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PANORAMA
INSIGHTS INTO ASIAN
AND EUROPEAN AFFAIRS

# ASEAN AT 50

## A LOOK AT ITS EXTERNAL RELATIONS


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Konrad
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Editors: Christian Echle, Megha Sarmah, Frederick Kliem

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## A Look at Its External Relations

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# Preface

Creating and maintaining peace is probably the most noble and most difficult task that politicians everywhere around the world face. One of the many complexities in this task is the fact that it can never be achieved by a state alone – all states need to manage and nurture complex multi-dimensional relationships with neighbouring countries. Many countries have a history of war and conflict with their neighbours, and in the 1960s, many states in Southeast Asia were no exceptions to this rule. Given the circumstances, the foresight and achievements of the founders of the Association of Southeast Asian Nations (ASEAN) cannot be over-emphasised. For, in the last fifty years, ASEAN has emerged as a beacon of hope for unity in the region. It has maintained peace and geo-political stability among its members and deepened mutually beneficial relations with more than ten Dialogue Partners and other external parties so as to support integration efforts in the region.

ASEAN has come a long way in the last five decades – having been created at the height of the Cold War with five members, it has now transformed itself into a regional organisation encompassing all countries in Southeast Asia. Despite significant geopolitical shifts in the intervening years, ASEAN has occupied a central role in regional geopolitics and been the main driver for regional cooperation. With its guiding principles of non-interference in domestic affairs, consultation, and consensus, and its decision-making model, ASEAN has been successful in building trust and confidence among its member states. This has also allowed the group to gradually expand its agenda while increasing cooperation in the region and beyond.

While ASEAN's impressive track record of five decades is rightly the focus of attention, we should not forget that this year also marks the 40th anniversary of relations between the European Union (EU) and ASEAN. Today, the bilateral ties between these two highly successful regional integration processes cover a wide range of areas, ranging from politics and economics to development, trade and investment, and cultural affairs. With growing political will and institutional capacities in both blocs, there is further potential for strengthening cooperation and dialogue. This is especially pertinent given that the world is experiencing challenges to the US's global leadership on many levels. For the EU and ASEAN, this provides a great opportunity to define common goals and revitalise practical cooperation, with the ultimate aim of creating common EU-ASEAN-driven initiatives.

However, as the world faces new global security uncertainties and a shifting global balance of power, ASEAN needs to re-examine its structures and relations to current realties if it is to play an effective role in the future. Its achievements are currently being challenged. ASEAN has been able to make great progress on the economic integration aspect, but this cannot cover up certain shortcomings in the other pillars and especially the external pressures on its unity. Is the 50th anniversary of ASEAN therefore an

opportune time to start a reform of its core principles? While they have served ASEAN well in enhancing intraregional integration, they may actually hinder its external relations and weaken the organisation's ability to respond decisively to events that may cause destabilisations or divisions in the grouping. This is particularly apparent in the current volatile environment, in which actions of interference by outsiders are obvious. The return of great-power competition to the region will create a critical juncture for smaller states if they are not part of a regional integration process.

In this issue of *Panorama: Insights into Asian and European Affairs*, we reflect on ASEAN's achievements in the last five decades, challenges it has overcome, and the prospects ahead. Special emphasis has been placed on ASEAN's relations with several of its dialogue partners in the ever-changing global landscape. We have the honour and privilege of having His Excellency Le Luong Minh, the current ASEAN Secretary-General, contribute the first chapter to this issue of our journal.

Despite the changing global landscape and complexities ahead, ASEAN is building deeper synergies in the region and it will continue to do well and thrive in the coming decades.

Christian Echle
Director, Regional Programme Political Dialogue Asia
Konrad-Adenauer-Stiftung

# ASEAN at 50: Looking Back to Move Forward

*Le Luong Minh*

## Evolution Through Major Milestones

Established through the signing of the Bangkok Declaration on 8 August 1967 when the Cold War was raging wild and tensions among its would-be members were still running deep, the birth of ASEAN manifested the aspiration of the peoples of Southeast Asia for regional peace and prosperity, which has been the determining factor of success of its constant evolution over the past five decades.

### From a tender beginning

Set out with a loose and minimal institutional structure that evolved around the annual ASEAN Foreign Ministers Meeting (AMM), ASEAN's first decade was mainly dedicated to norms-building through instruments such as the 1971 Zone of Peace, Freedom and Neutrality Declaration (ZOPFAN), and especially the 1976 Treaty of Amity and Cooperation in Southeast Asia (TAC). The fundamental principles of peaceful co-existence and pacific settlement of disputes as prescribed in these instruments include respect for national independence, sovereignty, and territorial integrity, non-interference, and non-threat or use of force.

Together with the TAC, the 1976 Declaration of ASEAN Concord (Bali Concord I) adopted at the first ever ASEAN Summit on 24 February 1976, reflects a growing confidence in the ASEAN project among the Member States. The Bali Concord I agreed to expand ASEAN cooperation in the economic, social, cultural, and political fields and recognized the need to build ASEAN institutions, including the meetings of the ASEAN Leaders and the establishment of the ASEAN Secretariat.

Building on the impetus from the Bali Concord I, ASEAN cooperation in the next two decades expanded to economic and other functional areas with the establishment of various ASEAN sectoral bodies, e.g., science and technology, environment, health, energy, law, and information. Of notable importance were concrete steps towards deepening intra-ASEAN economic integration as a paradigm shift to reinvent ASEAN after the end of the Cold War. A key milestone in this regard was the creation of the 1992

* This paper was submitted on 26 July 2017.

ASEAN Free Trade Area (AFTA) which aimed to reduce and eventually abolish all tariffs in intra-ASEAN trade.

The end of the Cold War also enabled ASEAN enlargement to encompass all Southeast Asian countries of different political systems, economic structures, and religious beliefs. Bringing together under one roof all the countries (Timor-Leste was then still part of a Member State) in one of the most diverse regions in the world constituted a historic achievement for the organization.

## To a rules-based Community

With ASEAN having its footprint across Southeast Asia and enhanced aggregate strength, intra-regional cooperation continued to be expanded and deepened in all areas. The idea of an emerging ASEAN Community started to gain traction, culminating in the Declaration of ASEAN Concord II (Bali Concord II) adopted at the 9th ASEAN Summit on 7 October 2003 which charted the path towards realizing an ASEAN Community based on three pillars – the ASEAN Political-Security Community (APSC), the ASEAN Economic Community (AEC) and the ASEAN Socio-Cultural Community (ASCC).

The APSC is arguably the most important foundation for ASEAN to survive and thrive. The political-security motivations that led to the creation of ASEAN, i.e., to build an environment of peace and stability, both domestically and regionally, allowing it to focus on development, remain fundamental to ASEAN today.

Aiming to deliver free flow of goods, services, and investment, and freer flow of capital and people to achieve a competitive ASEAN economic region, the AEC has attracted most of the attention of the public and media given its potential benefits in raising the living standard of the ASEAN peoples.

The ASCC is where ASEAN can reach out to its peoples in the most concrete and direct manner, including to the grassroots and various sectors of society, across a wide spectrum of areas, from education to environment, health care to disaster management, culture and information to social welfare. Inclusiveness and resilience are key to the ASCC in bringing ASEAN closer to its peoples.

The growing scope and complexity of regional cooperation and Community building made it urgent to transform ASEAN from a loosely structured association into a more rules-based organization. The ASEAN Charter concluded in 2007 provides the legal and institutional framework for ASEAN by giving it a legal personality, codifying its objectives and principles, and consolidating its organizational structure.

With the launch of the ASEAN Community on 31 December 2015, ASEAN embraces a Community status with a comprehensive agenda of cooperation. This historic milestone testifies to the region's resilience and dynamism as well as the political will and solid commitment of all members to the ASEAN path. ASEAN Member States have made a strategic decision in building the ASEAN Community – to bind their

economies and societies together in a shared destiny, to become a more cohesive and credible entity in addressing common challenges, to boost up their economic competitiveness, and to carve out for themselves a strategic and economic space in dealing with other regional powers.

Community building, however, is an on-going process and its achievement cannot be just sanctified by a declaration. Moving forward, the ASEAN Community will be pursued through the implementation of its Vision 2025 with three new Community Blueprints. Deeper and broader integration will be realized through various agreements and plans of action across all sectors, accompanied by increasingly robust institutional building, and with the support and cooperation of partners and other external parties around the world.

### Connected to the world

Having full dialogue relations with ten major partners and long-standing and comprehensive partnerships with the United Nations and other regional organizations, ASEAN centrality in the evolving regional architecture is widely recognized, and it has gained greater attention and priority in the foreign policy of not only the major powers but also countries across the globe. Its external relations continue to grow robustly. As of June 2017, 87 non-ASEAN countries/organizations have established relations with and appointed Ambassadors to ASEAN.

With increasing interest from external partners to engage with ASEAN through formal partnerships, ASEAN is taking steps to streamline its meetings and processes so as to release more capacity and resources to expand its external relations with potential partners, at the same time strengthening existing partnerships to become more substantive and strategic. ASEAN will continue to be outward-looking and proactive in its external relations.

As reflected in the Bali Declaration on ASEAN Community in a Global Community of Nations (or the Bali Concord III) adopted in 2011, another emerging dimension of ASEAN's outward-looking posture is "ASEAN go global". The goal is to enable ASEAN to become a more proactive and constructive partner in addressing global issues, thereby promoting ASEAN's profile in the global arena. Towards this end, ASEAN countries have committed to co-ordinating ASEAN positions and enhancing ASEAN capacity in response to global issues of common interest and concern.

## Key Achievements and Evolving Role in Regional Affairs

From a fledging association in a region embroiled in intra-mural tensions and great-power contestations, ASEAN has persevered and prospered over the past five decades to become an indispensable player and major contributor to peace and prosperity in

Southeast Asia and beyond. ASEAN today is widely recognized as a successful model of regionalism in all three key dimensions: regional peace and security, economic integration, and institution building.

## Anchor of peace

The most important success of ASEAN thus far is the maintenance of peace and stability in Southeast Asia by promoting peaceful relations among its Member States. Since ASEAN's inception, war among its members has been "unthinkable" though there have been certain disputes, conflicts, and even some small clashes which have largely been contained, diffused, and resolved. ASEAN has served as a safety valve in preventing bilateral differences from boiling over into regional flashpoints. There were occasions where ASEAN's role was more direct and proactive. A case in point was its quick response to the Cambodia-Thailand border skirmish in 2011 and the "shuttle diplomacy" by the then ASEAN Chair to help settle their bilateral disputes through amicable regional solutions.

To maintain peace, ASEAN has actively advocated a rules-based regional architecture in which all countries, large or small, co-exist with respect for national independence, sovereignty, and territorial integrity on an equal footing, within a set of rules and norms anchored in international law. Towards this end, ASEAN has developed important instruments which uphold the principles of peaceful co-existence and pacific settlement of disputes among its Member States as well as with external partners. Being the first ever ASEAN treaty, the TAC is widely recognized as a code of conduct for inter-state relations in Southeast Asia. It has been gradually universalized with 25 non-ASEAN High Contracting Parties now in its fold, including all major powers.

Apart from the TAC, the 2002 Declaration on the Conduct of Parties in the South China Sea (DOC) is another important instrument which provides a key framework for ASEAN to work with China to defuse the prevailing tension, prevent conflicts, and restore confidence eroded due to the unilateral actions going counter to its principles for the maintenance of peace, stability, and the promotion of dialogue and cooperation in the South China Sea. To add value to the DOC, ASEAN is intensifying consultations with China towards early conclusion of a Code of Conduct (COC) capable of not only preventing but also managing such incidents.

With diligent efforts of norms-building, confidence building, and regular exchanges among regional leaders and officials of its Member States, the ASEAN process has embedded the habits of mutual consultation and a sense of togetherness. Suspicions and residual animosity gradually gave way to trust and collegiality thanks to the mutual assurance that all member nations, regardless of size and might, adhere to the ASEAN code of conduct, hence achieving the transformation of Southeast Asia from the "Balkans of the East" in the late 1960s to an oasis of peace and stability today.

Such an achievement is not a historical coincidence or pure luck, but the result of brave decisions and the hard work of generations of ASEAN leaders to nurture peace and stay away from war.

## Platform for comprehensive security

Upholding the principle of comprehensive security, ASEAN has stepped up regional cooperation in addressing non-traditional security challenges such as transnational crime, terrorism, disaster management, drugs, and pandemic diseases, among others. These transboundary challenges have grown in scope, impact, and intensity due to enhanced connectivity in the region. Indeed, non-traditional security is a key target of policy discussions and practical cooperation under various ASEAN and ASEAN-led mechanisms such as the ASEAN Ministerial Meeting on Drug Matters (AMMD), the ASEAN Ministerial Meeting on Transnational Crime (AMMTC), the ASEAN Defense Ministers Meeting (ADMM), the ADMM-Plus, and the ASEAN Regional Forum (ARF).

Going more rules-based, ASEAN has put in place the necessary legal instruments to deal with these challenges, including the ASEAN Agreement on Transboundary Haze Pollution, the ASEAN Convention on Counter-Terrorism, the ASEAN Agreement on Disaster Management and Emergency Response, and most recently the ASEAN Convention on Trafficking in Persons, Especially Women and Children, which came into force in March 2017.

Emerging transboundary problems such as radicalism and extremism, cyber security, and irregular migration also feature more importantly on ASEAN's agenda. Cyber security has emerged as a priority area under the ARF and ADMM-Plus. The AMMTC has convened special meetings to discuss ways to address these challenges, including through the updating of the ASEAN Comprehensive Plan of Action on Counter-Terrorism to counter the emerging trends in violent extremism and radicalization, the inclusion of "people smuggling" under the AMMTC's purview, and the establishment of a trust fund to support humanitarian efforts to cope with the phenomenon of irregular migration in Southeast Asia.

## Driver of economic integration

The end of the Cold War allowed ASEAN to move its economic agenda from limited industrial cooperation started only in the 1970s to economic integration with the introduction of the ASEAN Free Trade Area (AFTA) in 1992. During its integration process, various concrete initiatives have been undertaken both at the national and regional levels, from the virtual elimination of intra-ASEAN import tariffs, the gradual opening of the services sector, to the simplification of cross-border trading processes including

customs procedures and rules of origin, the harmonization of technical regulations, and mutual recognition arrangements.

The business and investment environments in the ASEAN region continued to be fostered through the adoption of common frameworks, innovation-promoting initiatives, and mutual cooperation in areas such as competition policy, intellectual property rights, and consumer protection. The development of global value chains has been further supported through the work to enhance connectivity, including improvements in transportation and other infrastructure networks.

Already as the regional organization having the most free trade agreements with all of its major economic and trading partners, ASEAN is complementing its internal regional integration efforts with strategic global engagement by forging new free trade agreements and comprehensive economic partnerships, especially the Regional Comprehensive Economic Partnership (RCEP).

Furthermore, initiatives such as the ASEAN Trade Repository, the ASEAN Solutions for Services, Investment and Trade, the ASEAN Tariff Finder, the SME Online Academy, the ASEAN Intellectual Property Portal, and the Mutual Recognition Arrangements for professionals, have been introduced with the objective of facilitating businesses to better benefit from the AEC. Work also continues on major initiatives such as the ASEAN Single Window, the Customs Transit System, and Self-Certification.

These achievements and progress have resulted in flourishing business confidence in the region. Surveys have shown growing business expectations of increased trade and investment in ASEAN, and the importance of ASEAN in their global portfolios. Building upon the achievements and foundation laid under the previous Blueprint, the AEC Blueprint 2025 will chart the direction for ASEAN economic integration up to 2025. The new Blueprint not only is aimed at deepening existing integration areas, but also includes new focus areas and cross-cutting elements such as global value chains, e-commerce, science and technology, good regulatory practice, sustainable economic development, and global megatrends, thus ensuring ASEAN's continued relevance in the fast-changing world.

Although the AEC remains largely a work in progress, its potential benefits in delivering an ASEAN single production and market base are huge. With a current total GDP of approximately USD2.6 trillion, the region collectively is the sixth largest economy in the world or the third largest in Asia. ASEAN is also home to 640 million people in 2016, more than half of whom are under 30 years old, making it the third largest market in the world. If ASEAN could maintain its growth momentum, it is set to become the world's 4th largest economy by 2050.

## Nucleus of the regional architecture

Lying at the crossroads of the strategic interests of major powers both geo-politically and geo-economically, ASEAN has been positioning itself as an "extra-regional"

organization by promoting an open and inclusive regional architecture. It has been recognized as a successful architect of various regional frameworks in Southeast Asia and beyond. Over time, these frameworks have grown substantially to embrace various cooperation areas as well as new members, yet still bear ASEAN's imprint.

In Asia-Pacific, where an overarching regional framework is absent due to history and the complex dynamics of major-power relations, the ASEAN-led mechanisms such as the ASEAN Regional Forum (ARF), the East Asia Summit (EAS), and the ADMM-Plus, each having its own strategic significance and historical context, provide much-needed platforms for major powers and other regional countries to engage in political and security dialogue and cooperation on issues of common interest and concern. These issues range from non-proliferation to maritime security, from disaster relief and humanitarian assistance to disputes in the South China Sea, among others.

With a broad membership comprising 27 countries from across the Indo-Pacific and also Europe, the ARF constitutes a very inclusive forum. After focusing its work on confidence building measures during the past two decades, the ARF is now progressing to preventive diplomacy. The ADMM-Plus established in 2010 has also gone beyond talk and dialogue to engage in practical cooperation on maritime security, counter-terrorism, peacekeeping, military medicine, disaster relief, and mine action. With the same membership as the ADMM-Plus, as a premier forum for the leaders of ASEAN countries and key Asia-Pacific powers to discuss broad issues of strategic significance to the region, the EAS is undertaking institutional enhancement, including through the work of the newly established EAS Ambassadors Meeting in Jakarta, to ensure follow-up on the Leaders' dialogue.

Through the EAS and other ASEAN-led mechanisms, ASEAN has been exercising its centrality to maintain strategic equilibrium in the region, maximize its leverage and space in dealing with the major powers whose interests and priorities do not always coincide with each other's and with those of ASEAN, and contribute to building a regional rules-based order where the "might makes right" rule should not be allowed to prevail over the rule of law.

## Challenges Ahead and the Way Forward

While much has been achieved over 50 years of its evolution, development, and regional integration, challenges remain for ASEAN along the way. Comprised of ten sovereign nations with different political systems, economic structures, foreign policies, and security outlooks, ASEAN, working on the basis of consultation and consensus, has an inherent challenge in managing and reconciling the vast diversity among its membership. Development gaps within and among Member States are holding back deeper and higher-quality integration. In various areas of cooperation, national laws and regulations differ substantially.

In addition, the lack of effective enforcement mechanisms, hence the absence of a compliance culture, is another major impediment. The admonition of the Eminent Persons Group on the ASEAN Charter a decade ago still holds true today: *"ASEAN's problem is not one of lack of vision, ideas, and action plans. The real problem is one of ensuring compliance and effective implementation of decisions."*

ASEAN also needs to overcome many institutional constraints. Coordination across a wide swathe of agencies and departments within each ASEAN country, among ASEAN Member States as well as among different ASEAN mechanisms would need to be improved. Besides, limited resources to implement ASEAN initiatives and plans of action also constitute a major obstacle to increasing the quality of ASEAN cooperation.

Furthermore, greater awareness and understanding of ASEAN are crucial for gaining public support for and participation in the ASEAN Community. ASEAN must address the seeming disconnect between its policy-level discussions and the impacts on the ground. Being an inter-governmental organization, ASEAN has long been acquainted with a top-down approach but its agenda across the three pillars has increasingly focused on delivering tangible benefits to its peoples. ASEAN must do more to "walk the talk" in delivering a people-oriented, people-centred community.

For ASEAN to continue being a success, it must be close to the hearts of the ASEAN peoples and high on the agenda of the ASEAN leaders. The long-standing political commitment by the member governments to the ASEAN project should never be taken for granted, and must be constantly nurtured. The realization of the ASEAN Community cannot be the sum of the three Blueprints' regional actions only. It relies on concerted efforts at all levels and from all stakeholders, as well as the enduring national interest of all ASEAN Member States in the cause of regional integration.

And, last but not least, the biggest challenge to ASEAN's resilience is geo-political. The Asia-Pacific landscape is presently in flux with the shifting balance of power and growing strategic contestations among major powers. The most daunting challenge for ASEAN in the years to come is how to navigate its relations with the major powers and other key external partners in an inclusive and constructive manner.

ASEAN centrality must be diligently earned through unity and credibility. Being central is more about "act central" than only "talk central", and ASEAN can only act central when it is politically united and economically integrated. The on-going disruptive trends to the regional architecture are to be expected and well beyond ASEAN's control. What ASEAN can and must do in this time of uncertainty is to stay united and to build a strong and integrated ASEAN Community. An ASEAN that is cohesive and capable of maintaining its centrality would contribute meaningfully to peace and stability in Southeast Asia and beyond.

**H.E. Le Luong Minh** is the Secretary-General of ASEAN. Before assuming his post as Secretary-General of ASEAN, Le Luong Minh was Viet Nam's Deputy Minister for Foreign Affairs. The ASEAN Leaders endorsed him as Secretary-General for 2013-2017 upon nomination of the government of Viet Nam. Minh has had a long career in Viet Nam's Ministry of Foreign Affairs, which began in 1975. He was appointed Deputy Director-General for International Organizations in 1993, and in 1995, he was the Ambassador Permanent Representative to the United Nations Office and Other International Organizations in Geneva. In 2002, he was appointed Director-General for Multilateral Economic Cooperation. From 2004 to 2011, Minh was Viet Nam's Ambassador Extraordinary and Plenipotentiary, Permanent Representative to the United Nations. From August 2007 to December 2008, he was concurrently Assistant Minister for Foreign Affairs and from December 2008 till the end of his tenure in June 2011 concurrently Deputy Minister for Foreign Affairs. He studied Diplomacy at the University of Foreign Affairs then studied Linguistics and English Literature at Jawaharlal Nehru University, New Delhi, India.

# ASEAN Community Building – What It Really Means to be a Community

*Noel M. Morada*

This year, the Association of Southeast Asian Nations (ASEAN) is celebrating its 50th founding anniversary. It is also an auspicious time to reflect on its community-building efforts, especially as it approaches the 10th anniversary of the adoption of the ASEAN Charter next year, which is an important milestone in ASEAN's history. The ratification of the Charter clearly set in motion the launching of the blueprints of the three ASEAN Community pillars and the creation of the three mechanisms – namely, the ASEAN Intergovernmental Commission on Human Rights (AICHR), the ASEAN Commission on the Promotion and Protection of the Rights of Women and Children (ACWC), and the ASEAN Institute for Peace and Reconciliation (AIPR). These mechanisms were mandated, respectively, to promote human rights protection, the protection of women and children, and peace and conflict prevention in the region. It is therefore relevant to ask whether ASEAN has made some progress in achieving some of its stated human protection goals as part of its efforts in building a community of caring societies. This essay examines the vision of an ASEAN Community by focusing on the relevant principles on human protection that have been adopted by ASEAN since 2008; whether these principles have become shared values rather than just aspirations; and identifies some of the challenges and opportunities for realising and implementing these people-centred norms. Accordingly, it is argued here that although ASEAN has consciously adopted a more people-oriented and people-centred approach to building a regional community, some challenges remain in promoting and implementing human protection principles that were incorporated in its Charter and other key documents. This includes diversity in political, economic, and social systems in the region, and continued adherence to traditional norms and consensus decision-making. At the same time, there are enabling factors that could help build an ASEAN community that is anchored on human security, such as the increasing awareness among state and non-state actors in the region about the importance of relaxing the non-interference principle and the growing network of civil society and other stakeholders who strongly advocate for greater participatory regionalism in promoting good governance, rule of law, and human rights

* This paper was submitted on 29 April 2017.

protection. As well, the increasing willingness of ASEAN's dialogue partners to assist in capacity building of member states augurs well for ASEAN community building in the long term. Overall, a meaningful ASEAN Community is only possible if member states are strongly committed to putting human security, human development, and human protection at the core of their national and regional development agenda, and take seriously their primary responsibility to contribute to the realisation of a community of caring societies.

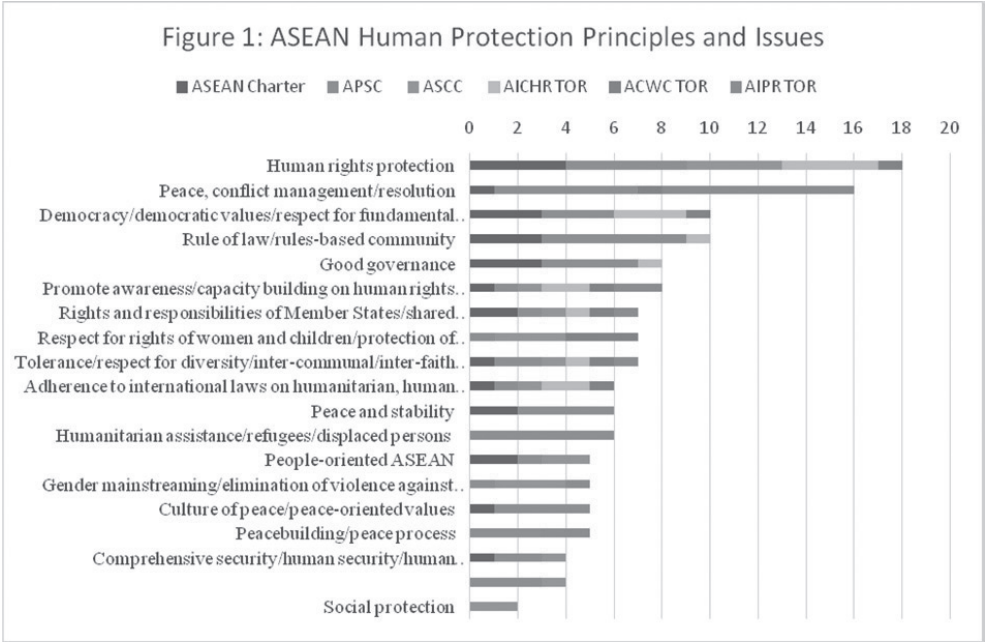
## ASEAN Human Protection Principles: An Overview

While the ASEAN Charter reaffirmed the group's traditional state-oriented norms such as respect for sovereignty and non-interference, it also recognised people-oriented principles such as human rights protection, rule of law, respect for and tolerance of diversity, and peace and conflict prevention, among others. The ASEAN Political and Security Community (APSC) and ASEAN Social and Cultural Community (ASCC) blueprints also contain these principles, and the terms of reference for the three ASEAN mechanisms (AICHR, ACWC, and AIPR) have incorporated them accordingly. Table 1 below summarises the number of times these principles were mentioned across all these documents, which are also presented in chart form in the figure that follows.

**Table 1: ASEAN Human Protection Principles in Key Documents**[1]

| Key Terms | ASEAN Charter | APSC | ASCC | AICHR TOR | ACWC TOR | AIPR TOR | Total mentions |
|---|---|---|---|---|---|---|---|
| Human rights protection | 4 | 5 | 4 | 4 | 1 | | 18 |
| Peace, conflict management/resolution | 1 | 6 | | | 1 | 8 | 16 |
| Democracy/democratic values/respect for fundamental freedoms | 3 | 3 | | 3 | 1 | | 10 |
| Rule of law/rules-based community | 3 | 6 | | 1 | | | 10 |
| Good governance | 3 | 4 | | 1 | | | 8 |
| Promote awareness/capacity building on human rights protection/peace, reconciliation and conflict prevention | 1 | 1 | 1 | 2 | 1 | 2 | 8 |
| Rights and responsibilities of Member States/ shared responsibilities | 2 | 1 | 1 | 1 | 1 | 1 | 7 |
| Respect for rights of women and children/ protection of women and children | | 1 | 3 | | 3 | | 7 |
| Tolerance/respect for diversity/inter-communal/inter-faith dialogue | 1 | 2 | 1 | 1 | 1 | 1 | 7 |
| Adherence to international laws on humanitarian, human rights, women and children protection | 1 | 1 | 1 | 2 | 1 | | 6 |
| Peace and stability | 2 | 4 | | | | | 6 |
| Humanitarian assistance/refugees/displaced persons | | 6 | | | | | 6 |
| People-oriented ASEAN | 2 | 1 | 2 | | | | 5 |
| Gender mainstreaming/elimination of violence against women | | 1 | 3 | | | 1 | 5 |
| Culture of peace/peace-oriented values | 1 | 4 | | | | | 5 |
| Peacebuilding/peace process | | 3 | | | | 2 | 5 |
| Comprehensive security/human security/ human development | 1 | 2 | 1 | | | | 4 |
| Protection of migrant workers/against human trafficking/people smuggling | | 3 | 1 | | | | 4 |
| Social protection | | | 2 | | | | 2 |

[1] This table and the accompanying figure is adopted from Noel M. Morada, "Southeast Asian Regionalism, Norm Promotion and Capacity Building for Human Protection: An Overview," *Global Responsibility to Protect*, Vol. 8 (2016), pp. 111-132.




It is clear from the table and figure above that: 1) human rights protection is a key component of ASEAN's community-building vision; 2) both the rights and *responsibilities* of member states were acknowledged; and 3) the values of tolerance and respect for diversity were also recognised. Based on the total number of mentions across these documents, human rights protection scored the highest (18), followed by peace, conflict management and conflict resolution (16), and rule of law, democracy, and democratic values (each with 10 mentions).[2] Accordingly, in the ASEAN Charter and the blueprints of the APSC and ASCC, the primary responsibility of member states in implementing the above mentioned people-oriented principles were underscored even as they also upheld the principle of state sovereignty. Thus, one can argue that the concept of state responsibility in relation to human protection, respect for diversity, and adherence to international norms are not alien to ASEAN[3] and has been part of the community-building efforts of the organization and in promoting ASEAN regionalism. Meanwhile, the three mechanisms – AICHR, ACWC, and AIPR – were tasked to give priority to promoting awareness and building capacity for human rights protection, protection of women and children, and peace and reconciliation in their respective terms of reference.[4]

[2] See Noel M. Morada, ibid., p. 122.

[3] Ibid.

[4] Ibid.

While the incorporation of these human protection principles in the Charter and other documents represent an important milestone in ASEAN's community-building agenda, some challenges remain as far as implementing them is concerned. This is so because the intergovernmental framework and decision-making processes in ASEAN have not been overhauled particularly in dealing with various human security and human protection issues in the region. Certainly, the "ASEAN Way" of doing things, which is anchored on consultation and consensus among all member states, remains intact and continues to be a major hurdle that must be overcome to ensure that the organisation can respond effectively to these concerns and in a timely manner. Implicit in the "ASEAN Way" is not only about agreements being arrived at based on the "lowest common denominator" but, more importantly, that each member of the group has the veto power to oppose, postpone, or derail decisions and actions on urgent or critical problems that affect the rest of its members. Accordingly, given the wide diversity of political systems among member states, the slow and incremental approach to decision-making continues to be the norm. Political diversity within the group also means that it is also quite difficult to automatically translate or implement ASEAN agreements reached by consensus into the members' respective domestic sphere. Political sensitivities in each state could certainly constrain the process of implementing ASEAN human protection principles at home, such as adherence to human rights protection. In fact, human rights protection is still viewed by most member states as primarily a domestic issue that should be addressed within their exclusive sovereign domain. While the ASEAN Charter and other documents underscore the primary responsibility of member states to implement these norms, there are no provisions in these agreements that enable the organisation to sanction erring members who fail to carry out their obligations. Indeed, given the intergovernmental nature of ASEAN, member states can only encourage their peers to abide by the principles of the Charter and comply with agreements signed by all of them.

It is significant to point out that while the Charter and other relevant ASEAN documents recognise the importance of promoting human rights protection as a key component of ASEAN community building, there remains an ideological divide among member states on the universality of this norm.[5] This is reflected in the wording used in the ASEAN Human Rights Declaration (AHRD) that was adopted in 2012, which was criticized by many civil society groups in the region for upholding a relativist view of human rights. However, to stem this criticism, ASEAN leaders during their 2012 summit in Phnom Penh issued a statement upholding the Universal Declaration of Human Rights. Table 2 below summarises the relevant sections of the AHRD where universal and relative principles in the document are put side-by-side.

[5] See Noel M. Morada, ibid., p. 126.

**Table 2: The ASEAN Human Rights Declaration: Universal vs. Relative Principles**[6]

| Universal | Relative |
|---|---|
| '1. All persons are born free and equal in dignity and rights. They are endowed with reason and conscience and should act to- wards one another in a spirit of humanity.'<br>'2. Every person is entitled to the rights and freedoms set forth herein without distinction of any kind, such as race, gender, age, language, religion, political or other opinion, national or social origin, economic status, birth, disability, or other status.' | '6. The enjoyment of human rights and fundamental freedoms must be balanced with the performance of corresponding duties as every person has responsibilities to all other individuals, the community and the society where one lives. It is ultimately the primary responsibility of all ASEAN Member States to promote and protect all human rights and fundamental freedoms.' |
| '7. All human rights are universal, indivisible, interdependent, and interrelated....' | '7... At the same time, the realization of human rights must be considered in the regional and national context bearing in mind different political, economic, legal, social, cultural, historical, and religious backgrounds.' |
| '8. The human rights and fundamental freedoms of every person shall be exercised with due regard to the human rights and fundamental freedoms of others....' | '8... The exercise of rights and fundamental freedoms shall be subject only to such limitations as are determined by law solely for the purpose of securing due recognition for human rights and fundamental freedoms of others, and to meet the just requirements of national security, public order, public health, public safety, public morality, as well as the general welfare of the peoples in a democratic society.' |
| '11. Every person has an inherent right to life which shall be protected by law...' | '11... No person shall be deprived of life save in accordance with law.' |
| '16. Every person has the right to seek and receive asylum in another State...' | '16.... in accordance with laws of such State and applicable international agreements.' |
| '18. Every person has the right to a nationality...' | '18... as prescribed by law.' |
| '26. ASEAN Member States affirm all the economic, social and cultural rights in the Universal Declaration of Human Rights.' | '34. ASEAN Member States may determine the extent to which they should guarantee the economic and social rights found in this Declaration to non-nationals, with due regard to human rights and organization and resources of their respective national economies.' |

Source: ASEAN Human Rights Declaration 2012. Numbers correspond to the numbered paragraphs in the AHRD.

From the table above, it is evident that the AHRD contains qualifications in pertinent paragraphs that include reference to universal principles on human rights protection. These limiting clauses underscore the primacy of national laws and domestic contexts of member states in interpreting international norms and how they are to be implemented. Apparently, the declaration neither aims to have member states uniformly adhere to international human rights standards nor develop its own regional norms, at least for now. Instead, the diversity of political contexts is acknowledged and domestic

[6] This table is adopted from Noel M. Morada, ibid., p. 125.

legal norms are privileged. This also partly explains why thus far only five of the ten member states of ASEAN have national human rights institutions, notwithstanding the creation of the AICHR in 2009. The AICHR itself cannot impose on other member states to set up their national human rights institutions even as it is limited by its existing terms of reference to promoting awareness about human rights protection. As well, it is not mandated to monitor or hear complaints of human rights violations committed in member states, nor can they impose sanctions against them. It is important to note that even for ASEAN members that already have national human rights institutions, there is significant variation in their adherence to the Paris Principle on autonomy or independence. Currently, only five members of ASEAN – Indonesia, Malaysia, the Philippines, Thailand, and Vietnam (which does not have a national human rights commission) – have been alternately elected in the UN Human Rights Council since its creation in 2006 and have participated in its Universal Periodic Review (UPR). Although Myanmar has also participated in the UPR process, it has not accepted all the recommendations for improving human rights protection in the country.[7]

## Challenges and Opportunities for Human Protection in the ASEAN Community

Overall, the gap between the principles adopted by ASEAN on human rights and their implementation by member states raises the question of whether norms on human rights and human protection in general remain aspirations for now rather than strictly shared values to which ASEAN members are deeply committed. Accordingly, this means that ASEAN is still in the process of incrementally developing its regional identity given that the transformation of its normative aspirations on human protection into shared values is very much constrained by the diversity of its members' domestic contexts. The implications of this for ASEAN community building are significant in many ways, to wit: 1) safeguarding national sovereignty by member states remains a major challenge to building a common regional identity and its ability to collectively respond to human protection issues; 2) continuing adherence to the "ASEAN Way" of decision-making means that progress in achieving the goals of the three pillars of the ASEAN Community will be uneven, with norms such as those in the APSC and ASCC pillars specifically related to human protection facing more difficulties in implementation; and 3) without creating new regional institutions that are designed to promote adherence, commitment, and compliance of member states to human protection principles and agreements, ASEAN's community building will remain essentially an executive-led intergovernmental policy coordination process that will have very limited impact in enhancing human security at the domestic and regional levels.

[7] Ibid.

