



## **The Role of Institutional Frameworks in Economic Integration: A Comparative Analysis of the EU and ASEAN**

**Sonali Kumari Panda**

Research Scholar, P.G. Department of Political Science, Berhampur University, Berhampur, Ganjam, Odisha, India, 760007, Sonaliph.cut7579@gmail.com

**Dr. Priyadarsini Panda**

Assistant Professor, P.G. Department of Political Science, S.B.R.G. Women’s College, Berhampur, Ganjam, Odisha, India, 760001, misspriyadarshini@gmail.com

**DOI : <https://doi.org/10.5281/zenodo.17608033>**

### **ARTICLE DETAILS**

**Research Paper**

**Accepted:** 21-10-2025

**Published:** 10-11-2025

#### **Keywords:**

Economic integration, institutional frameworks, European Union, ASEAN, supranationalism, intergovernmentalism, regionalism, policy convergence, governance

### **ABSTRACT**

This paper examines how institutional structures influence regional economic integration, using a comparative analysis of the European Union and the Association of Southeast Asian Nations. The European Union (EU) represent supranational models characterised by centralised institutions with the authority to develop and implement uniform policies, such as the Single Market, the Economic and Monetary Union, and the Banking Union. These setups help streamline regulations, stabilise the economy, and build closer financial ties among EU countries. On the contrary, ASEAN takes a different path—its approach is more decentralised, flexible, and based on cooperation between governments, emphasising respecting each country's independence and making decisions through mutual agreement. It moves forward through flexible, non-binding agreements and initiatives such as the ASEAN Economic Community (AEC), the ASEAN Trade in Services Agreement (ATISA) And the Regional Comprehensive Economic Partnership (RCEP). Although the EU has reached a more advanced and consistent level of integration, ASEAN is notable for its adaptability and capacity to bring together a region



---

marked by significant diversity. After examining institutional structures, the study analyses how the structure of institutions influences the level of integration, the effectiveness of policy execution, and overall resilience. It sheds light on how different governance approaches shape and influence regional economic partnerships

---

## **INTRODUCTION:**

Economic integration is a core aspect of globalization, strengthening trade, investment, and regional cooperation, and it involves eliminating barriers to economic interaction between nations. Economic integration also accelerates the free movement of goods, services, capital, and labour. Though, economic policies help for effective integration, it is still not enough even institutional frameworks that regulate and coordinate economic activities. Institutions play an important role in economic integration, ensuring stability, reducing uncertainties, and providing mechanisms for dispute resolution. The European Union (EU) stands as a highly structured model of regional economic integration, characterized by strong institutions such as the European Commission, the European Central Bank, and the European Court of Justice. (Germany Takes Back its Sovereignty from the European Union, Allah's Willing Executioners, medforth.blog). These institutions maintain regulatory coherence, enforce agreements, and promote economic stability across member states. In contrast, the ASEAN follows a more decentralized approach and is based on intergovernmental cooperation, unlike the centralized authority of the European Union. While ASEAN has made significant growth in trade liberalization and the economy. Still, its weaker institutional framework poses challenges in policy enforcement and crisis management. This article offers a comparative analysis of the institutional frameworks of the EU and ASEAN, and analysing their role in shaping economic integration. By discussing the pros and cons of each system, it aims to offer insights into how institutional mechanisms impact regional economic stability. After Understanding these dynamics it can be helpful for policymakers, economists, and scholars seeking to enhance economic integration in diverse geopolitical contexts.

## **ROLE OF INSTITUTIONAL FRAMEWORK:**

Economic integration is more than just trade agreements or open borders—it is about creating a system where different economies can work together smoothly, efficiently, and fairly. In this integration process institutions act as a thread that binds the economic partnership together at. If there is an absence



of a strong institution then integration efforts can quickly become chaotic, leading to uncoordinated policies, economic instability, and unresolved conflicts (North, 1990). Imagine a world where countries trade freely but have no common rules on tariffs, business regulations, or financial policies. It would be like trying to run a company where every department sets its own rules without any central management—inevitably leading to confusion, inefficiency, and frequent disputes. Institutions prevent this by providing a structured framework that ensures all participating economies operate under a shared system of governance. They create consistency in economic policies, making it easier for businesses and investors to operate across borders (Rodrik, 2000).

