

STRATEGIC ANALYSIS OF ASEAN ORGANIZATION

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ABSTRACT

ASEAN is an economic organization established by several Southeastern Asia countries. Today, Asia has gradually increased its importance regarding power struggles in international relations. Thanks to its economic dynamism, population, and production power, many countries have boosted their activities in the region. ASEAN, which is constituted of the region's major players, has risen to prominence in recent years. Many countries, primarily the United States and China, pursue new strategies to gain more influence in each ASEAN member country by ASEAN reality. For this reason, understanding ASEAN's goals and learning about its political structure and decision-making mechanisms play a vital role in future governance. The purpose of this essay is to use PESTEL analysis to better understand the nature of ASEAN.

Keywords: ASEAN, Strategic Analysis, ASEAN's strategy

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INTRODUCTION

Since the ending of the Cold War, "*the Association of Southeast Asian Nations, ASEAN*" has played a significant role in regional security, political concerns, cultural and "*economic integration*" in the Indo-Pacific region (ASEAN, 2005). This intergovernmental organization was founded on "*August 8, 1967, in Bangkok*", Thailand, signing the ASEAN Declaration, also known as "*the Bangkok Declaration*," by "*Indonesia, Malaysia, the Philippines, Singapore, and Thailand*" (ASEAN,2007). Brunei Darussalam joined on "*January 7, 1984*," Vietnam on "*July 28, 1995*," Lao PDR and Myanmar on "*July 23, 1997*," and Cambodia on "*April 30, 1999*," giving rise to the ten ASEAN Member States that exist today. (ASEAN, 2020).

According to this concept, five charter members embraced the following essential principles outlined in the "*Treaty of Amity and Cooperation in Southeast Asia*," signed on February 24, 1976:

1. *Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations,*
2. *The right of every State to lead its national existence free from external interference, subversion, or coercion,*
3. *Non-interference in the internal affairs of one another,*
4. *Settlement of differences or disputes in a peaceful manner,*
5. *Renunciation of the threat or use of force,*
6. *Practical cooperation among themselves"* (ASEAN, 1976).

At the ASEAN Summit on December 12, 2005, member states presented a comprehensive declaration titled "*The Kuala Lumpur Declaration*" to create the infrastructure for "*the ASEAN*" Charter (ASEAN, 2005). After three years, on December 15, 2008, ASEAN confirmed and implemented a new charter, granting the organization legal entity status. ASEAN was also registered with "*the United Nations Secretariat*" under "*Article 102, Paragraph 1*" of the United Nations Charter. (ASEAN, 2007).

1. Organizational Structure of the ASEAN

ASEAN's main policy body is known as The ASEAN Summit. It has been formed by the government leaders of ten Member States since 1976. The Summit establishes the "ASEAN" policy agenda and sets precedence as the "*highest level of authority*" in ASEAN (ASEAN, 2007). It also serves as the final decision-making body on problems referred to by ASEAN's religious bodies or the Secretary-General. Since the first "*ASEAN Summit, Bali, 23-24 February 1976,*" 37 summits have been present. (ASEAN, 2005).

"*The ASEAN Coordinating Council (ACC),*" established in 2008, is ASEAN's second-highest council. It is composed of ASEAN Foreign Ministers, and according to "*Article 8 of the ASEAN Charter,*" the ACC's functions are as follows (ASEAN, 2007):

- "*Prepare the meetings of the ASEAN Summit,*"
- "*Coordinate the implementation of agreements and decisions of the ASEAN Summit,*"
- "*Coordinate with the ASEAN Community Councils to enhance policy coherence, efficiency, and cooperation,*"
- "*Coordinate the reports of the ASEAN Community Council to the ASEAN Summit,*"
- "*Consider the annual report of the Secretary-General on the work of ASEAN,*"
- "*Consider the report of the Secretary-General on the functions and operations of the ASEAN Secretariat and other relevant bodies,*"
- "*Approve the appointment and termination of the Deputy Secretaries-General upon the recommendation of the Secretary-General,*"
- "*Undertake other tasks provided for in this Charter or such other functions as may be assigned by the ASEAN Summit,*"

Another structure closely linked to the ASEAN Summit is the "*ASEAN Community Council (ACC),*" which consists of the "*Council of the ASEAN Political and*