Notwithstanding the foregoing challenges, there are also enabling factors that could help ASEAN in pushing the envelope so to speak as far as community building for human protection is concerned. This includes: 1) increasing calls from various critical stakeholders for ASEAN to consider relaxing the non-interference principle especially in dealing with humanitarian crisis situations that affect the region; 2) the growing network of civil society groups and other non-state actors in ASEAN that continues to exert pressure on existing ASEAN mechanisms for greater participatory regionalism to address human rights protection issues and human security concerns of vulnerable groups in member states; and 3) increasing willingness of its dialogue partners to help ASEAN and its member states to contribute to capacity building in dealing with human rights issues, protection of women and children, and peace and conflict prevention. On the non-interference principle, for example, some former ASEAN officials and parliamentarians from member states concerned about the continuing risk of atrocities in Myanmar against the stateless Rohingyas in Rakhine and other ethnic groups in the country have openly called for a review of this traditional norm to enable the group to respond more effectively to human protection concerns in the country.[8] Indeed, the humanitarian crisis spawned by these communal and ethnic armed conflicts has spilled over into other ASEAN member states – mainly Thailand, Malaysia, and Indonesia – who have been forced to take care of migrants, refugees, and other displaced peoples fleeing the internal turmoil in Myanmar. The renewed outbreak of communal violence in Rakhine following the militant attacks in October 2016 against border policemen and the subsequent outflow of Rohingya refugees fleeing the military's clearing operations forced ASEAN members to call for a special meeting of foreign ministers in Yangon in December 2016. The informal meeting served as an opportunity for some members to express very strongly their concern about the plight of Muslim Rohingyas and to exert pressure on the Myanmar government to protect them from alleged atrocities being committed by security forces in Rakhine. While it was not the first time that ASEAN members have collectively expressed their concerns about Myanmar's internal problems – including the protection of the stateless Rohingyas following a series of communal violence since July 2012 – it was by far the most overt demonstration of the group's resolve to put aside the non-interference principle in response to a serious

[8] See for example Humaniti, "Former ASEAN Leaders Issue Letter on Myanmar Intolerance," 22 April 2015, from http://www.burmapartnership.org/2015/04/former-asean-leaders-issue-letter-on-myanmar-intolerance/, accessed on 15 December 2015. Parliamentarians in the region also called for ASEAN to relax the non-interference principle and to ask the Myanmar government to address the root causes of the plight of the Rohingyas and the communal conflict in the country between Buddhists and Muslim communities. See Laignee Baron, "Regional MPs warn of Rohingya 'crisis' ahead of ASEAN meeting", *Myanmar Times*, 23 April 2015, from http://www.mmtimes.com/index.php/national-news/14085-regional-mps-warn-of -rohingya-crisis-ahead-of-asean-meeting.html, accessed 15 December 2015.

human protection issue affecting the region.[9] It is very clear from this example that it is no longer acceptable for many ASEAN members to continue adhering to the traditional norm of non-interference especially if it involves the protection of vulnerable populations and in the context of internal conflicts spilling over into neighbouring states.

As for civil society groups and other non-state actors, they continue to play a critical role in exerting pressure on ASEAN to be more responsive to human protection issues by providing policy inputs through dialogues with ASEAN officials and representatives in AICHR and ACWC. The AICHR for example has established a consultative mechanism with some 16 civil society groups[10] within and outside the region, and has conducted thematic studies and seminars on human rights.[11] For its part, the ACWC has also conducted dialogues with civil society groups in the region;[12] workshops and seminars dealing with topics such as elimination of trafficking of persons, impact of climate change on women and children, the Convention on the Elimination of Discrimination Against Women (CEDAW); and reviews of laws, policies and practices in ASEAN relating to protection of women and children.[13] The extent to which the network of civil society groups in the region is able to substantively influence member states of ASEAN to allow for greater participatory regionalism in promoting human protection of course remains to be seen, especially in implementing certain policies that enhance human rights protection, protection of women and children, as well as conflict prevention in the home front. Meanwhile, there is no question that for many member states, capacity-building assistance from dialogue partners of ASEAN in promoting human protection across the three pillars remains a critical factor for realising the goals

[9] Since Myanmar's admission into ASEAN in 1997, member states have expressed concerns about internal problems in the country. This includes the continuing persecution of detained National League for Democracy leader Aung San Suu Kyi between 2003-2010 until she was released after the first elections were held; in 2007 following a violent crackdown by the military against Buddhist monks; in 2008 following the humanitarian crisis in the aftermath of Cyclone Nargis; and in 2012 and 2014 following the outbreaks of communal violence in Rakhine and other cities between Muslim and Buddhist communities.

[10] For a list of civil society groups, see "Consultative Relationship with AICHR," AICHR.org, from http://aichr.org/external-relations/consultative-relationship-with-the-aichr/, accessed on 28 April 2017.

[11] Among the topics that have been covered by AICHR's thematic studies and seminars are: human rights and corporate responsibility, rights of persons with disabilities, international human rights law, and mainstreaming human rights across the three pillars. See "AICHR Activities," AICHR.org, from http://aichr.org/category/activities/aichr/, accessed on 28 April 2017.

[12] See "The ASEAN Commission on the Promotion and Protection of the Rights of Women and Children (ACWC) Joins Hands with Civil Society for the Elimination of Violence against Women and Violence against Children," 18 January 2012, from http://acwc.asean.org/resources/activities-recommendations/asean-commission-promotion-protection-rights-women-children-acwc-joins-hands-civil-society-elimination-violence-women-violence-childr/, accessed on 28 April 2017.

[13] For a list of these seminars and activities, see "Activities and Recommendations," ACWC.ASEAN.org, from http://acwc.asean.org/resources/activities-recommendations/, accessed on 28 April 2017.

of the ASEAN community. It is therefore quite important for ASEAN to take advantage of the willingness of donor countries to continue supporting activities and projects that promote human protection through dialogue and engagement among critical stakeholders in the region, including those from academe/think tanks, civil society, and the media. Specifically, Japan, Australia, the European Union, and the United States should continue assisting ASEAN member states in mainstreaming human rights protection, atrocities prevention, protection of women and children, etc., in their respective policies on good governance, rule of law, peace building, and conflict prevention at home.

## ASEAN Community in a Changing Global Landscape

Fifty years after its creation, it is to ASEAN's credit that the region has remained stable and peaceful despite some unresolved territorial conflicts among its members. This is mainly due to the adherence of member states to fundamental principles embodied in the Treaty of Amity and Cooperation (TAC), which remains the cornerstone of ASEAN cooperation and regional diplomacy. The TAC has also been instrumental in building a concentric security framework and dialogue mechanisms – mainly through the ASEAN Regional Forum (ARF) and the East Asia Summit (EAS) – where ASEAN's centrality is key to managing the security environment in this part of the world. It is largely because of these ASEAN-centred mechanisms that China, Japan, and the divided Koreas (in the ARF) are engaged in the process of security dialogue since 1994, which also contributed to the creation of the Six-Party Talks that enabled concerned states until the late 1990s to manage the problem of nuclear proliferation in the Korean peninsula. (The importance of engaging with North Korea through the ARF has become even more critical in recent months amidst increasing tensions in the Korean peninsula following ballistic missile tests conducted by Pyongyang in April 2017.) As well, the ASEAN Plus Three (APT) framework has enabled ASEAN members to engage with China, Japan, and South Korea across a range of political-security and economic issues of mutual concern, including those related to difficult problems such as the dispute over the South China Sea in the case of China. Indeed, without ASEAN's centrality in the ARF, EAS, and the APT, it would have been more difficult to manage both traditional and non-traditional security issues facing the region. These include threats from terrorism and violent extremism, human trafficking, drug trafficking, migration, pandemic diseases, and natural disasters related to climate change.

While ASEAN no doubt has contributed significantly in maintaining international peace through the above security and dialogue mechanisms, its members should also give importance to building an ASEAN Community that enables them to enhance their national resilience and to be responsive to a range of human security issues in the region. Specifically, human development problems such as poverty, inequality, and access to basic services are at the root of many internal conflicts faced by many ASEAN

states. To some extent, these problems are exacerbated by lack of accountability and transparency in government institutions, which contribute to graft and corruption, violations of human rights and the principle of rule of law, perpetration of political violence and atrocities, and limited access to justice. For some ASEAN members that are still in the process of nation-building, these issues are complicated by continuing armed challenges to the legitimacy of the state, which remain difficult to resolve in the absence of meaningful dialogue that would lead to negotiated peace agreements that are acceptable to all stakeholders. In some cases, the rise of nationalist or religious extremist ideas undermines social harmony that is anchored on the values of tolerance and respect for diversity in many multi-ethnic societies in the region. Some governments need to respond more effectively to contain this threat, which has led to increasing use of hate speech, violent attacks, or adoption of discriminatory laws against minority groups.

Indeed, national resilience is key to building an ASEAN Community where member states are committed to promoting and implementing human protection principles and in developing regional resilience based on shared values. This is in fact clearly stated in the ASEAN Community Vision 2025, which was adopted in the Summit of Leaders in 2015, where they reaffirmed the importance of these principles as they envisioned "a peaceful, stable, and *resilient Community* with enhanced capacity to respond effectively to challenges."[14] The ASEAN leaders also underscored the "complementarity of the United Nations 2030 Agenda for Sustainable Development with ASEAN community building efforts to *uplift the standards of living*" of peoples in the region.[15] More importantly, they also stated their resolve to realise, among others:

> A *rules-based community* that fully adheres to ASEAN fundamental principles, shared values and norms as well as principles of international law governing the peaceful conduct of relations among states;
>
> An *inclusive and responsive community* that ensures our peoples enjoy *human rights* and fundamental freedoms as well as thrive in a *just, democratic, harmonious and gender-sensitive environment* in accordance with the principles of *democracy, good governance and the rule of law*;
>
> A community that embraces *tolerance and moderation*, fully respects the different religions, cultures and languages of our peoples, upholds *common values in the spirit of unity in diversity* as well as addresses the threat of violent extremism in all its forms and manifestations;

[14] "ASEAN Community Vision 2025," from http://www.asean.org/storage/images/2015/November/aec-page/ASEAN-Community-Vision-2025.pdf, accessed on 29 April 2017. Italics by the author.

[15] Ibid.

> A community that adopts a *comprehensive approach to security* which enhances our capacity to address effectively and in a timely manner existing and emerging challenges, including non-traditional security issues, particularly transnational crimes and transboundary challenges...[16]

Overall, a people-centred and people-oriented ASEAN Community can be realised if member states are strongly committed to putting human security, human development, and human protection at the core of their national and regional development agenda. Traditional conceptions of sovereignty that privilege state security more than people's security are no longer viable in the context of a more interdependent and integrated world. Instead, states should take seriously their primary responsibility to protect their people, including vulnerable populations within their territory, from threats to human security that could lead to, or exacerbate further, internal conflicts. Sovereign responsibility should also be linked to the promotion of good governance, rule of law, and human protection, which contributes to enhancing the legitimacy of states and their national resilience in dealing with challenges facing the region.

**Noel M. Morada** is Director (Regional Diplomacy and Capacity Building), Asia Pacific Centre for the Responsibility to Protect, School of Political Science and International Studies, The University of Queensland St. Lucia, Brisbane, Queensland, Australia.



[16] Ibid.

# ASEAN@50: New Challenges in Search of Solutions

*Tang Siew Mun*

## Introduction

Few would have expected the Association of Southeast Asian Nations (ASEAN) to persevere long enough to celebrate its golden jubilee. There were many in 1967 who were happy to dismiss this grouping of five Southeast Asian nations as inconsequential. Indeed, why should ASEAN matter when two past attempts to forge some form of regional collaboration – the Association of Southeast Asia (ASA) established in 1961, and the Greater Malayan Confederation (MAPHILINDO) formed in 1963 – were relegated to the annals of history without a trace? Why did ASEAN endure while other efforts failed? Was ASEAN a "miracle," as some keen ASEAN watchers have postulated?

For starters, ASEAN defied convention by surviving the Cold War relatively unscathed. One could even argue that the region benefited and even prospered from what the American historian John Lewis Gaddis would call the "long peace."[1] Throughout the second half of the twentieth century, the world basked in a period of tenuous peace from the end of World War Two to the collapse of the Soviet Union in 1991. But to categorically attribute ASEAN's achievements to a higher force or to luck belies the fact that ASEAN is, in the first instance, far from perfect. Second, it fails to recognise that ASEAN's DNA is built from chromosomes that are interlinked with idealism, self-interest, strategic flexibility, nationalism, and pragmatism. The fact that ASEAN is able to celebrate the 50th anniversary of its founding on 8 August 2017 has little to do with luck and more to do with sheer hard work, trial and error, and many karaoke sessions. On balance, ASEAN has done well in the last fifty years, but what has worked in the past may not serve ASEAN as well in the next fifty years. This article is a reflective analysis of ASEAN's internal and external challenges as it embarks on its onward journey toward building a community.

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* This paper was submitted on 25 July 2017.

[1] Gaddis, John Lewis, *The Long Peace: Inquiries Into the History of the Cold War* (New York: Oxford University Press, 1987).

## ASEAN at 50 or 18?

The first point of departure in analysing ASEAN is to establish its pedigree. The grouping in its present form is not fifty years old, but has been in existence for only eighteen years. ASEAN5 – comprising Indonesia, Malaysia, the Philippines, Singapore, and Thailand – was indeed formed in 1967, but ASEAN10 only came into existence in 1999. The admission of Brunei (1984), Vietnam (1995), Laos and Myanmar (1997), and Cambodia (1999) brought a different mix of political, economic, and social dynamics to ASEAN, which until the enlargement process was begun, looked relatively "homogenous" in terms of economic development and political outlook. The learning curve for Brunei was less severe than for Cambodia, Laos, Myanmar, and Vietnam (collectively known as the "CLMV" states), and ASEAN sought to narrow the development gap between the ASEAN6 and the newer ASEAN member states with the introduction of the Initiative for ASEAN Integration (IAI) in 2000. More importantly, ASEAN's original DNA was altered by the admission of the new member states. The CLMV states, in particular, had a large impact on ASEAN. One of these changes is the innovation of the "ASEAN minus X" decision-making model which relaxes the rigid consensus model on non-political issues. This new modality was introduced to accord the CLMV states additional time to implement agreements and protocols under the ASEAN Economic Community (AEC) framework.

From a broader perspective, ASEAN's consensus decision-making model provides a disincentive for the newer members to assimilate with the "old ways" and older members since they can literally stop ASEAN in its tracks by withholding their consent. The introduction of the "ASEAN minus X" modality points to the fact that it was the older ASEAN members that had to accommodate their newer collaborators, thus rendering the question of assimilating the newer members into the ASEAN fold moot. Accepting ASEAN's "age" as 50 implies a continuity of the "old ways," and ignores the profound impact the CLMV states have had in redesigning ASEAN's DNA and restructuring its interests. The other noticeable shift that comes with ASEAN's expansion is the dilution of the littoral ASEAN6 member states' grip on the regional organisation in favour of a more diffused and decentralisation of power and infusion of interests from the continental Southeast Asian states. This political and strategic dynamic has coloured intra-ASEAN relations for the past eighteen years and will set the scene for its future. While we laud and honour ASEAN's half-century's worth of efforts in fostering regional cooperation, we need to recognise that it is the events and developments of the past 18 years that have been more consequential to ASEAN's current affairs and its future.

## Internal Challenges

### In Search of Leadership

ASEAN is a unique regional organisation with a "horizontal" structure. Its intergovernmental roots mean that each member state retains sovereignty and powers. Regardless of its size, each member state is accorded the same treatment and standing. ASEAN's smallest state, Brunei, with a population of 417,000 (2015), has the same rights as its largest state, Indonesia, which has a population of 255 million. All member states are equal regardless of their size, population, and wealth – a form of institutional design which ensures that small states are not overwhelmed by or play second fiddle to their larger neighbours. This philosophy is encapsulated in the consensus decision model which ensures a level playing field for all. Unfortunately, this horizontal structure prevents the emergence of strong and sustained leadership within the organisation. Leadership is most clearly identified with the ASEAN chairmanship. Holding the helm for the year gives the Chair some latitude in proposing initiatives and in setting the ASEAN agenda. The chairmanship rotates annually among the members in alphabetical order, and as such there is no fixed assignment of leadership.

In the past, ASEAN has worked on the basis of exercising collective leadership through informal consultation. Leaders would share and circulate ideas for consideration and work toward building a consensus. This painstakingly informal form of collective leadership is premised on the leaders taking an interest in regional affairs and in driving ASEAN forward. In this day of populism and anti-globalisation, the enthusiasm for regional initiatives cannot be taken for granted. ASEAN member states have also found themselves more engrossed with domestic affairs just as their people question the utility of this regional project. In short, ASEAN is an organisation with ten leaders but short on leadership. Even traditional ASEAN powerhouses, such as Indonesia, are perceived to have taken a backseat on ASEAN. Meanwhile, the Malaysian leadership is preparing the groundwork for a generationally defining general election which has to be called by May 2018. The Thai polity is just about showing signs of sustained stability, and the Philippine leadership – while holding the ASEAN chairmanship – appears to favour some aspects of its bilateral relationships rather than standing up for ASEAN.

The tussle between national and regional interest is not new, nor would it end anytime soon. This raises the question of ASEAN's sustainability in the absence of strong and committed leadership. Can ASEAN continue to rely on the chairmanship system to provide leadership, a system which relies on the interest and political will of the holder? Could ASEAN explore the possibility of some form of functional leadership structure whereby one or a few member states could volunteer or be assigned responsibilities for their designated areas? This format would provide continuity and imbue a sense of stakeholdership, while relieving the ASEAN Chair of the sole burden of leadership. An

important priority for ASEAN moving forward is to establish new forms of institutionalized leadership to supplement the chairmanship system.

## Managing ASEAN Expectations

ASEAN has a proven track record in the international community. Among its well-deserved accolades include upholding the Kampuchea cause in the United Nations and its role in the conclusion of the Paris Peace Accord. It has also garnered respect for its astute management of its external relations by providing the opportunity and strategic space for all the major powers and regional countries to engage the region. While ASEAN stands tall in the international community, it is not similarly appreciated by those within the region. Chief among these criticism is the sense of disconnect between ASEAN and the people. The AEC was launched with some degree of fanfare on 31 December 2015 – along with the Political-Security and Socio-Cultural communities – but its effects have not been fully recognised. The public's sense of awareness of ASEAN is limited to the basic identification of its logo, flag, and brief history. ASEAN is also viewed as aloof and elitist. The people do not feel directly connected to ASEAN as their participation is moderated through their governments.

The Cambodians have felt let down by ASEAN for failing to come to their cause in their dispute with Thailand over the Preah Vihear temple. In the same way, the Philippines turned to international arbitration when it felt its interests in the South China Sea could not be protected through ASEAN. There is an apparent expectation gap between what the ASEAN people expect from the regional organisation and what ASEAN can do. In the case of the Preah Vihear temple dispute, ASEAN's hands were bound by the sacrosanct non-interference doctrine which forbids ASEAN member states from interfering in the domestic affairs of other member states. It would thus be unreasonable for one party to expect ASEAN to discard this doctrine when doing so serves its purpose. ASEAN has to be approached from a realistic vantage point, in the full understanding that it can only go as far as permitted by the member states. It does not have the right to impose a position or action on any member state.

Even though ASEAN carries the designation of a "community," it is fundamentally a grouping of states linked together with the explicit aim to foster regional cooperation. In other words, ASEAN is a platform to resolve collective action problems. Its intergovernmental roots meant that the interface and direct involvement of the people in regional affairs would be limited. However, this line of explanation would fall on deaf ears among the ASEAN citizenry, largely due to the inflated expectations built up by ASEAN over the years.

The adoption of the "Kuala Lumpur Declaration on People-Oriented, People-Centric ASEAN" in 2015 is an example of ASEAN's misstep in creating false expectations. "People-oriented" implies a top-down approach with the emphasis on delivering benefits for the people, whereas "people-centric" endows ownership and

allows for a greater degree of participation by the people. If ASEAN is serious in pursuing a "people-centric" approach, it needs to go beyond the people's interface with the ASEAN leaders and introduce an institutionalised form of direct participation. ASEAN's vagueness in translating polemic into action has also generated unnecessary confusion. Although "progressive" member states like Indonesia, Malaysia, Philippines, and even Myanmar appear to favour a more participatory approach, not a single ASEAN member state would agree to formats that would bypass its government.

In spite of the rhetoric, the governments fully expect to retain their exclusive hold as the only representative at the regional level. While the "people-centric" mantra is proposed at the regional level, it is most feasible and applicable at the national level. In practical terms, "people-centricity" is a process to engage, consult, and integrate the ASEAN citizenry at the national level on ASEAN matters. Efforts to "democratise" ASEAN begins at the national level. Unfortunately, ASEAN is a convenient bogeyman for the lack of people's engagement at the regional level even though the "fight" for a stake and voice in regional affairs actually begins and ends at the national level. Pronouncements such as the Kuala Lumpur Declaration create unreasonable expectations that eventually harm ASEAN's standing in the eyes of the people. At the same time, ASEAN governments and stakeholders have not done enough to communicate and disseminate information on the benefits of ASEAN to the masses. The often told narrative of the low take-up rate of ASEAN free trade arrangement provisions designed to benefit local businesses is another case in point.

On one hand, the concern with respect to ASEAN's engagement with its people is both managing unreasonable expectations as well as tackling the problem of the absence of expectations. ASEAN can only remain relevant if the agreements and actions transacted at the regional and international level are known and supported by the people. Moving forward, ASEAN member states can no longer hide behind the veil of its inter-governmental nature, and will need to comprehensively engage the people. Without the people's support, the ASEAN project will not fulfil its full potential and may even run the risk of backsliding.

## Cohesion and Unity

ASEAN's cohesion and unity has come under increasing glare within the region and outside the region. The public break in the failure to issue the joint communiqué of the foreign ministers for the first time in its history at the 2012 ASEAN Foreign Ministers Meeting (AMM) exposed the underlying tensions within the grouping. This debacle continues to be played out, albeit in different intensities, in subsequent ASEAN Summits and foreign ministers meetings. Although the subject of the division is ultimately the South China Sea disputes, the larger and more important question lies in ASEAN's ineffectiveness in managing and resolving differences. ASEAN's consensus decision-making process naturally nudges the resolution of differences to the lowest

common denominator to produce a modicum of a unified position and camaraderie. In theory, ASEAN is beholden to the position of the member state with the highest resistance since consensus is only possible with its concurrence. This allows a single state to hold significant sway over the majority, as was the case in Phnom Penh at the 2012 AMM. From an institutional design perspective, the consensus model provides strong incentives for any one member state to stake out its position, making compromises more challenging and sometimes impossible. This state of affairs often results in stalemates and appearances of an unresponsive ASEAN. The consensus model provides the guarantee that divergent individual interests would always prevail over the collective interest, and a member state would not be forced to accept a position that it disagrees with. The status quo privileges the individual interest over the collective, and exposes flaws in ASEAN's institutional design, namely the failure to take into account common interests by allowing the "tyranny of one" to prevail over the many. Revising this decision-making model would not find many takers among the member states as every member state would prefer to have the "veto" trump card in its sleeves as an insurance to prevent collective action used against it while allowing it to control the ASEAN agenda. If alternatives such as a super-majority model are not politically feasible, ASEAN may consider other options to allow a more open airing of viewpoints to escape from the consensus-model straitjacket.

Rather than keeping to watered-down proclamations and statements for the sake of keeping up the appearance of ASEAN unity, Chairman's statements and joint communiqués could accurately reflect the member states' positions by stating the "majority" and "minority" views. This idea would be tantamount to washing ASEAN's dirty laundry in public by openly airing its disagreements, but is the alternative of papering over their differences a better option? The status quo downplays the disagreements by posing the minority position as the ASEAN unified view – effectively dismissing the stance and interests of the majority member states. Casting the ASEAN documents in two categories allows for member states to accurately communicate their position on regional affairs, rather than be silenced by the power of the veto. In addition, the juxtaposing of majority and minority positions forces all parties to be transparent with their stance and to take responsibility for their actions. More importantly, this innovation also helps member states to better communicate with the wider community. From a strategic perspective, the introduction of the "minority view" may encourage compromises by the outliers toward the majority view as the minority states may not want their dissenting views known publicly.

## Funding the Community-building

Strengthening the ASEAN Secretariat has been a top priority in the past decades and discussions inevitably revolve around improving the institution's human resources. Two such measures involve adding to the number of officials to manage ASEAN's

ever growing areas of regional cooperation, as well as revamping the remuneration to retain and attract quality officials. The Secretariat's annual budget at US$20 million translates to a contribution of US$0.03 for every ASEAN citizen. In all fairness, the member states contribute directly and indirectly to support ASEAN activities beyond their annual dues. At the same time, ASEAN relies heavily on its Dialogue Partners to fund a wide range of projects, from promoting the freedom of the press to women empowerment to the promotion of entrepreneurship. These projects are generally "parked" and managed with the cooperation of the Dialogue Partners at the ASEAN Secretariat. The Dialogue Partners' development fund to support regional development is one of the hallmarks of the dialogue partner relations system. However, the larger issue arises from the state of dependency on the Dialogue Partners' funding and raises the question of the inability of ASEAN to generate internal funding to drive its community-building. Old proposals such as the introduction of a modest "ASEAN tax" of US$1 on international air travel would provide an independent source of income for the ASEAN Secretariat and other affiliated institutions such as the ASEAN Foundation to engage the ASEAN citizenry on a wider scale and more effectively. Increasing the ASEAN member states' contribution to the ASEAN central fund will have little effect on ASEAN's "grassroots" engagement, which remains largely underfunded. The establishment of a "community fund" with the mandate to connect local communities and the people at the regional level would inject new energy and resources to drive the community-building project forward.

## External Challenges

### Changing strategic environment

ASEAN has endured a challenging strategic environment since its formation in 1967. It has responded to the post-Cold War uncertainties by embarking on closer cooperation. Signature projects such as the ASEAN Economic Community, ASEAN Regional Forum, and the East Asia Summit were all initiated after the end of the Cold War. The new millennium brings new opportunities and challenges for ASEAN, none more so than the rise of China. China's speedy climb up the ranks of economic powers has been a boon for the region but it would be short-sighted to view China's ascendancy purely from an economic viewpoint. Beijing's economic success has given the world's most populous country a platform to expand its geostrategic footprint and political influence in the region. The "China factor" will be the single most important strategic challenge for ASEAN. How does ASEAN maintain its close economic ties with China without being drawn into the Chinese political orbit? What political price would ASEAN pay for its economic over-dependency on China? Will China continue to adhere to ASEAN

centrality if Beijing finds better payoffs using bilateral means to advance its national interests?

It is in ASEAN's interest to maintain friendly relations with China, and the reverse is also true. At the same time, it is also in ASEAN's interest to keep the region open and to have a balance of power to prevent the rise of a hegemonic power. In this respect, doubts about the US's strategic endurance in the region are becoming more pronounced as the world's largest power is distracted with conflicts and priorities in the Middle East and other parts of the world. The Trump Administration's early signals to the region are disconcerting and one can only hope that "America First" and the US's nascent signs of withdrawal to "fortress USA" are not the harbinger of a new and long-term strategic trend. In any case, the US's relative decline vis-à-vis China will force a major rethinking on the contours of the region's strategic balance. How will ASEAN adjust to this strategic shift, which may profoundly limit ASEAN's strategic options?

A survey conducted by ISEAS-Yusof Ishak Institute in April 2017[2] provides an inkling of these rumblings on the ground. More than half of the respondents (51.4%) thought that the US had lost strategic ground to China since Donald Trump took over the US presidency. This perception narrows ASEAN's strategic options as China's ascendancy appears to have knocked the US from its perch. An overwhelming 73.6% of the respondents viewed China as the most influential major power in Southeast Asia, and the expectation for China to fill the strategic vacuum vacated by the US was even larger at 80.2%. The US's withdrawal from the TPP and its muted articulation of its Asia policy are fuelling a sense of inevitability of China's hegemonic reach.

At the same time, China's influence is set to expand throughout the region and initiatives such as "One Belt One Road" (OBOR) will draw Southeast Asia closer to its orbit. Success, however, is by no means assured. China may be seen as the most influential, but it is also the major power that Southeast Asians trust the least: 72.5% of the respondents had "little" or "no confidence" in China to "do the right thing" in contributing to global peace, security, prosperity, and governance. The US fared just as poorly with 72.2% of the respondents registering their pessimism. The "dark horse" that Southeast Asians trust the most is Japan, which received 12.3% "very confident" and 49.7% "confident" responses. Interestingly, Japan was the only major power in the survey to receive more "positive" than "negative" responses.

This survey points to a challenging future for Southeast Asia, which will labour under the increasingly tighter embrace of China, which it does not trust. Southeast Asia holds Japan in the highest regard, but Tokyo has not shown any aptitude or inclination for regional leadership, and does not present a viable alternative to anchor Southeast Asia's balancing strategy. On the other hand, the US appears to be floundering in the sea of uncertainty of Trump's making. More importantly, the region perceives the US as

[2] Full results of the survey is available at https://www.iseas.edu.sg/images/centres/asc/pdf/ASCSurvey40517.pdf.

a declining power whose primary interest lies anywhere but Southeast Asia. Secretary of Defence James Mattis's speech at the 2017 Shangri-la Dialogue did little to correct this perception. Unfortunately, Trump's decision to pull the US out of the Paris Climate Change Accord served to reinforce the view that the US has all but abdicated its leadership role. Unless the US changes gear in the near future, it might well end up in the same position as Japan in Southeast Asia: economic giant, political pygmy.

ASEAN is left with the strategic conundrum of living beside a very powerful neighbour – China – that it does not trust. At the same time, it holds Japan in high regard but doubts it has the political will and capacity to lead. The US is the world's leading power but its influence appears to be waning in the region, nor is it roundly trusted. How does ASEAN build strategic trust with China? It might be premature – and even foolhardy – to dismiss the US's interest in the region but the impact of the shifting geostrategic balance can hardly be ignored. If the US's interest in Southeast Asia is expected to wax and wane, what is ASEAN's "Plan B?" How does ASEAN respond to the "new" strategic balance in maintaining an equilibrium conducive to keeping the region open and welcoming to all parties? How do the European Union and other middle powers figure in the emerging regional strategic landscape? More importantly, how does ASEAN engage other regional stakeholders without antagonising China?

## Maintaining ASEAN relevance

ASEAN was formed in 1967 with the explicit purpose of maintaining the sovereignty and territorial integrity of its member states, against the rising tide of the communist threat. Four years later this overriding rationale found its way into the Declaration of the Zone of Peace, Freedom and Neutrality (ZOPFAN) of 1971, which among others, aspires to keep Southeast Asia "free from any form or manner of interference by outside Powers." Keeping the major powers at bay was the *sine qua non* during ASEAN's formative decades, but the challenge in the immediate future lies in keeping the region open and the major powers engaged in the region. As reported by the ASEAN Secretariat, the grouping's member states rely on its Dialogue Partners for 56.9% of its trade and 62.2% of foreign direct investment (2015). It is thus understandable that the Dialogue Partners are interested to deepen their political and strategic engagements to safeguard their trade and investment interests. ASEAN's response has been to pioneer the establishment of political and security dialogues, beginning with the ASEAN Regional Forum (ARF) in 1994, the East Asia Summit in 2005, and the ASEAN Defence Ministers Meeting Plus (ADMM Plus) in 2010. These platforms were designed to provide an avenue for ASEAN Dialogue Partners to engage ASEAN and also to foster habits of cooperation among the Dialogue Partners, with an eye towards the dampening of rivalries between the major powers. In recent years, these "ASEAN-led" processes have faced pressure from the Dialogue Partners to allow for increased ownership and leadership opportunities. The intermittent murmurings from some

Dialogue Partners for the East Asia Summit to introduce co-chairing of the meeting reflect some of the disappointments with the existing format. How will ASEAN reconcile these pressures with the overriding imperative of keeping the agenda firmly within ASEAN's grip? If ASEAN does not relax its grip on agenda-setting, would it run the risk of fuelling dissatisfaction to the point where interest among the Dialogue Partners in these ASEAN-led processes begins to wane?

Raising the sense of ownership among the Dialogue Partners in ASEAN-led processes is a double-edged proposition since it is unclear if broadening the management of these institutions would have a positive effect. Opening the door for the Dialogue Partners to co-manage ASEAN-led processes would expose these processes to the Dialogue Partners' idiosyncratic interests and turn these processes into platforms for competing rivalries. Placating one major power may mean making another unhappy. If all or most of the Dialogue Partners are unhappy with the present system, no one party can claim "victory" over another party, resulting in a state of stalemate that gives rise to peaceful and cooperative relations. Seen from this perspective, the status quo has a lot of merits.

## Whither Centrality?

ASEAN's role as the facilitator of regional affairs has often been tested with sceptics questioning its capacity and proclivity to lead. After all, how could a grouping of ten small states purport to offer any form of leadership to non-Southeast Asian states that are bigger and more powerful than themselves? These criticisms are misplaced as ASEAN is cognisant of its standing vis-à-vis the middle and major powers in the wider East Asian region. This confusion is compounded by the fact that ASEAN denotes processes such as the ARF, ADMM Plus, and EAS as "ASEAN-led," which gives rise to expectations of leadership. In reality, the notion of "ASEAN-led" is better understood as playing a role of initiator, convenor, and manager instead of leadership per se. Given that all these processes are centred on ASEAN, it is difficult to envision their viability without ASEAN. At the very least, ASEAN performs the unique and indispensable role of providing a platform for non-Southeast Asian states to cooperate with ASEAN and among themselves. The responsibility of fora such as the ARF to resolve intractable common security challenges affecting all member states, such as the denuclearisation of the Korean Peninsula, rests equally on all members of the fora and not just on ASEAN. Besides, if ASEAN did indeed harbour leadership aspirations, would the major powers have acquiesced to these overtures?

The realist school of thought in the study of International Relations would be highly sceptical of such unrealistic notions. Indeed, this valid question highlights the challenges for ASEAN leadership. In a similar vein, the notion of ASEAN "in the driver's seat" is sometimes viewed derogatively. Is ASEAN as "driver" merely taking instructions from paying passengers in the backseat? To what extent does ASEAN have

the discretion and ability to decide on where it wants to direct the vehicle? The contention that ASEAN is in the "driver's seat" is not useful in understanding its past and future roles. ASEAN's role is better and more accurately reflected as that of the owner of the vehicle. Simply put, it would be difficult to envisage a body in the region other than ASEAN having the political and strategic gravitational pull to attract and sustain the interests of the major powers who may not themselves always have the same strategic objectives. ASEAN's leadership shines through from an unconventional sense. It derives its power and leadership credentials from its position as a neutral and inclusive entity to sustain confidence- and trust-building. At its core, ASEAN provides the vehicle for regional engagement and cooperation. It will be difficult to find broad support for alternative platforms capable of replacing ASEAN as new proposals run into walls of resistance that neutralise and prevent the ascendancy of a new regional leader. The zero-sum views of rival major powers would derail nascent initiatives to construct platforms outside the ASEAN configuration. Herein lies the importance of ASEAN centrality which essentially underlines the regional organisation's indispensable role as the "strategic glue" that binds the wider East Asia region in a web of cooperation. ASEAN is not just the only acceptable entity because it is non-threatening to any party, but it also provides a greater degree of comfort to all parties that ASEAN would not allow the regional agenda to be dominated by any party. ASEAN's centrality provides the vehicle for regional cooperation and ensures everyone has a seat at the high table. But ASEAN has to prove that it can perform this role impartially in the face of intense pressure to take sides in the simmering Sino-US rivalry.

## Conclusion

ASEAN's golden jubilee is a milestone that speaks of its longevity and relevance in the region. It is also a time for reflection and for taking stock on how to move forward. The world in which ASEAN finds itself today is very different from that experienced by its founding fathers. Internally, ASEAN will face increasing pressure from the "millennia bulge" of young Southeast Asians who are eager to engage their peers but find official support wanting. Reframing ASEAN in a more people-friendly mould and constructing an ecosystem to make ASEAN more accessible would be critical in bringing forward the people-oriented, people-centred agenda. At the same time, all stakeholders need to be cognisant that some forms of regional engagement may be best led and managed by non-governmental agencies. In this regard, the governments and the ASEAN Secretariat should consider providing support and assistance for regional linkages to take root and prosper.

Some housekeeping is also in order with an eye toward updating and equipping ASEAN to respond to and manage new and emerging challenges. Will the consensus model continue to serve ASEAN? What can ASEAN do to affirm its centrality within

the context of geopolitical shifts? Can ASEAN move from a norms-based system to a rules-based framework? How does ASEAN make the grouping more accessible? Should ASEAN rethink the tenure of the Secretary-General from the current five-year term to a shorter term to enable a more robust rotation among the member states? It is important for ASEAN to move forward to ask the right questions and work towards the answers.

**Tang Siew Mun** is Head of the ASEAN Studies Centre at the ISEAS-Yusof Ishak Institute, where he is concurrently Senior Fellow at the Regional Strategic and Political Studies programme. He is Managing Editor of *ASEANFocus*. His primary research interests are Asian security, ASEAN's relations with the major powers, and Japanese foreign policy. He holds a BA (Hons.) from the National University of Malaysia, a MA in War Studies from King's College London, a MA in International Studies from the Claremont Graduate University, and a Ph.D. from Arizona State University in Political Science.

# The ASEAN Regional Forum

*M. C. Abad, Jr*

## Introduction

The years immediately following the end of the Cold War in the first half of the 1990s enabled the Asia-Pacific region to experience peace and stability without major power competition and without smaller nations having to take sides. At that time, ASEAN was the only diplomatic organization in existence in the region which had a considerable record of regional engagement.

In taking up "the primary driving force of the ARF [ASEAN Regional Forum]," ASEAN offered its record of enhancing regional cooperation in the most diverse sub-region of the Asia-Pacific. It also cited the habit of cooperation which it had fostered and could be a catalyst for encouraging regional cooperation in the wider Asia-Pacific region. ASEAN ministerial meetings in various sectors were supposed to have contributed to the positive regional environment, which could be emulated in the broader Asia-Pacific. The objective of the ARF would be "to successfully preserve and enhance the peace and prosperity of the region"[1] under the assumption that periods of rapid economic growth were accompanied by shifts in power relations, which could lead to conflicts.

From 18 founding members, the ARF now comprises 27 participants: Australia, Bangladesh, Brunei Darussalam, Cambodia, Canada, China, Democratic People's Republic of Korea, European Union, India, Indonesia, Japan, Laos, Malaysia, Mongolia, Myanmar, New Zealand, Pakistan, Papua New Guinea, Philippines, Republic of Korea, Russia, Singapore, Sri Lanka, Thailand, Timor Leste, United States, and Vietnam.[2]

The first ARF ministerial meeting agreed on "the need to develop a more predictable and constructive pattern of relations for the Asia-Pacific region." In its initial phase, the ARF would concentrate on enhancing trust and confidence among the partic-

* This paper was submitted on 27 April 2017.

[1] "The ARF Concept Paper", 1995.

