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The Role and Influence of Malaysia in ASEAN and the Regional Impact of the Organization on the Nation

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Harsh Mahaseth & Sabrina Hilali

Abstract

ASEAN and Malaysia, have successfully wielded each other's existence to accomplish success in various aspects. Malaysia has played a crucial role in facilitating and molding the overall development and progress of ASEAN and played a vital part in establishing the foundation of the ASEAN Charter which presents the lawful character of ASEAN. On the other hand, Malaysia is a trading country that strongly relies on its associates at the international stage and ASEAN comes on the way of uplifting the process. Malaysia has received various advantages of trade incentives, international relations, and facilities like investment coordination, trade liberalization, etc. This paper intends to manifest the influence of ASEAN in Malaysia. It also highlights profuse aspects of the role of Malaysia on ASEAN, how they build each other's strength. The purpose of this paper is to bring the issue to light about how ASEAN can overcome the shortcomings and depend on its intrinsic unity only, and create a stronger relationship with Malaysia by overcoming the deficiencies.

Keywords: ASEAN, Malaysia, ASEAN Charter, Influence

Introduction

Malaysia joined the Association of Southeast Asian Nations (ASEAN) in 1967 as a founding member. The founding members of ASEAN had envisioned ASEAN being involved in the ten Southeast Asian countries since its inception. Only five countries were allowed to join ASEAN at the start. They are - Malaysia, Thailand, Indonesia, Singapore, and the Philippines. Brunei then became a member of ASEAN in 1984. Vietnam's affirmation in 1995 made it the region's largest communist member to join ASEAN, putting an end to political strife in Southeast Asia between communist and non-communist countries.¹ With the affirmation of Cambodia, Laos, and Myanmar at the 1995 ASEAN Summit in Cebu, the ASEAN-10 was set to become a reality by the year 2000. Malaysia was quick to yield these three possible member nations at the ASEAN Ministerial Meeting (AMM) in 1997, three years earlier than projected, under Mahathir Mohamad's administration. In 1997, Mahathir Mohamad stated, "The ASEAN Ten should become a reality immediately, not slowly".² Mahathir Mohamad accepted that ASEAN would keep on being an impressive regional organization

¹ 'Association of Southeast Asian Nation (ASEAN)', *Ministry of Foreign Affairs*, 2018, available at [http://www.mfa.gov.bn/Pages/association-of-southeast-asian-nation-\(ASEAN\).aspx](http://www.mfa.gov.bn/Pages/association-of-southeast-asian-nation-(ASEAN).aspx), accessed on 15 June 2021.

² 'Speech by the Prime Minister of Malaysia the Hon. Dato Seri Dr. Mahathir Mohamad', *Association of Southeast Asian Nation*, 2012, available at https://asean.org/?static_post=speech-by-the-prime-minister-of-malaysia-the-hon-dato-seri-dr-mahathir-mohamad, accessed on 15 June 2021.

if Cambodia, Myanmar, and Laos became members of ASEAN. The political and financial benefits that the ASEAN Ten could provide, according to Mahathir, were “essential in deciding ASEAN’s future, as well as influencing the speed and direction of Asia Pacific affairs.”

ASEAN has evolved into a key regional economic stage, having begun with a focus on political strictness in response to fears of a potential cascading effect from the expansion of communism. The bloc’s actual strength is its innate solidarity, and how that solidarity can change its member states into actors on the worldwide stage. While ASEAN centrality has been criticized for inaction it is the reason small states have the platform to speak. Malaysia, as an ASEAN member, has played a critical role in supporting and shaping ASEAN’s general progress and development during the past five decades. Malaysia has planned, initiated, and implemented several programs at the ASEAN level to demonstrate its commitment to the organization. With the pandemic taking a toll on every individual around the world and the constant dilemma of being taken over by a dominant state, international relations through associations become significant. Malaysia has been strategically empowered to put its stance on the table through the ASEAN regional cooperation.³ With highly developed countries taking over the control of international organizations⁴, the ASEAN facilitates the “less-developed” nations. Malaysia has also maintained an effective balance to promote the interests of the region; at the same time⁵, engaged with other super bodies for the betterment of its citizens.