Security Community," *"the Council of the ASEAN Economic Community*," and the Council of the ASEAN Socio-Cultural Community (ASEAN, 2007). Each ASEAN Member State appoints its national representatives during each ASEAN Community Council meeting. Furthermore, ASEAN Sectoral Ministerial Bodies exist inside each Community to carry out the agreements and decisions made at ASEAN Summits. The ASEAN Secretariat, formed in 1976 and headquartered in Jakarta, Indonesia, provides administrative support for ASEAN's official initiatives. The *"ASEAN Secretariat's"* primary responsibility is to achieve better harmony in the structure of ASEAN entities and *"more effective implementation"* of ASEAN programs and activities. (ASEANc). Apart from these structures, ASEAN has several summits to manage relations between member countries and partners. The most influential conferences include the *"East-Asian Summit (EAS)*," *"ASEAN -Plus Three*," *"The ASEAN Defense Ministers Meeting-Plus (ADMM+)*," *"ASEAN+3*," *"ASEAN Plus Six*," *"The ASEAN Regional Forum (ARF)*," and the *"ASEAN Maritime Forum (EAMF)"* (ASEANc).

As located between the Pacific and the Indian Ocean, which have the most crowded area, most busy trade routes, including the Malacca Straits and controversial regions, such as the South China Sea, Southeast Asia Countries have been regarded as a game-changer among global actors in the Indo-Pacific space day by day. Because of its increasing importance, through hundreds of annual meetings, ASEAN has arranged a wide range of political, economic, and security discussions in which foreign governments are welcome to participate. Because of this unique location, ASEAN countries -especially Indonesia- attempt to put themselves at the heart of the emerging Indo-Pacific order.

To this end, under the leadership of Indonesia, ASEAN follows the idea called *"ASEAN Centrality"* This term first appeared in the Charter of ASEAN. The chair's remark at the *"ASEAN Summit in Hanoi, Vietnam, on October 28, 2010*," further emphasized the importance of ASEAN (ASEAN, 2010). He said: *"To maintain the centrality and the proactive role of ASEAN as the primary driving force in its relations and*

cooperation with its external partners in a regional architecture that is open, transparent, and inclusive "(ASEAN, 2010). He also added: "*the centrality of ASEAN in external political, economic, social and cultural relations while remaining actively engaged, outward-looking, inclusive, and non-discriminatory*" (ASEAN, 2010).

In recent years, as a result of the China-America rivalry, ASEAN nations have undertaken a balancing policy to operate between the U.S. and China by expanding functional bilateral cooperation with each other. (He & Li, 2020, p.5). While both "*the United States Free and Open Indo-Pacific Strategy (FOIP)*" and "*China's Belt and Road Initiative (BRI)*" seek to gain from them (ASEAN, 2010). Thanks to the centrality policy, they can constitute their proactive agenda. This assertive foreign policy serves three purposes: it strengthens "*Indonesia's unofficial leadership in ASEAN*" and its position as a global middle force; it strengthens "*ASEAN's importance*" in regional affairs; and it provides a strategic alternative to the rivalry between the U.S. and China (He & Li, 2020, p.5).

However, centrality is not mean that all members strike a balance within ASEAN. Southeast Asia has unresolved regional tensions among the ASEAN members, such as border "*disputes between Indonesia and Malaysia*" however, the most fundamental problem is the territorial "*claims in the South China Sea*" comprising Vietnam, the Philippines, Malaysia, and Brunei, Taiwan, and China. (Siahaan & Risman, 2020, s.257). Furthermore, economic relations between ASEAN Countries and great powers such as U.S and China can penetrate the centrality of ASEAN. For instance, while Cambodia and Laos have significant economic and political relations with China, America is one of the top Foreign Direct Investment (FDI) contributors. (ASEANstats, 2020).

ASEAN, with "*a total population of 650 million people*" and a combined "*annual gross domestic product (GDP)*" of around "*\$2.8 trillion in 2019*", is the primary multilateral organization representing a strategically important region with some of the busiest international sea lanes, including the Malacca Strait and the South China Sea in

Southeast Asia (Congressional Research Service [CRS], 2020, s.1). After China and India, it is also the third fastest-growing Indo-Pacific economy in the previous decade. More than \$3.4 trillion in global trade transits through the ASEAN area as a primary gateway for international trade. (East-West Center, 2019, s.6). "*The ASEAN Economic Community (AEC)*" was established in 2015 as a significant step forward in ASEAN's regional economic integration ambition. The primary objective of the AEC is to lower "*trade barriers to allow for the free movement of goods, services,*" and capital. ASEAN has five bilateral FTAs with New Zealand, China, India, South Korea, Japan, and Australia. (ASEANd).