[2] The founding participants are ASEAN members (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, and Thailand), ASEAN's Dialogue Partners (Australia, Canada, the European Union, Japan, New Zealand, Republic of Korea, and the United States), ASEAN's Consultative Partners (China and Russia) and ASEAN Observers (Laos, Papua New Guinea, and Vietnam).

ipants. It would evolve gradually in three stages: (1) promotion of confidence-building measures; (2) development of preventive diplomacy mechanisms; and (3) development of conflict-resolution mechanisms. Although the ARF concept paper stated that the establishment of conflict-resolution mechanisms was an "eventual goal" that ARF participants should pursue, China, however, was quick in qualifying it to mean that the ARF would promote dialogue on various approaches to conflict resolution.[3]

## Continuing Regional Security Threats

More than two decades after the ARF's establishment, some intractable regional security threats and challenges remain, such as the question of the denuclearization of the Korean Peninsula, the overlapping claims in the South China Sea, and some non-traditional security threats, including international terrorism.

In their recent ministerial meeting, ARF members repeated their concern over developments in the Korean Peninsula, including the series of nuclear tests and rocket and ballistic missile launches, by the Democratic People's Republic of Korea (DPRK) which were in violation of the resolutions of the United Nations Security Council, including UNSC Resolution 2270. Year after year, the ARF has called for the denuclearization of the Korean Peninsula and the resumption of the Six-Party Talks.[4]

The situation in the South China Sea has worsened in the past two decades. Despite China's commitment under the Declaration on the Conduct of Parties in the South China, signed with all ASEAN member countries in 2002, particularly to refrain from inhabiting the presently uninhabited islands, reefs, shoals, cays, and other features, China conducted seven land reclamations, built structures, and occupied them. The UN Arbitral Tribunal constituted under the 1982 United Nations Convention on the Law of the Sea (UNCLOS) even viewed China's claims to sovereign rights and jurisdiction and to "historic rights" with respect to the maritime areas of the South China Sea (SCS) encompassed by the so-called "nine-dash line" as contrary to UNCLOS and without lawful effect to the extent that they exceed the geographic limits of China's maritime entitlement under UNCLOS.[5] China's island building has also been met with strong pronouncements and actions by several countries, including the United States, which vows not to acquiesce to unilateral acts while continuing to exercise and assert its navigation and overflight rights and freedoms as well as other related high seas uses granted by UNCLOS.

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[3] ARF Concept Paper, Adopted at the 2nd ARF Meeting held in Bandar Seri Begawan, 1 August 1995. China prefers only a discussion on approaches to conflict resolution rather than establishment of conflict-resolution mechanisms.

[4] 23rd ASEAN Regional Forum, Lao PDR, 26 July 2016.

[5] Case No. 2013-19, Permanent Court of Arbitration constituted under UNCLOS Annex VIII, July 2016.

In its strongest pronouncement, the 2016 ARF Chairman's Statement reaffirmed the importance of maintaining and promoting peace, security and stability, safety, and freedom of navigation in and overflight above the South China Sea. The ARF Chairman publicly conveyed the concerns expressed by some ministers on the land reclamations and escalation of activities in the South China Sea, "which have eroded trust and confidence, increased tensions and may undermine peace, security and stability in the region." As in its previous pronouncements, the ARF called on all concerned to exercise self-restraint in their conduct, avoid actions that might further complicate the situation, and pursue peaceful resolution of disputes in accordance with international law, including the 1982 United Nations Convention on the Law of the Sea.

The ARF is also concerned with the continued threat of terrorism and violent extremism. One of the first experts-level bodies created by the ARF was on international terrorism. Following the 2002 Bali terrorist bombing that killed more than 200 people, the ARF established the Inter-Sessional Meeting on Counter-Terrorism and Transnational Crime in 2003. From prevention to counter-measures to managing the consequences of major terrorist attacks, ARF members continue to cooperate at the multilateral level for more coordinated responses. But acts of terror continue. In 2016 alone, the ARF condemned terrorist attacks in various places, including Baghdad, Pathankot, Kabul, Dhaka, Nice, Istanbul, Brussels and Paris. Within Southeast Asia, ASEAN has entered into a convention on counter terrorism and a plan of action.

## Recent Institutional Developments

After one and a half decade of the ARF's founding, ARF members decided to relaunch the organization with a sharper vision statement and set of commitments.[6] They include: (a) strengthening the ARF's role in raising awareness on security challenges and intensifying confidence building and cooperation; (b) developing preventive diplomacy in priority areas that directly affect their peoples and that are insurmountable through their individual actions alone, namely those pertaining to non-traditional, transboundary and inter-state security challenges including working towards mutually acceptable early warning mechanisms; and (c) transforming the ARF into an action-oriented mechanism that develops concrete and effective responses to the common challenges confronting the Asia-Pacific region, such as terrorism and transnational crime, disaster relief, maritime security and non-proliferation, and disarmament, and those that may arise in the future.

The ARF Vision Statement was followed by a negotiation on a plan of action, which was adopted in Hanoi in 2010. The intention was to make the ARF more action-oriented. The specific areas for cooperation are summarized in the matrix below.

[6] ARF Ministerial Meeting, 23 July 2009, Phuket, Thailand.

| Areas of Cooperation | Plan |
|---|---|
| 1. Disaster Relief | By 2020, the ARF aims to harmonize regional cooperation in disaster relief/management and strengthen the interoperability of civilian and military relief operations. |
| 2. Counter Terrorism – Transnational Crime | By 2020, the ARF will develop an effective network for regional law enforcement and military agencies to build regional capacity, share information, and individually and collectively respond in a timely and effective manner to the threats posed by terrorism and transnational crime in the region. The forum will work towards the establishment of an ARF transnational threat information-sharing center. |
| 3. Maritime Security | By 2020, the ARF should serve as a regional forum for maritime security issues that promotes and enhances maritime domain awareness, and develops concrete and effective regional responses to maritime security challenges. It will support the work of the ARF Inter-Sessional Meeting on Maritime Security (ISM on MS) as an established regional framework that addresses maritime security issues. |
| 4. Non-proliferation and disarmament | By 2020, the ARF should develop national and regional capacity and promote common efforts in non-proliferation, disarmament, and peaceful uses of nuclear, chemical and biological technology. |
| 5. Peacekeeping Operations | By 2020, the ARF will further enhance the regional capacity and readiness for peacekeeping activities, including through necessary training measures. |
| 6. Defence Dialogues | By 2020, the ARF should further integrate defense track and personnel into the ARF process. |
| 7. CBMs | ARF will encourage its participants to arrive at mutually agreed Confidence Building Measures (CBMs) and support the promotion of their implementation to enhance peace, stability, economic growth and prosperity in the region.<br>ARF exercises should be held upon the consent of the interested states in areas to include disaster relief and other areas of cooperation and develop an early and realistic time table for their regular execution. |

Another institutional development milestone for the ARF was the adoption of the Preventive Diplomacy Work Plan in 2011. The process started in 2001 when the ARF adopted the parameters of preventive diplomacy that could work in the Asia-Pacific region.[7] Then in 2007, a track two study commissioned by the ARF was completed, containing best practices and lessons learned by selected international and regional organizations in preventive diplomacy. This was sent to the ARF Experts and Eminent



[7] *ARF Concept and Principles of Preventive Diplomacy* adopted at 8th ARF in July 2001.

Persons in 2009 to comment on and submit their views. These steps became the basis of the ARF Preventive Diplomacy Work Plan.[8]

After more than two decades in existence, the ARF has covered a very broad area of dialogue and cooperation. Some of these include humanitarian assistance and disaster relief; counter-terrorism and transnational crime; maritime security; non-proliferation and disarmament; peacekeeping operations; defence officials dialogue; and publication of *ARF Annual Security Outlook*, among others.

## Maritime Security

Among the ARF agenda, the subject of maritime security gained a lot of ground before and after the adoption of the Hanoi Plan of Action. The first meeting of track two Council for Security Cooperation in the Asia Pacific (CSCAP) Study Group on Marine Environment Protection, held in Manila in 2016, provided justifications for this priority concern. The Philippines, as host of the meeting, provided the highlights of the discussions: (1) affirmation of the extensive wealth of biodiversity in the Asia-Pacific region particularly in the Coral Triangle and the South China Sea; (2) warning on the state of the marine environment in the region, with the corals and fish stocks being severely threatened by unsustainable practices; (3) recognition that while several mechanisms on marine environment protection exist, these were largely uncoordinated, not legally binding, and/or not properly implemented. CSCAP called on the governments to focus on emerging problems such as the environmental impact of deep sea bed mining and exploitation of hydrocarbon resources. It said that challenges to the marine environment could have far-reaching implications for human security, food security, environment security, and traditional security.

The ARF has a rolling three-year work plan on maritime security, which started in 2011. The most recent covers the 2015-2017 period and identifies the following priorities: (1) Shared Awareness and Exchange of Information and Best Practices; (2) Confidence Building Measures based on International and Regional Legal Frameworks, Arrangements and Cooperation; (3) Capacity Building of Maritime Law Enforcement Agencies in the Region. Each of these priority areas has an ASEAN and non-ASEAN country co-convenors.

Moreover, maritime security has had a regular inter-sessional meeting (just like Inter-Sessional Meeting on Confidence Building Measures (ISM-CBM and PD)) which

[8] The 14th ARF in August 2007 received the Track II *Study of Best Practices and Lessons Learnt by Selected International and Regional Organisations in Preventive Diplomacy*. At the 16th ARF in July 2009, ministers mandated officials to begin development of an ARF Preventive Diplomacy Work Plan by drawing on the PD Study and other relevant ARF documents. The 16th ARF also tasked the ARF Experts and Eminent Persons (EEPs) to provide their views on the elements of such a Work Plan. The 4th Meeting of the ARF EEPs was held in December 2009 and prepared a paper entitled *Draft Elements of a Work Plan on Preventive Diplomacy*.

generates and coordinates all technical and experts-level workshops and conferences since 2008. The following have been the subject of discussions in the field of maritime security: confidence building and law of the sea; maritime risks management; fisheries management; illegal, unreported and unregulated fishing; national maritime single points of contact; and capacity building on ship profiling.

In every Inter-Sessional Support Group (ISG) meeting on maritime security, there was recognition of the countries' shared interest in managing the maritime domain as part of the global commons. There is general support for the goal of ensuring a secure maritime environment where there is freedom and safety of navigation for all countries and free flow of commerce, and where issues are resolved peacefully, in accordance with international law.[9] There is also recognition that while they contribute to regional confidence building, cooperative activities to address specific challenges such as transnational crimes, piracy, smuggling, human trafficking, illegal and unreported and unregulated fishing (IUUF), and marine environment degradation are important issues by themselves.

Discussions on the importance of international law, particularly the law of the sea, in building mutual confidence for maritime delimitation, have also been held. For instance, at the ARF Seminar on Regional Confidence Building and the Law of the Sea, held in Japan in 2015, ARF participants exchanged views on how state practices and existing jurisprudence developed the international legal regime applicable to maritime areas pending delimitation, as well as the international legal regime for peaceful settlement of maritime disputes. Lessons learned in maritime delimitation efforts by some countries, including between Indonesia and the Philippines, were also presented and discussed.

Within ASEAN, several intergovernmental fora have also been established. These include the ASEAN Maritime Transport Working Group; ASEAN Maritime Forum; the Expanded Maritime Forum involving other countries; the ASEAN Defence Ministerial Meeting-Plus Maritime Security Experts Working Group; and the ASEAN-EU High Level Dialogue on Maritime Security, among others.

## ARF's Effectiveness and Viability

From the very start of the ARF's existence, there were already security specialists who saw the limits of this kind of security multilateralism. Some of these concerns include the unusual role of the smaller states of Southeast Asia in facilitating major power relations in the broader Asia-Pacific region and the lack of a strong institutional structure.

[9] Co-Chairs' Summary Report 8th ARF Inter-Sessional Meeting on Maritime Security, Makati City, Philippines, 6-7 April 2016.

It is viewed as ambitious, unproven, or at least an imperfect diplomatic instrument. For instance, it has no intention to evolve into a collective defence or security mechanism.

While the general purpose of the ARF was lauded, such as its objective to contribute to regional peace, stability, and prosperity, the notion of creating a predictable and constructive pattern of relations through confidence-building and preventive diplomacy seems to be "a sizeable one", observed Rosemarie Foot of the University of Oxford in her ARF review paper commissioned by Singapore's Institute of Defence and Strategic Studies.[10]

It is said that it might be better for the ARF to admit that it could only be a venue for dialogue and contact. Half-truths and half-measured CBMs would only allow some to take advantage of others and could only reinforce patterns of suspicion and mistrust. Furthermore, it is said that the ARF, or any regional security mechanism short of a collective defence arrangement, could at best only contribute to the building of a viable balance of power, which remains the most effective way of maintaining stability.

It is said that multilateral diplomacy is intrinsically weak and inherently incapable of creating a stable distribution of power, particularly in the presence of powerful revisionist state/s or those with unsatisfied irredentist agendas. Born in ASEAN's image, the ARF's structures, modalities and processes are not only weak, but are even resented by some of its members who not only want a faster pace, but also want to assume some leadership role.

The timing facilitated by the end of the Cold War and the removal of foreign military bases in Southeast Asia is no longer a relevant backdrop. China is no longer just the emerging power that it was two decades ago. It is now a major power. The level of commitment by China to multilateral diplomacy is no longer certain and it has now repeatedly expressed explicitly its preference for bilateral over multilateral management of disputes. There seems to have been no fundamental cognitive change in security perception among the Chinese decision-makers, according to the same analysis by Rosemarie Foot.

The ARF is unique, according to Michael Leifer, in the sense that other regional experiences involved major powers as prime movers, such as the case of the Concert of Europe in the nineteenth century.[11] Leifer contends that within the Asia-Pacific, there is no other historical example of a group of smaller states assuming such a diplomatic centrality in fostering a multilateral security arrangement that involved all major regional powers on which prospects for stability and order greatly depend. Hence, at its best, the ARF is only a complementary diplomatic activity and a convenient assembly. Leifer argues that it can only be a valuable adjunct to the workings of the balance of

[10] Rosemary Foot, "The Present and Future of ARF: China's Role and Attitude," in *The Future of ARF*, Khoo How San (ed.) (Singapore: Institute of Defence and Strategic Studies, 1999).

[11] Michael Leifer, "The ASEAN Regional Forum: Extending ASEAN's model of regional security," Adelphi Paper 302 (New York: Oxford University Press, 1996).

power, but to expect more is "a category mistake", because the ARF is institutionally incapable of solving conflicts and security problems among its members. He predicts that the issue of the South China Sea is a test case for the ARF's viability and efficacy that it will not pass. Leifer does not think that the ASEAN informality model is transferable to the broader Asia-Pacific where state capacities and interests are much more diverse among concerned states.

Although he views the ARF as imperfect, Leifer admits that there is no practical multilateral alternative available for the time being. Going even further, Amitav Acharya argues that the ARF is useful beyond being a mere adjunct to the balance of power mechanism.[12] It could moderate and maintain a stable balance of power by providing norms of restraint and confidence building among the major powers. It could even transcend the balance of power approach in the long run. For a security community to evolve, a balance of power approach has to be supplemented by multilateral security dialogues and cooperation.

Among security analysts, however, there is no fundamental disagreement that the behaviours of major world powers have a significant bearing on the fate of security communities. Acharya thinks that ASEAN, which has gained some level of self-confidence as a result of regional stability and integration within Southeast Asia, may have overestimated its capacity to assume the role of driver in the development of the ARF. A leadership role in managing regional order would involve a challenging responsibility for ASEAN. The central role of ASEAN in the ARF remains controversial to the point that it is even blamed for the ineffectiveness of the ARF to carry out collective actions or the slow progress in evolving the ARF from its nascent state into a mature security community. But precisely because of its non-threatening capacity and intention, ASEAN is trusted and will continue to keep the ARF leadership by default. Moreover, ASEAN knows that existing security alliances or guarantees are equally imperfect supplements to regional security.

In his very comprehensive and insightful book on the ARF, former Secretary-General of ASEAN Rodolfo Severino covered many more views expressed on the ARF, some critical, some supportive and others cautiously in between.[13] He reminds his readers that the ARF includes some of the most powerful countries in the world with divergent strategic outlooks and interests. While this makes the ARF an important diplomatic forum, it also prevents the organization from creating strong institutions which can make collective decisions or resolution of conflicts for its members. It is a classic case of sovereignty clashing with community principles. Severino thinks that, despite its limitations, the ARF will remain a useful venue for inclusive multilateral dialogues until such time that disputes and tensions in the Asia-Pacific dissipate to such an extent

[12] Amitav Acharya, *Constructing a Security Community in Southeast Asia: ASEAN and the problem of regional order* (London: Routledge, 2001).

[13] Rodolfo Severino, *The ASEAN Regional Forum* (Singapore: ISEAS, 2009).

that regional stability is perceived as being guaranteed and confidence-building is no longer necessary.

In his book, Severino summarized the two tendencies within the ARF from the beginning: one for a more institutionalized and active forum able to respond to security threats and the other which prefers a forum for dialogue with no interventionist role. They have remained essentially the same over the past two decades. The most they could agree on is to carry out "preventive diplomacy" activities in the broader domain of human security. This is the context of how the ARF Preventive Diplomacy Work Plan, which is supposed to include cooperation in the areas of humanitarian assistance and disaster relief, counter-terrorism and transnational crime, maritime security, non-proliferation and disarmament, and peacekeeping operations, has evolved But even in these areas, it is difficult to expect ARF-wide activities in all cases.

## Prospects for the Future

False and unrealistic expectations are bad because they not only disappoint, but also put in danger national and regional interests. How do we avoid both? The answer lies in whether or not we have sufficient confidence in our appreciation of a combination of factors, such as the state of relations among the participating major powers, the level of community-building among regional states, the clout of the convenor (ASEAN) to steer the process, and the institutional capacity of the ARF to meet those expectations. Considering all these, it is hard to have high confidence that the ARF can do anything more significant than what it has already done in the past two decades. This is far from saying that the ARF is useless. On the contrary, its staying power may have proven its importance as an inclusive security forum which focuses on challenges in the Asia-Pacific region. But it should only be considered as one among other pillars that are needed to keep the peace in this part of the world.

The ARF Preventive Diplomacy Work Plan should be allowed to take its course, including in conducting workshops and training programmes for ARF participants on preventive diplomacy. Continuing discussions on preventive diplomacy by itself is important, according to some analysts, for everyone to understand each other's apprehensions and in order to assess whether a particular issue is due to misunderstandings or a more fundamental reason that can never be overcome simply by talking.[14]

Institutions are important. If it is more possible to develop regional institutions outside ASEAN and the ARF framework with more limited members and purposes, these should be tried. Concerned countries could create a new regional security architecture that has a more robust structure, mandate, and resources. The time for this might have

[14] Michael Pillsbury, "The Future of ARF: An American Perspective," in *The Future of the ARF*, Khoo How San (ed) (Singapore: IDSS, 1999).

come. The ARF has fulfilled its historic contribution at the end of the Cold War and bipolar world order in managing uncertainties. It should be proud that it has created space and time for new initiatives and institutions to emerge.

But institutions alone do not make peace. One might ask, in the broader scheme of things, can we really place our biggest hope in architecture building? Is this the most important solution that should preoccupy us? Will it make a significant difference in terms of promoting peace and security among nations in the region, particularly between major powers and smaller states? Can multilateral organizations actually constrain and restrain the use of force in conflicts and disputes? While institutions are important, it should not be confused with commitment and content. It would be best to be prudent and maintain the balance between idealism and realism in international relations.

No amount of regional institution-building can stop a state which has every intention of using force or threatening war as an extension of foreign policy or even domestic politics – especially in the use of so-called limited wars. The truth of the matter is that while multilateral interactions are important, it is only one pillar of building a culture of peace, cooperation, and trust. What matters most is the commitment and predisposition to peace. To borrow an expression from German political scientist Alexander Wendt, the ARF, or any other regional security architecture for that matter, is what member states make of it. By extension, we could expect the same whether we have a legally-binding code of conduct or a political declaration of conduct in the West Philippine Sea.

Security community building assumes the reframing of the security discourse from competition for power to cooperative security; from reserving surprises to enhancing transparency; from zero-sum game to common security; and from stirring suspicions to building trust. Foreign ministry-led security cooperation can never be sufficient, not just in a world without a central government, but also in a world of not just governments. For many of those diplomats involved in the process, they have done their part.

## Rule of Law and International Norms

In the end, what matters most is adherence to the rule of law, values and norms. It should not be capabilities that matter most, but intentions. Differences in capabilities need not drive differences in intentions. Differences in capabilities need not breed threats and insecurities. International norms should set standards for the appropriate behaviour of states. Transformative norms and interactions should cause the reformulation of state interests. Each state should then behave as part of a whole. Some of these norms, like mutual respect for sovereignty and territorial integrity as well as renunciation of the threat or use of force in settling disputes, are already contained in the Treaty of Amity and Cooperation, which has been signed by all members of the ARF.

Just like in any human relationship, international relations do not move in a straight line or follow a linear pattern. There will always be power shifts, turbulence, change and discontinuities. This is why the only way to have lasting peace is through constant and consistent confidence-building, not only to avoid miscommunication, miscalculation, and suspicions, but to move towards cooperative security through mutual reassurance of peaceful intentions. Countries involved in the ARF should be security maximizers, instead of power maximizers fed by mistrust, ignorance, and ambition. Signalling benign intentions consistently is most crucial in building trust and confidence. Promotion of the rule of law, values, and norms is a long-term agenda. It is consistent with UNESCO's efforts to educate, socialize, and build a culture of peace. It is about a way of life that rejects violence and resolves conflicts amicably.

It is important to broaden the community of peace both at the international and domestic arenas. Socialization of politicians and military personnel at the domestic level is as important as socialization of states at the international level. Constructive dialogue that educates the public and influences public opinion in favour of peaceful ways should be encouraged. Finally, regional security agenda-setting should not be left to the major powers alone. They are very important no doubt. But their interests may not always coincide with those of many smaller states who should work closer together now more than ever.

**M. C. Abad, Jr** is the Chairman of the Board of Directors of the Institute for Strategic and Development Studies (ISDS) in the Philippines. Previously, he worked for 15 years at the ASEAN Headquarters based in Jakarta, Indonesia, where he served in various capacities, including as Director of the ASEAN Regional Forum Unit. Mr. Abad received Public Administration and International Studies degrees from the University of the Philippines and University of Sydney respectively. He completed the Program on National and International Security at Harvard Kennedy School.

# Challenges Facing ASEAN Defence Ministers

*Termsak Chalermpalanupap*

ASEAN defence establishments have attained remarkable achievements during their first decade of regional cooperation, starting with the inaugural ASEAN Defence Ministers Meeting (ADMM) in Kuala Lumpur on 9 May 2006. How successful they can continue to be over the next decade depends very much on whether they can cope with challenges amidst the growing international uncertainty as well as the intensifying complexity of the Sino-US rivalry in the Indo-Pacific, especially in the South China Sea.

ASEAN risks losing its centrality if cooperation in the ADMM is lagging behind while cooperation in the ADMM-Plus is growing in leaps and bounds and is sometimes driven by powerful Dialogue Partners. Excessive preoccupation with external engagements in the ADMM-Plus will distract ASEAN defence establishments from their own ADMM agenda. An ineffective ADMM will weaken the collective ASEAN leadership role in the ADMM-Plus and could embolden some Dialogue Partners to try to hijack the process to serve their own narrow strategic interests.

One proposed solution is for ASEAN defence establishments to redouble their concerted efforts in defending ASEAN centrality by first creating more substantive cooperation in the ADMM. A stronger ADMM can manage the ADMM-Plus more effectively. At the same time, productive ADMM cooperation will boost the development of the ASEAN Political-Security Community (APSC), thereby contributing to the building of the ASEAN Community towards 2025.

Successful cooperation of ASEAN defence establishments can increase mutual trust and understanding. This can help overcome the "trust deficit" among some ASEAN governments, and reinforce the "we-feeling" or the "ASEAN Spirit" of belonging to the same integrated ASEAN Community. Mr. S. Rajaratnam, Singapore's first minister for foreign affairs, and one of the five founding fathers of ASEAN, once

* This paper was submitted on 15 March 2017.

explained the "ASEAN Spirit"[1] as the habit of consultation and cooperation, which involved the sincere efforts of ASEAN members in trying to "forge" a consensus on important issues through frequent meetings, friendly exchange of views, and adjustment of one's own national policy or attitude in order to see eye to eye with one another and address common concerns. Adjustments of national policies and attitudes were made because ASEAN members placed some value on reaching an ASEAN consensus.

## CHALLENGES FACING THE ADMM

### Defence-Military Synergy

ASEAN countries' supreme commanders or heads of the militaries have had their informal meetings under the framework of the ASEAN Chiefs of Defence Forces Informal Meeting (ACDFIM) since 2001. At the 12th ACDFIM in Kuala Lumpur on 10 February 2015, the ASEAN military chiefs decided to "formalize" their meeting in order to further enhance practical cooperation among the ASEAN militaries.

Some military chiefs are also interested in expanding the scope of cooperation in the ACDFIM to include external engagements with key dialogue partners of ASEAN, just like in the ADMM-Plus, in which ASEAN defence ministers have had a regular meeting with their counterparts from eight dialogue partner countries: Australia, China, India, Japan, the Republic of Korea (RoK), New Zealand, Russia, and the US.

At the 13th ACDFIM in Vientiane on 14 March 2016, the ASEAN military chiefs adopted their 9th Two-Year Work Plan (2016-2018). Participation in activities in the Work Plan is voluntary. This means activities in the Work Plan can be undertaken even when some ASEAN militaries do not or cannot participate.

Prior to the 13th ACDFIM, there were two other military informal meetings in Vientiane on 13 March 2016: the Sixth ASEAN Military Operations Informal Meeting, and the 13th ASEAN Military Intelligence Informal Meeting.

In addition, the ASEAN militaries also have the following informal meetings: the ASEAN Navy Interaction, the ASEAN Air Force Chiefs Conference, the ASEAN Chiefs of Army Multilateral Meeting, and the ASEAN Armies Rifle Meet.

Not much is known about what is happening in the ACDFIM or other informal ASEAN military meetings. The ASEAN Secretariat has never been invited to attend

[1] Singapore's first minister for foreign affairs, S. Rajaratnam, once described the "ASEAN Spirit" as the habit of consultation and cooperation, which involved the sincere efforts of ASEAN members in trying to "forge" a consensus on important issues through frequent meetings, friendly exchange of views, and adjustment of one's own national policy or attitude in order to see eye to eye with one another and address common concerns. Adjustments of national policies and attitudes were made because ASEAN "*members placed some value on reaching an ASEAN consensus*." Without ASEAN, Southeast Asian governments would be "*more stubborn about modifying their views.*" See *S. Rajaratnam: The Prophetic and the Political*, edited by Chan Heng See and Obaid Ul Haq, published by ISEAS in 2007, page 312.

them. On paper, the ACDFIM as well as all other informal ASEAN military meetings report to the ADMM.

ASEAN defence ministers, at their ninth annual meeting in Langkawi, Malaysia, on 16 March 2015, recognized and commended the discussion and the proposal in the ACDFIM to "formalize" the ACDFIM. However, it remains unclear how formalizing the ACDFIM will change its status and reporting line.

Administratively, the defence minister is the boss of all the generals in the armed forces, including the supreme commander. But in some ASEAN countries, the supreme commander may be more powerful than the defence minister. This is the case in Myanmar, where Senior General Min Aung Hlaing is known to hold the supreme military power. Myanmar's Defence Minister Sein Win was a former chief-of-staff of the Bureau of Air Defence of the Myanmar Army with the rank of lieutenant general, which is two ranks lower than Supreme Commander Min Aung Hlaing's.

Undoubtedly, military-to-military interactions and cooperation in the ACDFIM and other informal ASEAN military processes are useful in enhancing mutual trust and confidence. But the ADCFIM need not and should not go its own way. At the minimum, the ACDFIM should continue to report to the ADMM. The ASEAN Secretariat should be invited to attend the ACDFIM. The ASEAN Secretariat can, at least, help keep the ASEAN military chiefs well-informed of what is going on in ASEAN, not only in the ASEAN Political-Security Community (to which the ADMM belongs) but also in the ASEAN Economic Community and the ASEAN Socio-Cultural Community.

Introducing external engagements to the ACDFIM needs further careful consideration to avoid adverse consequences that could affect the ADMM-Plus. ASEAN defence ministers as well as ASEAN foreign ministers should be consulted to examine all strategic implications.

ASEAN military chiefs should know that it is difficult to sustain the diverse interests of ASEAN's external partners whenever ASEAN initiates a new engagement process. Some major powers have a tendency to bring up issues of their own strategic interest to discuss, even though these issues may not be of common concern in ASEAN. Some major powers are sometimes more interested in talking to other powers instead of discussing issues raised by ASEAN. This was one reason why ASEAN foreign ministers have given up on having the annual ASEAN Foreign Ministers Meeting (AMM) +10 Post Ministerial Conference.

Moreover, ASEAN needs to maintain unity and speak with one unified clear and consistent voice when engaging its external partners. Having too many external engagement processes risks exposing ASEAN to inconsistency, or worse, disunity.

## AVOID OVERREACHING IN THE ADMM

After its first decade, the ADMM has put in place quite a number of cooperation activities and long-term projects. The emphasis now should be on delivering concrete benefits, rather than venturing into new initiatives.

One of the first and noteworthy achievements of the ADMM was the establishment of the framework of the ASEAN Defence Establishments and Civil Society Organizations Cooperation on Non-Traditional Security. Such engagement is especially useful in coping with major natural disasters as national and local civil society organizations in the affected country can be engaged to play a useful part in working with the ASEAN militaries.

### Potent Capability in HADR

Within ASEAN, the ADMM has the most potent capability in humanitarian assistance and disaster relief (HADR). The terms of reference for the ASEAN Militaries Ready Group (AMRG) on HADR were adopted at the 10th ADMM in Vientiane on 25 May 2016. The AMRG is now able to assist upon request any affected country in ASEAN, in coordination with the ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (AHA Centre) in Jakarta. ASEAN military personnel taking part in AMRG's operations can have the ASEAN emblem on their national uniforms and display the ASEAN flag.

One crucial question is whether enough real resources will be made available when a major natural disaster strikes. This is why it is wise to have the understanding that operation of the AMRG shall not replace bilateral assistance. Neither will it supersede ASEAN cooperation with its partners under the ADMM-Plus for HADR operations.

### ASEAN Standby Force?

Eight ASEAN countries (excluding Laos and Singapore) contributed altogether 4,750 peacekeepers to UN peacekeeping operations (UN PKO) as at the end of January 2017. This made ASEAN the sixth largest contributor, after Ethiopia, India, Pakistan, Bangladesh, and Nepal. It makes sense for the ADMM to promote networking among the PKO training centres in ASEAN countries to share experiences and best practices. In the future, peacekeepers from ASEAN countries should have the ASEAN emblem on their national uniforms when taking part in the UN PKO.

So far ASEAN governments have shied away from the idea of establishing any ASEAN standby force for peacekeeping in the ASEAN region. The fear of high expenditure in funding any ASEAN standby force deployment is enough to deter further serious discussion on this extremely sensitive issue. Using such a standby force may not be possible in countries which are militarily powerful, such as Indonesia, Viet Nam,

and Thailand. Past experiences in the African Union showed that the deployment of the African Standby Force were successful only in small African countries with the support of major external powers, such as the EU, the US, or the UN. For the time being, it is prudent for ASEAN to depend on the UN PKO, instead of trying to set up a standby force of its own.

## ASEAN Defence Industry Collaboration

Another idea in the ADMM which is still awaiting concrete realization is the ASEAN Defence Industry Collaboration (ADIC). Four workshops have already been convened to develop the framework for the implementation of the ADIC. Now, it is time for action.

In the past, ASEAN economic ministers did try to implement joint ASEAN industrial projects (AIPs) in the late 1970s and early 1980s. Each of the five founding members of ASEAN was to host one project. Subsequently, only Indonesia and Malaysia succeeded in setting up one urea fertilizer plant each. The host government held 60% of equity while the other four member countries in ASEAN each contributed 10% of equity. Three other AIPs assigned to the Philippines (phosphate fertilizer), Singapore (small diesel engines), and Thailand (soda ash fertilizer) turned out to be unfeasible and were all dropped.

ADIC will face similar hurdles that the AIPs encountered in the past, including excessive bureaucratic interference, competition with the private sector, and inefficiency. Nevertheless, the ADMM can try to start some practical ADIC projects on the basis of 2 plus X: two ASEAN militaries can start and let others in ASEAN join when they see advantages to doing so.

## ASEAN Centre of Military Medicine

In April 2016 the ADMM established in Bangkok the ASEAN Centre of Military Medicine. This was a welcome development after the idea was already agreed in 2015.

The Centre will be instrumental in supporting joint medical responses of ASEAN militaries in a crisis, as well as in working with "Plus" countries in training and crisis response. It is crucial to support the Centre with the necessary resources so that it can realize its huge potential and deliver life-saving services.

## Direct Communications Link

The ADMM has established its direct communications link (DCL) in the form of 45 sets of bilateral secure computer links between two ASEAN defence ministers. How useful such DCL will be remains to be seen.

Ministries of Foreign Affairs in the ASEAN 10 countries and the Chinese Ministry of Foreign Affairs have reportedly established their "hotline" for calling one another

by handphones. The ASEAN-China MFA-to-MFA "hotline" is supposed to facilitate urgent discussion in times of maritime emergencies in the South China Sea. However, it is difficult to imagine the Chinese foreign minister wanting to talk to all 10 ASEAN foreign ministers should there be a clash between Chinese and Philippine forces in the disputed Scarborough Shoals. Most probably, the Chinese foreign minister would just call the Philippine secretary of foreign affairs alone in order to avoid internationalising the incident.

## CHALLENGES IN THE ADMM-PLUS

By and large, the ADMM is facing more daunting challenges in the ADMM-Plus. These challenges arise from the success in the ADMM-Plus as well as from the interests of some dialogue partners who see the exciting potential of the process, and want to have more say in it.

### Increasing Frequency

The ADMM-Plus started with the frequency of meeting at the ministerial level once every three years. Hence, after the inaugural ADMM-Plus in Hanoi on 12 October 2010, the Second ADMM-Plus was held three years later, on 29 August 2013, in Bandar Seri Begawan.

In between the two meetings, the ASEAN defence ministers, at their Sixth ADMM in Phnom Penh on 29 May 2012, agreed to increase the frequency of the ADMM-Plus to once every two years, chiefly because of the enthusiasm of several dialogue partners who wanted to meet with ASEAN more often. Hence, after the Second ADMM in 2013, the Third ADMM was held two years later, on 4 November 2015, in Kuala Lumpur.

Now, it is possible that the ADMM will soon agree to further increase the frequency of the ADMM-Plus to once every year, perhaps after the Fourth ADMM-Plus this year, which will be hosted by the Philippines in Manila on 24 October 2017, back-to-back with the 11th ADMM. Singapore, which will chair ASEAN in 2018, would be delighted to host the Fifth ADMM-Plus next year, if the frequency is indeed increased.

This year the Philippines, which is chairing ASEAN as well as the ADMM and the ADMM-Plus, has no plans for any ADMM Retreat, which used to be held in the third or fourth quarter in the past few years. And instead of holding the ADMM in May, the Philippines plans to have the 11th ADMM on 23 October 2017, and the Fourth ADMM-Plus on the next day. Apparently these arrangements are aimed at reducing hosting costs.

One unintended consequence of this is that there may be no informal meeting of the ASEAN defence ministers with their counterparts from China or the US this year. In the past, the ASEAN defence ministers had an informal meeting with their Chinese counterpart on the sidelines of the annual ADMM in May. Their informal meeting with

the US secretary of defence would usually take place on the sidelines of their annual ADMM Retreat in the third or fourth quarter.

Skipping the informal meetings with China and the US this year is a welcome respite for ASEAN. Such informal meetings with China and the US have created some anxiety, if not jealousy, in some other dialogue partners, who also want to have a similar regular informal meeting with ASEAN defence ministers every year. The informal meeting with China also led the Chinese side to try to up the ante in proposing to formalize the informal meeting into a regular annual ADMM+China meeting. So far the ADMM has wisely managed to fend off the Chinese overture.

## Growing Cooperation Areas

The number of cooperation areas of the ADMM-Plus has increased from five to seven, with each area being handled by a joint expert working group (EWG) co-chaired by one ASEAN member and one dialogue partner. The first five areas are: HADR, maritime security, PKO, military medicine, and counter-terrorism. At the Second ADMM-Plus, humanitarian mine action (demining) was added. And at the 10th ADMM in Vientiane on 25 May 2016, ASEAN defence ministers agreed to add cyber security as yet another new area for cooperation in the ADMM-Plus.

The EWG on Cyber Security will be co-chaired by the Philippines and New Zealand. The other existing EWGs and their co-chairs are: HADR – Malaysia and the US; Maritime Security – Singapore and the RoK; Counter-Terrorism – Thailand and China; PKO – Indonesia and Australia; Military Medicine – Myanmar and India; and Humanitarian Mine Action – Laos and Russia.

The expansion of cooperation areas creates more workload for defence officials in ASEAN. Attending more EWG meetings, especially those held outside of the ASEAN region, is too costly. Some ASEAN members may not be able to send a delegation from the capital, and may just let their available military attaché officers overseas show up to collect papers and take some notes. The quality of overall ASEAN participation in these EWG meetings will decrease. The more active dialogue partners can drive the EWGs in which their ASEAN co-chairs are weak.

## Overlapping with the ARF[2]

Another continuing challenge is how to overcome the duplication of efforts in the overlapping of areas of cooperation in the ADMM-Plus and the ASEAN Regional Forum (ARF). The ARF involves ASEAN member countries plus 17 external partners. Eight of the 17 are the dialogue partners who are also participating in the ADMM-Plus.

[2] See the author's discussion of the same issue in "ASEAN Defence Diplomacy and the ADMM-Plus", *Perspectives*, No. 49, 2013, the online publication of ISEAS, at www.iseas.edu.sg.

Three areas of cooperation that both the ADMM-Plus and the ARF have are: HADR, maritime security, and counter-terrorism. The ARF is also exploring the possibility of starting an inter-sessional meeting on information and communications technologies (ISM on ICTs). This will overlap with the work of the ADMM-Plus's EWG on Cyber Security.