ASEAN has helped the flow of goods & services and enhanced the potential for foreign direct investment. In November, ASEAN nations signed the ASEAN Agreement on E-Commerce, making it possible for Malaysia to launch the Digital Free Trade Zone (DFITZ). According to the MDEC and DFITZ, they have contributed to the achievement of the national goal of promoting SME participation in cross-border e-commerce transactions.⁶

“ASEAN remains the cornerstone of Malaysia’s foreign policy,” according to Malaysia’s foreign policy, and the ASEAN Community’s formation in 2015 has greatly elevated Malaysia’s approach and participation at the regional level.⁷ Further, it mentions,

³ Frank Frost, ‘ASEAN’s regional cooperation and multilateral relations: recent developments and Australia’s interests’, *Parliament of Australia*, 9 October 2008, available at https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp0809/09rp12, accessed on 17 June 2021.

⁴ ‘Tan Sri Dr. Mohd Munir Abdul Majid: ASEAN and Islamic Banking’, *Marcopolis*, 22 April 2015, available at <https://marcopolis.net/tan-sri-dr-mohd-munir-abdul-majid-asean-and-islamic-banking.htm>, accessed on 16 June 2021.

⁵ Ibid.

⁶ ‘Malaysia to Benefit from Enhanced ASEAN Integration in 2019 Driven by Global Headwinds’, *Business Today*, 1 March 2019, available at https://www.businesstoday.com.my/2019/03/01/malaysia-to-benefit-from-enhanced-asean-integration-in-2019-driven-by-global-headwinds/?__cf_chl_managed_tk__=pmd_d7b00c1ad3f3f02389b30e200d9ca3a0a616e79a-1627234914-0-gqNtZGzNAzjcnBsZQi, accessed on 17 June 2021.

⁷ ‘Malaysia’s Foreign Policy’, *Ministry of Foreign Affairs*, available at <https://www.kln.gov.my/web/guest/foreign-policy>, accessed on 18 June 2021.

through the Brunei-Indonesia-Malaysia-the Philippines East ASEAN Growth Area (BIMP-EAGA), the Indonesia-Malaysia-Thailand Growth Triangle (IMTGT), and other entities, Malaysia also promotes the “Prosper thy Neighbor” policy to improve economic connections and collaboration with its neighbors. The tensions between Malaysia and Indonesia would never have been completely agreeable without the intervention of ASEAN.⁸

Over the last fifty-five years, the Malaysian foreign policy has been characterized as ‘neutral’, ‘non-aligned’, ‘independent’, ‘active’, ‘third-world’, and even ‘moderate’.⁹ It demonstrated a willingness to remain dedicated to peace and stability while also being flexible and actively supporting regionalism and the ASEAN Way when circumstances permitted.¹⁰

Being a part of ASEAN, Malaysia has attained several benefits of international relations and trade incentives. Even when titled as a small country, Malaysia influenced key decisions when given the right stature.¹¹ ASEAN was established when countries were still handling the hints of the Cold War, and ironically, when the world was coldly taking hostile measures to cut off all the relations, ASEAN evolved as an association from security to stability to cooperation to mutual economic growth. While ASEAN’s function was limited to regional security at the time, it has developed over the last two decades to include regional economic and social integration as well.¹² One has rightly stated, “Malaysia may be too small a state to shift the geopolitical needle, but ASEAN isn’t. ASEAN is proof that, in the appropriate circumstances, small states can be capable of making a big impact”.¹³

Regionalism plays a prominent role in the global trading systems because of the steady pace by which multilateral trade negotiations are being led under the General Agreement on World Trade Organization (WTO) or Tariffs and Trade (GATT). Regional Economic Integration has drawn attention to the need of countries to strengthen their ties with their neighbors given the economic benefits that regional integration brings with them. Malaysia is recognized as a trading nation that depends on international partners to acquire economic growth, where ASEAN’s integration has been assisting Malaysia in having the facility of regional coordination. Despite the economic growth of Malaysia being quite steady, deindustrialization has affected the per capita income growth negatively. ASEAN centrality has been questioned regarding the significance

⁸ See Seng Tan, ‘Not Quite Beyond the ‘ASEAN Way’? Southeast Asia’s Evolution to Rules-based Management of Intra-ASEAN Differences’, *ASEAN*, volume 4, 2017, p. 79.

⁹ Syed Jalil Abbas, ‘Neutralism in Third World Politics’, *Pakistan Horizon*, volume 26, 1973, p. 29, p. 35.

¹⁰ Azhari Karim, ‘Malaysia and ASEAN Community’, *Foreign Policy Study Group*, January 2013, available at <https://www.spf.org/dbfiles/46677e1abea.pdf>, accessed on 18 June 2021.

¹¹ Malaysia’s Foreign Policy (n 7).