The European Union (EU) is a prime example of how institutions facilitate integration. Main organisations of the European Union such as the European Commission, the European Central Bank, the European Court of Justice work cooperatively to continue economic stability and to sort out disputes fairly (Moravcsik, 1998). These institutions ensure that economic policies remain coordinated across member states, preventing inconsistencies that could disrupt trade and investment. ASEAN, on the other hand, has faced challenges due to its weaker institutional mechanisms. While it has successfully promoted regional trade, the lack of a strong central authority makes it harder to enforce agreements and respond effectively to economic crises (Severino, 2009). Institutions also act as a safeguard in times of financial distress. In today's interconnected and interdependence world economic crisis in one country spreadily spread to other countries as well -creating ripple effects that impact global markets. Strong financial institutions help prevent such crises from escalating. The European Stability Mechanism for instance dispense financial support to struggling European Union Economies and help them to prevent major economic collapse (De Grauwe, 2012). In contrast, regions with weaker institutional support often find themselves more vulnerable to financial instability, with fewer tools to manage economic downturns.

Apart from rules, regulations and financial oversight institutions are principal actors in building trust. When businesses, investors, and consumers see a stable legal system, transparent governance, and effective dispute resolution mechanisms, they feel more confident engaging in cross-border economic activities (Acemoglu & Robinson, 2012). Strong institutional organisations like the European union's constructive approach to governance present it as an productive destination whereas regions having poor institution often struggle to motivate the equal extent of confidence, but still it creates hesitation among investors and bussiness. Fundamentally economic integration its about creating a system that permit economies to grow together in a stable, fair and resillient way rather than just about increasing trade. Institutions provide the foundation for this process, ensuring that integration efforts do not collapse under the weight of political disagreements, financial crises, or policy inconsistencies. Without them, economic



integration would be a fragile, uncertain venture. But with strong institutions in place, it becomes a powerful force for long-term prosperity and cooperation (Keohane, 1984).

### **THE EU's INSTITUTIONAL MODEL: A SUPRANATIONAL APPROACH:**

The European Union (EU) is a unique political and economic union of 27 European countries that economic governance. Originating in the have chosen to cooperate closely in a wide range of areas, including trade, law, foreign policy, and aftermath of World War II, the EU was conceived as a peace project aimed at fostering economic interdependence and political stability in Europe. Its roots can be traced back to Treaty of Rome (1957), which formally established European Economic Community, with time this economic cooperation evolved into a extensive wider political and institutional framework, with important landmarks such as Maastricht Treaty( 1993) officially created the European Union, and Lisbon Treaty(2009) which further refined its governance structure. Over the decades, the EU has evolved from a limited economic arrangement into a far-reaching power and an ambitious vision of integration.

Its one of the most advanced models of regional economic integration, largely due to its strong institutional framework. European Union function on a supranational level, where key organisations play a crucial role in ensuring regulatory consistency, policy coordination and economic stability. These institutions create a structured governance system that minimizes economic disparities and fosters a seamless internal market. The EU has empowered a set of institutions with legally binding authority over its members. European Commission is a fundamental organisation of European Union because it plays an executive role such as it has exclusive right to propose legislation, ensures the implementation of the European Union's rules, regulations, laws, treaties and monitors the compliance of member states. This fundamental function ensures legislative and controlling environment across the Union it also try to put a stop to contasting national interst from threatening collective goods

The Eurogroup, for example, facilitates dialogue between finance ministers of Eurozone countries, promoting economic convergence. In addition to the European Central Bank maintains macro economic stability among the eurozone members and managing monetary policy for the 20 member states that have adopted the euro and this is introduced by The Economic and Monetary Union (EMU). It sets interest rates, controls inflation, and ensures financial market stability, thereby promoting economic convergence. During economic instability the European Central Bank plays an important role, as seen during the global financial crisis and the COVID-19 pandemic. Additionally, while the Economic and Financial Affairs Council (ECOFIN) works on fiscal coordination. The ECJ is upholder of European



Union law. The law regulated by ECJ promote legal certainty and predictability for investors, business and across the member states of union, thus reinforcing the strength of regulatory governance within the bloc.