While ASEAN wants to transform regional order to advance its interest, it has established dialogue with China and America. It has created relations with the European Union, Shanghai Cooperation Organization, Gulf Cooperation Council, etc. Thanks to the collaboration with these organizations, ASEAN tries to balance the intentions of great powers over the Southeast Asia zone, such as India, China, and America. It is quite understandable that one of the primary justifications for these steps is to put a barrier to the risk of political, economic, and military conflicts that badly affect the region's stability. As a result, ASEAN has established itself as a hub "*in the Asia-Pacific region*" and the world's foreign affairs for the foreseeable future. (Ayob & Sidhu, 2017, s.29).

Analysis of ASEAN, which includes many internal and external variables, has been seen as a complex subject. A standard tool used in business management studies, the PESTEL model, composed of political, economic, social, technological, environmental, and legal analysis, can provide academic literature classified information to evaluate the strength of ASEAN.

2. PESTEL Analysis of the Organization of ASEAN

The model of the Research is drawn below in Figure 1.



Figure 1. Model of ASEAN Pestel Analysis

2.1. Political

In parallel with rising Asia, more than any other location, Southeast Asia has been playing a vital role in international relations since the 2000s. By geographical location, a good part of the mobility of global trade has been passing throughout ASEAN Countries. This situation triggers increasing prosperity and conflict risks among global powers such as China and U.S. ASEAN has evolved into a dynamic organization that every regional and international actor wants to be a part of its numerous committee members conducting more than approximately 1,000 meetings every year (Yukawa, 2018, s.298). While America has turned focusing point from the Atlantic to the Pacific since Obama, China has to expand its military capacity in the sea by modernizing the People's Liberation Army (PLA) and economic statecraft.

American and Chinese policymakers have faced off in the ASEAN's summits, and leaders of both countries have been making a statement against each other (Connelly, 2017).

To put it differently, ASEAN has been faced the risk of a double bind between China and America. On the one hand, China uses its economic power via One Belt, One Road, which is regarded as one of the giant projects in World History, to cooperate with ASEAN Countries and gain political benefits. On the other side, coined by Japan and developed by the U.S., "the Free and Open Indo-Pacific" concept supports freedom of navigation operation in the Southeast region and keeps in with them against the expansionism of China. Many of China's neighbors know that the United States may remain in Asia for another century. However, they know that China will be situated for a thousand years (Mahbubani, 2017). Yang Jiechi, Foreign Minister, said that "China is a big country, and other countries are small countries, and that's just a fact" (Lowsen, 2018). ASEAN also needs the presence of America as a balancer actor to come out of this situation. As a result, the ASEAN states have implemented intelligent conflict-avoidance techniques. This brilliant strategy is called ASEAN centrality.

ASEAN's skill to handle peace and security in the region is generally considered a critical triumph of its 54-year history (Caballero-Anthony, 2014, p.563). They desire to establish themselves at the center of the Indo-Pacific order while remaining neutral by using centrality. Therefore, centrality has affected the dynamics of Great Power relationships more than ASEAN members (Acharya, 2017, p.274). Additionally, it can be thought that it helps keep together ASEAN members with close relations with external power. Moreover, the term "*Centrality*" is mentioned in the ASEAN Charter to underline cooperation with its external partners in an open, transparent, and inclusive regional architecture. The most influential by economy, demography, and geography, Indonesia is a lead actor within the ASEAN. In line with this, Indonesian scholars and policymakers have used ideas of centrality to influence public views of Indonesia's position in ASEAN, both domestically and internationally, since Joko

Widodo's ascent to office in October 2014 (Heiduk, 2016, p.5). Widodo declared to ASEAN leaders at the 30th ASEAN Summit in Manila that "*do not let ASEAN become a proxy for big powers*" (Heiduk, 2016). ASEAN must remain a hub of regional diplomacy. Unity and centrality are the keys to making ASEAN a respected organization" (Poole, 2017). Another declaration regarded as a warning from Widodo in the 32nd ASEAN Summit was that "*Indo-Pacific regions face great challenges ahead. If not well managed, the situation could disrupt and even destroy the achievements of ASEAN*" (Cabinet Secretary of The Republic of Indonesia, 2018).

2.2. Economic

Commercial activity has been regarded as a vital parameter to stand politically, socially, and culturally in the international order. Just because of this reason, an essential part of ASEAN'S strategy since its foundation has been the economic development for prosperity and independence. For reasons such as overpopulation, low-cost labor, geographical advantages, and emerging economies, Southeast Asian countries' economies have risen over the last decade. Despite the global economic downturn in 2008-2009, ASEAN's GDP grew steadily from 2000 to 2018. The region's total GDP was nearly double what it was a decade earlier (USD 1.6 trillion in 2008) and almost five times what it was in 2000 (US\$0.6 trillion) in 2018. A similar trend was observed in ASEAN GDP per capita, which increased to \$4,601.3 in 2018, up from "\$3,299.3 in 2010 and nearly four times" its value in 2000 (\$1,195.0) (ASEANstats, 2019).