¹² Yusmadi Yusoff, ‘Asean gives Malaysia international significance’, *South China Morning Post*, South China, 4 December 2018, available at <https://www.scmp.com/week-asia/opinion/article/2175770/asean-gives-malaysia-international-significance>, accessed on 17 June 2021.

¹³ Ibid.

to ensure a good quality of life within the region to the smaller states and creates the doubt whether ASEAN centrality has been able to increase the prosperity of lives. Effective regionalism and integration to ASEAN can work in acquiring region wide economic growth and enhance the economic vitality of people in the entire region while keeping a strong unity.

How do Nations benefit from Regionalism?

Regionalism can prove to be advantageous for every nation when the right regional initiatives are taken along with the involvement of the right people. The way to universalism is through regionalism. It is capable of creating opportunities for nations through regional integration to acquire political, economic, and social integration, which are not usually achievable in normal situations. The UN has permitted to pursue regional arrangements to deal with particular economic and social problems regionally. Article 52(1) of the UN Charter states that nothing in the current Charter excludes the establishment of regional agreements or bodies to deal with issues relating to international peace and security that are fit for regional action.¹⁴ By creating new opportunities, regionalism elevates the relevance of international engagement and cooperation. Regional organizations activate regionalism when the directives put in place are fair and include the right people by carrying a common set of agendas, not competing with specific areas, and having a formal structure in place for intergovernmental agreements. Regional economic cooperation brings more effective economic states than smaller states, which can compete in world markets, and nations benefit. In the case of region wide economic development, it can be efficiently achieved by regional centers as smaller states aren't at great success in attracting the industry which can improve the quality of the people living within the regions. Through regionalism, a global balance of power exists as the power stays within the leadership of the Great Powers and it maintains the overall security of each nation while promoting world peace. Again, the threat to security stays on the neighboring states; the regional states willingly take responsibility and come forward to help rather than the people of outside states.

Regionalism can prove itself to be a significant medium in establishing areas of potential intergovernmental integration or coordination by fulfilling the lack of global authority. When nations across the region work together by upholding a common purpose and aiming towards greater ideas, the highest level of unity can be achieved. Such a nation is capable of developing greater ideas for the development of nations within the region and solving any problems that arise.

Integration of Malaysia into the ASEAN

As a pioneering part of ASEAN, Malaysia turned into a vital piece of its monetary collaboration initiatives. In 1992, Malaysia became a member of the ASEAN Free Trade

¹⁴ 'United Nations Charter, Chapter VIII: Regional Arrangements', United Nations, available at <https://www.un.org/en/about-us/un-charter/chapter-8>, accessed on 19 December 2021

Area (AFTA) It also referred to the Common Effective Preferential Tariff (CEPT) system's tax reduction.¹⁵ The ASEAN Economic Community (AEC), the most recent development on this regional scale, was established in 2015. The ASEAN Industrial Projects were established in 1976 to establish a large number of regional-industrial ventures to address regional concerns and ensure more efficient use of regional assets. This section aims to go into greater detail about Malaysia's ASEAN integration.

Investment Coordination

Since the Fifth ASEAN Summit (Bangkok) in 1995, ASEAN Member States have pursued regional investment cooperation, which has contributed to the establishment of the ASEAN Investment Area.¹⁶ The ASEAN Investment Area tries to assist the region with captivating more noteworthy and feasible degrees of FDI flows through collective actions that improve the region's allure, intensity, and complementarity, and many investigating organizations have been brought together at the ASEAN level to do so. With the assistance of the Senior Officials Meeting on Trade and Investment, the ASEAN Heads of Investment Agencies began and completed the province venture cooperation topics.¹⁷ Since then several milestones have been achieved in the coordination of FDI.

Communications and Transportation

By following the AEC drive, ASEAN Member States have set out on expanding their network inside the region.¹⁸ Several plans are in progress for associating the nations with widened broadband coverage, with better railway lines and highways. Malaysia has made significant progress in these areas, although logistical coordination and ownership remain well behind that of Singapore. The ASEAN Plan of Action in Transport and Communications, which contains 45 projects, is being implemented by ASEAN member states under the Integrated Implementation Program.¹⁹ Furthermore, few activities in the accompanying collaboration areas - harmonization of road transport laws, airspace management, multimodal transport, rules & regulations, maritime safety and pollution, air services liberalization, interconnectivity in telecommunications and human resources.

¹⁵ 'Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA)', *Association of Southeast Asian Nations*, 3 October 2012, available at https://asean.org/?static_post=agreement-on-the-common-effective-preferential-tariff-cept-scheme-for-the-asean-free-trade-area-afta, accessed on 22 June 2021.