### **SMOOTH POLICY COORDINATION AND COHESION AMONG MEMBER STATES:**

One of the EU's defining features is its institutional capacity for policy coordination among a diverse group of member states with varying political systems, economic profiles, and social priorities. The Council of the European Union and the European Parliament are key legislative bodies that work together under the Ordinary Legislative Procedure (formerly known as codecision). The European Union has a dual structure of governance i.e. the parliament represents European citizens directly whereas council represents national governments. This dual structure ensures that both national interests and democratic accountability are embedded within EU policymaking. For mediating negotiations, ensuring policy coherence and drafting policy proposals, the European Commission serves as a bridge between these institutions. The Commission reviews national plans and issues country-specific recommendations, which are then discussed and endorsed by the Council. Besides these there was another flagship initiative is launched in 2010 for fiscal coordination and macroeconomic policy coordination. Semester provides a timeline for the annual cycle of economic policy planning, allowing member states to align their national budgets and reforms with common EU priorities such as debt sustainability, labour market reforms, and digital transformation. The Semester also allows for the integration of newer goals like the European Green Deal and digitalization into national reform agendas, thereby deepening political and economic cohesion across the bloc.

### **CRISIS MANAGEMENT AND FINANCIAL STABILITY: THE ROLE OF THE EUROPEAN STABILITY MECHANISM (ESM):**

The EU established the European Stability Mechanism in 2012 as a permanent financial assistance body for protecting the euro area's financial integrity. ESM is also a response towards the eurozone sovereign debt crisis. Functioning as a crisis resolution mechanism, the ESM provides financial assistance to member states experiencing severe liquidity or solvency issues, under strict conditionality aimed at restoring economic stability and investor confidence. It replaces temporary mechanisms like the European Financial Stability Facility (EFSF) and operates independently, though in close cooperation with the European Commission, the ECB, and the IMF—together known as the Troika.



Its crisis assistance is contingent on the beneficiary country agreeing to implement a macroeconomic adjustment program monitored by the Commission and the ECB. This conditionality framework ensures both financial discipline and structural reforms, addressing the root causes of crises. For example, ESM interventions in Greece, Ireland, and Portugal were instrumental in restoring stability, albeit with varying levels of domestic political resistance.

Moreover, the ESM's capacity was expanded during the COVID-19 pandemic to offer pandemic crisis support focused on healthcare expenditure. In the long run,

### **RECENT DEVELOPMENTS:**

The European Union has taken several significant steps for deepening economic integration through several institutional and policy reforms. In response to the COVID-19 crisis, the Next Generation EU (2020–2021) recovery instrument marked a historic leap in fiscal integration, jointly financing green and digital transitions. Building on sustainability goals, the European Green Deal and the Fit for 55 Package (2019–present) advanced climate neutrality targets through harmonized environmental and fiscal policies. Financial stability was reinforced through continued progress in the Banking Union, particularly via the Single Supervisory and Resolution Mechanisms. Simultaneously, the Capital Markets Union Action Plan (2020– present) sought to eliminate barriers to cross-border investments and boost funding accessibility. For securing strategic technologies and enhancing internal market resilience Economic security package was launched most recently in 2024. This is also reflects a shift towards safeguarding economic sovereignty.