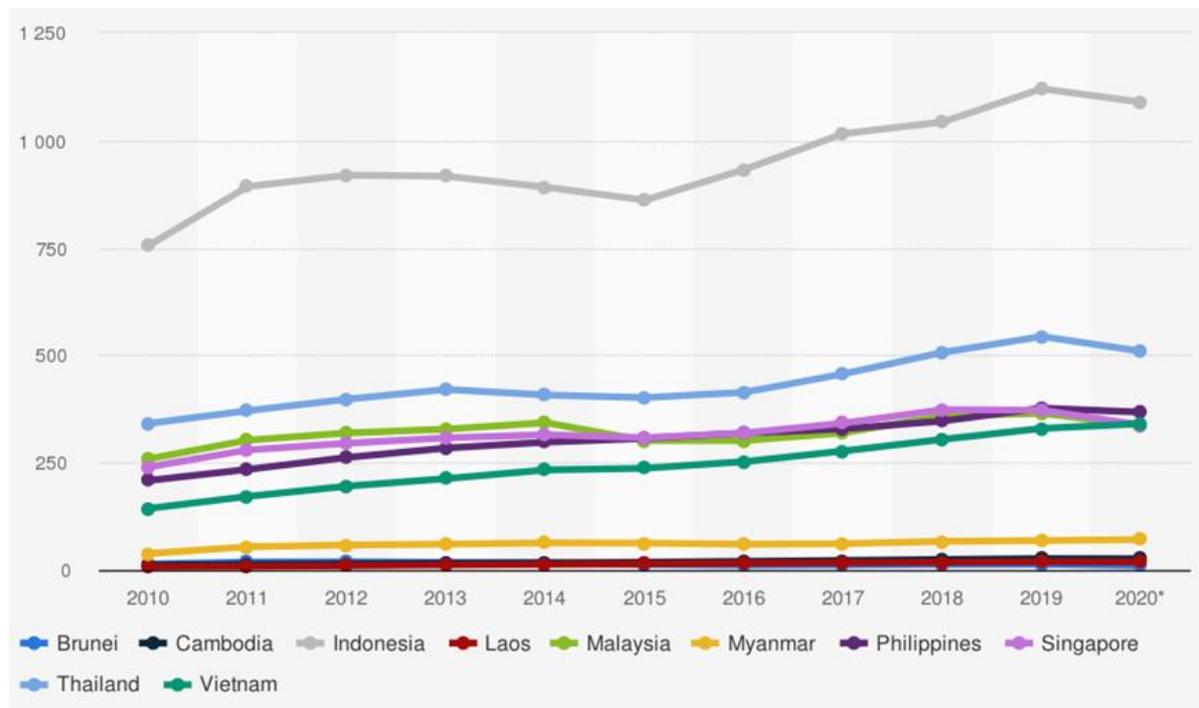


Figure 2. ASEAN countries' GDP (gross domestic product) from 2010 to 2020 (in billion U.S. dollars), Source: IMF

The establishment of the ASEAN "*Economic Community (AEC)*" in 2015 was a significant step forward in ASEAN's regional economic growth policy, providing free trade agreements, ministry entities inside the ASEAN structure, and many other bodies. There are two significant successes in the field of trade (ASEANd). The first is a free trade agreement with external powers, and the second involves non-tariff measures. Both of them have contributed to economic boost and sustainability.

"*The Association of Southeast Asian Nations (ASEAN)*" has free trade agreements with seven partners, namely, Japan (AJCEP), the Republic of Korea (AKFTA), People's Republic of China (ACFTA), "*Hong Kong, China Free Trade Agreement (AHKFTA)*", India (AIFTA) as well as Australia and New Zealand (AANZFTA)" (ASEANe).

"*The United Nations Conference on Trade and Development (UNCTAD)*" gathered and categorized non-tariff measures (NTM) of ASEAN countries and six East Asian countries ("*Korea, Japan, China, Australia, New Zealand, and India*") with the assistance of "*The Economic Research Institute for ASEAN and East Asia (ERIA)*" (ASEANe). Data from

official records, including international treaties accepted by these nations, were gathered. Twenty-eight thousand nine hundred forty-seven measures were classified, "6,699 regulations were coded, and up to 11,347 product lines were covered" (ASEAN, 2019). FTA and NTM enable ASEAN to promote export and import activities and encourage investment.

