Preface

The region of Southeast Asia has for long been an important trade route as well as a unique blending of the diverse cultures and tradition ranging from Buddhism, Islam, Hinduism and Confucianism. The “Asian Economic Miracle” of the 1980s and early 1990s, the impressive performance of Southeast Asia both in terms of economic growth and human development, the end of Cold war, China’s emergence as a major military and economic power in Asia, and India’s increasingly outward-oriented economic policy have all combined to mark a new phase in the region of Southeast Asian region. One of the major milestones in the development of Southeast Asian region has been the formation of Association of South East Asian Nations (ASEAN) which was formed on 8 August 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. With the ongoing process of greatest co-operation in Southeast Asian region, ASEAN became a ten member regional organisation with the inclusion of Brunei, Vietnam, Myanmar, Laos and Cambodia. Though ASEAN was an attempt to institutionalise the rapprochement between Malaysia and Indonesia, and to create a frame work to build certainty and trust into relations within Southeast Asia – but its founders had not clear programme for achieving this objective. The Association’s founding document, the Bangkok Declaration, claimed for the countries of South-east Asia ‘a primary responsibility for strengthening the economic and social stability of the region and ensuring their peaceful and progressive national development’ and stated that they are determined to ensure their stability and security from external interference.

While ASEAN claimed responsibility for maintaining the region’s stability and security free from external interference, it rejected military means to achieve this end. Instead, its approach was encapsulated in the Indonesian concept of ‘regional resilience’,
which would stem from 'national resilience', based on political and economic development and on national defence. In 1970, Malaysia proposed that South-east Asia should be neutralised" under the guarantee of major powers which were fighting an ideological battle in the Southeast Asian region the proposal was rejected by Indonesia because neutrality at the "diktat" of the major powers ran contrary to its concept of regional resilience, and was met with concern by both the Philippines and Singapore since it would prejudice Washington's presence. From 1974, ASEAN established a series of dialogue relationships with external players, including Australia, Japan, New Zealand, Canada, the European Community (EEC) and the US. Development assistance was channeled through ASEAN, as well as through bilateral aid programmes as a way of promoting organisation.

The end of cold-war envisaged a series of changes in the South-east Asian region with the solution of Cambodian crisis, collapse of Soviet Union and German unification, a new vision for the region came up. A vision of assured economic co-operation and development. The major step in this regard was taken up by the ASEAN leaders in their first post-cold war summit in Singapore in January 1992, from which a range of initiatives emerged. Leaders sought to bolster "regional resilience" by deepening co-operation between their countries, and by laying the ground work for the Association to absorb the remaining Southeast Asian states. In fact Singapore an ASEAN member nation and a newly industrialised economy has been one of the promoters of the economic development cause along with US, Japan and European Union. But subsequently, Hong Kong, Taiwan, Republic of Korea (Newly Industrialised Economies) came up as the active partners of ASEAN for the development of the region. Though not much concern was shown to the four NIEs as Hong Kong was expected to become a part of China which it became in 1997 and Taiwan is still not accorded a separate nation status. The amount of foreign direct investment and trade has been an important aspects of cooperation between NIEs and
ASEAN nations. Apart from that there is a unique trickle down effect happening in the Southeast Asian region with Japan, the NIEs and ASEAN being the three slabs of economic development. In this thesis for all analytical purposes, Singapore is taken as an NIE, but for the common statements on behalf of ASEAN it is accorded a member nation status. In this doctoral research work, the data about ASEAN pertains specifically to ASEAN-9 (barring Singapore) so as to give credibility to the data analysis. The whole thesis has been segregated into five chapters dealing with different aspects of ASEAN-NIEs cooperation.

In the first chapter, a brief introduction about the ASEAN and its predecessor organisations has been given along with the politico-economic historical background of both NIEs and ASEAN nations. The causes for the formation of ASEAN and the extent of cooperation between ASEAN and NIEs has been discussed along with the recent developments in the region’s development and greater regional integration aspects are also discussed in the chapter.

In the second chapter, a detailed analysis of the various ASEAN agreements along with policies is being made. The special stress in this chapter is made about the extent of foreign direct investment between ASEAN and NIEs is made along with the comparative study of the FDI from other source nations like Japan, U.S. and China is also discussed. The chapter also discusses the pattern of trade between ASEAN and NIEs with a special significance in the year 1997 when financial crisis occurred so as to analyse any changes in the trade pattern.

The third chapter discusses the financial institutions active in the ASEAN region and also the effects of the financial crisis in Southeast Asia on the banks and their liquidity. The chapter also takes a cursory look at the various finance companies active in ASEAN countries and the extent of damage control exercise taken in ASEAN after the financial crisis.
The fourth chapter discusses the historical background of ASEAN-India relations and how far has the recent Asian economic crisis has affected their relationship. More recently, India has shown a keen interest in the emergence of a new regional association, BIMSTEC (Bangladesh, India, Myanmar, Sri Lanka and Thailand Economic Cooperation) and the new avenues of co-operation between India and ASEAN that are likely to emerge. Also, the future prospects of co-operation or competition between the two have been discussed in brief.

The fifth chapter is the concluding chapter which is based on the findings of the earlier chapters.

The study is basically aimed at arriving at the various facts of the composition of the relationship between ASEAN and NIEs and how far the development objective has been achieved with the support and involvement of NIEs in the economic affairs of ASEAN and South east Asian region as a whole.