### **ASEAN'S INSTITUTIONAL MODEL: A FLEXIBLE AND DECENTRALIZED APPROACH:**

Today, ASEAN plays a central role in regional diplomacy and economic architecture in the Asia-Pacific. ASEAN is an increasing collective GDP regional organisations having a combined population of over 670 millions. ASEAN also represents a dynamic and influential regional bloc. Despite its achievements, however, ASEAN faces persistent institutional challenges, such as limited enforcement mechanisms, economic disparities among member states, and the need for deeper policy coordination. Understanding ASEAN's institutional model is essential to evaluating its role in shaping regional integration, economic resilience, and political cooperation in Southeast Asia. The ASEAN was formally established on August 8<sup>th</sup> 1967 as a regional organisation with the signing of the Bangkok Declaration five founding countries—Indonesia, Malaysia, the Philippines, Singapore, and Thailand.



Eventually the the organization expanded to include five additional members: Brunei, Vietnam, Laos, Myanmar, and Cambodia, bringing the total membership to ten. ASEAN was formed against the backdrop of Cold War tensions and regional instability, with the initial objective of promoting political cooperation and mutual security. However as time goes its scope has expanded significantly to include economic integration, socio-cultural development, and regional peace and stability.

ASEAN's guiding principles are based on non-interference, respect for sovereignty, consensusbased decision-making, and peaceful settlement of disputes. These principles are fundamental for regulating relatively harmonious relationship among a region characterized by diverse political systems, economic structures and cultural traditions. ASEAN shifted its priorities toward regional economic cooperation due to the global and regional dynamic conditions. After being engaged in regional economic cooperation ASEAN has successfully established the leading frameworks like the Asean Free Trade Area (AFTA) and the ASEAN Economic Community (AEC)The institutional framework of ASEAN is built on an intergovernmental model, which prioritizes mutual respect, state sovereignty and non-interference in the domestic issues of member countries. Unlike the EU there is no such central authority exist in ASEAN for binding the member countries to follow any decision. Instead, decision-making is conducted through intergovernmental negotiations, with each member state retaining full control over its policies and actions. One of the defining features of ASEAN's decision-making process is the principle of consensus. ASEAN follows a consensus based decision making approach. It means that every notable agreement, policy decision, or initiative must receive unanimous approval from all member states. This consensus-based approach ensures that no member feels marginalized and that policies reflect shared interests.

#### **KEY INTEGRATION MECHANISMS:**

To accelerate economic integration and strengthening regional cooperation ASEAN has executed a number of initiatives i.e. the Asean Economic Community and the ASEAN Free Trade Area (AFTA). Officially AEC established in 2015 with the aim of converting ASEAN into a single production and market base and granting for the free movement of goods, services, skilled labour and capital across borders which can lead to increase trade, investment and economic opportunities for member states. The main objectives are facilitate the implementation of trade, services, investment. Creating a single market and production base, foster economic integration and enhancing the competitiveness of ASEAN as a region. The goal is to enhance ASEAN's economic competitiveness on a global scale and to promote equitable economic development across the region. Though ASEAN has taken many more steps to facilitate cross border trade, improve infrastructure connectivity, harmonise economic regulations still the



implementation remains uneven due to differences in political will, institutional capacities, and development levels among member states. Meanwhile, AFTA, initiated in 1992, was a foundational step toward economic integration. It aimed to increase intra-regional trade by reducing and eventually eliminating tariffs among ASEAN countries. The Common Effective Preferential Tariff (CEPT) scheme helped lower most tariffs to between 0–5%, significantly enhancing trade flows within the region. AFTA has also contributed to the development of regional value chains and has attracted foreign direct investment by offering access to a larger, more integrated market.