Fishing activities being a source of living, play a fundamental role in the eyes of many local people in the ASEAN. Fishing, expressly small-scale fisheries, in countries comprising many islands is considered a basic need and a way of life (World Fish, 2017). As a result, ASEAN countries are well aware of the importance of fish and aquaculture in their national economies, particularly as sources of foreign exchange production, jobs and revenue producer, and food-safety and nutritional safety (World Fish 2017).

Capture fisheries increased their production annually by 2,8% from 2000 to 2014 in ASEAN. The country had steadily increased its contribution to the global supply of fishing from 5% in 1950 to 21,1% in 2014 (FAO, 2021). In Southeast Asia, fish production consists of three main subsectors: marine fishing, inland fishing, and aquaculture. According to "*The Southeast Asian Fisheries Development Center (SEAFDEC)*" data, the total production of fisheries of ASEAN reached 45,4 million tonnages which is equal to 50,5 billion \$ in 2017 (SEAFDEC, 2017). A quarter of the global fish supply comprised the 10 ASEAN countries. ASEAN is host to four of the world's top ten largest fish producers: Indonesia, Vietnam, Thailand, and the Philippines. Only "*in the South China Sea,*" which is a controversial area between China and countries in the region, more than half of the world's fishing boats are active in these waters, employing officially about 3.7 million people and possibly even more if illegal, unregulated, and unreported fishing are included (Center for Strategic and International Studies [CSIS], 2018, p.6) The ASEAN region's fish output will continue to grow and will contribute for almost a quarter of global fish production by 2050. Aquaculture will supply more than half of the fish consumed in the ASEAN region

during the next decade. (International Food Policy Research Institute [IFPRI], 2017, p.25).

2.3. Social

ASEAN is a society and an organization of various cultures, races, languages, and religions linked to their historical similarity and connection. Managing ASEAN, which has many variables, requires extraordinary effort and policy implications. There is no doubt that any regional, cultural, religious, and ethnic conflicts in Southeast Asia can spread rapidly and damage the peace and spirit of ASEAN irrevocably. ASEAN has already faced many internal problems among members. For instance, Territorial disputes between Indonesia and Malaysia and the State of Sabah conflicts between the Philippines and Malaysia are some of the issues seen as Achilles' heels (Sulaeman, 2020). ASEAN prefers to keep these debates in its meetings or summits.

Another issue is the territorial dispute over the South China Sea, which involves five ASEAN nations and China (Amer, 2014, p.1). One of the unique solutions of ASEAN to overcome internal and external issues is building the "ASEAN Socio-Cultural Community (ASCC)" to conflict detection and resolution and peace development in the region. ASEAN's goals to establish inclusive, equal, and harmonious communities connected in harmony for greater understanding and collaboration are embedded in "ASEAN Vision 2020", "the Declaration of ASEAN Concord I (1976)", "the Declaration of ASEAN Concord II (2003)", and "the Hanoi Plan of Action (HPA)" (ASEAN, 2012). The ASEAN Socio-Cultural Community (ASCC) Blueprint 2025, adopted by "ASEAN Leaders at 27th ASEAN Summit on November 22", 2015, in Kuala Lumpur, Malaysia, reflects the ASCC's heart. The ASCC Blueprint 2025 is divided into five sections:

- "A committed, participative, and socially-responsible community for the benefit of ASEAN peoples,"
- "An inclusive community that promotes the high quality of life, equitable access to opportunities for all and promotes and protects human rights,"

- "A sustainable community that promotes social development and environmental protection,"
- "A resilient community with enhanced capacity and capability to adapt and respond to social and economic vulnerabilities, disasters, climate change, and other new challenges,"
- "A dynamic and harmonious community that is aware and proud of its identity, culture, and heritage" (ASEAN, 2015).

Yet another purpose of the ASCC action plan is to generate a single identity. ASEAN itself is not an identity, but it is a union. This situation may open a road to unmanageable issues because of the different sense of belonging. In the direction of the vision of ASEAN that known as "*One Vision, One Identity, One Community*," ASEAN has been establishing a single identity comprising the promotion of ASEAN understanding, educational program, "*people-to-people*" engagement, mainly through the arts, culture, and sports, particularly among young, as well as the advertising of ASEAN language acquisition through scholarships and linguist exchanges (Indrawan, 2016, p.147). Authorities think that these policies will help to increase peace, prosperity, and falling discrimination in societies. According to the "*Socio-Cultural Community Blueprint 2025*", the proportion of individuals living on less than "\$1.25 per day" has decreased from one in two to one in eight during the last two decades, maternal mortality "*per 100,000 live births fell from 371.2 in 1990 to 103.7 in 2012*", "*the proportion of the urban population living in suburbia decreased from %40 in 2000 to %31 in 2012*", "*rate of seats held by women in parliaments increased from %12 in 2000 to %18.5*" in 2012 (Indrawan, 2016). The net registration rate for primary school-age children increased from 92 % to 94 %" in 2012" (Indrawan, 2016).

