UNDERGRADUATE THESIS

THE ROLES OF ASEAN IN NARROWING ECONOMIC DISPARITIES AMONG ASEAN MEMBER STATES (2000-2009)



Written by:

Siti Widyastuti Noor

20130510057

DEPARTMENT OF INTERNATIONAL PROGRAM OF INTERNATIONAL RELATIONS

FACULTY OF SOCIAL AND POLITICAL SCIENCE

UNIVERSITAS MUHAMMADIYAH YOGYAKARTA

2017

UNDERGRADUATE THESIS

THE ROLES OF ASEAN IN NARROWING ECONOMIC DISPARITIES AMONG ASEAN MEMBER STATES (2000-2009)

Presented to fulfill the requirement for achieving the degree of Sarjana Ilmu

Politik (S.IP), Department of International Relations, Faculty of Social and

Political Science, Universitas Muhammadiyah Yogyakarta

Advisor: Dian Azmawati, S.IP, M.A

Name: Siti Widyastuti Noor

Student's Number: 20130510057

International Program of International Relations Department

Faculty of Social and Political Science

Universitas Muhammadiyah Yogyakarta

2017

STATEMENT OF ORIGINALITY

This is to certify that the work contained in this undergraduate thesis has not been previously submitted for a degree, diploma, or other purposes at any other higher education institution.

To the best of my acknowledgement, the academic content of this undergraduate thesis contains no material previously published or written by another person except where references are made.

Yogyakarta, May 24, 2017

Siti Widyastuti Noor

ENDORSEMENT PAGE

This Undergraduate Thesis Entitled:

THE ROLES OF ASEAN IN NARROWING ECONOMIC DISPARITIES AMONG ASEAN MEMBER STATES (2000-2009)

Written by:

Siti Widyastuti Noor

20130510057



This undergraduate thesis has been examined and endorsed by the board of examiners from the Department of International Relations, Faculty of Social and Political Science, Universitas Muhammadiyah Yogyakarta on:

Date :Friday, April 7, 2017

Time : 08.00 A.M

Place : Ruang HI. C

Acknowledged by:

Advisor/Chief Examiner

Dian Azmawati, S.IP, M.A

Examiner I

Dr. Sidik Jatmika, M.Si

Bambang Wahyu Nugroho, S.IP, M.A

Examiner II

Untuk Bapak, Ibuk dan Adin.

Semoga Allah selalu menyayangi mereka seperti mereka menyayangiku.

PREFACE

In the name of Allah SWT—The Most Gracious and The Most Merciful.

This undergraduate thesis entitled "The Roles of ASEAN in Narrowing Economic Disparities Among ASEAN Member States (2000-2009)" is made as a completion to obtain bachelor degree in the Department of International Program of International Relations, Faculty of Social and Political Sciences, Universitas Muhammadiyah Yogyakarta. Several people have contributed to this undergraduate thesis and my study in this university. Therefore, I would like to thank:

- 1. Dian Azmawati, S.IP, M.A., as my undergraduate thesis supervisor;
- 2. Ms. Marga, as the language supervisor for this undergraduate thesis;
- 3. Ratih Herningtyas, S.IP, M.A., and Sugito, S.IP, M.A as my undergraduate thesis proposal examiners;
- 4. Dr. Sidik Jatmika, M.Si and Bambang Wahyu Nugroho, S.IP., M.A as my undergraduate thesis examiners.

Hopefully, with their valuable inputs, constructive suggestions, time, also their contributions academically and practically, this undergraduate thesis is able to develop the academic references for the study of International Relations, especially in Universitas Muhammadiyah Yogyakarta.

Yogyakarta, May 24, 2017

Siti Widyastuti Noor

ACKNOWLEDGEMENT

I will always remember an excursion I had on March 2015 where I was sitting in the main conference room of ASEAN Secretariat. It was the very first day I had this research idea, to write about CLMV countries for my undergraduate thesis. Thus, I would like to thank the *ASEAN Secretariat*, especially for the correspondence we made during the process of making this academic research and the resources from Division of Narrowing Development Gap—they posted books and documents all the way from Jakarta.

Throwing back to the very first day I had this thesis idea. I was sitting in one of the main conference room where ASEAN Summit, Ministerial Meeting, and other agendas—you name it-happened there. It was the same place where ASEAN's representatives had their meetings. However, I was there as the head of committee for IR Visit 2015. I wouldn't have this chance without *KOMAHI UMY*, especially *Divisi Jaringan dan Kerjasama*.

While making this undergraduate thesis, I spent much time at SAC Office. It was like my 'comfort zone' in making this research. I could write pages during my schedule there. Thus, it was a great chance to work there for a year. I would also thanks for the friendliness of all SAC members.

Behind this undergraduate thesis and my years in university, there are certain people whom I would like to thank.

Firstly, there was a time when I read acknowledgement section of other people's thesis and it was written KKN there. Well, I want to thank *Tim KKN 003*—they are not that significant to my undergraduate life. However, my struggles to finish this program make they worth a paragraph in this undergraduate thesis.

Then, my college life would not be fun without these people. They were there through the ups and downs of these past three years. They sometimes become my intellectual discussion partners and also supporters for my undergraduate thesis. I

want to thank these friends of mine (sorted alphabetically): Arisan squad (Alif, Atikah, Boni, Elin, Hikma, Karin, Ulfa, Tante), Ajik, Anang, Galuh, Ikbal, Kiki, Lady, Niken, Tami...and for everyone who had their roles leading me to who I am today, well, this acknowledgement pages will not be enough to mention those names.