### **INSTITUTIONAL CHALLENGES: WEAK ENFORCEMENT MECHANISMS AND ECONOMIC DISPARITIES:**

It is obvious that ASEAN has done a number of progress in regional cooperation. Despite of being a successful regional organisation still it facing a considerable institutional challenges that became an obstacle to deep effective integration. One of the primary issues is the lack of strong enforcement mechanisms. Unlike the EU and other regional organisations, ASEAN's regulatory framework is relatively flexible. Agreements are often unenforceable and dependent on non compulsory commitment of member states. This approach reflects a desire to respect the sovereignty of member states and permit its members to go for their own national convenience, which results in uneven policy implementation across the region. This weak institutional capacity, ineffective institutional enforcement capability to execute policies and reforms uniformly or to respond effectively to violations. Another pressing challenge lies in the wide economic disparities among member countries. ASEAN encompasses both highly developed economies, like Singapore and Brunei, and less developed nations such as Laos, Cambodia, and Myanmar. This development gap affects the ability of the less advanced members to implement and benefit from regional economic policies at the same pace as their more developed counterparts. As a result, integration progresses unevenly, creating imbalances within the region. To address these inequalities, ASEAN introduced the Initiative for ASEAN Integration (IAI), aimed at helping the less developed countries catch up by providing technical assistance, capacity-building, and infrastructure support. However, progress under the IAI has been slow and often insufficient to fully close the development gap. In the way of achieving ASEAN's vision of a cohesive and economically integrated community, above mentioned institutional and structural weakness continuously became a threat.

In recent years, ASEAN's economic integration agenda has evolved through a series of structured and strategic initiatives aimed at deepening regional cooperation. The journey began with the ASEAN



Economic Community (AEC) 2025 Blueprint, which aims to establish a single market and production base by focusing on trade facilitation, investment liberalization, services integration, and financial inclusion. In addition with these goals a lot of initiatives taken by ASEAN, and one of them is the ASEAN Trade in Services Agreement (ATISA) which was adopted in 2020 to provide a modernized and comprehensive framework for liberalizing and integrating the services sector, enhancing transparency, regulatory cooperation, and market access. That same year, ASEAN and its partners signed RCEP which came into effect in 2022, forming the world's largest free trade agreement and reinforcing intra-regional trade, rules of origin simplification, and supply chain connectivity. Complementing these efforts, ASEAN launched the Digital Integration Framework Action Plan (2019–2025) to advance digital economy cooperation by reducing digital trade barriers and encouraging innovation in areas such as e-commerce, cybersecurity, and digital payments. Further enhancing services liberalization, the ASEAN Services Facilitation Framework (ASFF) was introduced in 2024 to promote regulatory transparency, digital innovation, sustainability, and talent mobility.

Moreover for monitoring investment trends, delivering guidance for attracting FDI and identify challenges to ensure inclusive economic growth across the region tht ASEAN Investment Report Series, published annually.

### **COMPARATIVE ANALYSIS: STRENGTHS AND WEAKNESSES OF THE EU AND ASEAN**

Institutional frameworks are playing an important role in strengthening economic integration. The EU and the ASEAN portrayed two well defined constructive models of regional integration. Each institution is carried out by its own legacy. Both of them were influenced by their own historical evolution, political context and economic diversity and cultural background. Their institutional architectures, while differing significantly in terms of centralization and legal authority, are both instrumental in advancing regional economic cohesion.

In the EU, the architecture of supranational institutions—most notably the European Commission, European Parliament, European Court of Justice, and the European Central Bank—forms the backbone of a highly integrated and rule-based system. These organs are bedrock behind its success as a regional organisation. These organisations not only ensuring uniformity across member states but also initiate and execute policies and possess legal directions to enforce compliance. Mechanisms such as the Single Market and the Economic and Monetary Union (EMU) are emblematic of this institutional strength. Free movement of goods, services people and capital guaranteed by the former while the latter coordinates macroeconomic governance through a shared currency and coordinated fiscal oversight. The Banking



Union and the Capital Markets Union further consolidate financial integration, reduce systemic risk, and enhance capital mobility. The NextGeneration EU recovery instrument and the European Green Deal reflect the EU's ability to mobilize collective fiscal resources and institutionalize long-term transformation through environmental, digital, and industrial policy alignment. Such mechanisms boost economic integration not only through economic convergence but also by reinforcing political solidarity, thus creating a virtuous cycle between governance and integration.

