

## MAINTAINING ASEAN CENTRALITY IN CONNECTIVITY THROUGH MPAC

by Joyce A. Teodoro

Crucial to the success of the ASEAN Community is the capacity of ASEAN to build and strengthen its intraregional connectivity and sub-regional groupings. Given the region's heterogeneous character, ASEAN needs to be able to establish projects that will make it cohesive despite its heterogeneity. Closer, deeper regional linkage becomes all the more vital given the rapid developments around the world. For a region that straddles in an increasingly complex trade environment, which is consequently enhanced by its strategic geopolitical location, strong connectivity is essential in ASEAN's drive to transform itself into a more competitive and resilient region and to firmly ensconce itself to the global economy. More importantly, according to ASEAN, connectivity will bolster its centrality, further securing the bloc's role as the principal driving force in shaping the evolving regional architecture.

### *MPAC: connecting ASEAN*

The Master Plan on ASEAN Connectivity (MPAC) is ASEAN's flagship project to realize a closer and more integrated Southeast Asian region. Adopted on 28 October 2010 through the Hanoi Declaration on the Adoption of the Master Plan on ASEAN Connectivity, MPAC is a strategic document and plan of action that aims to enhance the region's physical infrastructures, institutions, and people-to-people relations. Physically, it will connect and improve the region's infrastructures that are key to achieving the seamless movement of people, goods, and services. Institutionally, it will aid in reducing policy and institutional barriers. Rules, regulations, and standards, among others, will be harmonized, in addition to improving member states' technical capacity. Lastly, it will bring the peoples of ASEAN closer to realizing a genuine ASEAN Community. All of these are envisioned to result in a tightly knit region which, in turn, will enhance economic and strategic credibility.

MPAC has identified projects with emphasis on those that have high and immediate impact. It has also determined possible funding sources to support such capital-intensive undertaking. Aside from resorting to traditional funding streams, (e.g., multilateral development banks, bilateral development partners, assistance from the Dialogue Partners, and contribution from the ASEAN Member States), ASEAN has also embarked on the creation of the ASEAN Infrastructure Fund and utilization of Public-Private Sector Partnerships (PPP), among other initiatives, to secure required financial capital.

However, five years since its adoption, the full realization of MPAC has been hampered by numerous issues. Analysts point out that funding mobilization, specifically through the PPP, has lagged due to project feasibility issues, as ASEAN is unable to successfully attract vital investors. They point out that ASEAN needs to improve its investment environment or it will be unable to draw in stakeholders to assist in financing connectivity projects. These issues are compounded by the seemingly unsound and unready institutional set-up at the regional and national levels, illustrated by instances when there was no lead sectoral body to spearhead a particular project. Moreover, the technical and/or financial capability of the member states to implement connectivity initiatives is affected by the uneven level of development, hampering further MPAC's progress.

ASEAN is clearly grappling with challenges concerning the full implementation of MPAC. Further complicating ASEAN's situation are developments that have the potential to sidestep the bloc's flagship connectivity initiative, such as China's 21<sup>st</sup> Century Maritime Silk Road (MSR).

### *21<sup>st</sup> Century Maritime Silk Road*

China's 21<sup>st</sup> Century Maritime Silk Road could be seen as a challenge to MPAC. First introduced in 2013 by President Xi Jinping, the MSR envisions an economic corridor running from China's coast to Europe through the South China Sea. With a focus also on connectivity, deep economic relations, and people-to-people exchanges to promote mutual understanding,

peace, and friendship, it aspires to improve infrastructure, trade, and investment facilitation. China, however, has yet to unveil specific projects under the MSR but has already contributed USD 40 billion to set up the Silk Road Fund.

According to Chinese scholars, however, the MSR will in fact complement ASEAN connectivity. Specifically, it will help link the ASEAN Member States to the regional production network with the end goal of narrowing the development divide. It will also deepen China-ASEAN economic relations as it promotes “common development and prosperity” between China and Southeast Asia.

#### *Complementary or strategic competitors?*

The upswing in the number of connectivity initiatives is a boon for the region, especially for those at the receiving end. For ASEAN, both MPAC and MSR can help materialize or, in some respects, accelerate connectivity projects that will aid its community building efforts. As it is fully intent on realizing the ASEAN Community by the end of the year, ASEAN does not have the luxury to beg off from any initiatives that can advance its development. Faced with a number of challenges with regard to its own flagship connectivity program, it recognizes that it cannot afford to close its doors to other opportunities.

There remains, however, some crucial strategic implications. On one hand, the MPAC, as seen by ASEAN, is one tool to assert the bloc’s centrality and for it to stay as the primary driver of regional initiatives and regional architecture. It follows an inclusive framework that involves other stakeholders in the region. On the other hand, the MSR is part of China’s efforts to allay the fears of its neighbors by being a partner in regional development. However, there are still concerns whether China will use the MSR as purely an economic tool.

For a long time, regional players – big or middle powers alike - have accepted ASEAN’s central role and as driver of regionalism due to its non-threatening posture. Also, ASEAN will remain central because it is an interlocutor between competing powers. However, initiatives like the MSR do not appear to conform to the tacit acceptance of ASEAN centrality. It speaks volumes that ASEAN no longer monopolizes the role of leader when it comes to regional initiatives. As for China, the MSR is another signal that it is no longer content in playing the bystander, let alone letting ASEAN remain as the front and center and driver of the regional architecture.

It is in ASEAN’s interest not to drop the ball when it comes to its own connectivity initiatives, not only for economic considerations, but also and more importantly, for strategic reasons. It can accommodate the MSR, but it also needs to aggressively advance its efforts to make sure that MPAC remains as its first avenue for connectivity initiatives. It is important for ASEAN to sustain its effort and to ensure high interest on MPAC not just among the member states, but also among regional partners and stakeholders. This is critical if ASEAN wants to maintain its cohesiveness and preserve its breathing space in an environment that is becoming more complex. ❁

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