One crucial question that MFA officials in the ARF need to ask themselves is whether their ministries really have the manpower, equipment, financial resources, and technical expertise to carry out concrete cooperation activities in these four areas in question. If they do not have what are needed, they had better leave these four areas to the ADMM-Plus and turn to concentrating on doing more work in preventive diplomacy in the ARF.

Since most of the necessary legal groundwork for HADR has been completed, there is no point for the ARF to continue the inter-sessional meeting on disaster relief (ISM-DR), much less to attempt another costly ARF Disaster Relief Exercise, like the last one in May 2015 in Malaysia. Such exercises inevitably require the participation of military personnel who have their own HADR work under the ADMM-Plus, the ADMM, and the ACDFIM to tend to already.

Likewise, cooperation under the ARF Heads of Defence Universities/Colleges/Institutions Meeting (HDUCIM) can be transferred to the ADMM-Plus because these participating bodies are mostly under the supervision of the defence ministry, not the foreign affairs ministry.

Space security is yet another area in the ARF which should also be left to the ADMM-Plus to pursue. The dilemma for ASEAN here is that it lacks the expertise to lead this highly specialized area. If space security comes under the ADMM-Plus, its EWG will certainly be driven by major space powers.

## ADMM-Plus to Report to the EAS?

Some think-tanks in some dialogue partners in the ADMM-Plus are talking about having the ADMM-Plus report to the East Asia Summit (EAS). This is not a good idea.

Although the same eight dialogue partners are participating in both the ADMM-Plus and the EAS, this is just coincidental. The ADMM decided in 2009 to invite the eight dialogue partners to join the launching of the ADMM-Plus in Hanoi in 2010. On the other hand, when the EAS was launched in Kuala Lumpur on 14 December 2005, Russia and the US at first did not qualify to join, because each of them lacked one of the three qualifications for EAS participation. Russia lacked a "substantive relationship with ASEAN" although it had been a dialogue partner of ASEAN since 1996, and acceded to the 1976 Treaty of Amity and Cooperation in Southeast Asia (TAC) in November 2004. The US has been a dialogue partner since the early 1970s and has had a "substantive relationship with ASEAN" over the years; but it had not acceded to the TAC. The US finally acceded to the TAC in July 2009. The number of dialogue

partners in the EAS increased to eight only when Russia and the US started attending the Sixth EAS in Bali on 18-19 November 2011.

As mentioned above, there is no direct relationship between membership in the ADMM-Plus and in the EAS. Having the ADMM-Plus report to the EAS will imply that there is such a relationship. In the future, the ADMM-Plus may accept new members but the EAS may not want to expand its membership. ASEAN should keep this important flexibility of delinking the ADMM-Plus from the EAS. Moreover, there is no need to trouble the EAS leaders with yet another formal annual report. Too many EAS ministerial bodies are already reporting to the EAS. The EAS leaders should spend more time discussing strategic issues of common concern, instead of reading about or listening to ministers' reports.

## SUPPORTING ASEAN CENTRALITY

When ASEAN defence establishments and militaries can develop their synergy, they can, together, play a significant role in supporting ASEAN governments in taking the "pro-ASEAN" position of neutrality and constructive engagement, without collectively taking sides in the intensifying rivalry between China and the US. Separately, individual ASEAN members may have different security orientations: The Philippines and Thailand are "non-NATO" allies of the US, although both of them, of late, have been portrayed in the international media as drifting away from the US towards the Chinese camp; Malaysia and Singapore are in the UK-led Five Power Defence Arrangement, although Malaysia is perceived as becoming more "pro-China" whereas Singapore is perceived as being "pro-US"; Brunei Darussalam just wants to be left alone, although it continues to rely on the UK for security support; Cambodia and Laos are clearly moving under China's economic domination; whilst both Myanmar and Viet Nam are trying to wriggle their way out of the Chinese embrace.

However, when ASEAN members act collectively in ASEAN, they can choose to be "pro-ASEAN", working harder together in ASEAN with the "Spirit of ASEAN" in building the ASEAN Community towards 2025, and at the same time pursing constructive engagement with all external powers. ASEAN defence ministers have taken the correct approach of maintaining equal treatment of China and the US. After they went out to meet with US Secretary of Defence Chuck Hagel in Hawaii in early April 2014, the following year, they made a trip to Beijing to meet with Chinese Defence Minister General Chang Wanquan on 16 October 2015. Since they went to Hawaii for the second time to meet with US Secretary of Defence Ashton Carter on 30 September 2016, now the ASEAN defence ministers may have to pay another visit to Beijing soon.

## Four Components of ASEAN Centrality[3]

The ASEAN centrality has four basic components, of which the most visible one is ASEAN's leadership and management of its growing external engagement processes, such as the ADMM-Plus, the ARF, and the EAS. But in fact the more important part of the ASEAN centrality is inside ASEAN. It is the ongoing community-building endeavour to increase more weight to ASEAN in all aspects: political, security, diplomacy, economic, socio-cultural, and functional. In demography, ASEAN has more than enough weight, with over 650 million in combined population in 2017; this is the world's third largest after China's and India's.

Both ASEAN's external engagements and community-building efforts are supported by the third component of the ASEAN centrality, which is the institutional framework of ASEAN based on the ASEAN Charter. And the most important part of the ASEAN centrality, albeit the least visible one is the political will of all ten member governments to undertake the shared responsibility in ASEAN and to fulfil their collective commitment to ASEAN in enhancing regional peace, security and prosperity.

## ASEAN Centrality in Community-Building

At the 27th ASEAN Summit in Kuala Lumpur, 20-22 November 2015, ASEAN leaders adopted the new ASEAN Roadmap, *ASEAN 2025: Forging Ahead Together*, which includes the three new community-building Blueprints for the APSC, the AEC, and the ASCC.

In community-building, the ASEAN centrality calls for giving due importance to ASEAN, with goodwill in exercising the equal rights of the ASEAN membership, and best national efforts in fulfilling all obligations in ASEAN. In the ASEAN Charter, Article 5 Paragraph 2 states: "*Member States shall take all necessary measures, including the enactment of appropriate domestic legislation, to effectively implement the provisions of this Charter and to comply with all obligations of membership.*"

All ASEAN members are obliged to ratify without delays and implement all ASEAN agreements signed by their leaders and ministers. Better still, they should also adjust their national policy to keep it in line with what they are doing in ASEAN at the regional and international levels.

At the 25th ASEAN Summit in Nay Pyi Taw, ASEAN leaders endorsed a long list of recommendations from the High Level Task Force on Strengthening the ASEAN

[3] See the author's article "Understanding the ASEAN Centrality Beyond 2015", presented to "Regional Conference on Cambodia and ASEAN: Managing Opportunities and Challenges Beyond 2015", organized by the Cambodian Institute for Cooperation and Peace, in Phnom Penh on 28 March 2016. The paper is available at the website of the CICP at www.cicp.org.kh. A revised version of the paper was also submitted for the perusal of participants at the Ditchley Foundation's international conference "ASEAN: The Key to East Asia's Future?", held at Ditchley Park in the UK, 13-15 October 2016.

Secretariat and Reviewing the ASEAN Organs. Implementing these recommendations will involve investing more resources in ASEAN. After one year of the new strengthening effort, the ASEAN Secretariat's staff reported a satisfying positive outcome.[4]

## Political Will and Commitment to ASEAN

ASEAN will be as strong as its member governments and leaders want it to be. If they truly believe in sharing their common destiny in ASEAN, then they must be serious about community-building, and fulfil their shared commitment and collective responsibility to ASEAN. It is imperative that they promptly ratify and implement all the ASEAN agreements that have been signed. They must also comply in good faith with the ASEAN Charter.

As things stand now, ASEAN will continue to be an intergovernmental organization in which all the member governments have an equal say in making ASEAN decisions on the basis of sovereign equality and consensus. There is no punishment for not ratifying signed ASEAN agreements[5] or for ignoring ASEAN agreements which are in effect. Under the APSC, two of the four agreements still awaiting full ratification are: Agreement on the Privileges and Immunities of ASEAN, signed on 25 October 2009 (Malaysia has not yet ratified this agreement), which includes operationalisation of the legal personality of ASEAN; and Protocol to the ASEAN Charter on Dispute Settlement Mechanisms, signed on 8 April 2010 (still needs two ratifications, by the Philippines and Singapore), in order to make the dispute settlement mechanisms outlined in the ASEAN Charter's Chapter VIII operational.

ASEAN issues have never been raised in any election campaigns in ASEAN member countries. This is due largely to the widespread lack of public interest in ASEAN. Voters in ASEAN countries do not see any connection between their well-being and ASEAN's performance. Most politicians in ASEAN countries want to keep it that way. This explains why there will be no Brexit repeat in ASEAN.[6]

However, ASEAN could break down if it is not strengthened now because there is a serious mismatch between its institutional capability and growing ASEAN aspirations. Some ASEAN members may lose interest in ASEAN and let it drift. This is why it is crucial for the ADMM to deliver concrete results. In many other ministerial bodies in ASEAN, there are more words than actions.

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[4] The author's interviews with the ASEAN Secretariat's staff during a working visit as part of the team from the ASEAN Studies Centre, 21-22 March 2016. The team met the Committee of Permanent Representatives (CPR) in a working lunch on 21 March 2016.

[5] In the AEC, 18 of the 58 signed economic agreements have not entered into force because of incomplete ratification. See details at the website of the ASEAN Secretariat at www.asean.org. Go to "Legal Instruments" in the "Resource" section. All eight agreements under the ASCC have entered into force.

[6] See the author's article "No Brexit repeat in ASEAN" in *The Diplomat* online blog on 28 June 2016.

Brexit already shows that some countries feel as if regional cooperation does not bring clear-cut or equal benefits to all. Regional cooperation is like evolution: there may be adaptation and survival, growth and development, but there may also be reversal, mutation, and even extinction. ASEAN members cannot assume that community-building will continue to progress to a higher plane without their conscious efforts.

Even though no ASEAN member is seriously considering quitting ASEAN, all the member countries are calculating the costs and benefits of ASEAN membership. Should any one of them see that it can benefit more by openly joining either the Chinese camp or the US alliance, then ASEAN will face a crisis of *raison détre*, and worse, a new "Cold War" in Southeast Asia.

## CONCLUSION

The ADMM needs further strengthening by managing and developing its synergy with the ASEAN militaries. The ADMM also needs to translate its cooperation plans into action to produce more concrete results.

In order to succeed, the ADMM needs unity, a revitalized "ASEAN Spirit" of its members and stronger organization. A stronger ADMM will make it possible for ASEAN to continue to maintain control and enhance ASEAN centrality in the growing ADMM-Plus process. It can help support ASEAN governments in assuming the collective "pro-ASEAN" position, without having to take sides in the China-US rivalry.

At the same time, ASEAN defence ministers must continue to try to make all their external partners in the ADMM-Plus feel comfortable and see that they have a stake in maintaining regional peace and security in Southeast Asia, where ASEAN shall continue to play the primary driving force role constructively.

A peaceful and prosperous Southeast Asia under ASEAN is no threat to any external powers. In fact both China and the US will have one fewer region in the world to worry about.

**Termsak Chalermpalanupap** is a Fellow at ISEAS-Yusof Ishak Institute in Singapore, and the lead researcher (I) on political-security affairs of ASEAN at the Institute's ASEAN Studies Centre. Before joining the Institute in July 2012, he had served at the ASEAN Secretariat in Jakarta for nearly 20 years. His last post at the ASEAN Secretariat before retirement was Director of the Political and Security Cooperation Division of the ASEAN Political and Security Community (APSC) Department.

# ASEAN-led Regional Institutions in the Era of "the Rest of Asia"

*Tsutomu Kikuchi*

## Introduction

The Asia-Pacific is now in a period of great transition. Competitive power politics, especially among the major powers, are coming back to the region. The distribution of power among the countries is changing and unstable, heightening a sense of unpredictability and uncertainty. Rapid military modernisation is underway in the name of protecting national sovereignty. Many states in the region have territorial and/or historical disputes with their neighbours. Serious security dilemmas exist among them.

The future of the Asian economy is also uncertain. The regional economic structure has been becoming more competitive. China, the Association of Southeast Asian Nations (ASEAN) countries, and India are competing against each other in attracting foreign direct investments and searching for new markets. Japan is, for the first time in modern times, facing serious economic challenges from other Asian nations. How the United States (US) intends to rectify its huge trade deficit with its Asian trading partners, which will potentially have an enormous impact on Asian economies, is uncertain. The US under President Trump is one of the major factors of uncertainty in the Asia-Pacific. China's assertive actions have been causing deep concerns among the countries in the region about its future development.

Several Asian countries, such as Thailand, the Philippines, and Myanmar, are facing the challenge of transforming their political regimes from authoritarian to democratic ones. Democratic transformation is often accompanied by domestic instabilities. Terrorism further aggravates internal instabilities. The absence of viable states makes the process of region-building difficult, because stable and resilient states are the basic foundation for effective regional cooperation. States remain the essential building blocks on which regional cooperative structures are built.

Furthermore, most Asians are not yet fully ready to adjust themselves to the internal and external changes that were caused by factors such as the rapid progress of economic globalization and changing power relations among the countries. Rapidly

* This paper was submitted on 22 May 2017.

changing conditions are causing concerns about their futures among the people and such concerns are feeding nationalism. We have seen the danger caused by the convergence of nationalism and populism.

All these further feed a sense of insecurity and uncertainty among the political leadership and people. Reflecting these concerns and challenges, the countries in the region have been adopting a variety of strategies to protect their interests.

Fearing that Southeast Asia will become a strategic buffer zone, pulled in one direction or the other by the struggle among the major powers, ASEAN has tried to establish for itself a steering role in regional institution-building in the Asia-Pacific. Competition among the major powers has allowed ASEAN to take the opportunity to draw the major powers into a bidding competition for the hearts and minds of ASEAN. ASEAN has been playing a key role in regional institution-building in East Asia.

In spite of internal difficulties in maintaining unity and cohesion, ASEAN has emerged as the main driver for regional cooperation in the Asia-Pacific, as demonstrated by the formation of such ASEAN-led regional institutions as ASEAN+3 (ASEAN plus Japan, China, South Korea) and ASEAN+6 (ASEAN+3 plus Australia, India and New Zealand; also called the East Asia Summit).[1]

Based upon the "ASEAN+X" institutional framework, ASEAN has been "transplanting" their basic principles and norms (the "ASEAN Way") to the Asia-Pacific as a whole. This is shown in ASEAN's endeavours to invite non-ASEAN countries to sign the Treaty of Amity and Cooperation (TAC). Signing the TAC is regarded as a pre-condition for joining the East Asia Summit (EAS). The prime purpose of ASEAN's approach is to share the basic norm of resolving disputes without using military means.

The pressing challenge facing the Asia-Pacific is whether we can sustain and enhance the rules-based regional order that has provided the basic foundation for peace and prosperity for the last few decades, or leave the region to the mercy of power politics among the major powers. The Asia-Pacific needs regional institutions underpinned by internationally endorsed rules, norms, and principles that promote much deeper collaborations so as to respond to the challenges facing the region. The region should be an area where disputes are resolved by rules, not power.

This article explores how the countries in the region have been and should be responding to the challenges through regional institutions. The dynamics concerning regional institutions will be examined. I would argue that the roles of the ASEAN-led regional institutions have been quite modest in terms of the extent that the regional institutions bind state behaviours. Because of the uncertainty and unpredictability of the strategic future of the region, all the countries in the region are not making strong commitments to any specific regional institution. They want to maintain as many institutional choices as possible in order to respond to the future uncertainty. Thus, we have

[1] The East Asia Summit was originally designed as a forum where East Asian countries would participate on an equal footing, not an ASEAN-centred one.

been witnessing the emergence of multiple overlapping regional institutions whose roles and functions with respect to regional peace and stability are quite modest.

But, in order to respond to the rising strategic tensions between the major powers, the Asia-Pacific needs much stronger regional institutions within which naked power play is constrained more effectively. ASEAN stands at a critical juncture where it can either be a major player or be marginalized in an evolving environment.

I would argue that, contrary to the conventional view, the future of Asia will be defined by neither the US nor China nor US-China relations, but by "the rest of Asia." "The rest of Asia" refers to all the countries and institutions in the region other than China. ASEAN is a critical part of "the rest of Asia." The role of ASEAN is critically important to sustaining and enhancing the rules-based regional order. ASEAN can contribute substantially to enhancing the rules-based regional order if its member countries free themselves of the old-fashioned mindset that they are small and weak powers sandwiched between the major powers, recognize their potential as a constructive regional player in the evolving regional politics of the Asia-Pacific, and act collectively as a group, overcoming differences among the member countries. A restructuring of ASEAN's institutional system according to the ASEAN Community plan of action is important in this regard, given that ASEAN-led regional institutions cannot go beyond ASEAN.

The structure of this article is as follows. The first part analyzes the existing institutional architecture in the Asia-Pacific, especially those institutions that are led by ASEAN. This part points out the political, economic, and security factors underpinning today's regional institutional shape: multiple overlapping institutions addressing similar issue areas.

The second part analyzes the role of ASEAN in strengthening ASEAN-related regional institutions. In particular, this part will review the unique characteristics of Asian international relations.

The third part will address the ASEAN Community-building efforts, especially the ASEAN Political and Security Community (APSC). Strengthening ASEAN's institutional structure is a critical precondition for strengthening ASEAN-related regional institutions. ASEAN-led regional institutions cannot go beyond ASEAN itself. The enhanced role of EAS will be discussed in this part. This part will be followed by the concluding section, with some remarks on the institutional innovation of ASEAN.

## 1. Existing Regional Institutions in the Asia-Pacific

### (1) The Proliferation of Regional Institutions

We have been witnessing the proliferation of regional institutions for the last two to three decades. The ASEAN+3, established in 1997 as a response to the Asian financial crisis, has been developing a regional framework for currency swaps to respond to

the merciless power of international capital, in order to avoid a second Asian financial crisis.

ASEAN has been struggling to enhance its institutional premises by adopting the ASEAN Charter, realizing its goal of establishing an ASEAN Community, and establishing a new framework including non-ASEAN major powers, such as through the ASEAN Defence Ministers plus (ADMM+), to address a variety of security issues facing the region at its own initiative, thereby maintaining its centrality in regional institution-building and managing these regional institutions to respond to the increased tensions among the major powers.

The East Asia Summit was established in 2005 to provide a venue for the leaders of the region to address a broad range of issues facing the region. The expanded EAS, with the inclusion of the United States and Russia in 2011, was expected to be the prime regional institution dealing with politico-security issues in the Asia-Pacific.[2] In the meantime, a new concept of "the Indo-Pacific", connecting the Pacific and Indian Oceans, is emerging. Indeed, the expanded EAS should be regarded as a regional institution covering the "Indo-Pacific", connecting the Pacific and the Indian Oceans, mostly focusing on maritime affairs.[3]

## (2) Multiple Overlapping Regional Institutions

The proliferation of regional institutions reflects complicated strategies adopted by the countries in the region to respond to the increased insecurity and uncertainty that are being caused by three structural changes and challenges taking place in the region and the world: (1) increased economic competition among the economies in the region; (2) a shift in the relations among the major powers, becoming more tense, unstable, and unpredictable; and (3) increased competition over normative foundations regulating international relations. There exist distinct differences among regional countries in terms of policy preferences, especially concerning issues in domestic affairs, such as democracy, human rights, good governance, and rule of law.[4]

The countries in the region are adopting a variety of national strategies to respond to these changes and challenges. Given the uncertainty and unpredictability of the future shape of international relations in the region, all the states in the region want to maintain a variety of institutional choices to respond to their uncertain futures. They

[2] Dick K. Nanto, "East Asian Regional Architecture: New Economic and Security Arrangements and the US Policy," CRS Report for Congress, The United States Library of Congress, Code RL33653, 18 September 2006.

[3] Michael Auslin, *Security in the Indo-Pacific Commons: Toward a Regional Strategy*, The Report of the American Enterprise Institute, December 2010.

[4] Tsutomu Kikuchi, "New Japan-ASEAN Cooperation for Institution Building in the Asia-Pacific: Beyond the Fukuda Doctrine?," in Lam Peng Er (ed.), *Japan's Relations with Southeast Asia: The Fukuda Doctrine and Beyond*, London and New York: Routledge, 2012, pp. 140-157.

avoid making firm commitments to any specific institution and keep other options open so as to hedge against future risks. Thus, multiple overlapping regional institutions have emerged in Asia in the last few decades.

### (3) Two Uncertain Powers

What makes institution-building so complicated in the Asia-Pacific is the fact that there are two major and uncertain powers to whom regional countries have to respond through regional institutions: the United States and China. There are fundamental differences in their political, social, and economic values, and foreign policy orientations. This makes the bargaining game for regional institution-building more complicated and competitive.

On the one hand, countries in the region have to respond to the rise of China. China provides plenty of economic opportunities. Therefore, they have to engage China economically. At the same time, economic competition with China is increasing. Given the huge disparities in economic size (and, therefore, in bargaining power), engaging China collectively through regional institutions may be better than bilateral dealings in which power relations between two countries may force the smaller countries to accept disadvantageous positions.

At the same time, the future of the Chinese economy is uncertain, given the fact that the Chinese development model may not be sustainable any more. Furthermore, too much dependence on the Chinese economy may erode room for diplomatic manoeuvring in relations with China, and lead to greater vulnerability to economic fluctuations in the Chinese economy. Thus, although enhanced economic relations with China are important, Asian countries have to maintain other forms of relations as well. The regional institutions provide alternative channels to maintaining economic exchanges.

Thus, Asian countries have to reserve their "fall-back" positions, maintaining good economic relations with such economies as the United States, the European Union (EU), and Japan through other institutional arrangements. They seek to be part of other regional institutions that include important economic partners. In fact, many countries in the region have been seeking to join a variety of regional and sub-regional free trade agreements (FTAs) and economic partnership agreements.

Furthermore, given China's massive military modernization, there is a concern that it may use its modernized military power against its neighbours once it has attained military supremacy. There are many hot spots in Asia, most of which are along the Chinese land and maritime borders. Asian countries have to be prepared for rising tensions and potential conflicts with China. In such a scenario, the US could play an important role in applying a variety of constraints on China as its forward military presence provides security common goods to the region, constraining the use of force by China. The recent enhancement of security relations between several Asian coun-

tries and the US demonstrates that China's assertive behaviours have been pushing these countries closer to the US.

Predicting the rise of China's economic and military power, many countries in East Asia desperately need the US to continue its military and economic engagement in the region so as to hedge against risks created by China. In fact, as pointed out above, many Southeast Asian nations are hedging against economic dependence on China by concluding FTAs with the US, Japan, India, the EU, and others. Several ASEAN members' military and security relations with the US and Japan were enhanced recently.

At the same time, some countries in the region have to deal with (possible) "hegemonic" behaviour by the United States. The attitudes of Asian countries to US power and influence have been ambivalent. Some Asian countries have expressed deep concerns regarding US-led military actions carried out in the name of fighting against international terrorism. They are concerned about US unilateralism and "hegemonic" behaviour, such as US intervention in internal affairs under the aegis of protecting human rights, promoting democracy and good governance, and fighting against terrorism. There are also concerns that global institutions such as the International Monetary Fund (IMF) and the World Bank, led by the United States, may "intervene" in the internal affairs of countries in the region. In this regard, Asian regional institutions that exclude the United States may be expected to serve as an additional policy shield for East Asian countries to protect themselves against the US's unilateral actions and collectively balance against US power. In addition, East Asia-based regional institutions (that exclude the US) serve as an indigenous regional self-reliance mechanism. In this regard, China may be a useful partner in constraining the US's unilateral "hegemonic" behaviour.

At the same time, although Asian countries generally welcome the US's engagements in Asia, there are deep concerns about the sustainability of its commitment to Asia, given the US's commitments to other regions, the serious budget cut, the ambivalence in the US public concerning international engagements by the US, and divided politics in Washington. The inauguration of the Trump administration further aggravates uncertainty regarding US engagements in Asia. This further complicates the attitudes of Asian countries toward the US.

Thus, most Asian countries have been taking quite ambivalent positions towards the US and China respectively. They are concerned about China's rising military power, and therefore welcome the US's military engagement in Asia as a form of constraint on China. At the same time, they are concerned about the rising military tension between the US and China, and the potential for actual conflicts. For some, the US's "pivot" strategy is too provocative to China, causing undue tensions in the region.

The concept of "dynamic equilibrium" prescribed by the former Indonesian foreign minister Marty Natalegawa as a guiding principle for Indonesia's foreign relations indicates a strategic sense shared among Southeast Asian countries. For Indonesia (and

most ASEAN members), Asia desperately needs to avoid new political and military fault lines so that the rise of some powers are not seen as challenges to be overcome or contained.[5]

### (4) No Institutional Competition /Institutional Convergence

The roles and functions of the current regional institutions have been quite modest. The amalgamation or convergence of a variety of overlapping regional institutions into a single (or a few) "authoritative" and effective institution(s) through "institutional competition" has not taken place. There are several regional institutions whose agendas and memberships are overlapping.

It is quite natural for similar and overlapping institutions to compete with each other. Through "institutional competition", effective institutions survive and inefficient ones die, thereby leaving a single or a few authoritative and effective regional institution(s).[6] But this has not happened in the Asia-Pacific. Given shifting power relations among the major powers, almost all the regional countries will not make firm commitments to any specific regional institution whose future is still uncertain. They continue to participate in a variety of regional institutions and engage in many functional cooperation activities in such areas as economic and non-traditional security issues, but they remain cautious not to become entangled in a specific regional institution in such a way that their future freedom of action might be constrained. They will continue to adopt multiple institutional strategies, ranging from institutional engagement to soft-balancing and risk-hedging.

Thus, overall, the roles and functions of these regional institutions have been and will be quite modest in term of regulating the strategic behaviours of countries in Asia.

## 2. Rising Regional Tensions and the Enhanced Role of ASEAN

### (1) ASEAN at a Critical Juncture

ASEAN has benefited from the competition and division among the major powers, which prevented any major power or coalition of major powers from taking a leadership role in regional multilateral institutions. Growing competition among the major powers continues to provide ASEAN with an opportunity to take a leadership role in establishing and managing regional institutions in the region.

[5] Ahmed Rizky Mardhatillah Umar, "A Critical Reading of 'Natalegawa Doctrine'," *The Jakarta Post*, 7 January 2011.

[6] Vinod K. Aggarwal (ed.), *Institutional Designs for a Complex World*, Ithaca: Cornell University Press, 1998.

ASEAN has been developing a diplomatic practice of maintaining a flexible balance in its relations with major powers. This has been critically important for ASEAN countries in their efforts to retain their autonomy in a region where the interests of major powers are interwoven.

Tensions and rivalries among the major powers have been consistently increasing, affecting the regional security and economic environments. The future of Southeast Asia is increasingly defined by how ASEAN and ASEAN countries will interact with extra-regional powers. Indeed, a strategic rivalry among the major powers is becoming more palpable and has the potential to polarize ASEAN.

If ASEAN becomes polarized due to the increasing rivalry and competition between the major powers, its autonomy will be seriously compromised. ASEAN's role as a key institution to manage regional institutions will be damaged. ASEAN's space for manoeuvring in its relations with the major powers will be severely constrained by the choices made by the major powers. ASEAN will be marginalized in the evolving regional relations.Now is the time for ASEAN to further enhance the ASEAN-led regional institutions, within which ASEAN can take initiatives to constrain the power politics among the major powers, to promote cooperation, and to maintain ASEAN's regional autonomy and independence. Unity and cooperation among ASEAN member countries is a precondition for responding to this challenge.

## (2) Beyond US-China Relations

Is there any room for regional institutions such as ASEAN to play substantial roles in international relations in the Asia-Pacific?

It is common to argue that the growing tension among the major powers, especially between the United States and China, has become a key regional issue defining the security environment of the region. Indeed, competition between the US and China continues to intensify. But, we need to look beyond US-China relations to address the challenges facing the Asia-Pacific.

Asians are too preoccupied with the mindset/mental framework of seeing the future of the Asia-Pacific only from the perspective of the US-China rivalry. People in Southeast Asia often say that they are "sandwiched" between the US and China. This mindset prevents ASEAN countries from creatively thinking of how they can play a role in enhancing the rules-based regional order.

In this regard, I would argue that international relations in the Asia-Pacific today differ from those of the past (in the history of world politics), when the major powers defined the regional order.

It is popular to discuss the future of Asia from the perspective of a "power transition." [7]According to this perspective, the key players defining the future of Asia are the

[7] Hugh White, *The China Choice: why we should share power*, Collingwood, Australia, Black Inco., 2012.

US and China. There are many scenarios for Asia based upon the state of US-China relations, including continued US hegemony; regional hegemony by China; a G2/US-China combination of power; and a Cold War-style confrontation.

However, these scenarios will not happen in the foreseeable future. The US is no longer a full-fledged regional hegemon. China is not a full-fledged rising power. Both the US and China have numerous vulnerabilities and constraints internally and externally. Indeed, there are many pressing domestic agendas to address in both countries. The instability of domestic politics in both countries will continue to prevent them from creatively exercising their powers externally.

The divided politics in Washington and the inward-looking attitude of the US public against foreign engagements make us very much concerned about continued US engagement in Asia. Ironically, China is struggling to maintain its domestic stability after decades of remarkable economic growth. A possible economic slowdown will further aggravate China's internal contradictions. Thus, neither the US nor China will sustain the Asian regional order alone.

Given the huge differences in their policy preferences and basic values, the emergence of a firmly consolidated G2/US-China condominium providing the strategic structure for Asia will be impossible as long as China has a communist regime.

Finally, given the deepened economic interdependence and the dense bilateral institutional mechanisms for policy coordination between the US and China, a Cold War-style confrontation is also difficult to imagine. Many bilateral mechanisms for dialogue and policy coordination between Washington and Beijing have been developed. In spite of deep mutual suspicion and policy differences, both the US and China have had deep experiences managing difficult relations for nearly half a century.

### (3) ASEAN in "The Era of the Rest of Asia"

Both the US and China need help and support from "the rest of Asia." "The rest of Asia" refers to countries and institutions in Asia other than China. Indeed, there are several countries in Asia that have substantial political, economic, and military power. They are not just pawns in the US-China rivalry. They have the willingness, strength, and determination to affect the future of Asia.

How the "rest of Asia" steer their respective policies in the coming years will significantly affect the future of Asia. In this regard, I would argue that Asia is now entering into the "era of the rest of Asia."

In fact, the US and China have been struggling to win the hearts and minds of "the rest of Asia" through a variety of initiatives, such as the US's pivot/rebalance policy and China's Asia Infrastructure Investment Bank (AIIB) and "One Belt One Road" (OBOR) initiative. The US and China need the support and cooperation of "the rest of Asia" to pursue their respective policy agendas in the region.

The Trump administration seems to be providing a reassuring message to Southeast Asia that the United States remains committed to the region. At a meeting with ASEAN foreign ministers in Washington in May 2017, Secretary of State Tillerson mentioned that the Asia-Pacific was a top priority of the Trump administration and that ASEAN was an essential partner. Secretary Tillerson and the ASEAN foreign ministers also reaffirmed their adherence to a rules-based order in the Asia-Pacific.[8]

Furthermore, Asian economies are interconnected through dense networks of cross-border production and distribution. To sustain these networks, the US and China need the support of the other countries. This is clearly demonstrated in the negotiations for the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP). This economic and security reality gives "the rest of Asia" much room for manoeuvrability and strengthens their bargaining position in their respective relations with the US and China.

Put simply, the future of the Asia-Pacific will largely depend upon how "the rest of Asia" responds to the emerging challenges.

For "the rest of Asia," the rules-based regional order is indispensable, because this rules-based order protects them. Strong rules protect smaller countries more than bigger ones. Disputes will be resolved by rules, not power.

ASEAN is a critical part of "the rest of Asia." It has been argued that ASEAN will be divided, that ASEAN's internal unity and cohesion will not be maintained, and that ASEAN will be forced to be marginalized in the international affairs of the region if US-China relations slide into tense rivalry. Indeed, the changing relations among the major powers have the potential to polarize ASEAN, undermining Southeast Asia's regional autonomy. Southeast Asia will become a venue for major powers' competing influence. "ASEAN centrality" will be lost. ASEAN member states will be forced to take sides in the major powers' competition (especially in the competition between the US and China), becoming entangled in the major powers' competition and conflicts.

## 3. ASEAN Political and Security Community (APSC) in Asia-Pacific International Relations

### (1) ASEAN and Regional Institution-Building in the Asia-Pacific

ASEAN could be a critical player to sustain and enhance the rules-based regional order. Today, ASEAN is engaged in establishing the ASEAN Political Security Community (APSC), one of the three pillars of the ASEAN Community.

[8] Jonathan Soromseth, "Trump Reassures ASEAN, previews a broader Asia policy," Washington: The Brookings Institutions, 12 May 2017, https://www.brookings.edu/blog/order-from-chaos/2017/05/12/trump-reassures-asean-previews-a-broader-asia-policy/.

The APSC has two aspects: an intra-ASEAN aspect and an extra-ASEAN aspect. First, APSC aims to harmonize the internal (domestic) institutions of member countries according to liberal principles such as democracy, human rights, the rule of law, and good governance. Shared liberal norms and institutions among the members serve as a foundation for security and prosperity in Southeast Asia.

Second, Southeast Asia is a region where extra-regional powers' interests intersect. ASEAN's security is, therefore, closely connected with what relationships are established between the ASEAN countries and extra-ASEAN powers. To sustain a stable regional security environment in Southeast Asia, ASEAN designed a security architecture that included ASEAN's relations with extra-ASEAN countries, especially the major powers. Thus, ASEAN has established a variety of regional institutions centred on ASEAN that include the major powers.

ASEAN has been skilfully managing relations with the major powers through ASEAN-related regional institutions. ASEAN is proud of maintaining its "centrality" or "sitting in the driver's seat" in managing regional institutions.

Now is the time for ASEAN to strengthen its efforts to further enhance the APSC, given that power politics is coming back to Asia. APSC will help to greatly enhance ASEAN's institutional capacity to enable ASEAN-led regional institutions such as the EAS to discuss substantial security issues, thus contributing to strengthening the rules-based regional order and taming power politics among the major powers in the Asia-Pacific.

This, however, requires ASEAN countries to free themselves from the mindset or mental framework that they are "sandwiched" between the US and China. They need to recognize more clearly their potentials (room for manoeuvrability) in the international relations in the region.

If ASEAN countries can realize their potentials, a variety of regional institutions underpinned by APSC will be enhanced, contributing to managing power politics among the big players.

### (2) The role of the East Asia Summit (EAS)

The East Asia Summit is a critical part of ASEAN's efforts to strengthen the ASEAN-led regional institutional architecture for regional peace and stability. The EAS is the ASEAN-led inclusive regional institution with all the major powers as members. This institutional form has potential as a forum for taming competitive dynamics and promoting confidence building. The annual summit provides a multilateral venue to deal with challenges as they emerge.[9]

[9] Malcolm Cook and Nick Bisley, "Contested Asia and the East Asia Summit," *ISEAS Perspective 2016 No. 46*, Singapore: ISEAS-Yusof Ishak Institute, 18 August 2016.

The EAS was established in 2005 as part of the construction of an East Asian Community, together with the ASEAN+3 (Japan, China and South Korea). But, the institutional demarcation between the ASEAN+3 and the EAS was not clear. Both the ASEAN+3 and the EAS have been engaged in quite similar issue areas. Indeed, the EAS has dealt with a wide range of issues, such as environment, energy, education, finance, natural disaster, health, and ASEAN connectivity. Following the "ASEAN Way", which emphasizes dialogue and consultation, contentious issues such as the South China Sea dispute were not on the EAS agenda. Deep concerns were expressed about whether the EAS would continue to attract the attention of political leaders if it did not address the pressing security challenges.

With US participation and rising tension in Asia, the agenda of the EAS shifted to more geostrategic concerns. The EAS is expected to play the role of promoting confidence-building and conflict prevention, especially among the major powers. The consistent participation and commitment of US President Obama to the ASEAN-related institutions, especially the EAS, had raised expectations that the EAS would be elevated into a premier regional institution dealing with politico-strategic challenges facing the region. Indeed, the EAS has been addressing some of the pressing security issues, such as the South China Sea dispute.

The EAS is a flexible forum for political and strategic dialogue by leaders on the critical issues facing the region. The EAS is the only regional mechanism that has brought the leaders of all the major powers together to discuss key concerns facing the region.

The participation of the United States has further shifted the EAS agenda towards strategic issues. The EAS, because it is a leaders-led forum with a correspondingly broad remit, can be seen as the logical forum to lead the way in adopting practices and procedures intended to enhance its influence and authority on regional political and security issues. As it includes all the powers with regional presence and interests, the EAS has the appropriate composition to evolve and uphold regional security principles and norms.

To be an effective regional institution, the EAS has to attract the attention of the countries in the region, especially the major powers. A more institutionalized EAS will provide ASEAN with an opportunity to reinforce its institutional relevance to address the challenges facing the region. We should review and adjust the existing procedures for agenda-setting to develop a clear and wider sense of ownership of a process directed at the challenge of preserving a stable and orderly region.

In this regard, ASEAN may consider joint chairmanship of the EAS with non-ASEAN member countries. We may consider the establishment of an EAS secretariat capable of helping to build continuity between summits and contributing to the qualities of responsibility to implement decisions and accountability. The concept of "ASEAN centrality" must be redefined in this regard. ASEAN cannot play the role of "a manager

of regional order" alone. The role of ASEAN will be further enhanced if it designs institutional arrangements that bind the relations with the major powers.

## 4. Conclusion

The pressing challenge facing the Asia-Pacific is whether we can sustain and enhance the rules-based regional order that has provided the basic foundation for peace and prosperity for the last few decades, or must we leave the region to the mercy of power politics among the major powers.