¹⁶ 'Bangkok Summit Declaration of 1995 Bangkok 14-15 December 1995', *Association for Southeast Asian Nations*, 11 May 2012, available at https://asean.org/?static_post=bangkok-summit-declaration-of-1995-bangkok14-15-december-1995, accessed on 19 June 2021.

¹⁷ Frost (n 3).

¹⁸ 'ASEAN Economic Community', *Association of Southeast Asian Nations*, 7 December 2015, available at <https://asean.org/asean-economic-community/>, accessed on 13 June 2021.

¹⁹ 'Integrated Implementation Programme for the ASEAN Plan of Action in Transport and Communications (1997)', *Association of Southeast Asian Nations*, 10 October 2012, available at https://asean.org/?static_post=integrated-implementation-programme-for-the-asean-plan-of-action-in-transport-and-communications-1997, accessed on 12 June 2021.

The Singapore–Kunming (China) Rail Link Project, as well as the progress of the ASEAN Framework Agreement on the Facilitation of Goods in Transit, are expected to improve land connectivity between the two countries.²⁰

Trade Liberalization

Although the AEC's main focus has been on promoting investment and commerce, it also includes efforts to combine a variety of foundations to improve growth and provide the conditions for the establishment of a more egalitarian regional area. Malaysia was a member of the ASEAN Industrial Complementation Scheme (1981), which led to the adoption of the Brand Wise Complementation Scheme in 1988. The two initiatives were designed to enhance mechanical complementarities among ASEAN enterprises by focusing on the automotive industry. The programs encourage auto brand owners to take advantage of size-of-production economies by legitimizing and specializing manufacturing units by allowing the trading of authorized automobile components and segments for certain vehicle brand models.

Malaysia was also a recipient of the ASEAN Industrial Joint Venture Scheme, which began in 1983 and was amended in 1987.²¹ Through market sharing activities and resource pooling, the initiative aimed to increase regional investment and boost industrial manufacturing. Products originating from the plan were provided a 90 percent inclination margin on the most popular country rates, and adjacent substance accreditation was given, if applicable, to the enterprises in the participating importing nations.²² When AFTA was established in 1992, Malaysia became an essential member. The primary mechanism of the CEPT Scheme is tariff progression across ASEAN. As addressed, Malaysia is among the nations that have followed the progression method.²³

Intellectual Property Rights

After the World Trade Organization began trading in Intellectual Property Rights in 1995, intellectual property rights became an important tool for technology management. To catch up to the speed, financially it relies upon the inflows of innovation from abroad just as domestic development, for all the ASEAN member countries, including Malaysia. Malaysia sees its shortcomings in this area as the primary cause of its entrenched position among middle-income countries. Significantly, Malaysia overhauls its technological

²⁰ 'Singapore–Kunming Railway Link', *Railway Technology*, 18 December 2019, available at <https://www.railway-technology.com/projects/singapore-kunming-rail-link-skrl/>, accessed on 15 June 2021.

²¹ 'Agreements and Declaration', *Association of Southeast Asian Nations*, available at <https://asean.org/asean-economic-community/sectoral-bodies-under-the-purview-of-aem/industry/agreements-declarations/>, accessed on 16 June 2021.

²² 'Malaysia: December 1997', *World Trade Organization*, 1 December 1997, available at https://www.wto.org/english/tratop_e/tp_r_e/tp067_e.htm, accessed on 18 June 2021.

²³ 'ASEAN Free Trade Area (AFTA Council)', *Association of Southeast Asian Nations*, available at <https://asean.org/asean-economic-community/asean-free-trade-area-afta-council/>, accessed on 12 June 2021.

intensity to support its high financial development. There is a pressing requirement of ASEAN for enhancing its administration, intellectual property legislation, and enforcement.²⁴ The greater the cooperation among ASEAN member countries on intellectual property, the better the region's possibilities of innovation and egalitarian development will be.²⁵ During the Fifth ASEAN Summit in 1995, the ASEAN Member States signed the Framework Agreement on Intellectual Property Cooperation.²⁶ The ASEAN secretariat has intensified its efforts to synchronize and stimulate the intensification of the IPR framework across member countries.²⁷ The goal of the initiatives contained in the Program of Action (1996–98) was to improve and strengthen the administration of intellectual property rights, legislation, and enforcement.

