and will not be easy for the group. ASEAN bodies have tended to keep within their focused, sectoral areas – and this is to be expected, given the details of what needs to be done in each area of commitment. In comparison, the work of coordinating mechanisms that ASEAN has put in place in the ASEAN Charter has been less prominent to date. The ASEAN Community Councils of Ministers and supporting departments and directorates at the ASEAN Secretariat have been busy, but their mandates to coordinate across different sectors and pillars are limited, as are their resources. The ASEAN Coordinating Committee remains predominantly focused on the immediate preparation for the ASEAN Summit, under the coordination of the political security pillar.

There is clear authority entrusted to the ASEAN Summits, since leaders convene to discuss any and all matters they consider important. The Charter explicitly authorises the Summit to deliberate, provide policy guidance and take decisions on key issues pertaining to the realisation of the objectives of ASEAN, important matters of interest to the Member States and all matters referred to it by the ASEAN Coordinating Council, ASEAN Community Councils and ASEAN Sectoral Ministerial Bodies (ASEAN Charter, Article 7.2(b)). However, time for the Leaders at the ASEAN Summits is extremely tight and allows little scope for them to weigh the details.

Another challenge to ASEAN's effective response to megatrends is the question of speed. Existing ASEAN mechanisms for policy deliberation and decision-making have been satisfactory in meeting many challenges. Indeed, some practices and principles – such as consensus, the maintenance of national prerogatives, and the emphasis on cooperation – have been taken as *tabula rasa*. There is no need to challenge them *per se*.

But in the lens of megatrends that emerge quickly, there may be a need for additional modes – especially more forward looking and anticipatory policy formulation, and faster decision making processes. Chapter six has taken a bold step in proposing a broad framework and practical steps to enhance policymaking process in the face of global megatrends. This calls for a change in mindset, more agile institutions, better coordination mechanism, and more participatory processes. Whether ASEAN can do so,

will depend first and foremost on what its members and their governments can and want to do. If members have similar perspectives on key issues and can work to align their national goals, then a higher alignment and coordination will be possible in response to the megatrends. But even if there is the will to do so, ASEAN and its members will need to develop capacity to track and anticipate megatrends and understand potential impacts.

Even as alignment and coordinated responses to megatrends are being developed, ASEAN also can consider the reverse: the degree to which the group can collectively, and proactively, respond to and shape, megatrends. This does not seem to be a current consideration. The self-perspective is that ASEAN remains a group of small and medium-sized countries. The group holds firm to ideals of autonomy and centrality in dealing with the major powers, but there is little to suggest that ASEAN is trying to have an influence on megatrends. Yet this possibility is one that is emerging and can be considered. After all, taken together, ASEAN is already the 6th largest economy in the world in 2016 and, if the current growth momentum and dynamism is maintained, it is projected to be the fourth largest by 2050.

What Megatrends Could ASEAN Influence?

Briefly, two possibilities, drawn from early discussions in this book.

One is that the “ASEAN way” and its practices in helping keep peace and encourage cooperation and development can be potentially of use and influence for other small and medium sized countries. The ASEAN Community and the AEC are an ongoing effort and commitment in integration and in open regionalism, happening when many of the major economies are moving in quite different directions and with increasing nationalism and protectionism. This is especially important when we consider that ASEAN is, to a notable degree, dependent on foreign investment and international trade.

A second possibility is that ASEAN can learn to speak with one common voice on global issues and on global platforms, such as climate change and the Doha Development Agenda. This would allow ASEAN to take up a role on these issues, together with other developing countries and regions. In the economic sphere, the Regional Comprehensive Economic Partnership (RCEP) is something of a litmus test of ASEAN’s readiness to take up a bigger role in the new economic architecture since the ongoing negotiations are led by ASEAN (despite the common yet misleading media reference to RCEP being China-led). All the key economies of the region are within RCEP, including those much larger than the group – China, Japan and India – each with their different interests. RCEP has much potential to unleash mutual economic benefit for all parties, and to set an

example when the megatrend in much of the world is against economic integration and opening. The proof, however, will be in the outcomes of the negotiation processes, which at the time of writing are still ongoing, and the quality and inclusiveness of the agreements reached.

Leaving aside the specifics of the above suggestions, with its ambition for centrality and continuing growth, it is timely for the group to prepare for the future possibility of a “Global ASEAN”. The future ASEAN will be a group that continues to be influenced by major powers and megatrends, but also be one that increasingly responds to, and even in turn influence, megatrends.

Preparing ASEAN

The contributors to this book have been asked to provide, where possible, policy recommendations to ASEAN decision makers, within the scope of their respective chapters. Without repeating the recommendations here, we can in conclusion, suggest how ASEAN can respond to the megatrends reviewed.

The first general recommendation is for ASEAN to develop a stronger sense of “ASEAN-ness”. This is perhaps most clearly needed for the peoples of the region, to raise knowledge and appreciation of ASEAN among its citizens. This will help build political support for reform, both nationally and regionally. In this effort, ASEAN needs to respond more clearly — and be *seen* to respond — to issues that matter to individuals as citizens and as workers. The hopes of ASEAN peoples for training and jobs, for example, was emphasised in chapters two as well as three.

ASEAN policies must, as a whole, help members move towards policies of inclusion. This is as true in education and training, access to cities, infrastructure and information technology, and other benefits as it is about systems of governance. As the AEC in particular moves forward, it should better recognise the ways that economic development interacts with issues such as human rights and sustainability, as discussed in chapters three and four respectively, so that gaps of understanding, policy and practice can be identified and filled.