2.4. Environment

While the influence of ASEAN Countries located in one of the most dynamic regions has been on the march in recent years depending on rising Asia, Southeast Asia is one of the world's most vulnerable regions to the effects of climate change, such

as sea-level rise, floods, typhoons, droughts, tsunami, and heatwaves. Countries composed of thousands of islands need extra measures to protect themselves against natural events compared to land countries. Furthermore, increased population, rapid economic growth, consumption of resources, and waste production have threatened sustainability. These circumstances are seen as barriers ahead of economic growth, and better living conditions oblige ASEAN's leaders to handle them. Therefore, ASEAN has created meetings, bodies, and working groups within the circle of ASEAN.

The institutional structure of ASEAN cooperation on the environment is comprised of the ASEAN "Ministerial Meeting on the Environment (AMME)," ASEAN "Senior Officials on the Environment (ASOEN)," and seven subsidiary bodies/working groups. AMME gathers every two years, whereas ASOEN and its associated groups meet once a year to oversee the "ASEAN Strategic Plan on Environment (ASPEN)" and the "ASCC Blueprint 2025 implementation" as well (ASEAN, 2019, p.3).

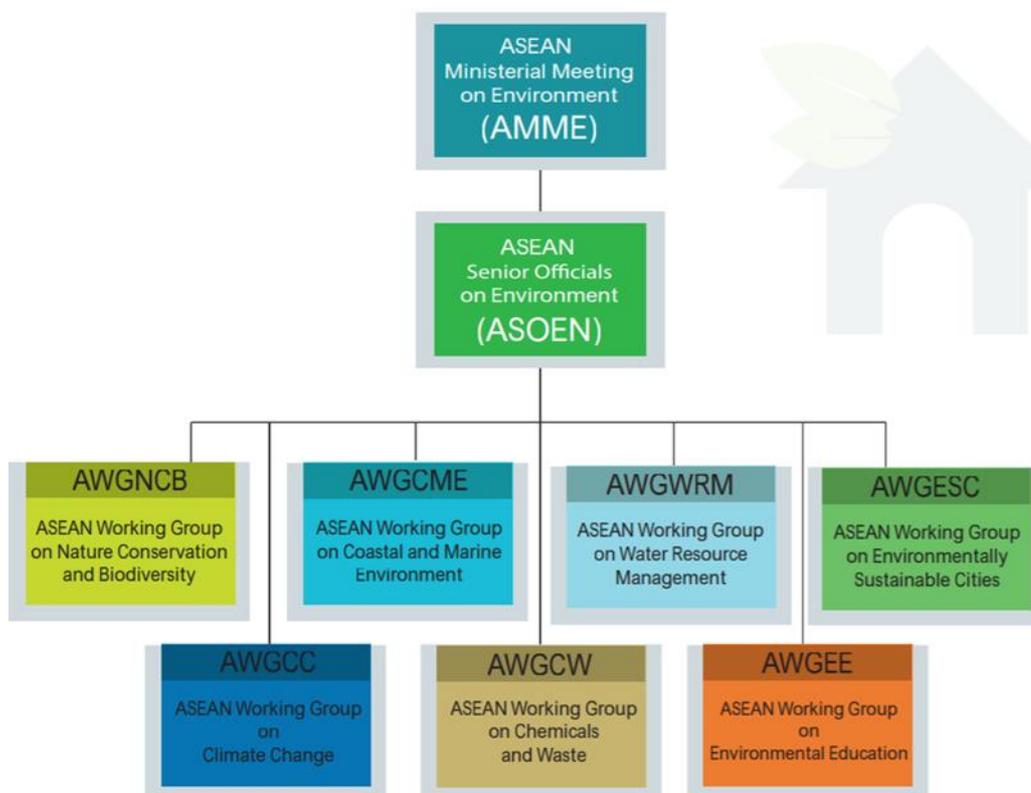


Figure 3. The ASEAN Cooperation on the Environment Institutional Structure, Source: ASEAN

Under the strategic plan, seven targets have been designated:

- *"Nature conservation and biodiversity,"*
- *"Coastal and marine environment,"*
- *"Water resources management,"*
- *"Environmentally sustainable cities,"*
- *"Climate change,"*
- *"Chemicals and waste,"*
- *"Environmental education and sustainable consumption and production"*

(Environment Division of the ASEAN Secretariat).

