

**ASEAN's Third Way?
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There's growing recognition that ASEAN's practice of convening public-private dialogues has encouraged confidence building and problem solving that in turn has helped reinforce the prospects for the creation of the ASEAN Economic Community.

Contrary to the traditional one-way street of governance, ASEAN policymakers have made it standard operating procedure to consult stakeholders across the public-private spectrum prior to devising or revising regulatory policies. Through Track 1.5 diplomacy, ASEAN policymakers can pinpoint stakeholder concerns and address them if necessary, while encouraging horizontal coordination among relevant ministries.

These efforts have given the global business community and other stakeholders greater avenues of access for helping shape a more efficient marketplace, as well as avoiding the bane of perfect hindsight. ASEAN leaders are well aware of their growing role as the nucleus of the Asian Century and have consistently demonstrated their determination to create "one Southeast Asia" via the ASEAN Way of *musyawarah* (consultation) and *muafakat* (consensus).

In this respect, the formal inclusion of the private sector in shaping the ASEAN Economic Community (AEC) is well-acknowledged in its [Blueprint for organization](#). Line 28, for example, calls for "a more transparent, consistent and predictable investment rules, regulations, policies and procedures" in "consultation with ASEAN private sectors to facilitate investment." While ASEAN as a collective may "know what it wants," these consultations help the group ascertain "how to get there."

So what, you may ask?

In geopolitical terms, ASEAN, when measured as a single market, can be viewed as an equal partner to many larger, more powerful Asia-Pacific economies, such as China, India, Japan, Australia, and South Korea, and a part of the world that is currently leading the global economic recovery. The process of public-private consultations spurs the creation of an open, outward-looking, inclusive, and rule-based Southeast Asian political economy. By deepening the conversations between ASEAN public and private sectors, particularly in new public policy areas such as competition policy, ASEAN can introduce consistent ground rules for B2G/G2G/G2B interactions, as well as a stable and predictable investment climate in Southeast Asia.

The global private sector is in the midst of a shift from the antagonistic "public vs. private" to a more collaborative "public-private" approach to doing business. It's against this backdrop that there is a growing level of trust in ASEAN institutions and its leaders as they enhance levels of transparency and mutual accountability while gradually tackle potential political risks, such as the fear of ASEAN governments' self-aggrandizement.

Still, taking a step down to individual ASEAN member states, there are some serious challenges. Given that regional economic integration is one of ASEAN's key strategic priorities, much work remains to be done, including institutionalizing efficient consultative processes and expanding them to all ten ASEAN nations. This should increase opportunities to improve economic policy formulation and implementation processes.

For example, in recent years, as ASEAN launched an effort to establish a regional framework in the new area of competition policy, ASEAN seemed to place a higher value on disseminating information to the private sector on the proposed framework (after it was developed) as opposed to involving the private sector as a stakeholder in the process of developing a framework. Looking ahead, as ASEAN seeks to establish the ASEAN Economic Community by 2015, one thing that would enhance ASEAN's global competitiveness in the eyes of both foreign and ASEAN private sectors would be for each country to recognize and adopt the best practice principle of "notice and comment" as a minimum standard for any regional or domestic regulatory or policy formulation process.

While such public-private conversations are by no means a guarantee for always achieving the best results possible, they are critical in pressing both public and private sectors to take shared ownership in making ASEAN's regional economic landscape truly world class.

If ASEAN is successful, and if it can continue to move improving greater public-private dialogue, it could help create an Asian middle ground approach in the current debate over global economic reform.

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