The Asia-Pacific needs regional institutions underpinned by the liberal norms and principles that promote much deeper collaborations in order to respond to the challenges facing the region. It should be a region where disputes are resolved by established rules, not power.

The role of ASEAN is critically important to sustaining and enhancing the rules-based regional order. Contrary to the conventional view, "the rest of Asia" can play an important role in managing regional affairs. In this regard, we must look beyond the major powers' relations, especially US-China relations. There is much room for "the rest of Asia" to play a constructive role in taming the power politics among the major powers and encouraging cooperation and confidence-building.

ASEAN can contribute significantly to enhancing the rules-based regional order if the member countries free themselves of the old-fashioned mindset that they are small and weak powers sandwiched between the major powers, recognize their potential as a constructive regional player in the evolving regional politics of the Asia-Pacific, and act collectively as a group, overcoming differences among the member countries.

Two premises that have been underpinning the ASEAN-led regional institutions must be reviewed. One is the premise underlined by the "ASEAN Way." There has been an expectation that jointly dealing with non-contentious issues through informal consultation and dialogue would contribute to enhancing mutual confidence, leading to peaceful resolution of conflicts. But, the past few decades have demonstrated the limitations of the "ASEAN Way" as a guiding principle for regional institutions to manage contentious issues.

Given the rising tensions, the Asia-Pacific needs regional institutions that effectively tame power politics among countries and encourage them to resolve conflicts according to internationally endorsed rules and norms. It is a pressing task for the Asia-Pacific to develop regional institutions in which rules, commitment, and mechanisms are explicitly and clearly defined. We must go beyond dialogue and consultation.

In this regard, ASEAN's joint endeavour to construct the ASEAN Community is critically important, given that it demonstrates ASEAN's serious efforts to go beyond the traditional ASEAN Way, to construct a rules-based regional order in Southeast Asia.

Another premise to be reviewed is the concept of "ASEAN centrality," reflecting ASEAN's deep concern of being entangled in the major powers' competition/rivalry and losing its autonomy in regional affairs. "ASEAN Centrality" is still a vision, not a reality. As I analyzed above, there is much room for ASEAN to manoeuvre in its relations with the major powers in the contemporary international relations of the Asia-Pacific. But, the major powers are engaged in their own ways of addressing their mutual relations. ASEAN may be marginalized, depending upon the dynamics of the major powers' relations. In this regard, ASEAN should see "ASEAN Centrality" from a broader perspective, including the possibility of co-chairmanship with a non-ASEAN country of the EAS. This will enhance ownership by non-ASEAN countries of ASEAN-led regional institutions and encourage them to actively participate in ASEAN-led institutions.

ASEAN's ambition to play the critical role in constructing and managing regional institutions will not be realized without being accompanied by the modification of the existing premises underpinning ASEAN cooperation. Even if the transformation process will be painful and difficult, a transformed ASEAN will be eligible to lead East Asian cooperation. In this regard, the ASEAN Community-building in general and APSC in particular are critically important in transforming ASEAN processes and institutional arrangements. A transformed ASEAN will constitute an essential part of the rules-based regional order in the Asia-Pacific.

**Tsutomu Kikuchi** is professor of international relations at the Department of International Politics, Aoyama-Gakuin University and Senior Adjunct Fellow at the Japan Institute of International Affairs (JIIA), Tokyo, Japan. He specializes in the political economy of the Asia-Pacific. He has been deeply involved in the track-two processes in the Asia-Pacific, especially through PECC (Pacific Economic Cooperation) and CSCAP (Council on Security Cooperation in the Asia-Pacific). He was a visiting fellow at the Australian National University (ANU) and the Institute of Southeast Asian Studies (ISEAS), a visiting professor at the University of British Columbia (UBC), and consultant of the Asian Development Bank (ADB). He obtained a doctoral degree from Hitotsubashi University, Tokyo.

# ASEAN's Cooperation with the European Union – ASEM and Beyond

*Yeo Lay Hwee*

## Introduction

The European Union (EU) is one of ASEAN's oldest dialogue partners. While economic ties between the two blocs have progressed steadily, and diplomatic and political relations have broadened, ASEAN's cooperation with the EU has not reached its full potential. At a more strategic level, ASEAN's main contribution to the overall relations between the EU and Asia is reflected in two of its initiatives – the ASEAN Regional Forum (ARF) and the Asia-Europe Meeting (ASEM). Especially with regard to the latter, ASEM would not have gotten off the ground so quickly if not for the foundation of the longstanding ties between ASEAN and the EU (beginning with the European Economic Community [EEC] in 1972 and then the European Community [EC] in 1977). However, the cooperation between ASEAN and the EU has not always been smooth-sailing. It has had its trials and tribulations, but in looking forward, it is time to consider how the two regional organisations can truly bring about a partnership with a strategic purpose. This comes at a time when the geopolitical climate has become far more treacherous for both.

The EU and ASEAN have long been held up as examples of successful regional organisations. Whilst the regionalist impulses and the experiences of the EU and ASEAN must be understood within their historical contexts, both have played an important role in contributing to the peace and stability of their respective regions. Can they continue to play this role as they confront a far more volatile and unpredictable external environment and face internal pressures on their unity and cohesion? What can both the EU and ASEAN do in partnership that will not only bring about mutual benefits for both regions but also contribute more broadly to the support of a rules-based international order that underpins global peace and stability?

* This paper was submitted on 22 April 2017.

## From ASEAN-EC to ASEAN-EU Relations

Relations between the Association of Southeast Asian Nations (ASEAN) and the European Union (EU) (then the European Economic Community), which date back to 1972, constitute one of the oldest group-to-group relationships. Informal dialogue took place in 1972, aimed exclusively at achieving greater market access for ASEAN's exports and a price stabilization scheme for ASEAN's primary commodities. ASEAN-EC relations were given a boost and greater political significance with the inaugural ASEAN-EC Ministerial Meeting (AEMM) in 1978 after the EC became one of ASEAN's external dialogue partners in 1977.

During the 2nd AEMM in Kuala Lumpur, the ASEAN-EC Cooperation Agreement was signed, providing the legal and institutional framework to further develop the bilateral ties. The main emphasis of the Agreement was on economic cooperation and development, extending the Most Favoured Nation (MFN) treatment to the contracting parties. However, despite this agreement, ASEAN until the 1980s remained at the bottom of the EC's hierarchy of relations, below even that of the African, Caribbean and Pacific (ACP) and Latin American countries.

These rather low-key relations went into an acrimonious phase over democracy and human rights issues in the 1990s with the end of the Cold War. In EU's New Asia Strategy of 1994, the EU acknowledged the longstanding relationship that it had with ASEAN and saw EU-ASEAN relations as a cornerstone of its dialogue with the broader Asian region. This more pragmatic turn to capitalize on the EU-ASEAN partnership for broader economic gains was reflected in the 11th AEMM held in Karlsruhe in September 1994. The issue over unrest in East Timor suppressed by the Indonesians was sidestepped and an EU-ASEAN Eminent Persons Group (EPG) was commissioned to develop a strategy for comprehensive EU-ASEAN relations towards the year 2000 and beyond.

Unfortunately, the recommendations in both the 1996 EPG Report on "A Strategy for a New Partnership" and the Commission's own Communication on "Creating a new dynamic in EU-ASEAN Relations" on revitalizing the EU-ASEAN ties did not have a chance to be translated into concrete measures. A series of events and a number of factors, notably the Asian Financial Crisis, the launch of what the EU saw as another inter-regional platform for cooperation, the Asia-Europe Meeting (ASEM) process, and the potential enlargement of ASEAN to include Cambodia, Laos and Myanmar, changed the dynamics and further impacted the EU-ASEAN relations. In particular, Myanmar's entry into ASEAN in 1997 brought new tensions and strains to the EU-ASEAN dialogue. Myanmar, ruled by the military junta then, was branded by the EU as a rogue state with a terrible human rights record, and with the EU having just developed a Common Foreign Security Policy (CFSP) that had one of its objectives as promoting democracy, human rights and rule of law, Myanmar became a constant irritant in EU-ASEAN relations.

The events of 9/11 and international terrorism, the dramatic rise of China and the "re-invention" of ASEAN in the aftermath of the Asian Financial Crisis led the EU to adopt a more pragmatic and differentiated approach towards ASEAN and its member states. The Commission's policy paper in 2003 entitled "A new partnership with Southeast Asia" recommended that the EU adopt a pragmatic approach towards ASEAN and its member states, and forge relations at both bilateral and inter-regional levels. It acknowledged that the EU-ASEAN partnership should not be held hostage by Myanmar, as there were strong reasons for the EU to enhance its relations with ASEAN, including first and foremost the fight against international terrorism, as well as the underlying economic imperatives. These must also be understood in the context that ASEAN was then in the process of rethinking its regional cooperation model and seeking greater institutionalization as it contemplated moving towards the building of an ASEAN Community.

From 2003 the EU scaled up efforts to engage ASEAN, in particular in the area of providing support for capacity-building towards integration with programmes such as the ASEAN Programme for Regional Integration Support (APRIS) from 2003-2010 to the current ASEAN Regional Integration Support from the EU (ARISE). The EU also stepped up cooperation in counter-terrorism with several ASEAN member states, such as Indonesia, in the wake of the Bali bombing and other terrorist attacks.

In its 2006 Global Europe strategy, ASEAN was also identified as one of the priority regions for the EU's trade and investments, and in 2007, the EU tried to pursue an ambitious EU-ASEAN Free Trade Agreement (FTA). Unfortunately, the negotiations had to be suspended in 2009 after a few rounds of negotiations. The difficulties encountered because of the huge diversities in economic structure and developments within ASEAN plus the ongoing disputes with Myanmar over its human rights record forced the EU to abandon the ambitious inter-regional FTA in favour of bilateral FTAs with individual ASEAN member states. The first ASEAN member state the EU negotiated with was Singapore. As of 2016, the EU has concluded its FTA negotiations with Singapore and Vietnam. Negotiations have also been launched with Malaysia, Thailand, Philippines and, most recently, Indonesia.

Despite such efforts, EU-ASEAN relations continued to be plagued by disagreement over developments in Myanmar and how to engage the country, with ASEAN preferring constructive engagement over the EU's imposition of sanctions. It was Myanmar's general election in 2010 that set in motion a credible reform process and a number of other reasons that finally led the EU to truly re-examine its relations with ASEAN.

What are some of these reasons? First and foremost, the US pivot (or rebalancing) to Asia in 2011 changed the geopolitical undercurrents in the Asia-Pacific region. The contest between the US and China in Southeast Asia, and rising tensions in the South China Sea, made this region an important test case of how China will reshape

Asian security and regional governance. Second, ASEAN's efforts to build an ASEAN Economic Community with a market of over 600 million consumers were making some progress. Despite the low ambitions of the ASEAN Economic Community with the key objectives of creating a single production base, and efforts to transform ASEAN into an attractive investment destination, Southeast Asia's good growth trajectory provides opportunities for the EU in its search for new growth areas to aid its economic recovery. Taken as a single entity, ASEAN is the EU's third largest trading partner outside of Europe, after the US and China. ASEAN was also the fifth most important location of EU foreign direct investments abroad in 2014, with €184 billion in FDI stocks.[1]

In May 2015, the EU issued a Joint Communication on its relations with ASEAN entitled "The EU and ASEAN: A Partnership with a Strategic Purpose". In this Communication, the EU acknowledged that "it has a strategic interest in strengthening its relationship with the Association of Southeast Asian Nations" because "ASEAN is at the heart of the efforts to build a more robust regional security order in the wider Asia-Pacific".[2]

How can this partnership with a strategic purpose be achieved? It can be achieved if ASEAN and the EU first deepen their understanding of each other, and work creatively to achieve tangible results in different areas of cooperation, using these as building blocks towards more collaborative inter-regional dialogue. By identifying their common interests in the inter-regional dialogue, both the EU and ASEAN can focus and coordinate more in their cooperative efforts in other multilateral forums, such as the Asia-Europe Meeting (ASEM) and the ASEAN Regional Forum (ARF).

## Partnership with a Strategic Purpose

Both ASEAN and the EU in some way face the same set of challenges – challenges to their own internal unity due to a series of crises amid rising nationalism and geopolitical tensions. While vastly different in terms of their institutional set-ups, the EU being a far more legalistic entity with supranational institutions and ASEAN being a more consensus-driven collaborative enterprise, both face the need for institutional adaptation as they grapple with internal discontents and external pressures. External pressures arising from far more competitive and complex US-Sino relations have a great chance of fracturing ASEAN, while internal discontent leading to Brexit, rise of eurosceptism and emergence of illiberal or populist leaders, have led to a much more diminished and less effective Union. Both need some affirmation of their continued relevance, and

[1] Yeo Lay Hwee. "ASEAN-EU Dialogue - Moving Towards Strategic Relevance", in *50 years of ASEAN and Singapore*, edited by Tommy Koh, Chang Li Lin and Sharon Seah (forthcoming).

[2] Joint Communication to the European Parliament and the Council, "The EU and ASEAN: a partnership with a strategic purpose" (Brussels, 18 August 2015), p. 2.

the inter-regional partnership can be effectively harnessed for the EU and ASEAN to regain a sense of strategic purpose and relevance.

An unpredictable, transactional Trump-led America and China's growing power and influence challenge both the EU and ASEAN to fundamentally rethink their overall foreign policy and security strategy, and their partnership with other major players and with one another. Just as former Australian Foreign Minister Gareth Evans called upon Australians in his recent speech to "reset its foreign policy away from a lockstep reliance on America" and asked that there be "less US, more Asia and more self-reliance"[3], it is also time the EU and ASEAN re-examine their choices and approaches towards regional, inter-regional and global engagement.

In the 2016 Global Strategy for the European Union's Foreign and Security Policy, EU foreign policy chief Federica Mogherini expressed the hope that this Global Strategy would lead the EU towards strategic autonomy.[4] At the same time, ASEAN has always been an instrument for its member states to preserve their strategic autonomy. The changing geopolitical circumstances they faced required them to up their game if they were to develop and maintain such strategic autonomy to pursue their own foreign policy priorities.

Both ASEAN and the EU therefore have very good reasons to engage more strategically with each other. These can be done at different levels: EU member states with ASEAN member states, inter-regional EU-ASEAN endeavours, and EU-ASEAN efforts at multilateral forums such as ASEM and ARF. But fundamentally, the road to a fruitful and fulfilling partnership starts with an understanding of each other's interests, strengths and weaknesses.

## Deepening Understanding

For the EU-ASEAN partnership to truly flourish, and have a regional and global impact, a few things must happen. The most crucial is to deepen understanding of each other.

Despite 40 years of partnership, it was not until recently that the EU began to see ASEAN for what it is and not what it wishes it to be. The EU realizes that despite all the rhetoric on community building, ASEAN is not going to become like the EU in the foreseeable future. As noted by Alice Ba, cooperation within ASEAN is consensus driven, not majority rule; more collaborative and less coordinated and far more differentiated

[3] Interview with Gareth Evans by Australian Broadcaster, http://www.abc.net.au/7.30/content/2017/s4653721.htm.

[4] "Shared Vision, Common Action: A Stronger Europe – A Global Strategy for the European Union's Foreign and Security Policy", June 2016, http://www.eeas.europa.eu/archives/docs/top_stories/pdf/eugs_review_web.pdf.

than homogenized.[5] With this realization, the EU is therefore following a multi-pronged approach towards ASEAN – engaging ASEAN not only at the inter-regional level, but also increasingly being open towards engaging individual or a cluster of ASEAN states within the ASEAN or EU-ASEAN framework.[6]

Similarly, ASEAN has not made concerted efforts in understanding how the EU works except to complain about its "bureaucratic nature". It was only in the wake of the Asian financial crisis when ASEAN was seeking to re-invent itself to redeem its loss in credibility that efforts were made to learn about the functioning of the EU. At the same time, ASEAN considered how it could move from "nationalist collaboration" to "regional governance" as it confronted serious transnational challenges, ranging from the environmental haze to financial contagion. Still, the lack of appreciation of the complexity in the EU's decision-making structures has resulted in exasperated complaints – for instance over issues such as how many foreign ministers from EU member states turn up for EU-ASEAN meetings.

The increased trade and investments ties between the EU and ASEAN over the last four decades have so far been market-driven. By 2015, ASEAN as a whole is the EU's third largest external trading partner (after the US and China) and the EU is ASEAN's second largest trading partner (after China). European companies have also invested significantly in the Southeast Asian region, accounting for almost a quarter of total foreign direct investments in ASEAN in recent years, with total investment stock now standing at €153 billion. Southeast Asian companies' investments into Europe are also growing and reached a total stock of over €57 billion in 2013. [7]

In 2006, the "Global Europe – Competing in the World" report from Directorate General for Trade of the European Commission identified ASEAN as a priority FTA partner for the EU. The key economic criteria for new FTA partners according to the EU is the market potential of the partner, the level of protection against EU export interests, and negotiations with EU competitors. The EU launched FTA negotiations with ASEAN in 2007 only to suspend it in 2009 after realizing the difficulties in negotiating a bloc-to-bloc FTA with ASEAN in view of the huge disparities in levels of economic development and other socio-political differences. It has since pursued a bilateral approach with individual ASEAN member states beginning with Singapore, and then other ASEAN member states. These bilateral FTAs between the EU and ASEAN member states will become the stepping stones towards an ambitious region-to-region FTA.

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[5] Alice D. Ba. "The Institutionalisation of Southeast Asia", in *Institutionalising East Asia: Mapping and Reconfiguring Regional Cooperation*, edited by Alice D. Ba, Cheng-Chwee Kuik and Sueo Sudo (London and New York: Routledge, 2016), p. 29.

[6] Yeo Lay Hwee. "EU Strategy towards Southeast Asia and ASEAN", in *Changing Waters: Towards a New EU Asia Strategy*, edited by Olivia Gippner (LSE IDEAS Report, 2016), p. 6.

[7] EU Singapore Trade and Investment 2016, publication by European Commission, 2016.

Beyond trade, which is the EU's core interest, the EU has argued in recent years that it also has a strategic interest in the security of Southeast Asia as the region is at the "confluence of great powers competition between the US and China. Thus the region is the most immediate testing grounds of strains on the international order created by changing great power relations. What unfolds in Southeast Asia will ultimately shape not just Europe's security environment but the world's".[8]

For ASEAN, while it welcomes the EU putting priority on trade and investments ties with its member states, it is far less convinced of the role that the EU can play in mitigating the big powers' competition between the US and China in the region. This has led to a gap between the EU's desire to have a more prominent role in Southeast Asian security and the more dismissive attitudes that ASEAN members continue to hold. It has in turn led to the much convoluted and unnecessary tussle over the question of the EU's membership at the East Asia Summit (EAS).

The suspension of the EU-ASEAN FTA negotiations and the question over whether the EU should become a member of EAS reflected the lack of deeper understanding and appreciation between the EU and ASEAN. As the EU and ASEAN work through these differences and different expectations, knowledge and understanding of each other should deepen. Also useful to consider is perhaps the creation of a network of EU-ASEAN think tanks that can engage in Track II diplomacy, assisting to improve communications and forge a better understanding of one another's view points and perspectives, and at the same time seek to introduce new thinking and make contributions to policy learning and policy entrepreneurship.

## Converging Interests

If both the EU and ASEAN deepened their understanding of each other, they would find that they actually face a common set of dilemmas. These include:

- Keeping economic nationalism and protectionism in check and maintaining an open global trading order while addressing the issue of discontents arising from globalisation;
- Dealing with both the opportunities and risks of cooperation with China;
- Dealing with an unpredictable and unilateral US;
- Increased risks emanating from non-traditional security issues such as climate change, large-scale migration and jihadist terrorism

[8] Sarah Raine. *A Road Map to Strategic Relevance: EU Security Policy Options in Southeast Asia* (IISS, 2016), p. 9.

The EU is first and foremost the biggest trading bloc with an economy exceeding €14 trillion. As Dr Cecilia Malmstroem, European Commissioner for Trade, said in her speech in Singapore in March 2017, free trade is not just a slogan for Europe, "it is in our DNA since our foundation in 1957. In a troubled time for global trade, we will stand up for the prosperity and progress it promises".[9] ASEAN has also embarked on the journey of building an ASEAN Economic Community, and the ASEAN economies have benefited from being open and welcoming to trade and investments. Hence, it is in the interest of both regional blocs to work together in order to counter the protectionist mood by keeping their markets open and supporting the multilateral, rules-based trading order. Both ultimately share the broad desire to ensure economic growth and development by boosting trade and investments.

The growth of China has been mesmerizing since Deng Xiaoping opened the doors of China to the outside world. The last decade in particular has seen a confident and assertive China whose power and influence are reshaping not only Asia, but the global economy and challenging the structure of the western-centric global order. The EU has up until recently looked upon the growth of China as an opportunity, and was eager to engage and integrate China within existing frameworks and structures. In 2003, China was designated as a strategic partner of the EU, signalling the intention for the EU-China partnership to go beyond trade and investments to encompass the political and security domains. However, as China's clout and influence grew dramatically, EU-China relations began to shift. China is no longer seen primarily as an economic opportunity without geopolitical consequences. China is in fact increasingly seen as not only posing an economic challenge to the EU's competitiveness, but also potentially undermining the unity of the EU through its salami-slicing diplomacy and dealings with the different EU member states. Instead of being fully integrated into the western-centric global order, China is increasingly challenging this order with its own initiatives, such as the Asian Infrastructure Investment Bank (AIIB) and the Belt and Road initiative.

Similarly for ASEAN, it has since the 1990s been actively engaging China within various multilateral forums such as the ASEAN Regional Forum (ARF), ASEAN Plus Three (APT), East Asia Summit (EAS) and the ASEAN Defence Ministers Meeting Plus (ADMM Plus). However, for the ASEAN countries, the confluence of history and geography presents urgent and inescapable questions on how to respond to China's rising power and assertiveness in the region. During the Cold War era, the stability of the region was underpinned by the presence of the US. In the immediate post-Cold War era, US dominance and market-driven economic integration in the Asia-Pacific went hand in hand, allowing for the rapid development of many of the region's economies. Now, as China increasingly seeks to extend its influence in the Asia-Pacific region, and

[9] Report on Cecilia Malmstroem's speech delivered at Singapore Management University, 8 March 2017 http://www.eucentre.sg/?p=13938.

challenge the US dominance, ASEAN countries fear that the day will come when they will be forced to choose between China and the US.

While the specific nature of the problems is not the same, both the EU and ASEAN face the dilemma of how China's assertiveness may impact the unity of the regional blocs, and how they should respond to the increased rivalry between the US and China. Both also share the same interests to ensure that the Asia-Pacific region remains stable and peaceful. The EU's trade and investments in the Asia-Pacific surpass that of the US and China.

Beyond the broad geopolitical tensions brought about by the complex Sino-US relations, the more immediate threats faced by ASEAN and the EU concern a number of soft security issues – terrorism, large-scale migration and havoc wrecked by natural disasters and climate change. All these issues present opportunities for ASEAN and the EU to develop specific cooperative projects that can become building blocks towards regional governance and improve the institutional bonds between the EU and ASEAN.

## From Strategic Purpose to pragmatic Action

For a partnership with a strategic purpose, EU-ASEAN relations need to be multi-dimensional and multi-pronged. They need to develop an overarching framework of understanding that takes into account the different worldviews and distinct priorities but at the same time encompasses common interests and concerns. Within this broad framework, differentiated, multi-layered and multi-level cooperation can be developed.

Let's look at how ASEAN cooperation with the EU can be pragmatically structured for maximum gains.

### Addressing country-specific and region-specific challenges through differentiated collaboration

ASEAN is an inter-governmental organization comprising members with different political systems and at very different levels of socioeconomic development. As an organization that works by consensus between its member states, ASEAN is not a substitute for national political will, national competence and national capability. If the EU is indeed serious in gaining a strong foothold in the Southeast Asian region, it needs to engage not just at the region-to-region level, but also individual or a cluster of ASEAN members within the ASEAN or EU-ASEAN framework. To some extent, the EU has come to realize this, and in its latest Joint Communication, it acknowledges that "taking EU-ASEAN relations to the next level will build on and complement the already rich and varied bilateral ties between the EU and individual ASEAN member states", putting special priority on working with ASEAN countries in the Mekong Sub-region to reduce the intra-ASEAN development gap and to connect these countries.

Taking this more differentiated approach would allow the EU to achieve more targeted outcomes. By being attuned to the development gaps and responding to the different development priorities within ASEAN, the EU can creatively align different interests and different priorities and work with different constellations of ASEAN member states to deliver more impactful outcomes. ASEAN's ability to make an impact in turn depends on national capacities and regional unity. Confident and capable ASEAN member states equal a more effective ASEAN.

## Fostering growth and development through bilateral and inter-regional trade and investments

Development and security are closely intertwined. This is particularly true for developing countries that struggle to alleviate poverty and provide decent economic opportunities for its population. Many ASEAN members are fortunately on good growth trajectories. Still, maintaining these good growth trajectories would require continued external investments and an open economic order that supports free trade.

The EU with its tremendous market power is an important economic player in the region. ASEAN is also an important growth region with untapped market potential. Other major players, in particular Japan and China, are also increasing their inroads into the ASEAN market. The EU is taking a more proactive approach towards finding economic opportunities in Southeast Asia through programmes such as "EU business avenues in Southeast Asia". This business support programme aims to help European companies establish long-lasting collaborations in Southeast Asia through match-making and business support services.

At a higher political level, the EU is employing economic diplomacy as a tool to strengthen its long-term engagement with ASEAN. Free trade agreements have been concluded with Singapore and Vietnam, and are being negotiated with Malaysia, Thailand, Philippines and Indonesia. Negotiations of an investment protection agreement are also underway with Myanmar. The bilateral FTAs are conceived as building blocks towards a future bloc-to-bloc EU-ASEAN agreement. This approach reflects the EU's better understanding of the ground situation in ASEAN, and its astute use of economic diplomacy to achieve its foreign policy goals.

## Navigating US-China rivalry and reaffirming multilateralism and rules-based order through the ARF

An important platform on which the EU and ASEAN can work together in facing strategic uncertainties is the ASEAN Regional Forum (ARF).

The ARF was initiated by ASEAN in the early 1990s to ensure its own relevance in the post-Cold War era, by intensifying dialogue on political and security affairs with its external partners. The "unanticipated end of the Cold War" induced "a high degree of

unpredictability" on the security situation in the Asia-Pacific.[10] The ARF was designed to provide a platform for dialogue and consultation and enmesh key players in the Asia-Pacific in a security partnership that would enhance the strategic equilibrium in the region by promoting the norms of self-restraint and the non-use of force. Its purpose is to draw all relevant players into a reciprocal web of consultations and foster habits of dialogue to create trust and confidence-building among members. As Sheldon Simon puts it, the ARF reflects ASEAN's preferred strategy of consensus diplomacy.

The European Union as a dialogue partner of ASEAN became a member of the ARF by default, and is represented as a regional entity (and not by its member states), together with 26 other countries, from the 10 ASEAN countries to Australia, Bangladesh, Canada, China, Democratic People's Republic of Korea (DPRK, North Korea), Japan, Mongolia, New Zealand, Pakistan, Papua New Guinea, Republic of Korea, Timor Leste and the United States (US).

While the ARF has over the years been criticized by many as a talk shop, it remains one of the few security discussion forums in the Asia Pacific that encompass all the major powers in the Asia Pacific. From the primary objective of alleviating the strategic uncertainties in the post-Cold War security environment through dialogue, it has expanded its range of activities to facilitate cooperation in non-traditional security issues, from counter-terrorism and transnational crimes to humanitarian assistance and disaster relief.

As both confront the current period of strategic uncertainties arising from an unpredictable Trump-led America, an assertive China and increasing rivalries between major powers in the region, the ARF should become a platform for the EU, ASEAN and other like-minded partners such as Australia and New Zealand to reiterate the importance of a rules-based order and for supporting multilateral efforts to address potential hotspots and rising tensions.

The ARF has been supported in its functions by Track II diplomacy taking place within the Council for Security Cooperation in the Asia-Pacific (CSCAP). As noted by Kuik, such Track II multilateral dialogues have played "an instrumental role in initiating dialogues, proposing ideas, sponsoring activities and facilitating mediations, thereby contributing to confidence building and cooperation among regional countries"[11] CSCAP should therefore also be a platform in which the EU and ASEAN can cooperate more closely to shape the agenda towards a stable and peaceful Asia Pacific.

[10] Cheng-Chwee Kuik. "Institutionalisation of security cooperation in East Asia", in *Institutionalising East Asia: Mapping and Reconfiguring Regional Cooperation*, edited by Alice D. Ba, Cheng-Chwee Kuik and Sueo Sudo (London and New York: Routledge, 2016), p. 84.

[11] Kuik, ibid., p. 89.

## Building Trans-continental Connectivity and Human Connectedness through ASEM

ASEAN was instrumental in getting the Asia-Europe Meeting (ASEM) off the ground. While the idea of a summit meeting between Asian and European leaders was seeded by Singapore, it was through ASEAN, capitalizing on its historical and existing institutional links with the EU, and its dialogue partnerships with China, Japan and Korea, that a case for ASEM was constructed. ASEM was also a case of ASEAN's search for strategic relevance in a post-Cold War era. Responding to the rise of China, the fear of fortress Europe as the European Community integrated further, transforming itself into the European Union, and the concern over US unilateralism as it became the only super-power with the collapse of the Soviet Union, ASEAN sought to strengthen its relations with Europe, engage and socialize China through multilateral forums, and diversify its markets and economic relations.

ASEM's inaugural summit was held in 1996, less than two years after the idea was mooted. Originally comprising on the Asian side, then ASEAN 7 (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam) plus China, Japan and South Korea, and on the European side, the European Commission and the 15 member states of the European Union, the membership of ASEM has since doubled from 26 to 53. ASEM is now an entity that is trans-continental in nature, comprising members from different subregions of Asia and Europe. When ASEM celebrated its 20th anniversary in 2016, the theme of the 11th Summit held in Ulaanbaatar was "partnership for the future through connectivity".

China has been one of the most proactive members in ASEM, which encompasses and connects countries across the Eurasian landmass. China sees the potential synergies that it could bring from its Belt and Road initiative and AIIB to the theme of connectivity in ASEM.

What can the EU and ASEAN do in order to widen the connectivity theme to benefit as many of the ASEM members as possible? The EU has called for the concept of connectivity to be widened and not only be focused on physical infrastructural connectivity. While the infrastructural needs and investments are indeed important, and a coalition of ASEM members can actively contribute to the discussions on how multilateral investments can be structured within the ASEM framework, it is also important to think of connectivity in many other arenas – ideas and institutions. In fact, ASEM has placed emphasis on people-to-people connectedness by investing in the Asia-Europe Foundation (ASEF), the only ASEM institution set up a year after the first ASEM was held.

Remaining open and connected – this is an important message to send in a climate of rising sentiments against globalization and "outsiders" or immigrants.

## Conclusion

2017 is a significant year for ASEAN and the EU. ASEAN celebrates its golden jubilee and the EU marked 60 years since the signing of the Treaties of Rome. The two regional organisations together celebrate 40 years of their partnership. Yet, not all is well. Geopolitical tensions and troubles within their own respective regions have challenged both the EU and ASEAN. But it is also in these times of crises that the two partners should find strength in their partnership for the EU to develop strategic autonomy and ASEAN to regain its centrality in the various regional architectures fronted by ASEAN in the hope that the Asia-Pacific would remain stable and peaceful.

**Yeo Lay Hwee** is Director of the European Union Centre in Singapore and also Council Member, Singapore Institute of International Affairs (SIIA) and Adjunct Research Fellow at the S. Rajaratnam School of International Studies (RSIS).

# Japan-ASEAN Relations: Challenges, Impact and Strategic Options

***Bhubhindar Singh***

The Association of Southeast Asian Nations (ASEAN)'s celebration of its 50th anniversary in 2017 is certainly a milestone, given the difficult conditions under which it was formed in 1967.[1] This organization, which started with five states (Indonesia, Malaysia, Singapore, Philippines, and Thailand) in 1967 and now with a membership of ten states (with the addition of Brunei, Vietnam, Cambodia, Myanmar, and Laos), has grown from strength to strength despite the range of challenges it faced during both the Cold War and the post-Cold War periods as well as the criticisms it attracted.[2] Rather than just focusing on economic and social-cultural cooperation, ASEAN has expanded cooperation into the political and security dimensions. In fact, ASEAN has incorporated discussions on creating a regional community resting on three pillars – ASEAN Economic Community (AEC) (which came into force in December 2015), ASEAN Social and Cultural Community (ASC), and ASEAN Political and Security Community (APSC). The incorporation of the "community" concept into ASEAN's discourse is testimony to the strength of the institution and its future positive trajectory.

One of the most important achievements of ASEAN has been the creation of an ASEAN-led regional architecture governed by the ASEAN norms of regionalism. These norms, known as the "ASEAN Way", are not only subscribed to by the ASEAN states but also by their external partners. Through this regional architecture, ASEAN has been able to develop strong relations with the external partners (the United States (US), China, Japan, South Korea, Australia, New Zealand, India, and Russia), who are integrated into the ASEAN-led open regionalism approach. One of the most important external partners for ASEAN has been Japan, especially after the establishment of informal dialogue relations in 1973, which were subsequently formalized in 1977. In fact, Japan has been one country that has expressed sustained support for ASEAN as an institution. It has worked closely with all ASEAN states, both at the bilateral and

* This paper was submitted on 10 July 2017.

[1] For a good, as well as brief, discussion on the historical conditions, see Bilahari Kausikan, *Singapore is Not an Island: Views on Singapore Foreign Policy* (Singapore: Straits Times Press, 2017), pp. 100-1.

[2] See Kishore Mahbubani, "How Fear, Luck, Golf brought ASEAN Together," *The Asia Report* (a magazine published by The Straits Times (Singapore)), Apr-May 2017, pp. 8-9.

multilateral levels. Since the late 1970s, Japan has been an ardent defender of the notions of the ASEAN Way, ASEAN's centrality, and ASEAN unity.

This paper offers a forward-looking analysis on Japan-ASEAN relations. As there are numerous dimensions to this relationship, this paper focuses on identifying key strategic challenges facing East Asia, and how Japan and ASEAN could respond to them. More specifically, the paper focuses on the emerging Sino-US competition/rivalry, the impact of this on Japan and ASEAN, and the means through which Japan and ASEAN have responded to the evolving strategic landscape, both individually and bilaterally. In short, the paper's main argument is that the escalating Sino-US competition/rivalry will raise the profile and influence of both Japan and ASEAN in regional affairs. While Japan's response is clear, ASEAN's response remains relatively unclear. ASEAN's position is not surprising, as it is an institution made up of ten countries with diverse interests. Nevertheless, the evolving structural forces will make it imperative for ASEAN leaders to craft a common position on ASEAN's policy position and relevance in the evolving strategic architecture.[3]

The paper starts off with a brief overview of Japan-ASEAN relations. This is followed by a discussion of three regional challenges that both Japan and ASEAN will have to deal with – China's strategic rise, US's commitment to East Asia, and the contested visions of the regional order for East Asia in light of the escalating Sino-US competition/rivalry. The third section is a discussion on how these challenges impact Japan and ASEAN. The fourth section focuses on the strategic options pursued by Japan and ASEAN in addressing the rising Sino-US competition/rivalry.

## Evolution of Japan-ASEAN Relations

Southeast Asia has always been a critical sub-region for Japan's foreign policy strategy.[4] During World War II (WWII), Southeast Asia served as a critical region for resources for Japan's imperial policy, especially when the international structure became unfavourable to Japan's interests. During the Cold War, Southeast Asia was important for Japan's return to the international community after its devastating WWII defeat. Since the China market was officially closed to Japan, Southeast Asia once again served as

[3] The discussion here is an expanded version based on the author's previous publications: Bhubhindar Singh and Sarah Teo, "ASEAN has an Instrumental Role in the US-China Power Play," *Channel News Asia Commentary*, 8 May 2017; Bhubhindar Singh, "Japan's Strategic Importance in an Uncertain 2017," *Channel News Asia Commentary*, 3 February 2017; Bhubhindar Singh, "Geopolitical Trends in East Asia: Japan and ASEAN's leading role," *Policy Forum* (Publication of the Asia and The Pacific Policy Society, Australia), 5 July 2016.

[4] For an expanded discussion on the evolution of Japan-ASEAN relations, see Bhubhindar Singh, "ASEAN's Perceptions of Japan: Change and Continuity," *Asian Survey* Vol. 42, No. 2, March/April 2002, pp. 276-296; Bhubhindar Singh, "The Evolution of Japan's Security Relations with Southeast Asia," *The Round Table: The Commonwealth Journal of International Affairs*, Vol. 99, No. 409, August 2010, pp. 375-386.

a source of raw materials and an important market for Japanese products. This connection with Southeast Asia was critical for Japan's rapid economic recovery and its eventual rise to become the economic leader of Asia.

Even though the China market became officially available to Japan from 1978 onwards, Japan-Southeast Asia relations continued to grow over the course of the Cold War period. After addressing the anti-Japanese sentiments in Southeast Asia in the mid-1970s,[5] Japan was able to cultivate a long-standing positive presence in Southeast Asia through mainly economic (trade, investments, and aid) and limited political terms during the Cold War period that was grounded in the principles of the Fukuda Doctrine announced in 1977. The Fukuda Doctrine was defined by the following principles: Japan will not become a military power again; Japan will conduct its relations with Southeast Asian states through "heart-to-heart" dialogue; and Japan will pursue an equal relationship with ASEAN.[6] Japan's economics-focused strategy was crucial not only for its economic growth and "return" to the international community following the devastating experience in WWII, but also for the growth of Southeast Asian economies. These states adopted Japan's developmental-state model of economy and were reliant on Japanese investments, trade, and aid. The exclusion of a military domain in Japan's strategy was a strategic move that laid the foundation for a partnership to emerge between Japan and ASEAN subsequently.