Southeast Asian Countries creating and applying environmental policies have tried to reduce the damage created by nature. Although global climate change has penetrated everywhere at all levels, from global to local, the region of ASEAN, with a long and heavily populated shoreline and strong dependence on agriculture for a living, is one of the world's most vulnerable regions, particularly for a significant part of the population who live in poverty. According to the Global Climate Risk Index 2020, which examines how nations and regions have been affected by climate-related loss incidents, *"four ASEAN countries,"* the Philippines, Bangladesh, Vietnam, and Thailand are among the top ten most affected from 1999 to 2018. (Eckstein et al., 2019). ASEAN attempts to solve these problems in the ASEAN structure and cooperate with an international institution.

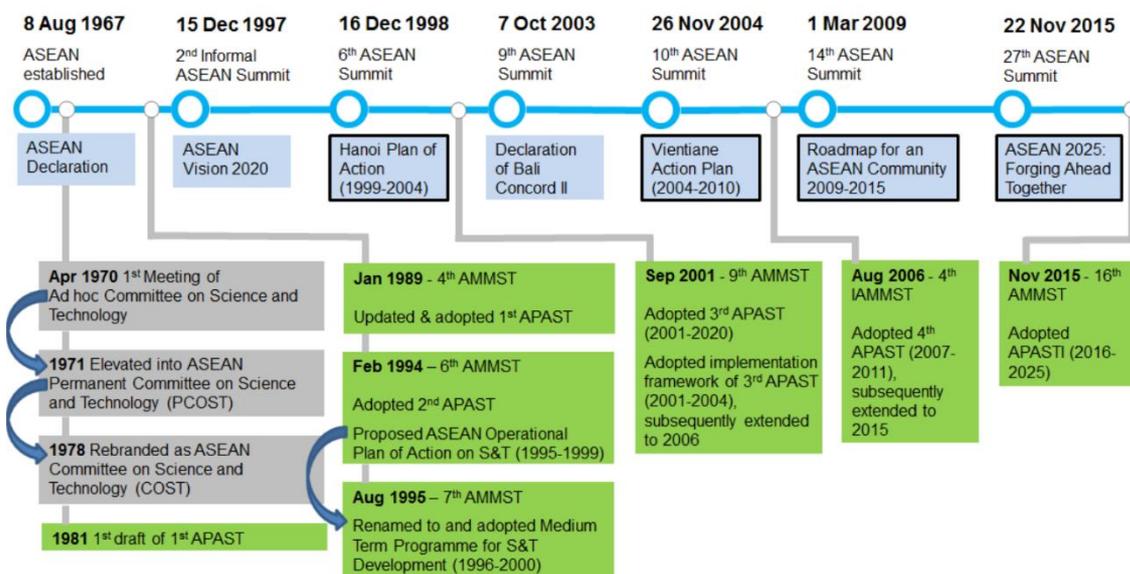
Ten ASEAN member states have signed the Basel Convention, which controls the flow of hazardous waste from one country to another, with plastic waste newly added to the list of dangerous waste (Thomas, 2019). Another significant step in reducing global warming is Paris Agreement. "ASEAN-EU Statement on the Paris Agreement titled Reaffirming Commitment to Cooperation to Address the Shared Challenge of Climate Change" was enforced on November 4, 2016 (ASEAN,2020). With the Paris agreement aiming to decrease the global average temperature, ASEAN countries have planned to curb their emissions until 2030 and implemented various

measures. Frankly, ASEAN is not only responsible for global warming; however, it has also been the most affected region. Therefore, it is remarked that environmental issues are seen as a significant obstacle to ASEAN's leadership in the Indo-Pacific.

2.5. Technology

Digitalization and new technologies have appeared sharply since the 2000s. Thanks to these developments, products and services are being delivered faster, making payment more accessible, the production process is more effective, and data mining plays a vital role in business. This transformation has created millions of jobs and investment opportunities. Like many other countries, Southeast Countries want to catch up with this trend and benefit by creating opportunities. To sustain ASEAN's global competitiveness and continue establishing a robust technology infrastructure "for ASEAN as a single integrated economy," ASEAN Member Countries must move up the technology ladder and strengthen their capacity for technical innovation in various fields (ASEAN, 2020).