Banking and Finance

Malaysia was a signatory to the ASEAN Agreement on Customs and the Ministerial Understanding on Finance Cooperation.²⁸ The former lays the groundwork for bolstering financial partnerships. The ministerial agreement, in particular, provides a framework for improving collaboration in several finance areas, including banking, monetary, and capital business sector development, customs, security, tax assessment, finance issues, financial approach participation, and human resource development in the finance sector.

The Customs Agreement was endorsed to fortify ASEAN participation to accelerate the execution of AFTA concerning more prominent investment flow and intraregional trade.²⁹ This agreement aimed to enhance combined efforts to combat smuggling, better coordinate customs control actions, promote mutual technical assistance, update customs systems, and improve customs skills.³⁰

²⁴ 'Cooperation in Intellectual Property', *Association of Southeast Asian Nations*, 3 October 2012, available at https://asean.org/?static_post=cooperation-in-intellectual-property, accessed on 18 June 2021.

²⁵ Rajah Rasiah, 'Stimulating Innovation in ASEAN Institutional Support, R&D Activity, and Intellectual Property Rights', *ERIA Discussion Paper Series*, 28 November 2013, available at <https://www.eria.org/ERIA-DP-2013-28.pdf>, accessed on 15 June 2021.

²⁶ 'Framework Agreement on Intellectual Property Cooperation Bangkok', *Association of Southeast Asian Nations*, 15 December 1995, available at https://asean.org/?static_post=asean-framework-agreement-on-intellectual-property-cooperation-bangkok-thailand-15-december-1995, accessed on 16 June 2021.

²⁷ 'ASEAN Community 2015', *International Labour Organization*, 2015, available at https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_300672.pdf, accessed on 14 June 2021.

²⁸ 'Background on Customs Cooperation in ASEAN', *Association of Southeast Asian Nations*, 9 October 2012, available at https://asean.org/?static_post=background-on-customs-cooperation-in-asean, accessed on 12 June 2021.

²⁹ 'ASEAN Free Trade Area (AFTA Council)', *Association of Southeast Asian Nations*, available at <https://asean.org/asean-economic-community/asean-free-trade-area-afta-council/>, accessed on 12 June 2021.

³⁰ 'ASEAN Agreement on Customs', *Association of Southeast Asian Nations*, 9 October 2012, available at https://asean.org/?static_post=asean-agreement-on-customs, accessed on 20 June 2021.

Malaysia is a member of the ASEAN Senior Finance Officials Meeting, which was established to assist ASEAN finance ministers in smoothing out the region's monetary flows.³¹ This body has unequivocally empowered insurance controllers, capital business sectors, and national bank specialists to set up a gathering for reinforcing collaboration in the financial area. This agreement was similarly centered around supporting joint undertakings to check to convey, advance particular assistance, modernize customs systems, for updating customs capacities, and arrange better activities as per need.

Schemes for Private and Primary Sectors

Because agriculture, minerals, and foreign products are essential to many ASEAN economies, various initiatives have been taken to enhance trade and production in these areas. The Fifth ASEAN Summit supported the Program of Action for ASEAN Cooperation in Minerals to promote investment and trade in mechanical minerals. To attract speculation, the Member States have sought drives to trade data on strategy, guidelines, and enactment. To further strengthen ASEAN's involvement in the field, member countries agreed to create an ASEAN Industrial Minerals Information System and a Directory of Research, Development, and Training Centers in the region.³² Food, Agriculture, and Forestry Cooperation in ASEAN provides a framework for regional cooperation in these areas. The ASEAN Cooperation and Joint Approaches on Agriculture and Forest Products Promotion Scheme was designed to increase the seriousness of the region's woods and farming.³³ Malaysia's solid advancement of the private area follows the coordination endeavors inside ASEAN, which has drawn in various monetary participation programs. Standard meetings between senior financial officials and agents from Chambers of Commerce and Industry have been set up through various channels. Every year, a meeting of high-ranking private sector agents and ASEAN finance ministers takes place. A permanent secretariat will be established to ensure the ASEAN Chambers of Commerce and Industry's viability. The ASEAN Secretary-General approved the secretariat's stay in Jakarta at the ASEAN Secretariat. The establishment of the secretariat will aid in the promotion of far more prominent exchanges and ties between strategy-making bodies & the private sector.

The Role of Malaysia in the Regional Context

Malaysia is the focal point of ASEAN, a well-coordinated ASEAN economy that benefits all ASEAN countries. The ASEAN Economic Community's goals include free commerce and a single production base. There will be providers across the value chain to the finished product through free trade, which will be located in an ASEAN country

³¹ 'ASEAN Finance Ministers' and Central Bank Governors' Joint Meeting', *Association of Southeast Asian Nations*, available at <https://asean.org/asean-economic-community/asean-finance-ministers-meeting-afmm/>, accessed on 13 June 2021.