Conversely ASEAN is a decentralized and intergovernmental organisation. It has adopted a flexible approach towards the institutional structure. Due to the long colonial legacy it has deep respect for sovereignty, non interference and its based on consensus based decision making. The ASEAN Secretariat, along with a network of ministerial councils and working groups, plays a facilitating rather than coercive role. Despite the absence of enforcement power, ASEAN's institutional mechanisms contribute significantly to economic integration through normative convergence and incremental liberalization. Initiatives such as the ASEAN Economic Community (AEC) Blueprint 2025, the ASEAN Trade in Services Agreement, and the

Regional Comprehensive Economic Partnership exemplify the region's strategy of deepening integration via soft institutionalism. (Neil Adrian Cabiles, ADB Knowledge Events) For fostering supply chain connectivity, opening up services markets and harmonizing trade procedures the initiatives are having significant impact. In addition the ASEAN Services Facilitation Framework (ASFF) ASEAN Digital Integration Framework (ADIF) promote cross-border digital trade, regulatory transparency, and innovation, thus preparing the region for the evolving demands of a digital economy. Though ASEAN lacks the legal rigidity of the EU, its mechanisms promote trust, mutual learning, and voluntary compliance—critical elements in a region characterized by economic heterogeneity and divergent development levels.

Logically both the EU and ASEAN showcase different pathways to regional integration driven by the design and function of their institutional mechanisms. Binding commitments, legal harmonisation, and centralised oversight are fundamental characteristics of EU which operates through supranational approach. These fundamental principles lead high institutional density and deep economic interdependence. ASEAN on contrary emphasises institutional flexibility, dialogue facilitation and gradualism, allowing for incremental progress that accommodates political and economic diversity. While the EU's model may achieve faster and more cohesive integration outcomes, it is also prone to



tensions over sovereignty and bureaucratic complexity. Despite of being a slower and uneven model, still ASEAN ensures inclusivity and stability in a region marked by asymmetries.

Eventually institutional frameworks are not only administrative tools but also an instrument of the integration process itself. They define the pace, scope, and depth of economic cooperation, shape the behaviour of actors, and mediate the balance between national interests and regional goals. Both the EU and ASEAN demonstrate that the effectiveness of economic integration depends not only on the presence of institutions but on how they are structured, empowered, and legitimized within the regional context.

### **CHALLENGES:**

Though both of these organisations has been done a significant progress in institutionalizing economic integration, each regional bloc faces distinct and overlapping challenges rooted in their institutional frameworks, governance traditions, and member-state dynamics. These challenges affect the efficiency, legitimacy, and depth of economic integration processes. One of the major challenge is highly complex and inflexible nature of the organization's structure impedes its ability to adjust to changing. Though European Union's supranational institutional structure strengthen deep integration still they are frequently regarded as crowded administrators, slow-moving and detached from national political realities. This has generated periodic tensions between Brussels-based institutions and national governments, especially during crises such as the Eurozone sovereign debt crisis, the Brexit referendum, and debates around fiscal transfers and migration. The requirement of consensus or qualified majority voting in sensitive areas, combined with the principle of subsidiarity, can at times hinder rapid decision-making and lead to policy gridlocks. Economic divergence between core and peripheral member states continues to challenge the cohesion of the Single Market and the functioning of the Economic and Monetary Union (EMU). In addition to these disproportionate impact of financial crises, different levels in economic competitiveness, disparities in public investment capacities represent the limitation of standardized policies despite of being a strong institutional design.

Another institutional hurdle is the incomplete nature of integration in certain aspects. The politicization of EU decision-making evident in rising Euroscepticism—can erode trust in shared institutions and complicate collective action. In parallel the capital markets union (CMU) has struggled for coordinating financial regulations due to differing legal traditions and risk preferences across member states. Additionally, The Banking Union, for example, remains partially implemented, lacking a common deposit insurance scheme, which weakens financial risk-sharing.