During the post-Cold War period, Japan's relations with Southeast Asia grew even stronger. In economic terms, Japan-ASEAN relations grew through stronger economic interdependence and an expansion in the areas of cooperation, such as information technology and human resources. Both parties also signed the Japan-ASEAN Comprehensive Economic Partnership that came into force in January 2007. Politically, Japan and ASEAN commemorated the 40th Anniversary of Dialogue Relations in 2013. Japan became more engaged in the ASEAN-led multilateral process and even signed the Treaty of Amity and Cooperation (TAC) in 2004. When Abe Shinzō became prime minister in 2012, not only did he choose to visit Southeast Asia for his first overseas trip, he, in fact, became the first Japanese prime minister to visit all ten ASEAN states in the first year of his term (2012-2013).

The post-Cold War period also saw stronger cooperation between Japan and ASEAN in security matters at both the bilateral (such as capacity-building, provision of patrol boats to the Philippines and Vietnam, and military exercises) and multilateral (such as through the ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus)) levels.

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[5] Prime Minister Kakuei Tanaka's trip to the Philippines, Thailand, Singapore, Malaysia and Indonesia in January 1974 was an important wake-up call for Japan as it displayed strong anti-Japanese sentiments held by the Southeast Asian states. In fact, riots erupted when Prime Minister Tanaka visited Indonesia and Thailand. (Richard Halloran, "Tanaka's Explosive Trip," *New York Times*, 21 January 1974.)

[6] Lam Peng Er, "The Fukuda Doctrine: Origins, Ideas, and Praxis," in Lam Peng Er (ed.), *Japan's Relations with Southeast Asia: The Fukuda Doctrine and Beyond* (London and New York: Routledge, 2013), p. 2.

The security dimension of the bilateral relationship has expanded since the 2000s, especially under the Abe government. Under Abe's leadership, Southeast Asia became a special sub-region with critical strategic importance to Japan's foreign policy strategy.[7] The strengthened relationship between Japan and ASEAN in comprehensive terms (economics, politics, and security) in the post-Cold War period is in response to the challenges both parties face and have to address. These challenges are discussed as follows.

## Strategic Challenges

The coming decades are going to be defined by transition and unpredictability. Though one could argue this applies to any period, the position taken here is that we are in an important moment of history due to changes in structural conditions, perhaps ushering in a new period of global affairs. Three challenges are discussed below.

### China's Strategic Rise

China's strategic rise is one of the most, if not the most, important developments in global and regional affairs. From the onset of the post-Cold War period, China has incrementally expanded its political, economic, and strategic influence in global and regional affairs. Despite Beijing's repeated assurances on its "peaceful rise" strategy, China's behaviour continues to raise questions by other states, including Japan and the Southeast Asian states.

The most frequent questions relate to Chinese intentions. This has coincided with China's perceived assertive policies in the area of maritime security. In the context of the East China Sea, some examples include China's announcement of an air defence identification zone in November 2013, repeated intrusions by Chinese ships and planes into Japanese-controlled waters and airspace near the Diaoyu/Senkaku Islands, and the Chinese military's locking of fire-control radars on Japanese military vessels. In the context of the South China Sea, examples include the announcement of regulations requiring all fishing vessels in disputed water to seek approval from Chinese authorities, the standoff between China and the Philippines near the disputed Scarborough Shoal in 2012, China's transfer of an oil rig near the disputed Paracel Islands, escalating tensions with Vietnam, and China's rapid land reclamation to enlarge certain islands and reefs in the South China Sea, including the militarization of some of these islands through the deployment of anti-aircraft missile systems, such as on Woody Island, part of the Paracel group. China's assertiveness entails run-ins with not only the other claimant states in the South China Sea disputes, such as the Philippines and Vietnam, but also with its long-standing

[7] Prime Minister of Japan and His Cabinet (a), *National Security Strategy* (Tokyo, 17 December 2013), http://japan.kantei.go.jp/96_abe/documents/2013/.

partner Malaysia and Indonesia, a neutral actor in the dispute. These developments raised tensions in East Asia, threatened to derail the ASEAN process, invited greater participation by the US and Japan in the dispute, and resulted in greater investments by several East Asian states to augment their naval and coast guard capabilities.

China's assertiveness will continue in the context of the South China Sea and beyond. The reclamation and militarization activities on the disputed islets in the South China Sea are intended to reinforce its claims and ensure that China possesses strategic control over the entire South China Sea. All great powers "own" backyards. China is no exception. It is "re-possessing" its own backyard – a policy that it is determined to succeed in (provided China remains united). This policy is complicated by the strong economic, political, and military presence of the US in East Asia. China views the US as containing its rise through its policies (such as the Obama administration's rebalancing policy, and the deployment of the THAAD system in South Korea), challenging its core interests (US naval patrols in the South China Sea), and interfering in its domestic affairs (such as in territorial disputes, supporting pro-independence movements in Hong Kong and Taiwan, and selling arms to Taiwan). This situation (fuelled by rising nationalism) will result in higher mutual suspicion, greater competition, and worsening rivalry between the two great powers. As China continues with its assertive policy, this will cause greater discomfort within its neighbours, including Japan and ASEAN.

## US Presence and Commitment in East Asia

The second challenge is to keep the US deeply engaged, interested, and committed to East Asia. Though still the strongest political, economic, and military power in the world, there is a relative weakening of its structural power and position in the global and regional order. The slogan in Trump's election victory, "Make America Great Again", is apt in explaining the present state of US in the global order. It is both recognition of a relative decline in its structural power, as well as a strong desire to regain its position. Trump hopes to reverse the relative decline and restore US's strength. He has announced a range of measures to boost its domestic economy, increase its defence expenditure (that would involve building more warships, aircrafts, and weapons systems), and ensure US remains the premier nuclear-powered state.

Though these are critical measures, US will find it more difficult to sustain the US-led global and regional orders and its interests will be challenged more regularly in East Asia and beyond. Though abandonment fears have been a constant feature in East Asia, the present situation is unique due to two factors – first, the rising challenge to the US ability to maintain its superior position due to China's strategic rise; and domestic considerations related to sustaining US commitment towards Asia.

China's strategic rise poses a greater challenge to US's role of being the main source of stability for the region. China's incremental rise has reduced the relative power gap between the two countries; and this process is expected to continue. China

is determined to be a great power and to take back what was "lost" in a period when it was in a relatively weaker position compared to the US (and Japan). We are witnessing this in the maritime security domain – especially in China's perceived assertiveness in the South China Sea and East China Sea. China's (along with North Korea's) pursuit of gaining a military advantage vis-à-vis the US through the anti-access/anti-denial capability (A2/AD) is a critical development. It could limit the US's ability to access and maintain its bases in Northeast Asia, and affect its commitment to its allies, partners, and friends.

Also, US isolation or abandonment fears have become pressing issues under the Trump administration. Trump's "America First" policy has resulted in a widespread perception of greater isolation of the US from global affairs, let alone East Asian affairs. Since becoming president the Trump administration has undone Obama's rebalancing policy towards Asia, and "torn up" the Trans-Pacific Partnership (TPP) agreement, which was seen as an important economic element of the rebalancing strategy. With no visible strategy towards Asia, these moves by Trump are largely construed as signs of disinterest towards Asia.

To be sure, Trump administration officials have sought to reassure allies and partners that the US will remain committed to East Asian security and stability. There have been some encouraging signs from the Trump administration. Secretary of State Rex Tillerson expressed strong US commitment to Asia in his meeting with ASEAN foreign ministers on 4 May 2017, and accepted an invitation to attend a series of ASEAN-led meetings in the Philippines in August 2017. US Vice President Mike Pence announced that President Trump would attend the ASEAN-US and East Asia Summit meetings in the Philippines, as well as the APEC meeting in Vietnam in November. Despite these encouraging signs, there is still considerable uncertainty in East Asia about the American commitment under President Trump.

## Contested Visions of the Regional Order

For the past several decades, peace and stability in East Asia have rested on a regional order characterized in large part by the US's economic and military primacy. This order is defined by free trade, US-related security alliances, resembling a hub-and-spokes structure, and a complex web of overlapping multilateral arrangements. Nevertheless, as discussed above, the US is likely to find it more difficult to sustain the US-led global and regional orders in East Asia and beyond.

While this order continues to exist, China seems to be forming its own China-led order. This does not mean that China is abandoning the present US-led order. In fact, it continues to support the useful elements of the existing order (promotion of free trade

and globalization).[8] However, it is certainly creating a preferred regional order that would serve its interests best. As China's relative power and influence increased, it has implemented initiatives that could be likened to an alternative regional order centred on Chinese leadership. This has come in the form of the Asian Infrastructure Investment Bank (AIIB) and the One Belt, One Road initiative (or also known as the Belt and Road Initiative (BRI)). While the complementarities between the respective visions put forward by the US and China are clear, there are also competing elements. These visions will complicate the foreign policy strategies of other states, including Japan and the ASEAN states.

## Impact on Japan and ASEAN

For Japan, the impact of the structural forces has resulted in a greater clarification of its national security strategy. Japan has become an engaged security actor – a critical actor in contesting China's influence and preserving strong US presence in the region. It has undertaken several measures internally and externally. Internally, Japan has strengthened its military capabilities; revised its defence strategy (southwest strategy); lifted its self-imposed ban on arms exports; and increased defence spending. Externally, Japan has strengthened the US-Japan defence cooperation through the signing of the new 2015 Guidelines for Japan-US Defence Cooperation that authorized Japan to engage in missions to help defend the US and other allies even when Japan is not under attack (known as collective self-defence). Outside of the US-Japan alliance, Japan has also strengthened its security relations with like-minded countries (Australia and India); strengthened security partnerships with claimant countries in the South China Sea disputes (Philippines and Vietnam); engaged in robust defence diplomacy efforts bilaterally and multilaterally (ADMM-Plus) to contribute to debates on regional security; and participated in regional-level military exercises.

For ASEAN, the impact of the structural forces discussed above is yet unclear. This is no surprise as ASEAN is a collection of ten states with individual national interests. However, this situation has resulted in an undesirable outcome where the region is showing increasing signs of fracture. The differences between pro-China, anti-China, and neutral camps have become starker. The 2012 and 2015 ASEAN Foreign Ministers' Meetings, and the meeting between the foreign ministers of China, Laos, Cambodia, and Brunei in April 2016 are good examples to demonstrate this divide. Moreover,

[8] In fact, China has widened its role in global governance. Some examples are: China signing the UN Framework Convention on Climate Change; increased financial and personnel contributions to the UN operating budget and Peacekeeping Operations (PKO); anti-piracy operations in the Gulf of Aden; multilateral economic governance; public health contributions to fight the Ebola and Zika virus outbreaks; and the Iran nuclear deal. (Shambaugh, David, "Dealing with China: Tough Engagement and Managed Competition," *Asia Policy* (Roundtable on "Assessing US-Asia Relations in a Time of Transition"), January 2017, p. 6.)

"neutral" states, such as Indonesia, have had to reassess their neutral position following clashes between Chinese Coast Guard and Indonesian Coast Guard ships. Malaysia, a long-standing partner of China, has also found it increasingly difficult to maintain its traditionally moderate and non-confrontational approach towards China in the context of the South China Sea disputes. Also, the shifting strategic priorities of certain member states could also be attributed to the uncertainty within ASEAN. A clear example is the Philippines' policy towards China under the leadership of President Rodrigo Duterte. Despite being an ally of the United States, the Philippines has pursued a foreign policy that is "marked by a pivot to China".[9] This contributes to the difficulty for ASEAN to project a coherent response to the structural challenges discussed above.

## Strategic Options for Japan and ASEAN

The impact of the evolving Sino-US competition will be felt most by East Asian states, including Japan and ASEAN states, by virtue of geography. The main point here is that not only must Japan and ASEAN respond to this major powers competition, but more importantly, both will have a larger burden in determining peace and stability in the region. Below we discuss the strategic options available to Japan and ASEAN.

### Japan

In response to the challenges above, Japan is pursuing a comprehensive strategic policy that will secure its national interests. Japan's security policy has become a lot more responsive compared to the passive policy pursued during the Cold War. Though this has been an incremental process since the onset of the post-Cold War period, the process has picked up speed during the post-2000s, especially under the Abe government. The Abe government elevated Japan's role as a strategic actor in light of the escalated unpredictability and transition in the current strategic landscape. This strategy entails the continued robust American engagement and presence in East Asia with the US-Japan security alliance being the anchor – a necessary element to preserve the US-led international/regional order. However, Japan's expansion of its security policy is also in preparation for the undesired possibility of a reduced presence of the US in East Asia. In both scenarios, Japan will assume a wider role in ensuring peace and stability in the region both within and outside of the alliance framework to ensure that the region remains favourable to US-Japan interests. Instead of the US-Japan strategic alliance being the cornerstone of peace and stability – a characterization that largely underscores the importance of the US – Japan's role within the alliance will become more critical to maintaining the US-led status quo in the regional structure.

[9] Raul Dancel, "Duterte's ASEAN Vision," *The Asia Report* (a magazine published by The Straits Times (Singapore)), Apr-May 2017, p. 6.

To support its widened strategic role, Japan is pursuing a comprehensive strategy that entails military force modernization, restoring economic growth, and strengthening its alliance with the US and security partnerships with like-minded states. ASEAN is an important element in Japan's emerging strategic policy towards East Asia. Japan has strengthened its relationships with all ASEAN states bilaterally and multilaterally. For Japan, ASEAN's unity, ASEAN centrality in the East Asian multilateral order, and ASEAN regional norms are absolutely critical for regional stability. Japan has developed an important role in assisting ASEAN states involved in the South China Sea territorial disputes in capacity-building, training, and provision of equipment – all to strengthen the capabilities of these states so that they hold firm to their claims and not be intimidated by a bigger claimant state. Through bilateral and multilateral cooperation, Japan's policy is to contribute to the creation of a network of ASEAN states to resolve issues collectively. This is a positive contribution to regional security affairs by Japan, as it will result in more goodwill among ASEAN states and security for both Japan and Southeast Asia.

## ASEAN

For ASEAN, as made clear above, the picture is not as clear as Japan's. Nevertheless, ASEAN states have to respond to the evolving strategic landscape defined by the escalating Sino-US competition/rivalry. Clearly, ASEAN has played an instrumental role over the last few decades in maintaining a stable regional order in East Asia. With contending visions of the regional order promoted by China and the US, an urgent task for ASEAN would thus be to consolidate its regional leadership role and decide how the institution and its member states could best respond to the competing visions of the regional order offered by the US and China. The longer ASEAN takes to decide its place in the evolving regional order, the less relevant or useful it might become in regional affairs.

The first key strategic goal is to restore ASEAN unity, which is important for maintaining ASEAN centrality in the East Asian multilateral order. The structural forces discussed above have caused the fracture within ASEAN to widen, and addressing this fracture/disunity is the most important challenge for the next decade. The basic question here is how ASEAN will respond to the escalating Sino-US competition/rivalry. In fact, ASEAN has already been dealing with this situation since 2000, with China's active engagement in Southeast Asia. China's role has been perceived as dividing ASEAN especially in relation to the South China Sea territorial disputes. This division/fracture is clearly visible, as witnessed in ASEAN-led meetings since 2012; debate on whether to include references to either the rising tensions in the South China Sea or the Arbitration ruling has become a regular feature in these meetings.

However, it is important to note that the problem is not related to China alone, but has to do with ASEAN and the member states themselves. ASEAN is in a critical

position in the regional strategic landscape and has to decide what its place should be in the evolving strategic landscape. The weaknesses in domestic politics within several ASEAN states and the lack of leadership shown by the traditional leader of ASEAN, Indonesia, have led some to use "adrift" to characterize ASEAN. The longer ASEAN takes to plan for its place in the evolving regional order, the less relevant or useful it might become in regional affairs. The negative impact of the structural forces could result in a re-reading of ASEAN's core norms and features of ASEAN in crafting a new direction for ASEAN in the evolving regional landscape. For example, ASEAN could perhaps explore options where the tacit leadership of ASEAN does not lie with one country, but it could be issue-based; and embrace the ASEAN-Minus-X approach informally at first, but in a more institutionalized manner subsequently not only in economic matters, but in security issues as well.[10] The latter is especially an important response in situations where reaching a consensus between the members states proves to be difficult due to the extant disunity within ASEAN.

To be sure, ASEAN's perceived fracture/disunity has not halted progress within ASEAN. It has seen developments, such as (a) achieving the vision of developing an ASEAN Economic Community (AEC); (b) agreeing with China to formulate a framework for a Code of Conduct (CoC) to manage tensions in the South China Sea; (c) facilitating dialogue amongst member states and the Plus countries; and (d) finally, being able to maintain somewhat its unity and centrality in the East Asian multilateral order. As ASEAN leaders are aware of the challenging times ahead, incremental steps to maintain its unity will prove to be critical in maintaining its relevance in the evolving regional landscape. To restore unity, ASEAN has to decide the tipping point when Chinese or American actions become detrimental to regional stability. This should push ASEAN to devise a common approach to challenging the negative actions of the great/major powers. This does not refer to a common foreign and security policy as practised by the European Union (EU), but a common approach that is issue-based, such as in the South China Sea disputes. The evolution of structural forces has ushered ASEAN to a point in history where it has to decide collectively its place in the evolving strategic landscape and consider perhaps even collective approaches to security (both traditional and non-traditional forms) to stake its claim on the type of regional order that will emerge in East Asia.

[10] Briefly, ASEAN-Minus-X is an approach within ASEAN's consensus-based decision making process. This approach offers flexibility for member states to opt out in the implementation of commitments if they decide to do so, leaving the rest of the member states to continue with the implementation process. The opt-out option is also reached by a consensus among the member states of ASEAN. The ASEAN-Minus-X is enshrined in the 2007 ASEAN Charter, specifically focusing on economic commitments. (See Seng Tan, "Herding Cats: The Role of Persuasion in Political Change and Continuity in the Association of Southeast Asian Nations (ASEAN)", *International Relations of Asia Pacific*, 13, 2013, p. 251; ASEAN, *The ASEAN Charter* (ASEAN Secretariat; Jakarta, 2015), p. 23).

Relatedly, efforts to restore ASEAN unity will form a strong foundation to reinforce ASEAN centrality in the East Asian multilateral order. ASEAN centrality has been the bedrock for the evolving East Asian multilateral order. In the evolving strategic landscape it is important that ASEAN maintains its centrality which facilitates its role of being the convening institution for East Asia. This is a strategy that has worked well for ASEAN in engaging great/major powers in the region and in sustaining ASEAN's relevance in the East Asian multilateral structure.

Moreover, both Japan and ASEAN should support the continued US military engagement in East Asia. The US has been the main source of stability in the region, and both Japan and the ASEAN states have benefited from this structural condition. Both Japan and ASEAN (to various degrees) are strong supporters of a strong American commitment to Asia. Japan is an ally of the US and is host to the largest US military deployment in Asia. This alliance is not just to defend Japan's national security, but is also critical for regional peace and stability. This point is well understood by Japan and the ASEAN states. The need for continued US commitment and presence in the region is even greater in light of the regional challenges, such as the instability in the maritime domain, China's strategic rise, and the instability on the Korean Peninsula. Hence, it will be in the interest of both Japan and ASEAN to ensure the strong commitment of the US towards East Asia.

At the same time, the structural forces discussed above make it crucial for Japan and ASEAN to pursue a strategy that is beyond a sole reliance on the US commitment/presence as well. As Kausikan wrote, "[the US presence] is no longer a sufficient condition to preserve stability for future growth".[11] Instead, Japan and ASEAN should support the creation of a robust East Asian multilateral structure that is based on open regionalism (an inclusive rather than an exclusive concept of regionalism). The East Asian regional architecture is a complex web comprising bilateral security alliances, trilateral arrangements, and multilateral institutions (both formal and informal) at the sub-regional, regional, and global levels; and these arrangements focus on cooperation between states in politics, economics, security, social, and a range of other issues. Though complex in nature, the various units that make up the regional and global order not only offer opportunities for dialogue and strengthening mutual interdependence, they are also important mechanisms for addressing global governance issues. Japan and ASEAN should support the strengthening of this complex architecture and the building of even more synergy between the various arrangements/meetings.

[11] Kausikan, *Singapore is Not an Island*, p. 106.

## Conclusion

This paper provided a forward-looking analysis on Japan-ASEAN relations. It specifically focused on the impact of the escalating Sino-US competition/rivalry on Japan and ASEAN. It concluded by underscoring the elevated importance of Japan and ASEAN in contributing to peace and stability in the evolving strategic landscape in East Asia. In discussing the means through which both Japan and ASEAN have or could respond to the unfolding strategic challenges, the paper noted that unlike Japan's clear response, ASEAN's response has been expectedly unclear. Nevertheless, ASEAN has to collectively decide on its proper place in the evolving strategic landscape so that it remains a relevant actor in the East Asian regional architecture.

However, there are two points for both Japan and ASEAN to note. First, for a stable Japan-ASEAN relationship, Japan should avoid two points that might reduce the goodwill it has nurtured with ASEAN states since the Cold War period. The first is avoiding any destabilizing behaviour related to the unresolved historical legacy issue. Such behaviour not only reduces goodwill but also fuels the view that Japan can be a destabilizer in the region. Second, Japan should avoid defining its strategy in clear anti-China balance of power terms. This results in regional countries adopting a view that Japan is attempting to create an anti-China coalition through its active engagement policies in East Asia.

Second, both Japan and ASEAN have to ensure there is convergence of interests in the creation of a regional order that is favourable to the interests of both parties. For Japan, it should look out for increasing accommodation from ASEAN states towards China, whether in the maritime domain or beyond. For ASEAN, Japan's "going it alone" (without the US) approach as well as Japan striking a deal with China that could lead to Tokyo's withdrawal of its involvement in the South China Sea, resulting in ASEAN losing an important partner in preserving a regime defined by international law and norms, would also be detrimental to ASEAN's interests.

The Japan-ASEAN relationship has grown from strength to strength since the 1950s. Both Japan and ASEAN should be proud of where the bilateral relationship is on ASEAN's 50th anniversary. However, both parties should also recognize that there is more work ahead. This is especially so as the responsibilities of both Japan and ASEAN have been elevated in light of the evolving strategic landscape defined by the escalating Sino-US competition/rivalry in the East Asian regional order.

**Bhubhindar Singh** is Associate Professor and Coordinator of the Regional Security Architecture Programme at the S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore. His research interests include the international relations of Northeast Asia with a special focus on Japan's security policy.

# India-ASEAN Relations: An Assessment

*Pankaj K. Jha*

## Introduction

Diplomacy has been utilised for maintaining international peace and order as an alternative to military means. Similarly, protecting national interests through carefully calibrating statecraft depending on the prevailing situation is another dimension of it. In a regional setting, regional organizations such as the Association of Southeast Asian Nations (ASEAN) provided the platform for deliberating on regional issues and providing consensus solutions. Over the years, ASEAN has evolved as a multilateral process which has benefited its member countries because of regular dialogue and economic integration leading to an incremental reduction in the threat perception and building of the ASEAN Community into political, security, cultural and economic domains. However, many international critics and scholars have criticized its consensus building approach and the policy of non-interference in each other's internal affairs. Despite this criticism, ASEAN has slowly transformed itself into a core regional grouping in East Asia, and institutions such as ASEAN Defence Ministers Meeting Plus (ADMM+), Extended ASEAN Maritime Forum (EAMF) and affiliated institutions have promoted dialogue and cooperation among regional stakeholders.

With regard to India's approach to Southeast Asia, the narratives have germinated from historical, religious and economic perspectives, and draw on different resources to buttress the fact that the ties between the two regions have been harmonious and mutually beneficial. The most dominant narrative starts from the historical perspective and gets amplified with the interactions during the Bandung Conference (Asian-African Conference) held in 1955 and the role played by the Asian leaders in creating new camaraderie between the newly independent nations of Southern Asia. Indian leadership recognized and promoted the independence of Southeast Asian countries, primarily Myanmar, Indonesia and Philippines, from colonial subjugation. In fact, India conducted the Conference on Indonesia in 1949 which was attended by 15 nations. In the late 1940s and early 1950s, the role of iconic political leadership in Myanmar, Indonesia, and Vietnam, and the relationships between countries were predicated

* This paper was submitted on 6 May 2017.

upon the personal equations or unbridgeable chasm between the political leadership because of different views on international cooperation. The chasm was apparent between Sukarno and Nehru as well as Mahathir and Indira Gandhi. Indian policymakers faced a diplomatic and political predicament when Pakistan decided to sign a Mutual Defence Assistance Pact with the United States and subsequently joined the Southeast Asia Treaty Organization (SEATO), followed by its membership in the Baghdad Pact (which was later known as Central Treaty Organization or CENTO)[1]. This facilitated India's inclination towards the former Soviet Union and the anti-capitalist attitude of the leadership gave birth to a socialist welfare model of development and growth in India. The emergence of communist China and the annexation of Tibet[2] by the country changed the political and strategic dynamics in India's close proximity. However, the political understanding between India and ASEAN progressed with phases of discord and divergence.

## Political Understanding – Creating Awareness

Political and academic references regarding India's view towards Southeast Asia were shaped by the impact of the Indic civilization and the symbiosis of the religious dialogue in the larger Asian context. The influence of Hinduism and Buddhism was felt far and wide and the remnants of the religious influence could be witnessed in the form of architecture in ancient temples, monasteries and religious artefacts[3]. This historical narrative merged into the socio-cultural milieu and was interspersed with religious discourse within societies. This has formed the bedrock of India-Southeast Asia relations. The Hindu kings and the adoption of Buddhism in subsequent years by the Southeast Asian societies were seen as a natural corollary to the interaction among the traders, merchants and religious preachers. The syncretic Islam which travelled from the Gulf region, transcended India and thereafter to various kingdoms of Southeast Asia also built the intracontinental narrative about religions and practices.

In the pre-independence period, the raising of the *Azad Hind Fauz* (Indian National Army) in Southeast Asia in 1942 and the role played by the much popular Indian leader Subhash Chandra Bose created a soft affection towards Southeast Asia. India's approach towards the building of ASEAN as an institution was supportive. In May 1967, M. C. Chagla, who was then the foreign minister of India, paid a visit to Malaysia and Singapore in support of the nascent idea of ASEAN. During his visit to Singapore,

[1] Mohammed Ayoob, *India and Southeast Asia: Indian Perceptions and Policies* (London: Routledge, 1990), p. 3.

[2] Dawa Norbu, "Chinese Strategic Thinking on Tibet and the Himalayan Region", *Strategic Analysis*, 12(4), July 1988, pp. 372-373.

[3] Nicolas Tarling (ed.), *The Cambridge History of Southeast Asia: From Early Times to c.1800*, Vol. 1 (Cambridge: Cambridge University Press, 1992), pp. 174-175.

he said, "We will be very happy to have bilateral arrangement with Singapore, with regard to trade, commerce and economic cooperation. But if Singapore chooses to join any regional cooperation, we will be happy to join such a grouping, if other members want India to do so."[4] India was not invited to join the grouping which somehow was not appreciated within the Indian establishment. However, there are contrasting narratives in this regard that India refused to join when it was asked to do so. While India was initially supportive of the organization, it was ambivalent towards its existence. It was apprehensive of the fact that two members of SEATO, Philippines and Thailand, had also joined the grouping as the founder members. This fusion between US alliance partners and the new institution created suspicion in the minds of the Indian policymakers. The thaw in the approach towards ASEAN happened when ASEAN was referred to in a Joint Communiqué between Indonesia and India in 1973. Subsequently, with the disbanding of SEATO, India's reservations and apprehension related to ASEAN dissipated.

Drawing inspiration from the developments in the 1960s and early 1970s, India embraced building ties with its eastern neighbours and the *raison d'être* was provided by the anti-colonial stance, anti-apartheid view and promulgation of the Non-Aligned Movement to safeguard the interests of the developing and newly independent nations from the influence of the power blocs' politics. India's outlook about its eastern seaboard as well as the far west like Iran was quite well known. In fact, it is perceived that during the anti-communist struggle in the countries of Southeast Asia, India could have developed better relations with Southeast Asian countries such as Philippines, Singapore and Indonesia, had it not been seen as a partner of erstwhile Soviet Union. India's Peaceful Nuclear Explosion (PNE) in 1974 was not liked by many countries in the region but the response to this event was calibrated. India was actively involved in Southeast Asian affairs, as illustrated by its recognition of Unified Vietnam[5] and, subsequently, the Kampuchean government in 1980[6]. The recognition of the People's Republic of Kampuchea was seen as an irritant in India-ASEAN ties. India's approach towards ASEAN was relatively lukewarm during the times of coalition governments (during Janata government rule [1977-1979] and the subsequent coalition government in the late 1980s)[7]. With the disintegration of the Soviet Union, India was compelled to

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[4] Cited in K. P. Saxena, *Cooperation in Development: Problems and Prospects for India and ASEAN* (Sage Publications: New Delhi, 1986), p. 53.

[5] For further reading with regard to India's ASEAN policy from 1967 to 1980, see Kripa Sridharan, *The ASEAN Region In India's Foreign Policy* (Singapore: Dartmouth, 1996), pp. 34-39. Also, for a discussion about the strategic priorities of India in the post-independence phase, see Mohammad Ayoob, *India and Southeast Asia: Indian Perceptions and Policies* (London: Routledge, 1990).

[6] Kripa Sridharan, op. cit., p. 135.

[7] For a rather impassionate discussion on the subject, see Kripa Sridharan, *The ASEAN Region In India's Foreign Policy* (Singapore: Dartmouth, 1996), pp. 60-75.

liberalize its economy and also reformat its relations with the western world. Initiatives taken by the then prime minister Rajiv Gandhi through visits to China, Indonesia, Australia and other Asian nations in the late 1980s were replicated by the subsequent Prime Minister P. V. Narsimha Rao. Southeast Asia was seen as the best example for sustainable economic growth and a lucrative destination for outlining India's economic and strategic priorities.

Within the Indian political establishment, the discourse with regard to the importance of Southeast Asia has been manifested in a number of parliamentary questions and debates. The Lower House of the Parliament has raised questions related to India's participation in ASEAN post-ministerial conferences, and India's role in ASEAN meetings and bilateral meetings on the sidelines of the summits. The Parliamentary Standing Committee on Commerce is one of the eight Standing Committees, being serviced by the Rajya Sabha Secretariat. The Department of Commerce and Department of Industrial Policy and Promotion are within the purview of the Committee's scrutiny. One of the important agenda items for this committee has been the impact of Free Trade Agreements (FTAs) between India and other neighbouring countries, including ASEAN, on the domestic industry and plantation sectors[8]. Between 2010 and 2016 one of the major agenda items for the committee has been trade with ASEAN[9]. More lately questions have been raised within the Upper House of Parliament related to the Indo-ASEAN rail/road link and Indo-ASEAN summit[10]. During the Sixteenth Lok Sabha (Lower House of Parliament) between May 2014 and April 2017 more than 16 questions were placed on the table of Parliament related to trade issues with ASEAN, visit of ASEAN countries' leaders, India's participation in the ASEAN summit, bilateral ties with ASEAN countries, investment by ASEAN countries, digital connectivity with ASEAN, and exclusion of natural rubber in the ASEAN-India trade pact[11], to list a few. This clearly shows that in terms of political understanding about India's engagement with ASEAN the law makers are fully aware of the potential as well as curious to know India's role and position within the ASEAN framework. However, there have not been many questions within the Indian Parliament related to regional security and stability within the ASEAN region, clearly highlighting the cautious approach that major political parties have adopted related to the security of the region.

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[8] Committee Section (Commerce), accessed 19 April 2017, http://rajyasabha.nic.in/rsnew/annual_report/2010/Commerce.pdf.

[9] Committee Section (Commerce), accessed 19 April 2017, http://rajyasabha.nic.in/rsnew/annual_report/2016/Commerce.pdf.

[10] Ministry of External Affairs, accessed 30 April 2017, at http://rajyasabha.nic.in/rsnew/question/200/external.pdf.

[11] Sixteenth Lok Sabha Question list related to ASEAN, accessed 30 April 2017, http://164.100.47.194/Loksabha/Questions/questionlist.aspx.

Within the Ministry of External Affairs also, the response to the question related to India-ASEAN ties is met with enthusiasm as it is seen as the rich dividend of India's Look East policy, which is now rechristened as Act East policy. During a speech in 2017, Secretary (East) Ms. Preeti Saran remarked, "This is an important opportunity for us to assess what we can do further, for a deeper and comprehensive engagement with South East Asia, cutting across the three agreed pillars of politico-security, economic and socio-cultural cooperation with the region. Already there are 30 dialogue mechanisms between India and ASEAN, including a Summit and 7 Ministerial meetings on a wide range of sectors such as Foreign Affairs, Commerce, Tourism, Agriculture, Environment, Renewable Energy and Telecommunications. We have undertaken a number of initiatives, including establishing a separate Mission to ASEAN in Jakarta in April 2015, to supplement the efforts of our bilateral Missions in the region."[12]

The Ministry of External Affairs has also streamlined its policy approach towards ASEAN through institutionalizing the interaction through the establishment of an ASEAN-India Centre, an India-ASEAN special section in its website as well as an ASEAN division in the External Affairs Ministry. For the Indian establishment, ASEAN has been recognized for its important role in promoting regional security and stability.

## Regional Security and Stability

One of the important aspects of the formation of ASEAN as an organization was the promotion of regional security and stability in the Southeast Asian region. The subsequent formation of the ASEAN Regional Forum (ARF) created the necessary institutional set-up to discuss issues of larger Asia-Pacific security. The ARF was criticized for being a talk shop and an institution which lack implementation support from the member countries. Still, the ARF was successful in creating a platform for discussion and was instrumental in socializing North Korea into the regional security discussion. India's enmeshment into ASEAN institutions did format its strategic outlook into a more proactive approach.

[12] Keynote Address by Secretary (East) on "India and ASEAN – An Overview" at Nehru Memorial Museum and Library, New Delhi (2 February 2017).

Scholars like Mohammad Ayoob[13], Kripa Sridharan[14], Sudhir Devare[15], S. D. Muni[16], G. V. C. Naidu[17], C. Rajamohan[18], Harsh V. Pant[19], V. P. Dutt[20], and a few others, have referred to India's changing strategic outlook but its articulation with regard to Southeast Asia as a region has left much to be desired. K. M. Pannikar's[21] work was the harbinger of India's need to reconfigure its outlook towards Southeast Asia. Subsequently, K. Subramanyam opined about the Indochinese region and stated that pressure on China should be made from the Indochina region. He also identified Vietnam as one of the strategically relevant countries for India. K. Subramanyam stated, "We have a large stake in ensuring that the pressure is contained. That has been our basic policy from the fifties."[22]

During the mid-eighties, many ASEAN nations were worried about the potential threat to their security from India. India's role in Sri Lanka (peacekeeping operations in 1987) and Maldives (Operation Cactus in 1988 to end an armed coup against the Maumoon Abdul Gayoom government) and even stalemate with Nepal on trade, projected India as a bully for the Southeast Asian nations. Also, India's "reported plan" for building a major naval base in Andaman and Nicobar Islands in the late 1980s perturbed Indonesia and other littoral neighbours about the ramifications of such a base close to their territorial waters. India's naval modernisation programme was also seen as a manifestation of India's power projection capabilities in Southeast Asia. Indian leaders had to justify their naval modernisation programme though there was no precedence of any untoward behaviour in the past. After the initial dithering, India decided on a damage control exercise. Adopting a more rational approach and sensing the necessity to convincingly articulate its aims in the Indian Ocean region, India offered to hold

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[13] Mohammad Ayoob, *India and Southeast Asia: Indian Perceptions and Policies* (London: Routledge, 1990).

[14] Kripa Sridharan, *The ASEAN Region In India's Foreign Policy* (Singapore: Dartmouth, 1996).

[15] Sudhir Devare, *India and Southeast Asia* (New Delhi: ISEAS, Capital Publishing, 2006).

[16] S. D. Muni, *India's Look East Policy: The Strategic Dimension*, ISAS Working Paper No. 121, Singapore, 1 February 2011.

[17] G. V. C. Naidu, *Looking East: India and Southeast Asia*, accessed on 28 May 2012, http://www.freewebs.com/indiaslookeastpolicy/articles/GVC_Naidu.pdf().

[18] C. Rajamohan, *Crossing The Rubicon - The Shaping Of India's New Foreign Policy* (Delhi: Penguin Books, 2003).

[19] Harsh V. Pant, *Contemporary Debates in Indian Foreign and Security Policy: India Negotiates its Rise in the International System* (New York: Palgrave Macmillan, 2008).

[20] V. P. Dutt, *India's Foreign Policy Since Independence* (New Delhi: National Book Trust, 2007).

[21] An extract from Sardar K. M. Panikkar's Annual Day address to the Indian School of International Studies on 13 February 1961, accessed 29 May 2016, http://acorn.nationalinterest.in/2009/10/16/k-m-panikkar-on-indias-strategic-omphaloskepsis/.

[22] Quoted in C. Ravindranatha Reddy, *India and Vietnam: Era of friendship and Cooperation 1947-1991* (Chennai: Emerald Publishers, 2009), p. 36.

joint naval exercises with ASEAN states. K. M. Panikkar had argued that an "Oceanic Policy" for India was needed: "a steel ring can be created around India…within the area so ringed, a navy can be created strong enough to defend its home waters, then the waters vital to India's security and prosperity can be protected…with the islands of the Bay of Bengal with Singapore, Mauritius and Socotra (now a part of Yemen), properly equipped and protected and with a navy based on Ceylon security can return to that part of the Indian Ocean which is of supreme importance to India"[23]. India had to make multiple efforts to assuage the concerns of a few Southeast Asian nations and project its benign image.