³² Rajah Rasiah, 'Economic implication of ASEAN integration for Malaysia's Labour Market', *ILO- Asia Pacific Working Paper Series*, November 2014, available at <https://ideas.repec.org/p/ilo/ilowps/994865243402676.html>, accessed on 20 June 2021.

³³ Ibid.

chosen by investors, and the larger ASEAN economy is valued at US\$ 2.4 trillion and is an upwardly transferable buyer market.³⁴ ASEAN has about half of its working population under the age of 30, making it the only development region outside of India with such a youthful population.

The resulting consumer boom has the potential to turn ASEAN into one of the world's largest consumer boom centers. It is unsurprising that the larger ASEAN organizations, on the other hand, continue to wait for opportunities. There are various gaps in terms of satisfaction in a significant number of ASEAN activity plans, and you cannot afford to wait for the ideal moment since you risk losing out because the first person to seize the opportunity. After all, numerous organizations are already searching for these chances. According to the assessments, 80 percent of foreign corporations in this region have used an ASEAN strategy. According to the studies, foreign corporations' sales workforce has increased significantly in Indonesia and Myanmar. ASEAN has everything in place to make it work, and it should make every effort to maximize its potential. When we conducted the research in 2013, just 39% of SMEs were aware of the ASEAN financial region and FTAs. Among the larger organizations³⁵, 70% of people use FTAs for their fares. There isn't just a chasm between the statement of agreements and the actual interactions. There are around 60 million SMEs in ASEAN, and there are special needs that have been addressed. They are mostly value-based in their dealings; they aren't used to rules and guidelines, and most importantly, they aren't used to trade. They have a client base, however, due to a lack of experience and uncertainty, this client base may be disrupted. Liberalization should not be overlooked because it will have negative implications for SMEs, and a future reversal of liberalization could harm the ASEAN community. Another issue can be that socio-political implications can be there because of losing employment. Economics can only be reconstructed with better globalization and liberalization. It needs to be ensured that Malaysia has strong SMEs to withstand the liberalization but also can benefit from the technique. The ASEAN government is well aware of the need and recognizes the enormous potential it holds.

The Endowment of Malaysia on ASEAN

Through establishing a more grounded ASEAN community, maintaining the centrality of ASEAN in the provincial architecture, and facilitating the satisfaction of financial integration, the contribution of Malaysia to ASEAN has been significant. Offered help to Haiyan victims in the Philippines by sending food and medication crate to casualties in the Philippines and providing health care to children after the Haiyan Typhoon, built up a people-focused ASEAN is the essential objective of Malaysia as it is reflected in the general theme "Our People, Our Community, Our Vision", assistance to flood victims

³⁴ "Tan Sri Dr. Mohd. Munir-Abdul Majid: ASEAN & Islamic Banking", *Marcopolis*, 22 April 2015, available at <https://marcopolis.net/tan-sri-dr-mohd-munir-abdul-majid-asean-and-islamic-banking.htm>, accessed on 19 June 2021.

³⁵ Ibid.

from Myanmar, Laos, Kemboja, Philippine.³⁶ Not only that Malaysia contributed more by advancing joint effort and collaboration among different regions and advancing the interests of the regions, including financial and trade growth endeavors towards harmony and soundness in the region.

The Shortcomings

There have been times when ASEAN's capabilities have been questioned. Pundits and regional watchers have long questioned ASEAN, writing it off as a failed organization³⁷ following the fall of the Berlin Wall in 1989, history was relegated to the doldrums. However, such doubt has been expressed even by the member states themselves. The Indonesian and Malaysian governments chose not to use the ASEAN High Council to resolve their disputes over possession of the islands of Sipadan and Ligitan in 2002, preferring instead to accept the International Court of Justice's resolution of the sovereignty dispute.³⁸ This move hits the reputation of ASEAN as an organization, although taking assistance from international organizations is in no way contrary to the objectives of ASEAN. However, instilling your faith in the judgment of other bodies when regional bodies are available portrays a picture of doubt regarding ASEAN's approach of non-impedance in its individuals' domestic issues and their differentiating reactions to the military takeover. Despite global concern over the military crackdown on nonviolent protesters in Yangon, ASEAN has refused to suspend Myanmar as a member and has also rejected sanctions measures. Myanmar is a part of ASEAN and it had been watching advancements there intently. Indonesia has been verifiably thoughtful to the situation of the Rohingya, many of whom have shown up there and in Malaysia as of late after escaping abuse in Myanmar. This has raised worries because, for political reasons, the European Union, a possible trading partner, has declined to conduct free trade negotiations at a regional level. It is seen as a talk shop by international observers, implying that the organization is 'large on words but weak on action.' Tim Huxley, the Asia director of the International Institute of Strategic Studies, sees the grouping's different political systems, which include many new states, as a barrier to far-reaching collaboration outside the economic domain.³⁹ Without an outer danger to revitalize against the ending of the Cold war and ASEAN has started to be less effective at controlling its members and dissolving border disputes, such as those between Indonesia and Malaysia, Burma, and Thailand. Several activist groups