Plans of Action series in "Science and Technology (S&T)" have been constituted to support information and determine policies for ASEAN Leaders since the ASEAN "Committee on Science and Technology (COST)" was founded in 1978 (ASEAN, 2015). ASEAN's new S&T cooperation encompasses nine program areas: "food science and



technology, biotechnology, meteorology and geophysics," maritime science and technology, micro-and I.T., material science and technology, non-common energy studies, space technologies and applications, advancement of S&T and services infrastructure (ASEAN, 2020). S&T cooperation covers a variety of fields. (ASEAN, 2015). To realize these policies, 18 committees, Sub-Committee, and working groups were established within the structure of ASEAN. On November 6, 2015, ASEAN's 16th "*Ministerial Meeting on Science and Technology,"* the ASEAN Action Plan on Science, Technology, and Innovation (APASTI) for 2016-2025, was accepted by ministers. According to the action plan, the vision of ASEAN is "*A Science, Technology and Innovation-enabled ASEAN, which is Innovative, competitive, vibrant, sustainable and economically integrated*" (ASEAN, 2015).

Figure 4. Timeline of events linked with the Plan of Action on Science and Technology, Source: ASEAN

The ASEAN countries cooperate to make the ASEAN community more technologically competitive in Research, innovation, and technology. Smart cities, smart agriculture, intelligent connected industries, intelligent manufacturing systems, and many other projects are being developed for digitalization (Energy Watch, 2020). Over the next ten years, the ASEAN digital economy is predicted to increase, adding about \$1 trillion to regional GDP. (World Economic Forum, 2020).

2.6. Legal

Since its establishment in 1967 by "*the Bangkok Declaration, the Association of Southeast Asian Nations (ASEAN)*" has relied on diplomacy rather than law (Ewing-Chow, Hsien-Li, 2013). Political ties were handled by dialogue, consensus, and declaratory statements in the region. ASEAN comprising 10 Southeast Asia countries, has been lacking in the rule of law or process of institutionalization for a long time. In 2003, the "*Declaration of ASEAN Concord II (Bali Concord II)*" established the "*ASEAN Economic Community (AEC)*," the "*ASEAN Security Community (ASC)*," and the "*ASEAN Socio-Cultural Community (ASCC)*." Then the ASEAN Charter was signed in November

2007 and became effective on December 15, 2008. The Charter of ASEAN covers these essential topics to realize the institutionalization process:

- *"New political commitment at the top level,"*
- *"New and enhanced commitments,"*
- *"New legal framework, legal personality,"*
- *"New ASEAN bodies,"*
- *"Two new openly recruited DSGs,"*
- *"More ASEAN meetings,"*
- *"More roles of ASEAN Foreign Ministers,"*
- *"New and enhanced role of the Secretary-General of ASEAN,"*
- *"Other new initiatives and changes" (Chatterjee 2017).*

The main goals of ASEAN's localization and internalization process are to deal with security challenges and be a vast single market (Chatterjee 2017). Although ASEAN, as a whole, has a unique aim of making it strong, central in the region, and wealthy, there is a difference among countries in terms of social, economic, political, demographic, and culture. Because of this reason, ASEAN has faced many internal problems, which are seen as external problems by other countries. For instance, violation of human rights in certain ASEAN Countries causes a negative perception of ASEAN. This situation generates a barrier to other countries that want an ASEAN economic and security dialogue.

To put it differently, Iran that wants to participate Shanghai Cooperation Organization (SCO) cannot join the nuclear program. When we compare the situation in Iran, most developed countries, particularly Europe Countries, hesitate to cooperate with ASEAN. This challenge will play a significant role in the relations between ASEAN and Europe in the future.

Conclusion

With the changing geopolitics, ASEAN Countries have come to the forefront of international relations. Great Powers have wanted to increase their sphere of influence

by making political, cultural, economic, and security cooperation with ASEAN. One of the most fundamental reasons for this situation is that the China-American competition is mainly in the ASEAN geography. This is both an advantage and a disadvantage for ASEAN countries. Because the USA and China are both trying to use these countries against each other, they have to invest more economically. Foreign direct investment incoming to ASEAN has increased dramatically in recent years. In this context, while the rivalry between China and USA is more precise, it can be said that ASEAN Countries will gain benefit economically. However, this rivalry may threaten ASEAN if the time comes for choosing sides. Many ASEAN countries have a sophisticated connection with USA and China. Therefore, a moment of choosing aside will not be wise for them. To deal with this problem, the centrality policy seems like the most plausible option that comes to mind. Today, Asia's development has relocated the focus of power struggle from the Atlantic to the Pacific. With its economic dynamism, demographic strength, and geographical advantage, ASEAN Countries are the main interest areas of China and the USA due to gaining economic and political power and winning the power struggle that will determine the hegemon power in international relations.

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