Even as they open up to each other and the global economy, ASEAN governments should provide adequate transition assistance for workers and areas of a country that find themselves on the losing side of technological change. Increasing competition, improving labour market efficiency, strengthening social protection policies, supporting up-skilling and removing barriers to growth are also ways in which ASEAN can be seen to be helpful to corporations, especially the Micro- and Small-Medium Enterprises, as well as the labour force.

Beyond citizens and corporations, that sense of “ASEAN-ness” can also be redoubled amongst the government and policy-makers. Regional integration can at times require national restructuring and adjustments that can be painful in the short term. Where nationwide structural reform is needed, a government will need to be able to see the regional long-term interests and balance that with narrow sectoral and stakeholder interests within that country, rather than just automatically prioritising the latter – especially when it is a short-term and unmitigated version of national interest.

Connected to this, another recommended measure is for ASEAN to increase dialogue among policymakers and experts, including from the industries and users, so as to better understand different perspectives of different stakeholders in respect of megatrends. In this, there are opportunities for mutual learning among ASEAN as a diverse region with different experiences on the issues.

A second general recommendation is that ASEAN needs to emphasise cross-cutting approaches to issues so that the structures of the three pillars of its Community do not become isolated silos. The role of ASEAN Community Councils and ASEAN Coordinating Council cannot be more highly emphasised, and may call for some adjustments to current daily practice. Innovative ways to address emerging, cross-cutting and cross-pillar issues should be explored.

There are also other ways that such an approach can be taken. One, often raised, is to strengthen the ASEAN Secretariat.

None of the chapters of this book recommends or requires that ASEAN members cede sovereignty to the Secretariat, as some fear, or greatly increase its powers of initiative and autonomy. Instead, most of the recommendations have centered on the Secretariat’s capacity and capability to monitor and measure the progress of ASEAN undertakings, whether in the economic or other spheres. Such steps instead ensure that the Secretariat has more capacity to do what the members wish to be done and therefore better serve ASEAN.

Besides the Secretariat, the need for cross-cutting approaches returns the focus to the ways in which ASEAN governments work – each at the national level, and also amongst themselves. A key step is to recognise that the concepts themselves are cross-cutting – as chapters in this publication argue that are the characteristics of megatrends in “sustainability,” “urbanisation,” and “humane aspects” of economic integration. Reframing these issues at the national level will be critical for each government and also for ASEAN collectively.

A third general recommendation is that even as ASEAN integrates among its own members, measures are taken to ensure that there is enhanced cooperation with others in the international community and among major powers and non-ASEAN partners. This is seen by contributors to this book as being essential on a range of matters; whether it is the politics and security of an interconnected region and world, the flows of trade and investment or the interoperability of digital frameworks. The need for references to international standards in areas of economic integration and financial stability are also made, together with recommendations that ASEAN governments adopt tools and methods for assessing the social and sustainability impacts, such as the environmental and social impact assessments, recommended in chapter three.

Such efforts, collectively, can help ASEAN more fully understand and interact with global systems. A joint learning platform for officials and others can also help develop shared understandings about the challenges ahead for the group, and move towards a more “global ASEAN”.

A fourth and final general recommendation is for ASEAN to become more proactive and better prepared to respond more quickly to megatrends. At present, ASEAN aims to be relevant and “central” to key issues facing the Asia-Pacific. This, as discussed in chapter one, is under pressure from increasing competition between major powers. All the more, the call in that chapter for specific policy changes and new practices is necessary; not only for the political and security issues but for the general standing of ASEAN.

To address megatrends, given their complex and multidimensional characteristics, ASEAN would be advised to make efforts and build capacity to anticipate, analyse and open up dialogue on responses with key stakeholders, as highlighted in chapter six. Such preparation is key to deal for the eventuality that a megatrend precipitates the need for an urgent response. Given the group’s diversity and processes, ASEAN is better placed to respond to challenges when things have been thought through and deliberated, rather than being pressed when unprepared.

ASEAN Beyond 50

This book has been timed to coincide with the 50th anniversary year of ASEAN. It aims however to be more than a congratulatory message. There is little doubt in the minds of the editors and contributors that ASEAN has done well to date and that it merits attention. This is not only in respect of the ASEAN Economic Community but in the broader aims of inaugurating an ASEAN Community and continuing to deepen integration in the years ahead.

However, the book has, in reviewing megatrends, identified issues and areas that require more attention from ASEAN in future, and which may require going beyond the current work methods and practices. From this, ways have been suggested in which ASEAN can be further enhanced so as to anticipate, respond to and eventually partly influence megatrends.

These recommendations are not entirely novel, if we take a historical perspective of the region. When ASEAN began in 1967, its creation was not only because of factors among its then five members, but also because of what was happening in the wider world and among major powers. Similarly, when ASEAN expanded and was also pushed to respond to the Asian Financial Crisis of 1997-98, it took the first steps towards ASEAN economic integration when the driving factors were national, regional and global in nature, with a mix of both threats and opportunities.

Today, much of ASEAN's official work and attention has been focused on seeing through the commitments for the ASEAN Community and its Economic Community. Yet, at the same time, the megatrends surveyed in this book have emerged and their impacts are being felt by the group, requiring new and additional steps to respond. Looking ahead, the impact of megatrends and their influence and interaction with regional and national factors in the region will combine to be the key factors that push ASEAN to dynamically respond and move forward.