³⁶ Anna Tan, 'Roles of Malaysia in ASEAN', *Prezi*, 29 May 2018, available at https://prezi.com/wekbggf3_j/roles-of-malaysia-in-asean/, accessed on 18 June 2021.

³⁷ Yusmadi Yusoff, 'Asean gives Malaysia international significance', *South China Morning Post*, South China, 4 December 2018, available at <https://www.scmp.com/week-asia/opinion/article/2175770/asean-gives-malaysia-international-significance>, accessed on 17 June 2021.

³⁸ Rosemary Foot, 'The Role of East Asian Regional Organizations in Regional Governance: Constraints and Contributions', *Carnegie India*, 29 May 2011, available at <https://carnegieindia.org/2011/06/07/role-of-east-asian-regional-organizations-in-regional-governance-constraints-and-contributions-pub-44420>, accessed on 20 June 2021.

³⁹ M Rabiul Islam, *Fundamentals of International Organization*, Shams Publication, Dhaka, 2nd edition, 2016, pp. 292-293.

held anti-globalization rallies during the 12th summit. According to the activists, the economic integration plan would harm Philippine businesses and result in thousands of Filipinos losing their source of income, and they viewed the association as imperialist and a danger to the country's sovereignty. Both of the leaders of Malaysia and Indonesia also indicated the importance behind the international law in the South China Sea, asking for self-restraint and avoiding militarization.⁴⁰ ASEAN is viable as a cohesive territorial gathering, intending to the assumptions of our external partners and in keeping away from pointless one-sided reactions that may influence the region ominously.⁴¹

Malaysia's integration into ASEAN has allowed it to profit from regional coordination synergies, while it has generally protected it from substantial deterioration as China has become a major beneficiary of FDI and a player in the export markets. Since 2000, the commencement of deindustrialization before a transition to higher value-added businesses has harmed value-added growth; nonetheless, Malaysia's economic development has been consistent since 2012. The proof demonstrates that Malaysia is suffering premature deindustrialization due to lagging labor productivity and trade performance as part of structural adjustment for manufacturing's share of GDP to increase and decline. Manufacturing trade performance and labor productivity have both slowed, with the important sectors of transportation equipment, electric-electronics, and textiles experiencing either negative or low-efficiency growth since 2000. Low-wage foreign labor has aided Malaysia in keeping up with trade intensity and low-value-added businesses. Regardless of presenting a minimum wage permitted by the legal system, real wages have been built very little within the producing sector and there has not been any help from the weak trade unions. Although zero-income sources have remained low, the focus on low-end activities has stifled per capita income development. The AEC arrangement provides both opportunities and threats to Malaysia's labor sector.

Individual State roles often come into conflict with regional development. Even the ASEAN Agreement on Transboundary Haze Pollution, which was finally adopted in June 2002, emphasized the responsibility of individual states over an ASEAN governance concept.⁴² This brings up a question of debate as to what should be prioritized between an individual state role and the ASEAN governance. One may not be able to balance cooperation and collaboration when individual state roles have to be emphasized.

⁴⁰ 'Indonesia, Malaysia seeking ASEAN meeting on Myanmar after coup', *The Daily Star*, Dhaka, 5 February 2021, available at <https://www.thedailystar.net/southeast-asia/news/indonesia-malaysia-seeking-asean-meeting-myanmar-after-coup-2039769>, accessed on 18 June 2021.

⁴¹ 'Malaysia wants ASEAN to act 'constructively' on Myanmar', *The Jakarta Post*, Jakarta, 1 March 2021, available at <https://www.thejakartapost.com/seasia/2021/03/01/malaysia-wants-asean-to-act-constructively-on-myanmar.html>, accessed on 17 June 2021.