The active engagement with ASEAN after 1992 with active support from Singapore, and a decade later, its elevation into a summit-level partnership through the ASEAN-India Summit (2002), showed that India has relevance in the neo-liberal and constructivists sphere of international relations. India embarked on getting engaged with the erstwhile small players and engaging the major powers without showing signs of strong affiliation to any one power centre. The strategic configuration was simple: protect interests and bargain hard. India's strategy is to negotiate strategic partnerships (though with different levels of engagement) and embark on offensive realism with strategic hedging policy. India's commitment to the region's development was articulated through "ASEAN-India Partnership for Peace, Progress and Shared Prosperity" (2003). On the issue of future economic cooperation it stated:

- Work through both conventional and innovative trade and economic arrangements, and full implementation of the ASEAN-India free trade area by 2011 for ASEAN-5 and India, 2016 for the Philippines and India and by 2011 by India and 2016 by the 4 new ASEAN Members Countries, including the early implementation of the Early Harvest Programme, to achieve freer movement of goods, services, investment, and cooperation in other economic areas;
- Reiterate full support for the implementation of the Declaration of ASEAN Concord II, leading to the formation of a more integrated ASEAN Community comprising the ASEAN Security Community, the ASEAN Economic Community and the ASEAN Socio-Cultural Community.[24]

Within the larger East Asian region, in order to enhance political presence, strong economic fundamentals and interaction with other economies is a prerequisite. Rather than rely on one major economic partner, India has to diversify its economic relationships and look for markets. India's economic engagement with the region has expanded by

[23] Scott, David (2006), "India's 'Grand Strategy' for the Indian Ocean: Mahanian Visions", *Asia-Pacific Review*, 13(2)100. Also, see Packer, Gerald (1947), "Security problems in the Indian Ocean", *Australian Journal of International Affairs*, 1(4))27.

[24] "ASEAN-India Partnership for Peace, Progress and Shared Prosperity", accessed 4 February 2012, http://www.aseansec.org/16839.htm.

an order of magnitude since 1990 as its annual trade with ASEAN nations grew from $2.4 billion to over $30 billion by 2008, with a goal of expanding bilateral trade to $50 billion by 2011. As a result of these increasing ties, India reached an agreement with ASEAN to create a free trade zone by 2012, and a FTA was signed in August 2009 (and which was implemented in January 2010) that linked 1.6 billion people in an area with a combined GDP of over $1.5 trillion. These measures are welcomed in the region, because they allow countries to avoid economic dependence on a single market. As Singapore's Deputy Prime Minister has argued, "For Southeast Asia, a dynamic India would counterbalance the pull of the Chinese economy, and offer a more diversified basis for prosperity."[25] Complementing its economic and political linkages to Southeast Asia, India has taken steps to achieve physical linkage as well. These efforts include the construction of a rail link between Hanoi and New Delhi that passes through Myanmar, Thailand, Laos, and Cambodia, as well as a major highway project linking India to Thailand via Myanmar[26].

ASEAN, which germinated out of the anti-communist forum, galvanized itself into a more proactive community which popularized the concept of the "ASEAN way" and integrated the region into one community encompassing the spheres of economic, political, social and cultural aspects of the region. The integration of the diverse Southeast Asian nations into one homogenous regional bloc in which decisions are to be taken through consensus did provide the essential adhesive to keep the regional grouping together. The regional security framework has also given birth to informal dialogue mechanisms, such as the Shangri-La Dialogue. Indian participation in these dialogues have been relatively muted in comparison to more vocal ASEAN dialogue partners such as the US, Japan, China and Australia.

Prime Minister Narendra Modi clearly articulated India's concern regarding regional security in the Southeast Asian region. He said, "In [the] face of growing traditional and non-traditional challenges, politico-security cooperation is a key emerging pillar of our relationship. Rising export of terror, growing radicalization through ideology of hatred, and spread of extreme violence define the landscape of common security threats to our societies. The threat is local, regional and transnational at the same time. Our partnership with ASEAN seeks to craft a response that relies on coordination, cooperation and sharing of experiences at multiple levels"[27]. India has steadfastly tried

[25] Remarks by DPM Lee Hsien Loong on "The Future of Asian Economies", 24 Jan 2003, at Davos, World Economic Forum, accessed 5 May 2017, https://www.mfa.gov.sg/content/mfa/overseasmission/wellington/press_statements_speeches/2003/200301/press_200301_1.html.

[26] Walter C. Ludwig III, "Delhi's Pacific Ambition: Naval Power, 'Look East,' and India's Emerging Influence in the Asia-Pacific", *Asian Security*, 5(2), 2009, p. 94.

[27] Opening Statement by Prime Minister at the 14th ASEAN-India Summit (8 September 2016), accessed 13 April 2017, http://www.mea.gov.in/Speeches-Statements.htm?dtl/27371/opening+statement+by+prime+minister+at+the+14th+aseanindia+summit+september+08+2016.

to avoid core regional security concerns related to increasing military modernization, China's assertive behaviour in the South China Sea and East China Sea and also the role that is needed to be played by the dialogue partners to bring about peace and stability in the region. However, it has made its priorities clear through speeches and statements by the political leadership. For India enhancing ties with ASEAN countries was for economic benefits and building an investment relationship.

## Exploring Economic Synergies

India's impression about the Southeast Asian economies grew because of the World Bank Report released in 1988 which showcased the perfect example of export-oriented industrialization, which somehow undermined the model of import substitution which India had been following since its independence. Jawaharlal Nehru's vision of controlling the commanding heights of the economy through a socialist welfare model had created a debt trap and also limited the options for domestic growth. The disintegration of the erstwhile Soviet Union created suspicion in the minds of a number of Indian economists about the survivability of the import substitution model. With the then Finance Minister Manmohan Singh, who was a western-educated economist, growth options were explored. As a result, it was felt that the Indian economy needed an impetus which would sustain economic growth in the long run[28].

Emphasizing the importance of trade and commerce to the realization of India's development goals, the then external affairs minister Pranab Mukherjee recalled ancient India's "active trade links with Africa, Arabia and Mesopotamia, the empires of ancient Persia, Greece, and Rome and China, and a number of kingdoms in Southeast Asia." But he added that India's "maritime tradition" and "overseas presence" had assumed a cultural and civilizational rather than a territorial manifestation. He pointedly noted that when India's ruling elites "forgot the imperatives of maritime security...ancient and medieval India's dominance of world trade was lost" and this eventually led to the colonization of the subcontinent for nearly three centuries[29].

The economic implications of the "Look East" policy have been substantive. The direction of India's trade with the rest of the world has undergone phenomenal changes because of the policy. India's trade with its eastern neighbourhood was distinctly limited during the Cold War period. Among the countries of ASEAN, its economic exchanges were confined mostly to Malaysia, Indonesia, Singapore and Thailand. Trade with other major East Asian economies such as China, Hong Kong and South Korea were noticeably limited. Indeed, Singapore was the only country among those men-

[28] Isabelle Saint Mezard, *Eastward Bound: India's New Positioning in Asia* (Delhi: Manohar Publishers, 2006), p. 63.

[29] Vidya Nadkarni, *Strategic Partnerships in Asia: Balancing Without Alliances* (Oxon: Routledge, 2010), p. 34.

tioned with whom the size of India's bilateral merchandise trade was US$1 billion-plus in 1992-93 (US$1.2 billion), with Hong Kong coming in a close second (US$935.4 million)[30]. India's economic performance has not yet matched China's in either intensity or longevity. The country's economic reforms, which have produced its recent spurt in growth, began only in the early 1990s, a decade or more after China's. To date, these reforms have been neither comprehensive nor complete, and have been hampered by the contestation inherent in India's democratic politics, the complexity of its federal system, the lack of elite consensus on critical policy issues, and the persistence of important rent-seeking entities within the national polity. Yet, these disadvantages notwithstanding, the Indian economy has grown at about 6-7 percent annually during the first decade of the 21st century, thus eclipsing its own historic underperformance, enabling a doubling of per capita income about every decade. As a result, the Indian economy, when measured by purchasing power parity methods, was in fourth place globally with a GDP of approximately $4 trillion in 2010[31]. It has now been placed at the third position in terms of purchasing power parity (PPP terms).

The two-way merchandise trade between India and ASEAN witnessed a significant leap from a paltry $7 billion in 2000-01 to $57 billion in 2010-11, representing an impressive eight-fold increase in a span of 10 years. "India-ASEAN trade and investment relations have been growing steadily, with ASEAN being India's fourth largest trading partner. The annual trade between India and ASEAN stood at approximately US$76.53 billion in 2014-15. It declined to US$65.04 billion in 2015-16 essentially due to declining commodity prices amidst a general slowing down of the global economy. Investment flows are also substantial both ways, with ASEAN accounting for approximately 12.5% of investment flows into India since 2000. FDI inflows into India from ASEAN between April 2000 to May 2016 was about US$49.40 billion, while FDI outflows from India to ASEAN countries, from April 2007 to March 2015, as per data maintained by Department of Economic Affairs, was about US$38.672 billion. The ASEAN-India Free Trade Area has been completed with the entering into force of the ASEAN-India Agreements on Trade in Service and Investments on 1 July 2015"[32]. "The main items of India's exports to ASEAN are agricultural products, chemical and related products, engineering goods, textiles, and readymade garments, while India imports food and related items, raw materials and intermediates, and manufacturing

[30] Amitendu Palit, "India's 'Look East' Policy: Reflecting the Future", *ISAS Insights* No. 96, 5 April 2010.

[31] Ashley J. Tellis, Travis Tanner, and Jessica Keough (eds.), "Asia responds to its rising powers, China and India", *Strategic Asia 2011–12*, Chapter Highlights, The National Bureau of Asian Research, Washington DC, 2011, p. 6.

[32] "ASEAN-India Relations", MEA Report, accessed 5 May 2017, http://www.mea.gov.in/aseanindia/20-years.htm.

goods. Given ASEAN's economic significance, India still does not figure prominently as a trade partner for ASEAN"[33].

India's desire to engage with ASEAN also has strategic considerations. Particularly since the early 2000s, India has been concerned that, if the World Trade Organisation (WTO) trade negotiations failed, it would be left alone to face growing protectionism in Europe and North America. While India has sought to negotiate FTAs with as many countries as possible to keep its options open, it found East Asian countries the most enthusiastic potential partners. The China rivalry factor – a sense of rivalry felt by India towards China and its successful push for closer economic ties with Southeast Asia – initially figured prominently in India's push towards ASEAN. India was compelled to counter China's push into the rest of Asia with moves of its own. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the Mekong-Ganga Cooperation (MGC), for instance, are regional cooperation agreements supported by India. Part of their initial purpose was not only to exclude China's participation, but also to counter its lead in the Greater Mekong Sub region (GMS) programme, which also involves Cambodia, Laos, Myanmar and Vietnam (CLMV), and in the development of the sub-region[34]. CLMV, which are relatively new members of the ASEAN, have similarities, despite the fact that they differ in the size of their markets and economic priorities. While Vietnam, for example, has achieved high levels of economic development (ranging between 6-7 percent annual growth rate), per capita income, and industrialization, the other members of the group still have low per capita income and limited human resources[35]. CLMV's similarities include their primarily agro-based, transition economies, high poverty incidence rate, insufficient infrastructure, and institutions that are still too weak for a shift to a market economy. Although CLMV have enjoyed a certain degree of macroeconomic stability in recent years and are considered one of the fastest-growing economies in the region, unemployment and underemployment still persist. CLMV are still facing huge challenges in fighting poverty, narrowing gaps in wealth among the population, and addressing development gaps within the region. Although each country in CLMV faces different development constraints, CLMV as a whole has a huge potential for future development, which will

[33] Dr. Mohammad Samir Hussain and Dr. Janatun Begum, "India-ASEAN Economic and Trade Partnership", 31 October 2011, http://www.turkishweekly.net/news/125793/-analysis-india-asean-economic-and-trade-partnership.html.

[34] Dong Zhang, "India looks east: Strategies And Impacts", Ausaid Working Paper, September 2006, Asia Economic Section, pp. 15-16.

[35] Chap Sotharith, "Development Strategy For CLMV In The Age Of Economic Integration", accessed 23 April 2017, http://www.eria.org/research/images/pdf/PDF%20No.4/No.4-part0-Executive%20Summary.pdf.

depend on the individual country's efforts and support from development partners within and outside the region[36].

For India, the ASEAN dialogue partnership also showcased an option of integrating the two regions of South Asia and Southeast Asia through a bridge. As a result, sub-regional organizations such as MGC (1997) and BIMSTEC[37] found takers in the Indian establishment. MGC was envisaged as a more social-cultural organization with the objective of promoting cultural interactions and people-to-people linkages and re-exploring the historical connections. BIMSTEC, which was the alphabet soup of the countries involved in the organization, was seen more as a bridge between the two regions, excluding Pakistan. However, BIMSTEC, because of a lack of economic and investment support, languished on the fringes till very recently when it was infused with the necessary structural and political support during the BRICS meeting in Goa recently.

India's Look East Policy (LEP) was previously meant for economic engagement as well as political participation in Southeast Asia. It has developed a strategic and developmental aspect also. The initiatives that have been taken after the year 2000 in North-eastern India are worth mentioning. With the so-called Look East Policy, which is a term defined by a liberalised foreign policy towards Southeast Asian countries, this should change. That policy was launched in 1992 and was mainly strategic in nature as "they are thinking of opening the Eastern corridor not for the development of India's North East Region (NER) but it is in the country's overall interest towards the Asian countries", as Bhagat Oinam puts it. "Instead of the sea-route it is better to open the land-road". Since the NER provides a viable land route, as an alternative to maritime connectivity, it is through the NE that trade would flow, hence making development of the North East region necessary for the sake of India's increasing outreach to Southeast Asia. Thus, the Northeast integration with the ASEAN region was seen as an important agenda to fulfil domestic objectives and promote connectivity with Southeast Asia. As a result the development of the NER is "critically important for the Indian government's economic and geo-political ambitions"[38].

This already adds to another dimension as with the economic liberalization, and the ensuing Act East Policy (AEP), foreign investment was also attracted to the NER, adding to the premise that the problems in the NER are arising out of the region's lagging

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[36] Chap Sotharith, "Development Strategy For CLMV In The Age Of Economic Integration", accessed 23 April 2017, http://www.eria.org/research/images/pdf/PDF%20No.4/No.4-part0-Executive%20Summary.pdf.

[37] Chandra Embuldeniya, "'Look East' Summit Pursuing 2C's – Commerce & Connectivity", organized by the Indian Chamber of Commerce Calcutta, 27 March 2010, Hyatt Regency, Kolkata at Special Plenary Session on: "India ASEAN FTA: Role & Prospects of Trade & Investment "Regional Integration in South & South East Asia", at http://www.bimstec.org/PDF/Regional%20Integration%20South%20Southeast%20CII%20Speech.pdf.

[38] Anne-Sophie Maier, "Government of India's Northeast policy", August 2009, Heinrich Boll Stiftung, India, p. 8.

behind. Thus, foreign investment tended to be seen as a solution for the development of the NER. However, there is considerable division among scholars[39] and policymakers on whether outright development and opening up of the region is the key to the resolution to the problems afflicting the NER. There are apprehensions that the opening up of the region, in the name of development and as part of the AEP, might adversely impact not only the traditional way of life and culture in the NE but also the economic life of the people in the NE, which is based on self-sustenance, and respect for the fragile ecology and environment of the region. In fact, the maintenance of that traditional cultural knowledge, which is still practised in many parts of the NER, is vital for the conservation of biodiversity of this region and to ensure sustainable development[40].

As the then Prime Minister Dr. Manmohan Singh stated:

> Greater connectivity is also central to the idea of regional economic integration. The initiative taken in 2003 to liberalize air services has led to a significant increase in flight connections between India and ASEAN, with concomitant benefits in trade and people-to-people contact. I recall, at our last Summit, the Prime Minister of Singapore had proposed that we now look at an open skies policy. We have examined this proposal and I am happy to announce that we would be willing to engage ASEAN authorities in a discussion on such a policy[41].

In 2004, Prime Minister Dr. Manmohan Singh referred to Assam as the "Gate to the East". This endorsed more prominently the role of the Northeast as an important segment of India's Look East Policy. It can be stated that this was the starting point for the Second Phase of India's Look East Policy. The India-ASEAN car rally was flagged off from Guwahati the same year and this showcased the importance of enhancing physical connectivity between the two regions. Within four years India's north-eastern states' economic potential has been recognised by both Thailand and Myanmar. The economic investment potential was embedded into cultural and geographical continuities. Joint ventures and partnerships have been looked into by India's neighbours and this created fruitful synergies. Even so, economic convergence can happen only when there is connectivity[42]. This economic convergence can facilitate the interdependency and promote economic growth between India, China and Southeast Asia.

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[39] Anushree Bhattacharyya and Debashis Chakraborty (2011), "India's Cross-Border Infrastructure Initiatives in South and Southeast Asia", *The International Spectator*, 46(2), p. 111.

[40] Anne-Sophie Maier, "Government of India's Northeast policy", August 2009, Heinrich Boll Stiftung, India, p. 8. Also see Jiten Yumnam, "Insidious Intrusion of International Financial Institutions in India's North East", 2008.

[41] Dr. Manmohan Singh, "India's 'Look East' Policy Seeks to Deepen Economic Integration with Asia", *New Asia Monitor, Vol.4(2)*, April 2007, p. 1.

[42] Pankaj Jha, *India's Changing Strategic Outlook and Extended Neighbourhood*, Unpublished Monograph, New Delhi, 2011.

India's efforts to get inducted into the Asia-Pacific Economic Cooperation forum did not fructify, leading Indian economists and the Ministry of Trade and Commerce to look for alternate structures. As a result, ASEAN proposed the Regional Comprehensive Economic Partnership (RCEP); this was seen as an initiative which was meant to integrate the regional economies into one overarching framework. However, India, with its limited manufacturing and export potential, has been stressing on opening the services sector. In fact, during the deliberations and subsequent negotiations it was felt that India, while opening up its market for a number of ASEAN economies, had failed to get reciprocal market access for its services sector. This was reflected during the free trade negotiations with ASEAN. The then Commerce Secretary had announced that India would only enter into the Comprehensive Economic Cooperation Agreement and Comprehensive Economic Partnership Agreement (CECA/CEPA) negotiations in future to get market access to its services exports. The same sentiment resonated when the current Commerce Minister, Nirmala Sitharaman, said that India needed to review the Free Trade Agreements with various countries as these had not been very beneficial for India's exports of manufactured goods and limited market access to services exports[43]. The India-China Free Trade Agreement is also now subject to this same sentiment as China has its reservations regarding opening its services sector to India. However, the outlook towards trade and investment with ASEAN is more positive. Ms Preeti Saran stated, "India and ASEAN share deep economic ties. ASEAN is India's 4th largest trading partner, accounting for 10.2% of India's total trade. India is ASEAN's 7th largest trading partner. Investment flows are also robust both ways, with Singapore being the principal hub for both inward and outward investment. The ASEAN-India Free Trade Area in Goods, Services and Investment has been in place since July 2015. Deeper economic integration with the dynamic ASEAN region is therefore an important aspect of our engagement with ASEAN. The ASEAN-India Trade Negotiating Committee has been also reconstituted. It met for the first time in April 2016, to take stock of a host of issues which have been identified for revival of India-ASEAN Trade. Together these will facilitate a qualitative shift in our trade and investment relationship."[44]

The cultural element in the bilateral engagement is one where India has fared much better, in comparison with the business and trade sectors. India has opened India centres, the Rabindranath Tagore Centre and cultural centres to publicize ancient links. Restoration of temples such as Angkor Wat by India's Archaeological Survey of India (ASI) has also given a new dynamism to India-ASEAN ties. The increasing number of flights as well as India's easy visa process has facilitated two-way movements of tour-

[43] "Centre taking a relook at free trade agreements: Nirmala", Press Trust of India, 7 September 2016, accessed 5 July 2017, http://timesofindia.indiatimes.com/business/india-business/Centre-taking-a-relook-at-free-trade-agreements-Nirmala/articleshow/54048915.cms.

[44] Keynote Address by Secretary (East) on "India and ASEAN – An Overview", at Nehru Memorial Museum and Library, New Delhi (2 February 2017).

ists. Indian tourists have found Southeast Asian countries to be "Near Abroads" and comfortable destinations; ASEAN travellers have yet to exploit the Indian hospitality. In the case of religion, India is likely to explore more areas of convergence in the near future. The agenda of the new government in Delhi under the Act East Policy is to build diasporic and religious linkages. The religious linkages are particularly focused on exploring the Buddhist links and facilitating easy travel for pilgrims and religious leaders. It is well known that countries such as Myanmar, Thailand, and Cambodia practise Theravada Buddhism, one of the variants of Buddhism also practised in India and Sri Lanka[45]. The proposals for international Buddhist conclaves and conferences, as well as the publicity given to Nalanda University, have created that comfort zone for India. China might be concerned as this umbilical cord has Indian advantage inscribed on it. The tug of war on issues such as diaspora[46], religion and culture might translate into latent competition between the two countries.

Even though the genesis of the term "Enhanced Look East Policy" happened during the United Progressive Alliance (UPA) government[47], the National Democratic Alliance (NDA II) rechristened it as AEP, signifying a proactive approach. Prime Minister Modi, during his visit to the US in September 2014, alluded to the "Act East" policy. Both at the national level and internationally, the Look East Policy (LEP) has been carefully scrutinized, lauded and at times even criticized. There are still speculations about the contours of the new policy stance on Southeast Asia, its articulation in policy statements and what would be the components of the package. External Affairs Minister Sushma Swaraj has remarked that the time has come for India to adopt an "Act East Policy"[48]. In such a context it would be prudent to define the possibilities for the future.

## The Road Ahead

India has been involved actively in addressing non-traditional security threats and also undertaking mission oriented tasks as well as exercises as envisioned under the ASEAN Community Vision 2025 on Disaster Management. The ASEAN Ministerial and EAS Conference on Disaster Risk Reduction was hosted in New Delhi in November 2016.

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45 Pankaj Jha, "India and China in Southeast Asia: Competition or Cooperation", 7 December 2015, accessed 9 December 2016, http://www.e-ir.info/2015/12/07/india-and-china-in-southeast-asia-an-evolving-theatre-of-competition/.

46 Kripa Sridharan, "India and Southeast Asia in the context of India's rise", in K. Kesavapany, A. Mani and P. Ramasamy (eds.), *Rising India and Indian Communities in East Asia* (Singapore: ISEAS, 2008), p. 74.

47 Manish Chand, "India's Enhanced Look East policy takes wing", 7 August 2014, accessed 5 July 2017, http://www.mea.gov.in/in-focus-article.htm?23855/Indias+Enhanced+Look+East+policy+takes+wing.

48 "Time to Change 'Look East Policy' to 'Act East Policy'", Sushma Swaraj, Press Trust of India, 25 August 2014.

This was on the sidelines of the Asian Ministerial Conference. This is expected to be the common minimum agenda for cooperation between India and ASEAN in years to come.

Connectivity has been the core agenda item in most of the India-ASEAN meetings and also during the seven Delhi Dialogues (2009-2016), which was meant to enhance interaction at Track I, 1.5 and Track II levels between India and the ASEAN nations. However, there has been a perceptible decline in the participation and representation from ASEAN countries owing to the lack of forward movement and the stymied progress in terms of connectivity, investment and trade. This can be stated because of the near identical declarations during the post Delhi Dialogue (DD) process in the first five years of the dialogue process. However, in the last few years (2015-2016), the agenda has become more regional security and business oriented, addressing cooperation through joint ventures and small and medium-sized enterprises and highlighting core regional security issues.

In terms of India-ASEAN Plan of Actions, the 2003 agenda of shared prosperity and development has dominated the work plan to enhance cooperation and collaboration between the two sides. India's approach to promote connectivity with ASEAN in terms of physical connectivity through highways and maritime connectivity were relatively slow from 2003-2105 as India could not complete the trilateral highway project (India-Myanmar-Thailand). Furthermore, the Kaladan multimodal project did not get the required attention. This can be attributed to the lack of financial resources and problems in getting a coordinated response from both the Myanmar and Thailand governments. With the declaration of the third edition of the India-ASEAN Plan of Action 2016-2020 envisaged by Prime Minister Modi during the ASEAN summit meeting in 2016, he reiterated that out of 130 activities which were listed, India had implemented 54 listed objectives. There has been palpable momentum in achieving the set targets as envisaged in the Plan of Action. This kind of outcome-based approach is definitely going to galvanize and accelerate the process of integration of the societies and business communities.

For India both physical and digital connectivity as well as enhancing science and technology cooperation have been the core areas of collaboration with ASEAN nations. India's strategic partnership with the institution also lays stress on economic, cultural and institutional collaboration at all levels. Between India and ASEAN, the defence industry collaboration needs to be explored as this will create synergies and also promote better understanding. The CLMV countries, which have a huge potential with regard to economic development, manufacturing and investment, have been the focus of India's cooperation with the ASEAN region. This could be fathomed from the fact that India has tried to reinvent the potential of the region through the Mekong India Economic Corridor (MIEC), which is seen as a critical part of India-ASEAN connectivity. While progress with regard to India-ASEAN connectivity has been tardy,

this can be attributed to the lack of infrastructure funds and political understanding between India and Myanmar in the past. India is now addressing these issues through its Action Plans and its support for the Master Plan on ASEAN Connectivity 2025. The India and ASEAN Agreement on Maritime Transport needs regular appraisal and the Regional Air Services Arrangement needs further discussion so that reciprocal facilities may be extended.

Given the fact that among the developing countries progress in research and development has been slow and there is a paucity of funds, there is a need for conducting joint research and collaboration between scientific institutions. Recognizing this deficit in R&D, India has enhanced the Science and Technology Development Fund. It has been increased from US$1 million to US$5 million. The need for innovation and improvisation in technology to sustain economic growth and preserve demand requires new innovative cooperative ideas such as the ASEAN-India Innovation Platform.

As has been discussed, India has always adopted a relatively guarded stance on regional security issues within ASEAN forums. India needs to look into a proposed framework agreement between India and ASEAN on security cooperation. The India-ASEAN Security Cooperation Agreement can draw from the India-Japan Security Cooperation Agreement. The interests for both India and ASEAN include maintaining peace, stability and security in Southeast Asia and in the larger East Asian region; the objective being to defeat terrorism and extremism, intercept and counter weapons of mass destruction and help in deterring any rogue states from carrying out any such activity which jeopardizes human life, national security and economic activity. The two sides need to develop a comprehensive understanding on supporting a rules-based order, and protecting the free flow of commerce and freedom of navigation so that these will not be obstructed by any particular country. The two sides need to identify the importance of research and development in satellite, space and other sophisticated technology to counter threats to security from both state and non-state actors. This could be done under the framework agreement between the two sides as per the ASEAN-India Joint Declaration for Cooperation to Combat International Terrorism, signed in Bali, Indonesia on 8 October 2003, which expresses a more comprehensive approach and regional legislation in counter-terrorism and related security issues.

India's interaction with the ASEAN countries, both at the institutional and at the bilateral level, has facilitated seamless exchanges of ideas, traditional knowledge, culture, practices and developmental models. This has acted as a catalyst for discussions which are of mutual concern and relative importance. Since the formation of ASEAN and in the last two and a half decades of India's institutional participation in the ASEAN process, dividends in the form of investment, trade and identified core areas of cooperation between business communities, societies and people have been realised. Interestingly, whenever there has been an absence of an agreed business, trade or investment agenda then culture, diaspora, films, archaeology, religion and arts have

resonated in the discussions and provided a stable platform for future discussions. Ever since the launch of the Look East Policy and its subsequent avatar as Act East Policy, the India-ASEAN relationship has formed the core of this policy.

**Pankaj K. Jha** is currently Professor of Defence and Strategic studies, and Indo-Pacific Affairs with Jindal School of International Affairs (JSIA), Jindal Global University, Delhi NCR. He was Director (Research) with the Indian Council of World Affairs (ICWA) for nearly three years. He had worked as Deputy Director with National Security Council Secretariat, Prime Minister's Office for two years.

# EU-ASEAN Relations: Taking Stock of a Comprehensive Inter-regional Relationship between Natural Partners

*Jörn Dosch and Naila Maier-Knapp*

## Introduction

Amidst the intensification of the East-West conflict against the backdrop of the Vietnam War, ASEAN came into existence in 1967 as a child of the Cold War. Although never officially stated, we know today that ASEAN's founding fathers saw regional co-operation as a means of strengthening Southeast Asia's position in the Asia-Pacific and reducing its risk of getting caught up in the East-West confrontation. Over the following three decades, the association successfully institutionalised regular meetings among the member states, enabling effective liaison among them on various challenges to the region. Thus, one of the most remarkable success stories of ASEAN has been its role in harmonising the foreign policies of its member states, conducive to a coherent voice on the international stage. In particular, this has assisted ASEAN in establishing formal relations with leading regional and global powers, of which the United States (US), Japan, China and Russia have been important partners within the annual series of conferences and forums in the frameworks of the ASEAN Post-Ministerial Conferences (PMCs), the ASEAN Regional Forum (ARF), the East Asia Summit (EAS) and the ASEAN Defence Ministers' Meeting Plus (ADMM-Plus). Like no other group of non-Western countries, ASEAN as a collective actor has grabbed the attention of the regional and global powers through its many well-established dialogue mechanisms, which belong to the most recognised international dialogue forums in the world.

The strong links that ASEAN members have managed to forge with each other have been furthermore favourable for ASEAN's overall bargaining position and success in negotiations with third countries. Indeed, ASEAN was once described as a "politico-

* This paper was submitted on 23 May 2017.

diplomatic coalition vis-à-vis the outside world"[1], a finding that is still valid today. An important step towards this achievement was made in 1972 when ASEAN initiated an institutionalised dialogue with the European Community. Since then ASEAN-EU relations have overcome various ups and downs, enhancing rapidly; for example, through the founding of the Asia-Europe Meeting (ASEM) in 1996 ASEAN-EU relations were reinforced. Amongst the low points of the ASEAN-EU relationship have been the suspension of the inter-regional free trade negotiations in 2009 and the diplomatic challenge of Myanmar's membership in ASEAN. The latter problem in EU-ASEAN diplomacy was related to the oppressive nature of the military regime in Myanmar before the beginning of the country's liberalisation process in 2011. Generally speaking, despite past differences, the EU and specifically the European Commission as a collective regional actor appear to be a "natural" partner to ASEAN, allowing an open inter-regional exchange of ideas and practices on a broad range of issues, including but not limited to trade and investment, regional stability and security as well as good governance and human rights. Thus, it is a surprise that *The 3rd ASEAN Reader* – probably the most comprehensive compilation of academic papers on the state of Southeast Asian regionalism, published in 2015 by the ISEAS-Yusof Ishak Institute – has not devoted a single chapter of its 84 chapters to ASEAN's relations with the EU or European role in the region.[2] On the one hand, this seemingly confirms an often-heard perception of the EU as an also-ran in Southeast Asia. On the other, unlike the US, the EU and its member states have never been viewed as major Western players in Asia. Yet, the role of European actors in Southeast Asia is not negligible and, in fact, the EU has been frequently seen as a normative and soft power in the region. Soft power essentially describes the normative influence projected by states or a group of states in the international system with the help of non-military means.[3]

As far as the EU is concerned, soft power rests on two main pillars. First, Brussels has the benefit of its largely positive experience of European integration. There may have been periodic crises, such as the Greek financial turmoil and Brexit, but these have not had a permanent effect on this overall positive perception. We argue that ASEAN member states take interest in this experience and that the EU is in a good position to actively share this experience and contribute positively to integration processes in Southeast Asia. In the eyes of the EU, the promotion of regional cooperation implies a positive effect on peace and stability as well as prosperity through increased regional trade. Second, the EU is keen to contribute to the global spread of democracy, rule of law, human rights, and other liberal values. The EU shares, promotes, and implements

[1] Noordin Sopiee, "ASEAN and Indo-China after a Cambodian settlement", in D. Alves (ed.), *Change, Interdependence and Security in the Pacific Basin*. The 19th Pacific Symposium, Washington, DC: 1991, pp. 315-36: 320.

[2] Ooi Kee Beng et al., *The 3rd ASEAN Reader*, Singapore 2015.

[3] Joseph Nye, *Soft Power: The Means to Success in World Politics*, New York, 2004.

these interests mainly through development cooperation and traditional diplomacy, which involves a multi-layered and complex dialogue in the case of Southeast Asia. In fact, through these multi-layered and complex channels the EU has also been able to strengthen its profile as a security actor, particularly in the field of non-traditional security and on matters related to the South China Sea disputes. In recent years, these issue areas have also been increasingly treated within the EU's bilateral relations with individual ASEAN member states. These bilateralisms have paralleled its inter-regional approach and growing multilateral interest in the region. Before discussing these bilateral relations, we will provide an overview of the institutional evolution of the ASEAN-EU relationship and the challenges encountered within this dialogue process.

## The Development of Inter-Regional Relations and its Challenges

When the foreign ministers of Indonesia, Malaysia, the Philippines, Singapore and Thailand founded ASEAN, one main objective was "to maintain close and beneficial co-operation with existing international and regional organisations with similar aims and purposes", as stated in the ASEAN (Bangkok) Declaration, the organisation's founding document.[4] Five years later, in April 1972, ASEAN launched a Special Co-ordination Committee (SCANN) to conduct a regular dialogue with the European Community (EC), which became ASEAN's first "Dialogue Partner". A few months later, this initiative led to the establishment of the ASEAN-Brussels Committee (ABC), comprising ASEAN ambassadors accredited to the EC to act as ASEAN's outpost in Europe. The ABC – which was the first ASEAN Committee in a third country – marks the beginning of formalised ASEAN-EU relations. In 1974, a Joint ASEAN-EC Study Group was established to complement the commercial co-operation agreements that had been negotiated bilaterally between the EC and individual Commonwealth countries in Southeast Asia. In November 1978 the first ASEAN-EC Ministerial Meeting (AEMM) took place.

The signing of the ASEAN-EC Cooperation Agreement in Kuala Lumpur in 1980 was an important step for cooperation between the two regional organisations. It was the first international treaty that the European Community signed with another regional organisation. Of particular importance was the statement in the agreement that "such cooperation will be between equal partners", without disclaiming that it will "take into account the level of development of the member countries of ASEAN and the emergence of ASEAN as a viable and cohesive grouping, which has contributed to the stability and peace in Southeast Asia".[5] This effort was mainly driven by global eco-

[4] http://asean.org/the-asean-declaration-bangkok-declaration-bangkok-8-august-1967/ (accessed 22 May 2017).

[5] http://investmentpolicyhub.unctad.org/Download/TreatyFile/3106 (assessed 22 May 2017).

nomic issues, which demanded greater dialogue and cooperation across regions. The Agreement extended the Most Favoured Nation (MFN) treatment to the contracting parties and institutionalised the exchange of information, paving the way for EC assistance in several development projects. It established a second track for dialogue and cooperation, which specifically covered the EC and the signatories of the Cooperation Agreement. Under the treaty, objectives for commercial, economic, and technical cooperation were established and a Joint Cooperation Committee (JCC) was formed to monitor ASEAN-EC cooperation.[6]

## ASEM and ARF

Closely connected with – but formally independent from – the EU-ASEAN dialogue is the Asia-Europe Meeting (ASEM). Singapore proposed ASEM and was strongly supported by France. The creation of ASEM would be the European-East Asian institutional response to the strengthened transpacific cooperation established through the founding of the Asia Pacific Economic Cooperation (APEC) and other organisations in the 1990s. The first ASEM meeting was held in Bangkok in March 1996, followed by regular summits and meetings which have taken place every two years and alternate between European and Asian cities. According to the official political statements, ASEM "is an intergovernmental forum for dialogue and cooperation which fosters political dialogue, reinforces economic cooperation, and promotes collaboration in other areas of mutual interest".[7] Initially consisting of 26 members, in 2017 ASEM comprised 53 partners: 30 European and 21 Asian countries, the European Commission and the ASEAN Secretariat.

The ASEM process consists of three main pillars: the political pillar, the economic pillar and the social and cultural pillar. ASEM meetings take place at the level of the heads of state, ministers and senior officials, providing a forum for Asian and European countries to discuss major global issues ranging from trade and human rights to terrorism and weapons of mass destruction. Additionally, ASEM as an umbrella framework has opened space for non-governmental actors in Europe and Asia to connect. This is considered as the so-called "track-two" level of dialogue and cooperation. Among the most important non-state cooperation mechanisms is the Asia-Europe Foundation (ASEF), a think tank that aims to boost intellectual, cultural, and economic interaction between the two regions. Indeed, various officials involved in the ASEM process have referred to this track-two diplomacy as one of the most valuable achievements of



[6] Yeo Lay Hwee, "The Inter-Regional Dimension of EU-Asia Relations: EU-ASEAN and the Asia-Europe Meeting (ASEM) Process", *European Studies*, 25, 2007, pp. 173-191: 178.

[7] http://www.aseminfoboard.org/about (assessed 22 May 2017).

ASEM and most effective platforms for the visibility of civil society within the EU-Asia relations.[8]

It is indeed this latter aspect that underlines the overall rationale for ASEM's existence. That is, it is a forum that serves as a dialogue facilitator and platform for regular interactions amongst a highly diverse group of governments that do not necessarily share the same interests, strategies, and priorities in world affairs. Although ASEM has not fully lived up to initial expectations for effective and institutionalised management of Europe-Asia relations, it still offers its members the opportunity of testing the waters for new initiatives that can later be followed up in smaller and more formalised diplomatic settings, either within the context of bilateral relations or less diverse multilateral groupings.

The EU, represented by the European Commission, is also a member of the ASEAN Regional Forum (ARF), founded in 1994, which meets on an annual basis to discuss security issues in the Asia-Pacific region. The ARF has offered the EU the opportunity to enhance its collective security actorness as co-host or co-chair on a wide range of security issues. However, unlike other main dialogue partners of ASEAN,[9] the EU is not (yet) a member of ASEAN Defence Ministers' Meeting-Plus, the currently most important regional mechanism for governmental exchanges on security.

## Contemporary ASEAN-EU Relations in the Lisbon Era

A first-ever ASEAN-EU Summit of the heads of state and government took place in November 2007 in Singapore to celebrate 30 years of formal relations between the EU and ASEAN, and to mark the beginning of dialogue and cooperation on a higher plane. Bloomy political rhetoric at the event, praising the achievements and bright future of inter-regional relations, could not whitewash the modest attention this event received from the European heads of state. Participants referred to an embarrassment for the EU and to a "loss of face" for Singapore. This still resonates negatively in ASEAN-EU diplomacy today.[10] Thus, generally speaking, in spite of the rapid expansion of the various communication channels between the EU and ASEAN, the ASEAN-EU relationship should not be mistaken for a smooth success story. Conflicting topics ranging from human rights to good governance have frequently disrupted the relations particularly in the 1990s. Prominently, ASEAN's initiative to admit Myanmar as a new member to ASEAN in 1997 presented a major setback. Myanmar's ASEAN

[8] Interviews conducted by Jörn Dosch in Singapore, Jakarta, Kuala Lumpur, and Brussels in 2013 and 2014.