In comparison ASEAN is a loose institutional and it follows the path of consensus driven decision making approach. More frequently it's cited as "ASEAN Way". Though this model maintain unity and stability, fosters respect and national sovereignty among its diverse member states it also limits the enforcement power of regional commitments. The lack of a strong supranational body capable of monitoring compliance or adjudicating disputes results in a wide gap between policy intentions and outcomes. Many ASEAN agreements, including those under the ASEAN Economic Community (AEC) framework, suffer from ambiguous legal language, non-binding provisions, and voluntary implementation, leading to uneven progress among member states. ASEAN also faces the challenge of institutional asymmetry. Its member states exhibit a high degree of economic, political, and administrative diversity, from developed economies like Singapore to least developed countries like Laos and Myanmar. This diversity complicates regulatory harmonization, infrastructure standardization, and the liberalization of services and capital flows. These differences also became a barrier in the process of economic integration and implementation of a common market under AEC. In general and particularly during regional or global economic shocks deeper economic convergence is affected by the non existence of fiscal coordination mechanism and limited financial integration framework. In addition ASEAN economies are heavily dependent on trade, investment, technology from powers like China, E.U., U.S.A. This creates a layer of vulnerability to ASEAN's institutional autonomy. Though RCEP strengthen regional connectivity, they also weaken ASEAN centrality by incorporating larger economies that can influence the bloc's agenda. Moreover Regional commitments and institutional credibility also getting slower down by political instability and governance issues of certain member states.

In both regions, crises have served as inflection points testing the resilience of institutional mechanisms and often exposing their weaknesses. While the EU has responded with institutional innovations like Next Generation EU and the European Green Deal, these measures often require protracted negotiations. ASEAN, by contrast, tends to favour gradualism and informal coordination, which, although politically palatable, slows down integration momentum and weakens institutional accountability. The EU's challenge lies in managing integration fatigue and internal divergence within a highly formalized system, whereas ASEAN must concerned with the weaknesses of loose institutionalism and continuous gap between formulation and implementation. Hence, analytically, this comparison highlights that institutional strength is not solely determined by the presence of formal structures, but also by their adaptability, legitimacy, and the political will of member states. Both models presents the trade-offs between depth and flexibility, and suggest that successful regional integration is contingent not just on institutional design, but also on the alignment of national interests with regional goals.



## CONCLUSION:

Overall it can be observed that institutional frameworks play a fundamental role in shaping, sustaining and strengthening economic integration. The European Union and ASEAN illustrate two divergent yet equally instructive models of institutional design—one grounded in supranational governance and legal enforceability, the other in intergovernmental consensus and flexibility. The EU's robust institutions have enabled a high degree of economic convergence through policy harmonization, centralized oversight, and legal cohesion. In contrast, ASEAN's softer institutional approach, while more gradual and less uniform, accommodates diverse national contexts and promotes inclusivity and mutual respect. Both frameworks reflect the political, historical, and cultural realities of their regions and demonstrate that there is no one-size-fits-all model for integration. To strengthen future economic integration, the EU could consider streamlining its institutional procedures to reduce bureaucratic inertia, while ASEAN might benefit from enhancing institutional enforcement mechanisms to ensure timely and consistent policy implementation. Ultimately, the effectiveness of regional economic integration depends not only on the presence of institutional mechanisms but also on their adaptability, legitimacy, and ability to balance national sovereignty with regional aspirations. This comparative analysis reaffirms that institutions are not merely facilitators but active architects in the construction of integrated economic regions.