⁴² Rosemary Foot, 'The Role of East Asian Regional Organizations in Regional Governance: Constraints and Contributions', *Carnegie India*, 29 May 2011, available at <https://carnegieindia.org/2011/06/07/role-of-east-asian-regional-organizations-in-regional-governance-constraints-and-contributions-pub-44420>, accessed on 20 June 2021.

The concept of regional security governance assumes that states will delegate greater power to regional institutions and that these institutions will work with non-state actors to develop norms and provide some form of a compliance mechanism. This, on the other hand, was not anticipated by ASEAN.⁴³

There have also been allegations that ASEAN was formed to further the rivalry against western nations. Several policies have been condemned for the same reason. Japan has also not participated in several policies due to the inherent intention to harm the US and other western & developed nations.

A difference of opinion is bound to arise when several sovereign nations come together. However, taking into consideration the mentioned defects in the functioning, one can say strengthening of policies is needed. But one cannot undermine the achievements of ASEAN, especially in terms of security and prevalence of no wars or cold war.

Discussion and Conclusion

Undoubtedly, the functioning of institutions of international governance has not been satisfactory, and therefore, the establishment of regional bodies became significant, especially in the case of neglected small nations. ASEAN never fails to defy the odds and make its name at the international level, but it should depend on its intrinsic unity which is its actual strength. Strength is best defined by the Malay expression ‘muafakat’, which means ‘consensus and partnership.’⁴⁴ However, more than that, it is normally utilized in decision-making in societal structures. It creates an accurate representation of ASEAN, which is a community of states with shared cultural, historical, and linguistic ties, through its many features. ASEAN’s unity has previously been demonstrated in its response to Vietnam’s war on Cambodia in the 1970s and its cooperative relationship with Myanmar’s authoritarian state. However, ASEAN’s cohesion has been questioned as a result of China’s advancements, which have enticed member members into its sphere of influence. Whatever the case may be, ASEAN has remained united and relevant, as evidenced by the consideration and agreement of larger forces. Such countries like the United States, China, the European Union (EU), and Russia have concentrated on enlisting the help of ASEAN member states through multilateral trade agreements. Given the upcoming global vulnerabilities, “ASEAN Muafakat” has thus become a critical component of Malaysia’s international strategy as well as the region’s key security objectives.⁴⁵ ASEAN, even when formed under dubious circumstances, has become a body of great economic importance and has fulfilled its perceived objectives to a great extent. Malaysia has been largely influenced by ASEAN

⁴³ Anja Jetschke, ‘Is ASEAN a provider of Regional Security Governance?’, *Southeast Asian Studies at the University of Freiburg*, August 2011, available at <https://www.southeastasianstudies.uni-freiburg.de/documents/occasional-paper/op4.pdf>, accessed on 14 June 2021.

⁴⁴ ‘Sonic Maternities in the Malay World’, *Brill*, 2014, available at <https://library.oapen.org/bitstream/id/dd668b69-6a35-4ba2-bd4e-ae15e11857f6/613356.pdf>, accessed on 17 June 2021.

⁴⁵ Daniel Wu, ‘ASEAN’s Third Way?’, *The Diplomat*, 11 November 2011, available at <https://thediplomat.com/2011/11/aseans-third-way/>, accessed on 20 June 2021.

and has effectively influenced several policies of ASEAN as well. Several initiatives, such as ZOPFAN, EAEG, the ASEAN Charter, and humanitarian initiatives have made Malaysia an important factor affecting international politics. The cooperation assistance has also benefited Malaysia, in terms of finance & international recognition. A lot is yet to be achieved. Malaysia being a trading country is intensely dependent on its accomplices at the global stage. Hence, the picture we project universally must not be adjusted to one particular force with the fight for supremacy between the US and China. One way to avoid succumbing to the sway of any force is to maintain a dynamic interest in ASEAN. ASEAN's focus over the years has ensured that it is anything but a prominent player in managing the region's competing impacts. Although the concept of ASEAN centrality has been used by some of its critics to justify ASEAN's inaction in some areas, it is far from a critical point in ensuring that the geopolitically more modest states in the region have a say in the issues and that their livelihoods have an immediate impact. Malaysia may be too small a country to make an impact on the international stage, but ASEAN is not. ASEAN continues to show that, in the right circumstances, even small states can have a big impact. However, ASEAN, as an association, and Malaysia, as a country, have effectively utilized each other's presence to achieve great heights in diverse sectors.