Furthermore, I want to dedicate this undergraduate thesis *my family*. For endless support and prays for me. Especially, my beloved grandparents: *Uwan, Mbah Sapin, and Mbah Pati*. Also, *my little sister* because of her, Jogja always feels like home.

And I want to thank my parents for priotizing my education and investing their money on me. *Untuk Bapak dan Ibuk: terima kasih karena selalu percaya kepada putri sulungnya, saat ia pergi jauh dari rumah untuk belajar dan melihat bagian lain dari bumi Allah.*

Finally, to finish my undergraduate studies, is merely belongs to the blessings of Allah SWT—The Guide and The Infallible Teacher. Thus, I raise my gratitude for *His blessings*.

In the end, this undergraduate thesis hopefully could contribute to the academic resources for Universitas Muhammadiyah Yogyakarta and the development for the study of International Relations.

ABSTRACT

Association of Southeast Asia Nations (ASEAN) was established as the regional organization. During the very first establishment of this organization, ASEAN focused on the political stability and security. However, the cooperation develops to the economic cooperation. This regional organization develops to integrate the economic cooperation among the member states. The benefits from the deepening integration of economic cooperation should be shared equally among the member of ASEAN. However, along the establishment of the integration, the economic disparities become one of the obstacles for ASEAN's economic cooperation.

Economic disparities define as the condition of being unequal. It will lead to the different implementation on the further integration and the stagnancy of growth. Thus, narrowing the economic disparities becomes one of the concerns for ASEAN. This undergraduate thesis describes the roles of ASEAN in narrowing economic disparities among ASEAN Member States. The research particularly focuses on 2000-2009, after the ASEAN established the framework of Declaration on Narrowing Development Gap (2000) and the Initiative for ASEAN Integration (2002).

Keywords: ASEAN Economic Integration, economic disparities, Declaration on Narrowing Development Gap, Initiative for ASEAN Integration

TABLE OF CONTENTS

| STATEMENT OF ORIGINALITYii |
|---|
| ENDORSEMENT PAGEiii |
| PREFACE v |
| ACKNOWLEDGEMENTvi |
| ABSTRACTviii |
| TABLE OF CONTENTS ix |
| LIST OF TABLES AND FIGURESxi |
| CHAPTER I: INTRODUCTION 1 |
| A. Background1 |
| B. Research Question5 |
| C. Theoretical Framework5 |
| 1. Concept of Regional Inequality6 |
| 2. Concept of Role in International Organization |
| D. Hypothesis |
| E. Purpose of Research |
| F. Research Method |
| G. Scope of Research |
| H. Outline of Research |
| CHAPTER II: ASEAN ECONOMIC INTEGRATION |
| A. The Establishment of ASEAN |
| B. ASEAN Economic Integration |
| 1. Economic Cooperation through ASEAN Free Trade Area 19 |
| 2. ASEAN Economic Integration through ASEAN Economic Community . 23 |
| C. Future Goals of ASEAN Economic Integration |
| CHAPTER III: ECONOMIC DISPARITIES AMONG ASEAN MEMBER |
| STATES |
| A. The Economic Disparities as an Obstacle for ASEAN Economic Integration |
| |
| B. Indicator of Regional Economic Disparities |

| C. The Overview of ASEAN Member States' Economic Condition | 33 |
|--|--------|
| 1. Brunei Darussalam | 34 |
| 2. Cambodia | 34 |
| 3. Indonesia | 35 |
| 4. Laos | 35 |
| 5. Malaysia | 36 |
| 6. Myanmar | 36 |
| 7. Philippines | 36 |
| 8. Singapore | 37 |
| 9. Thailand | 37 |
| 10. Vietnam | 38 |
| D. Problem of Economic Disparities within the ASEAN Member States | 39 |
| CHAPTER IV: THE ROLES OF ASEAN IN NARROWING ECONOMIC | |
| DISPARITIES AMONG ASEAN MEMBER STATES | 45 |
| A. The Initiative for ASEAN Integration (IAI) and Declaration on Narrowing | г Э |
| Development Gap | 46 |
| B. The Roles of ASEAN in Narrowing Economic Disparities among ASEAN | |
| Member States | 48 |
| 1. Intensify the Economic Cooperation among the Member States | 48 |
| 2. Accelerate the Economic Development of CLMV Countries through the | |
| Declaration on Narrowing Development Gap | 51 |
| CHAPTER V: CONCLUSION | 58 |
| REFERENCES | 61 |

LIST OF TABLES AND FIGURES

| Table 1. GDP of ASEAN member states (in millions US Dollar) | 2 |
|---|----|
| Table 2. Characteristics of Inclusive Economic Institution | 7 |
| Table 3. Intra-ASEAN Exports 1993-2000 | 21 |
| Table 4. Intra-ASEAN investment (in Billion of dollars) | 22 |
| Tabel 5. Selected ASEAN Indicators | 34 |
| Table 6. ASEAN GDP Comparison | 40 |
| Table 7. Contributions to CLMV Countries in Narrowing Development Gap | |
| (2002-2008) | 52 |
| | |
| Figure 1. Map and Logo of ASEAN | 3 |
| Figure 2. ASEAN External Relations | 15 |
| Figure 3. The Timeline of ASEAN Economic Community Establishment | 24 |