## REFERENCES

- Acharya, A. (2001). Constructing a security community in Southeast Asia: ASEAN and the problem of regional order. *Contemporary Southeast Asia*, 23(1), 1–22.
- Acemoglu, D., & Robinson, J. A. (2012). *Why nations fail: The origins of power, prosperity, and poverty*. Crown Business.
- Balassa, B. (1961). *The theory of economic integration*. Routledge.
- Börzel, T. A., & Risse, T. (2016). *The Oxford handbook of comparative regionalism*. Oxford University Press.
- Chia, S. Y. (2011). Association of Southeast Asian Nations economic integration: Developments and challenges. *Asian Economic Policy Review*, 6(1), 43–63. <https://doi.org/10.1111/j.1748-3131.2011.01135.x>
- Corner, M. (2014). The European Union: An introduction. *Journal of Common Market Studies*.
- De Grauwe, P. (2012). *Economics of monetary union*. Oxford University Press.



- Dent, C. M. (2008). *East Asian regionalism*. Routledge.
- Dosch, J. (2008). ASEAN economic community: Regional integration by stealth. In *Chairs in ASEAN Studies*, Friedrich Ebert Stiftung.
- Dosch, J. (2008). ASEAN's reluctant liberal turn and the thorny road to democracy promotion. *The Pacific Review*, 21(4), 527–545. <https://doi.org/10.1080/09512740802294516>
- Hartmut, M. (2022). *The European Union as a long-term political actor: An overview*. Global Affairs. Taylor & Francis Online.
- Hew, D. (2007). Towards an ASEAN Economic Community: Developments and challenges. *The Pacific Review*, 20(4), 527–545. <https://doi.org/10.1080/09512740701580800>
- Hill, H., & Menon, J. (2010). ASEAN economic integration: Features, fulfillments, failures, and the future. *Asian Economic Policy Review*, 5(2), 239–266.
- Jetschke, A., & Murray, P. (2012). Diffusing regional integration: The EU and ASEAN acts of mimicry. *West European Politics*, 35(1), 174–191. <https://doi.org/10.1080/01402382.2012.631320>
- Jones, D. M., & Smith, M. L. R. (2007). Making process, not progress: ASEAN and the evolving East Asian regional order. *International Security*, 32(1), 148–184. <https://doi.org/10.1162/isec.2007.32.1.148>
- Keohane, R. O. (1984). *After hegemony: Cooperation and discord in the world political economy*. Princeton University Press.
- Mattli, W. (1999). *The logic of regional integration: Europe and beyond*. Cambridge University Press.
- Moravcsik, A. (1998). *The choice for Europe: Social purpose and state power from Messina to Maastricht*. Cornell University Press.
- Murray, P., & Moxon-Browne, E. (2013). The European Union as a template for regional integration? *Journal of European Integration*, 35(6), 601–621. <https://doi.org/10.1080/07036337.2012.711827>
- Narine, S. (2002). Explaining ASEAN: Regionalism in Southeast Asia. *International Journal*, 57(3), 433–450.
- Nesadurai, H. E. S. (2003). Attempting developmental regionalism through AFTA: The domestic sources of regional governance. *Third World Quarterly*, 24(2), 235–253. <https://doi.org/10.1080/0143659032000074552>



- North, D. C. (1990). *Institutions, institutional change, and economic performance*. Cambridge University Press.
- Pinder, J., & Usherwood, S. (2018). *The European Union: A very short introduction*. *Journal of Contemporary European Studies*.
- Pollack, M. A., & Shaffer, G. C. (2001). Intergovernmentalism and supranationalism in the European Union. *International Organization*. JSTOR.
- Rodrik, D. (2000). Institutions for high-quality growth: What they are and how to acquire them. *Studies in Comparative International Development*, 35(3), 3–31.
- Schimmelfennig, F., & Winzen, T. (2020). Grand theories, differentiated integration, and the EU's crises. *Journal of European Public Policy*, 27(7), 1172–1190.
- Severino, R. (2009). ASEAN: Life after the Charter. *Southeast Asian Affairs*, 34, 38–51.
- Warleigh-Lack, A. (2006). Towards a conceptual framework for regionalisation: Bridging “new regionalism” and integration theory. *Review of International Political Economy*, 13(5), 750–771.