[9] Australia, China, India, Japan, New Zealand, Republic of Korea, Russian Federation, and the United States; see https://admm.asean.org/index.php/about-admm/about-admm-plus.html (accessed 22 May 2017).

[10] According to interviews conducted by Jörn Dosch in Singapore and Brussels in 2013.

membership was strongly opposed by the EU and other Western partners to ASEAN.[11] In the period 1996-1997, the EU changed its earlier policy of "critical dialogue" with Myanmar, suspended all ministerial contacts, and withdrew tariff preferences granted to industrial and agricultural goods under the General System of Preferences (GSP).[12] At a meeting in Luxembourg in April 2000, EU foreign ministers – led by Great Britain and Denmark – tightened sanctions against Myanmar and extended an earlier ban on Myanmar government officials who wanted to visit EU countries for the ASEAN-EU meetings.[13] For several years, the European Commission regularly repeated its position that it could not agree on the full participation of Myanmar in the official ASEAN-EU dialogue as long as the situation in the country regarding democracy and human rights did not improve significantly. Markedly, different European and Asian views on how to deal with Myanmar had been a constant thorn in the side of the ASEAN-EU relations and within ASEM. In fact, the issue of Myanmar also played a part in the failure of the EU-ASEAN FTA. After March 2011, when U Thein Sein, a former general who was prime minister in the military junta, became president and initiated far-reaching political reforms, Myanmar as the stumbling block in the ASEAN-EU relations subsided quickly. This resulted in the gradual easing of sanctions, which were terminated in 2013, except the embargo on arms and goods that might be used for internal repression. The EU has committed an amount of Euro 688 million for the 2014-2020 period. It is one of the main providers of Official Development Assistance (ODA) to Myanmar. This support focuses on strengthening governance, rule of law, capacity-building of state institutions, and peace-building.[14]

## The EU as a Key Supporter of Regional Integration in Southeast Asia

In many ways, the promotion of regional integration and "good regional governance" through development cooperation has been one of the most effective characteristics of the EU's relations with ASEAN, although development cooperation hardly appears on the radar screen of analysts. Even Rodolfo Severino's otherwise very insightful account *Southeast Asia in search of an ASEAN Community* only briefly touches upon this

[11] Catherine Shanahan Renshaw, "Democratic Transformation and Regional Institutions: The Case of Myanmar and ASEAN", *Journal of Current Southeast Asian Affairs*, 32:1, pp. 29-54: 38.

[12] Brian Bridges, *Europe and the Challenge of the Asia-Pacific. Change, Continuity and Crisis*, Cheltenham 1999: 89.

[13] Reuters, *EU Ministers Tighten Myanmar Sanctions,* 11 April 2000, www.burmalibrary.org/TinKyi/archives/2000-04/msg00008.html (accessed 22 May 2017).

[14] European Union, Development Cooperation Instrument Multiannual Indicative Programme (2014-2020), Myanmar/Burma, https://eeas.europa.eu/sites/eeas/files/eu-multi-annual-indicative-programme-2014-2020_en.pdf (accessed 22 May 2017).

aspect. ASEAN-EU development cooperation, writes the former ASEAN Secretary General, "is meant to equip ASEAN – ASEAN Secretariat and the ASEAN member states – with knowledge, insights and expertise in different elements of regional economic integration".[15] Between 1996 and 2013, the European Commission provided the ASEAN nations with almost Euro 200 million as part of its development assistance programme. This funding was used to support a range of integration projects, particularly in the economic sphere, but also latterly in a number of other areas. For 2014 to 2020, Brussels has budgeted Euro 320 million for the promotion of regional integration in Asia. Euro 170 million of this is destined for ASEAN, an average of Euro 24 million per year.[16] The relevance and scale of this financial support is particularly revealed when we realise that ASEAN's most recent annual budget is just USD 16.2 million. This sum is made up of ten equal contributions by the ASEAN member states and basically only covers the Secretariat's operating and staff costs. Without outside assistance, ASEAN would not be in the position to finance the implementation of the majority of the projects under the ASEAN Economic Community (AEC), which formally came into existence on 31 December 2015. The funding for amending the legal and regulative frameworks, training of officials involved, creating the necessary physical infrastructure, and other key measures has been almost exclusively provided by international donors, particularly the EU. A number of large projects funded by the European Commission are of special significance here: the multi-million ASEAN Programme for Regional Integration Support (APRIS, 2003 to 2010) and its successor ASEAN Regional Integration Support from the EU (ARISE, 2013 to 2016); the EU-ASEAN Project on the Protection of Intellectual Property Rights (ECAP), which has been running since 1993; and the Regional EU-ASEAN Dialogue Instrument (READI), which has been ongoing since 2011 and addresses non-economic issues such as disaster preparedness and management, energy security, and human rights. The current initiatives form part of the Bandar Seri Begawan Plan of Action to Strengthen the EU-ASEAN Enhanced Partnership (2013 to 2017), adopted in April 2012. This broad agreement aims to intensify cooperation in the areas of policy and security policy (including human rights), business and trade, socio-cultural and civil society issues, and institutional cooperation.[17]

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[15] Rodolfo C. Severino, *Southeast Asia in search of an ASEAN community: insights from the former ASEAN Secretary-General*, Singapore, 2006, p. 334.

[16] Dimitri Vanoverbeke and Michael Reiterer, "ASEAN's Regional Approach to Human Rights: The Limits of the European Model?", in Wolfgang Benedek et al. (eds.), *European Yearbook on Human Rights 2014*, Antwerp et al.: NWV: 185-196: 186; EU (2014) *Regional Programming for Asia Multiannual Indicative Programme*, 2014-2020, http://eeas.europa.eu/archives/docs/asia/docs/rsp/regional-asia-mip-2014-2020_en.pdf (accessed 4 May 2017), p. 8.

[17] http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/129884.pdf (accessed 22 May 2017).

Ever since the early days of Southeast Asian regionalism, there has been a strong belief that ASEAN does not view the EU integration process as a model experience that it wishes to emulate. Most member states do not see the possibility that ASEAN could develop into a supranational organisation. However, beyond the political rhetoric and with a view to ASEAN's everyday activities, there can be no doubt that the EU is viewed by senior officials at the ASEAN Secretariat in Jakarta and many of the foreign and trade ministries of the member states as an important source of inspiration on specific integration issues – not as a blueprint but a point of reference. Furthermore, a number of high-level ASEAN decision-makers, including two former Deputy Secretary Generals, have confirmed that ASEAN could not exist without the substantial financial support provided by international donors and above all the EU.[18] This support has played a crucial role in the establishment of new standards by the ASEAN member countries, for example, in the field of cross-border transport of goods and customs. This impact is evidence of the EU as a soft power in the region.[19] This role of the EU as a key external promoter of regional economic integration raises moreover the question whether this influence could strengthen overall European influence in the region, including along political and security lines?

## The EU as a Security Actor in Southeast Asia

In the absence of hard military power – beyond occasional British military exercises within the context of the Five Power Defense Agreements (FPDA)[20] – the EU and its member states have shown growing attention to Southeast Asia on a variety of transboundary and non-tradition security (NTS) challenges. In particular, in the aftermath of the terror attacks on New York and Washington on 11 September 2001 and worldwide securitisation trends, the security perspective – and with it the NTS angle – has incrementally advanced within Western European interests towards Asia, entering official declarations and summitry within the ASEAN-EU and ASEM dialogue processes.[21] By 2011, the NTS rhetoric had firmly arrived on the ASEM inter-regional agenda taking priority status within the ASEM Foreign Ministers' Meeting. This rise of the NTS terminology within the EU-Asian interregional dialogue processes was confirmed with high-profile EU leaders Herman van Rompuy and José Manuel Barroso explicitly re-

[18] Personal interviews in Kuala Lumpur, May 2013, and Manila, December 2015.

[19] Jörn Dosch, *Die ASEAN Wirtschaftsgemeinschaft. Überblick für Wissenschaft und Praxis*, Baden-Baden 2016, pp. 132-135.

[20] The FPDA are a series of multilateral defence agreements signed in 1971 by the Commonwealth members United Kingdom, Australia, New Zealand, Malaysia, and Singapore.

[21] Ken Booth, *Critical Security Studies and World Politics*, Boulder 2005.

ferring to the NTS concept in the context of the EU's relations with Asia.[22] The EU's experience in preventive diplomacy and multilateral confidence-building across many issue areas appears especially relevant to the treatment of NTS matters within the ARF. For example, the previous experience of European External Action Service (EEAS) in hosting High-Level Dialogues (HLDs) on maritime security in the region pertains to the EU's role as ARF co-chair on maritime security from 2017-2020. Currently, the South China Sea (SCS) dispute related to territory and resources in the Spratly and Paracel Islands and adjacent waters can be considered as one of the most important security issues in the region. All official SCS claimants (China, Taiwan, Vietnam, Philippines, Malaysia, and Brunei) have multiple overlapping claims in the area.

Overall, the EU – which is not actively involved in these territorial disputes and great power politics of the Asia-Pacific – has assumed a relatively coherent voice and made reprimanding official statements of concern in instances of severe violation of international law. For example , the fall-out between China and Vietnam in connection to movements of the Chinese oil rig HD981 in May 2014 displayed this collective international agency of the EU.[23] Another incident underlining the united voice of the EU was the Chinese instalment of missiles in disputed territory in March 2016.[24] In addition to this construction of the EU as a principled collective actor with a united voice on the issue of the South China Sea, EU and EU member state officials have furthermore shown interest in substantiating their commitment to the region through attending and co-hosting a variety of seminars and workshops.

Another example of a pro-active approach towards Southeast Asian security is the EU's past role as a co-host of the ARF Inter-Sessional Meeting on transnational crime and counter terrorism. This experience is relevant to the priorities of the current ARF agenda, as expressed by the Philippines as the ASEAN and ARF chair in 2017. The Philippines stated the significance of transboundary and NTS challenges at the 23rd ARF in 2016 and commended the work of the ARF members thus far in addressing terrorism and extremism, trafficking in persons, drug trafficking, and climate change within the ARF framework. Most importantly, perhaps, for the EU in the region is the reference to ASEM made in the joint statement by the Philippines and China on 21 October 2016, committing to "continued cooperation" in other dialogue fora, including

[22] José Manuel Barroso and Herman van Rompuy, *Asia and Europe meeting (ASEM): a strong partnership for peace and prosperity*, 2012, http://opinion.inquirer.net/40150/asem-strong-partnership-for-peace-and-prosperity, (accessed 22 May 2017).

[23] Naila Maier-Knapp, "The EU as an Actor in Southeast Asia in the context of the South China Sea Arbitration", *European Foreign Affairs Review*, 22:4, forthcoming 2017.

[24] Ibid.

ASEM.[25] By naming ASEM specifically in their commitment to uphold multilateralism, both sides are acknowledging the multilateral significance of ASEM and hence, the EU's relevance for international politics. It is commonplace that within ASEM, the EU and its member states have considerable influence in shaping the nature of the bilateral and multilateral interactions, holding leadership status in certain areas and sharing relevant experience with China, the Philippines and other ASEM countries. At the same time, these partner countries have actively drawn upon the experience of the EU as a benchmark and frequently considered ASEM and the EU-ASEAN dialogue as an institutional reference for bilateral and multilateral cooperation. Active engagement of the EU in ASEM and ARF highlights European collective capacity which could work towards membership in the East Asian Summit (EAS), ADMM-Plus and affiliated meetings in the future.[26]

## Bilateralism as a Parallel Strategy

Despite some tangible results, as discussed above, there are clear limits to traditional EU-ASEAN and ASEM dialogue mechanisms regarding their utility in proliferating the EU's collective profile in Asia along politico-security as well as economic lines. Officials with insider knowledge of ASEM, for example, mentioned that co-operation had become very technical and that too much time had been devoted to the drafting of formal statements, rather than the promotion of the co-operation agenda. Some interviewees also stressed the necessity for a tighter ASEM strategy, particularly against the backdrop of the forum's heterogeneity.[27] Notwithstanding the EU's preference for a multilateral dialogue in relations with the ASEAN region as a whole, the European Commission also knows how to engage Southeast Asia bilaterally and possesses country-specific agendas and experiences compatible with those of the individual ARF member states. Relevant experience in this context includes, for example, the European Commission's actions on illegal, unreported and unregulated fishing (IUU) in Thailand in the aftermath of revelations of slavery and human trafficking in 2015. The EU threatened Thailand's government with economic sanctions unless reforms were made. This pressure was coupled with incentives of reform assistance. While, at first glance, sanctioning action seemed directly targeted at the trade and fishery sectors, reform in these sectors generally imply potential spill-overs to security-related sectors and hence,

[25] The Republic of the Philippines and the People's Republic of China, *Joint Statement of the Republic of the Philippines and the People's Republic of China*, 2016, http://www.gov.ph/2011/09/01/joint-statement-of-the-philippines-and-the-peoples-republic-of-china-september-1-2011/ (accessed 22 May 2017).

[26] Maier-Knapp, "The EU as an Actor in Southeast Asia in the context of the South China Sea Arbitration", forthcoming 2017.

[27] Interviews conducted by Jörn Dosch in Singapore, Jakarta, and Brussels in 2014 and 2015.

it is of interest to those ARF partners working, among others, on organised crime and illegal migration.

In the trade sector, the EU has abandoned a multilateral approach to ASEAN altogether, at least for the time being. ASEAN as a whole represents the EU's third largest trading partner outside Europe (after the US and China) with approximately Euro 246 billion of trade in goods and services in 2014. The EU is ASEAN's second largest trading partner after China, accounting for around 13% of ASEAN trade. Furthermore, the EU is the largest investor in ASEAN countries, accounting for 22% of total FDI inflows in the region.[28] In May 2007, negotiations on an ASEAN-EU Free Trade Agreement were launched. In 2009, however, the trade talks stalled and have not been resumed. Officially, diverging views on the participation of Myanmar in a free trade agreement were cited as the main stumbling block. But the more decisive reasons lie deeper and are of a structural nature. ASEAN remains highly diverse in terms of its member states' levels of economic development, political systems and approaches to governance, security interests and, not least, strategic significance in the perception of extra-regional powers. The ASEAN Charter has provided the group with an identity makeover and legal personality, but overall confirmed the traditional ASEAN way of soft institutionalisation and consensus-building in the process of inter-governmental cooperation. At the same time the European Commission – which, as the supranational authority on all trade-related matters, negotiates free trade agreements on behalf of the EU – has a standard approach to international trade agreements which lacks flexibility and thus did not play well with ASEAN negotiators. Brussels's insistence on a comprehensive "new generation" FTA that includes far-reaching legally binding provisions on inter alia services, intellectual property rights, and governance issues, clashed with ASEAN's understanding of a more limited approach that focuses on trade liberalisation only.[29] Soon, both ASEAN and the European Commission realised that bilateralism offered a more flexible and effective approach and subsequently the Commission approached several individual ASEAN members for negotiations on bilateral free trade agreements; negotiations of bilateral FTAs were concluded with Singapore in October 2014 and with Vietnam in December 2015 respectively. However, the future of the deals remains uncertain. In May 2017 the European Court of Justice (ECJ) ruled that the FTA with Singapore requires ratification by the EU's 38 national and regional authorities before entering into force. The European Commission itself had asked the court for clarification on whether it had exclusive competence to finalise the agreement.

[28] http://ec.europa.eu/trade/policy/countries-and-regions/regions/asean/ (accessed 22 May 2017).

[29] Jörn Dosch, "Europe and the Asia Pacific: achievements of inter-regionalism", in Michael K. Connors, Rémy Davison and Jörn Dosch, *The New Global Politics of the Asia Pacific*, second revised edition, London, 2012, pp. 121-140.

## Conclusions and Outlook

Since its humble beginnings in the early 1970s, relations between the EU and ASEAN have deepened and broadened steadily, as outlined in the discussions of the EU's interaction with and within ASEAN in the context of the EU-ASEAN dialogue, ASEM and ARF. At critical junctures this process has often reflected agendas and developments at the global level; ASEM's founding, for example, has been portrayed as an institutional response to institutional integration processes across the Pacific. Although not explicitly stated, for both the EU and ASEAN the main motivation for ASEM's formation was a perceived need to balance the pre-eminent, maybe even hegemonic position and role of the US in the Asia-Pacific region. In a similar vein, the EU's increasing gravitation towards Southeast Asia in the early 2000s was part of a broader outward-orientation to Asia, which was not least driven by the economic interests in China. This drive was characterised by a comprehensive approach to the region, which took into account a broad and global perspective on politico-security issues.

It has been particularly in this time of worldwide securitisation trends in the aftermath of the 11 September 2001 attacks that the security perspective towards ASEAN jelled. In spite of the growing EU security interest in the region and its visibly growing influence on NTS discourses, it cannot be ignored that the EU is a remote regional actor with a developing – rather than a firmly established – collective politico-security profile. The EU is aware of this limitation and has therefore focused on aspects of diplomacy and capacity-building related to a broad spectrum of security and economic issues which commonly relate to its experience as a collective actor and themes located at the nexus of security, the economy and development pertaining to the needs of Southeast Asian countries.

It is within the context of development cooperation in the broadest sense that meaningful normative change has taken place in intra-regional relations due to EU soft power. There is indeed a European tone to the ongoing process of ASEAN integration with all its technicalities as well as discourse on regional governance and related agendas. In spite of these positive interpretations for EU engagement in the region, one has to be mindful of the centrality of the state and geo-economic factors within Southeast Asian conceptions of multilateralism, frequently conflicting with European understandings. Complementary to the EU's advocacy of multilateralism and sharing of multilateral experiences through inter-regional dialogue mechanisms, the EU has increasingly turned to bilateral approaches as a parallel strategy. Against the backdrop of political and economic heterogeneity of the ASEAN member states, this approach has proven to be effective thus far. For the time being, it appears that there is one challenge which is always likely to restrict the EU's role towards ASEAN. As far as foreign policy is concerned, the EU's institutional structure means it cannot act in the same way as a nation state. Coordination on foreign and security policy issues has increased, but remains a challenge in light of the manifold interests of the European Parliament, European Commission and EU member states.

**Jörn Dosch** is professor of International Politics and Development Cooperation at the University of Rostock, and Adjunct Professor at Monash University Malaysia. He has worked and published on ASEAN and EU-Asia relations for 25 years. His monographs include *The ASEAN Economic Community*, Nomos 2016 (in Germany) and the *Changing Dynamics of Southeast Asian Politics*, Lynne Rienner 2007. Dosch has also evaluated several of the EU-funded programmes in support of ASEAN.

**Naila Maier-Knapp** takes research interest in regionalism and inter-regionalism of the EU and ASEAN in connection to non-traditional security challenges and has published widely on this. She is author of *Southeast Asia and the European Union: non-traditional security crises and cooperation* and was the 2014 SEATIDE post-doctoral fellowship recipient at the Centre for History and Economics at the University of Cambridge in the United Kingdom.

# US-ASEAN Relations in a Changing Global Context

*Michael G. Plummer*

## I. Introduction

Relations between the United States and ASEAN have a long tradition. The United States was an early supporter of the Southeast Asia Treaty Organization (SEATO), and it signed the Manila Pact of 1954, which remains in force as a collective defence treaty with Thailand and the Philippines. It supported the creation of the Association of Southeast Asian Nations (ASEAN) in 1967, at a time when the US military intervention in Vietnam was escalating. It became an ASEAN dialogue partner in 1977 and has cooperated with ASEAN in a wide variety of areas, ranging from security to economic, social, and cultural affairs.

Trade has been a critical part of this engagement especially since the end of the Cold War, when the post-war security imperative became less dominant and economic factors became more prominent. The decision to move forward with the ASEAN Free-trade Area (AFTA) at the Fourth ASEAN Summit in Singapore in 1992 heralded a new era of cooperation in ASEAN in which economic cooperation would play a central role. The United States has been an important supporter of intra-ASEAN trade and investment and has long endeavoured to boost trade and foreign direct investment (FDI) ties. For example, in 2002, the United States proposed an Enterprise for ASEAN Initiative (EAI), under which it envisioned, *inter alia*, bilateral free-trade areas (FTAs) with countries willing to commit to reforms (Naya and Plummer 2005). The United States concluded a bilateral FTA with Singapore in 2003 and began FTA negotiations with Thailand in 2003 and with Malaysia in 2005, although ultimately no agreement was reached with these countries.[1] The first US ambassador to ASEAN was appointed in 2008. In 2012, the United States participated in the first ASEAN-US business summit in Cambodia, and agreed to institutionalize an annual leaders' summit – in effect, committing the US president to meet with ASEAN leaders every year. The first such

* The paper was submitted on 8 May 2017.

[1] The US-Thailand negotiations were suspended after Prime Minister Thaksin was deposed in a military coup in 2006, and the US-Malaysia negotiations reached an impasse in 2009.

meeting launched the Expanded Economic Engagement (E3) initiative to facilitate the development of trade and investment flows.[2]

In modest ways, the United States has also supported the region's international economic strategy (Petri and Plummer 2014). In 2007, it launched the ASEAN Development Vision to Advance National Cooperation and Economic Integration (ADVANCE) project, which supported trade liberalization and facilitation in cooperation with the ASEAN Secretariat. ADVANCE has funded, for example, work on the ASEAN Single Window, which facilitates trade through electronic documentation and is an important component of the ASEAN Economic Community (AEC).

The election of Donald Trump as President of the United States has created a good deal of uncertainty regarding the future of US-ASEAN economic relations. In particular, the decision to withdraw from the Trans-Pacific Partnership (TPP) agreement, which has four ASEAN member-economies as founding members with several others indicating an interest in joining at a later stage, threats to punish trading partners with which the United States has a bilateral trade deficit, and anti-globalization rhetoric have sowed doubt in the region regarding the US commitment to deepening economic relations.

Whether the approach of the new US Administration will differ significantly from the past is yet to be seen but will no doubt reveal itself in the months ahead. The goal of this paper is to consider the US-ASEAN economic relationship in the context of a rapidly-changing global environment a half-century after the establishment of ASEAN. In section II, to set the stage it gives a brief review of the US-ASEAN economic relationship, followed in section III by an analysis of the evolution of ASEAN cooperation and its nesting in the "mega-regionalism" trend in the Asia-Pacific region, which has the potential to reshape substantially commercial policy in the region for years to come. Section IV gives recommendations for a 21st-century framework for US-ASEAN relations, updating work I have done on the topic with my co-author, Peter Petri.[3] Section V gives some concluding remarks.

## II. Context of US-ASEAN Economic Relations

Southeast Asian economies have made tremendous economic progress since the creation of ASEAN. All original ASEAN economies are now middle-income countries except Singapore, whose per capita income level is now above the OECD average. This is an amazing feat for a country that, at the time of its foundation in 1965, was a poor country with enormous domestic political challenges to overcome. The transitional

[2] The White House, Office of the Press Secretary, "Fact Sheet: The US-ASEAN Expanded Economic Engagement (E3) Initiative," November 19, 2012.

[3] This section is an updated version of recommendations offered in Petri and Plummer (2014).

ASEAN economies – Cambodia, Lao PDR, Myanmar and Vietnam – have also experienced strong growth rates particularly since joining ASEAN; Vietnam, for example, became a middle-income economy five years ago and has been one of the fastest growing economies in the world since it began its economic reforms in the mid-1980s. In the early 1990s, over half of its population lived below the absolute poverty line (defined by the World Bank as less than an average income of US$1.90 per day); today, only 3 percent do.[4]

Economic dynamism is forecast to continue to be strong over the next decade. Table 1 shows forecasts of population, GDP, and per capita income growth through 2025, using 2010 as the base year. The ASEAN economy is projected to more than double to US$3.8 trillion by 2025, and per capita income will increase to almost US$6000. Per capita income is expected to rise from 31 percent of the global average to 44 percent. The dispersion of per capita income in ASEAN is high – it is characterized by one of the highest regional disparities in the world – but is expected to fall over time. For example, the percentage of per capita income of Myanmar, which is one of the lowest in the region, relative to the ASEAN average is forecast to rise from 16 percent in 2010 to 28 percent in 2025.

Rapid economic growth rates, demographic change, and a rising middle class suggest that ASEAN will be an increasingly important market for the United States, both for trade and FDI. In fact, ASEAN is already a vital location for US-led supply chains and production networks. As shown in Table 2, US exports to ASEAN are expected to almost double to US$152 billion in 2025 from US$81 billion in 2010, slightly increasing the region's share of overall US exports from 5.3 percent to 5.4 percent. In terms of FDI, the stock of US investments in ASEAN is expected to rise from US$142 billion to US$452 billion over the same period, increasing its share of global US FDI from 4.1 percent to 5.2 percent. Singapore is expected to continue to be by far the most important host of US FDI in the region at over 50 percent of the total.

Hence, ASEAN's economic importance to the US market is expected to grow significantly over time in absolute terms and to some degree in relative terms, even in the context of rising globalization. The changing importance of the United States to ASEAN, however, presents a different story: it continues to be a key market for ASEAN exports and a source of FDI, but is expected to become less so over time. In 2010, 16 percent of ASEAN exports went to the United States but this figure is expected to fall to 11 percent by 2025. The share of the United States in the stock of FDI in ASEAN also came to 16 percent in 2010, but is anticipated to fall to 14 percent by 2025.

In short, economic links between the United States and ASEAN are important to both sides, with the size asymmetry declining somewhat over time.

[4] http://www.worldbank.org/en/country/vietnam/overview.

**Table 1. ASEAN Growth, 2010-2025**

| | 2010 | | | 2025 | | | |
|---|---|---|---|---|---|---|---|
| | Population (m) | GDP (US$b) | GDP/ cap (US$) | Population (m) | GDP (US$b) | GDP/cap (US$) | Growth Rate (%) |
| ASEAN | 584.8 | 1,532 | 2,620 | 661.4 | 3,766 | 5,694 | 6.2 |
| Brunei | 0.4 | 11 | 27,277 | 0.5 | 19 | 38,767 | 3.8 |
| Cambodia | 14.1 | 12 | 826 | 14.1 | 38 | 2,688 | 8.2 |
| Indonesia | 232.6 | 550 | 2,367 | 262.2 | 1,549 | 5,909 | 6.3 |
| Lao PDR | 6.2 | 6 | 989 | 6.2 | 19 | 3,066 | 7.8 |
| Malaysia | 27.9 | 207 | 7,424 | 33.6 | 431 | 12,841 | 2.8 |
| Myanmar | 48.0 | 21 | 431 | 48.0 | 76 | 1,579 | 9.0 |
| Philippines | 93.9 | 163 | 1,734 | 116.6 | 322 | 2,757 | 2.8 |
| Singapore | 4.8 | 202 | 42,587 | 5.2 | 415 | 80,339 | 2.7 |
| Thailand | 68.3 | 266 | 3,896 | 71.5 | 558 | 7,803 | 3.8 |
| Vietnam | 88.7 | 94 | 1,060 | 103.6 | 340 | 3,281 | 7.1 |
| United States | 310.1 | 14,050 | 45,304 | 349.1 | 20,273 | 58,066 | 2.5 |
| China | 1340.7 | 4,850 | 3,617 | 1425.7 | 17,249 | 12,099 | 8.8 |
| Japan | 127.5 | 4,250 | 33,332 | 120.4 | 5,338 | 44,319 | 1.5 |
| Europe | 499.9 | 16,629 | 33,265 | 501.4 | 22,714 | 45,305 | 2.1 |
| Others | 3994.4 | 17,133 | 4,289 | 4866.6 | 33,882 | 6,962 | 4.7 |
| World | 6857.5 | 58,445 | 8,523 | 7924.7 | 103,223 | 13,025 | 3.9 |

Source: Petri and Plummer (2014), Table A1.

**Table 2. ASEAN-US Trade and Investment, 2010-2025**

| | ASEAN | Indonesia | Malaysia | Philippines | Singapore | Thailand | Vietnam | Others |
|---|---|---|---|---|---|---|---|---|
| **US exports to partner** | | | | | | | | |
| Value 2010 (US$mill) | 81,484 | 10,161 | 12,600 | 9,809 | 30,486 | 14,054 | 3,674 | 699 |
| *% of US exports* | *5.3* | *0.7* | *0.8* | *0.6* | *2.0* | *0.9* | *0.2* | *0.0* |
| *% of partner imports* | *9.5* | *6.6* | *8.1* | *11.8* | *16.1* | *7.7* | *5.0* | *4.1* |
| Value 2025 (US$mill) | 152,303 | 28,675 | 21,456 | 15,954 | 38,939 | 35,711 | 9,714 | 1,854 |
| *% of US exports* | *5.4* | *1.0* | *0.8* | *0.6* | *1.4* | *1.3* | *0.3* | *0.1* |
| *% of partner imports* | *7.9* | *6.2* | *7.1* | *9.6* | *14.2* | *7.9* | *4.3* | *4.3* |
| **US imports from partner** | | | | | | | | |
| Value 2010 (US$mill) | 152,981 | 25,306 | 36,281 | 14,699 | 27,260 | 28,755 | 17,146 | 3,533 |
| *% of US imports* | *7.2* | *1.2* | *1.7* | *0.7* | *1.3* | *1.4* | *0.8* | *0.2* |
| *% of partner exports* | *16.3* | *12.5* | *17.4* | *13.8* | *10.8* | *12.7* | *19.5* | *14.2* |
| Value 2025 (US$mill) | 226,720 | 49,704 | 35,747 | 21,617 | 17,451 | 43,992 | 50,239 | 7,969 |
| *% of US imports* | *6.6* | *1.5* | *1.0* | *0.6* | *0.5* | *1.3* | *1.5* | *0.2* |
| *% of partner exports* | *11.2* | *8.3* | *8.6* | *9.9* | *4.8* | *7.8* | *17.5* | *12.4* |
| **US FDI stock in partner** | | | | | | | | |
| Value 2010 (US$mill) | 142,969 | 14,271 | 16,228 | 4,610 | 95,587 | 11,635 | 605 | 33 |
| *% of US outward FDI* | *4.1* | *0.4* | *0.5* | *0.1* | *2.8* | *0.3* | *0.0* | *0.0* |
| *% of partner inward FDI* | *16.4* | *10.2* | *19.1* | *16.7* | *21.0* | *9.1* | *2.8* | *0.3* |
| Value 2025 (US$mill) | 452,316 | 61,066 | 53,824 | 13,395 | 284,597 | 36,549 | 2,795 | 89 |
| *% of US outward FDI* | *5.2* | *0.7* | *0.6* | *0.2* | *3.3* | *0.4* | *0.0* | *0.0* |
| *% of partner inward FDI* | *13.6* | *8.4* | *17.5* | *16.2* | *18.2* | *7.7* | *2.4* | *0.1* |
| **Partner FDI stock in US** | | | | | | | | |
| Value 2010 (US$mill) | 22,957 | 143 | 509 | 159 | 21,116 | 1,018 | 12 | 0 |
| *% of US inward FDI* | *1.0* | *0.0* | *0.0* | *0.0* | *0.9* | *0.0* | *0.0* | *0.0* |
| *% of partner outward FDI* | *5.3* | *2.6* | *0.7* | *2.5* | *7.8* | *4.3* | *2.1* | *0.0* |
| Value 2025 (US$mill) | 68,885 | 612 | 1,689 | 461 | 62,868 | 3,199 | 56 | 0 |
| *% of US inward FDI* | *1.4* | *0.0* | *0.0* | *0.0* | *1.3* | *0.1* | *0.0* | *0.0* |
| *% of partner outward FDI* | *3.1* | *1.4* | *0.4* | *1.5* | *4.7* | *2.2* | *1.5* | *0.0* |

Source: Petri and Plummer (2014), Table A2.

## III. ASEAN Economic Cooperation: From the Bangkok Declaration to Mega-regionalism

ASEAN was established by the ASEAN (Bangkok) Declaration in 1967 with five non-communist founding member countries: Indonesia, Malaysia, the Philippines, Singapore and Thailand. It began as a diplomatic initiative with the goal of promoting stability at a volatile time in the history of East- and Southeast Asia, which had just experienced a civil war in Indonesia, confrontation between Indonesia and Malaysia (*konfrontasi*), territorial disputes between Malaysia and the Philippines in Borneo, the Cultural Revolution in China, and the war in Vietnam. When ASEAN Heads of State met at the first ASEAN Summit in early 1976, a united front against the communist

threat was considered essential and led to the ASEAN Concord and the ASEAN Treaty of Amity and Cooperation. But over the next decade, the Southeast Asian political environment turned much more constructive with the gradual decline of regional conflicts, reform in China and Vietnam, and the end of the Cold War. The stage was set for closer economic cooperation.

In the post-war context, the first mission of ASEAN was enlargement to include all of Southeast Asia. The first expansion included the small, newly independent country of Brunei Darussalam in 1984. The second, Vietnam, took longer. But in the mid-1980s, Vietnam took a sharp turn toward pragmatism – it adopted the *doi moi* programme of market-oriented reforms in 1986, began to withdraw from Cambodia in 1989, and signed the ASEAN Treaty of Amity and Cooperation in 1991. The United States also facilitated this shift by lifting its trade embargo on Vietnam in 1994 and Vietnam joined ASEAN in 1995, formally signalling a new era for ASEAN.

In the mid-1990s, ASEAN negotiated the accessions of Cambodia, Lao PDR, and Myanmar, despite the political and economic challenges involved (for example, the United States opposed the expansion to include Myanmar). All joined by 1999. It now includes all of Southeast Asia, with the exception of Timor-Leste (which, however, is an observer country to ASEAN and could well join in the near future).

In terms of economics, enlargement took place *pari passu* with deepening of intra-regional integration. An early ASEAN Preferential Trading Agreement (PTA) was signed in February 1977. The PTA was very shallow and, indeed, did not have much of an effect on trade. Agreements on trade, FDI and other forms of industrial cooperation were unambitious because they were deemed far less important than diplomatic initiatives. It was not until the end of the Cold War and the rise in Asia-Pacific cooperative "competition" – e.g., via the creation of the Asia-Pacific Economic Cooperation (APEC) group, established in 1989 – that economics started to become a priority. The creation of AFTA in 1992 signalled an important turning point, especially since many pundits believed that, with the communist threat now a thing of the past, ASEAN would become increasingly insignificant. AFTA was a clear message that this would not be the case. AFTA is now essentially fully implemented, after a long transitional period. Cooperation has been further expanded with the ASEAN Investment Area in 1998 and the ASEAN Comprehensive Investment Agreement in 2012.

The greatest milestone in the history of economic cooperation in Southeast Asia was marked by the AEC, which was formally established in December 2015. The original AEC Blueprint, which fleshed out the objectives and measures needed to create the AEC, was approved by the ASEAN leaders in November 2007[5] and defined four goals: (1) a Single Market and Production Base, based on the free flow of goods, services, investment, and skilled labour, and freer flows of capital; (2) a Competitive Economic

[5] http://asean.org/wp-content/uploads/archive/5187-10.pdf.

Region, based on commitments to competition policy, consumer protection, protection of intellectual property rights, infrastructure development, e-commerce, and avoidance of double taxation; (3) Equitable Economic Development, based on a strategy to close development gaps; and (4) Integration into the Global Economy, based on enhanced participation in the global trading system (Plummer and Chia 2009). The ASEAN Blueprint also established "scorecards" to measure implementation progress, though the effectiveness of these scorecards has sometimes been questioned.[6]

When the ASEAN leaders declared success in creating the AEC in December 2015, they were fully cognizant of the fact that much remained to be done. Still, the same was true of the European Single Market, which was due to be completed at the end of 1992 but took many more years to implement fully (in fact, integration in certain sectors, such as energy, continues to be incomplete). Just before the declaration, ASEAN launched the AEC Blueprint 2025[7], which outlined how the region would continue to deepen cooperation after the establishment of the AEC. In fact, liberalization of non-tariff barriers to trade (NTBs) have proven particularly difficult to address and continue to constitute serious impediments to intraregional trade and FDI, even though they were supposed to have been eliminated by 2012 for the original five ASEAN countries and Brunei (2018 for the transitional ASEAN economies). In addition, there continue to be problems associated with the implementation of the ASEAN Single Window – though it has made considerable progress – other forms of trade facilitation, technical barriers, trade logistics, and services liberalization, particularly for the transitional economies.

Because even an integrated ASEAN would still be a small economy compared to many of its trade partners – as noted in Table 1, even after growing a projected 6.2 percent per year through 2025, ASEAN GDP will only be 4 percent of the world total and only one-fifth that of the United States – the region needs to build stronger relationships with other economies in Asia and the West. These external integration efforts cannot wait until internal integration is complete, but are proceeding in parallel. As a result, the external trade policies of ASEAN members are not closely integrated. As an FTA rather than a customs union, ASEAN cannot set common tariffs. ASEAN's trade agreements with other partners (commonly referred to as ASEAN-Plus agreements) are mainly collections of bilateral negotiations, often conducted in parallel, with little exchange of information. In fact, many members have independently forged accords with nonmembers.

ASEAN's external integration efforts have proceeded in two major phases. The first focused on external relationships based on ASEAN-Plus FTAs with partners mainly in Asia, but extending beyond Asia as well. The second phase, now underway, involves two major regional cooperation initiatives, one spanning the Asia-Pacific region (TPP),

[6] See a review of the discussion in Chia and Plummer (2015).

[7] http://asean.org/?static_post=asean-economic-community-blueprint-2025.

and another among Asian economies (Regional Comprehensive Economic Partnership, or RCEP).

The most ambitious of these trade agreements is the TPP, in which several ASEAN economies played an important role from the beginning even if ASEAN itself was not involved in the negotiations. To promote faster progress in terms of concerted regional liberalization, four small APEC economies – Brunei, Chile, Singapore, and New Zealand – developed a high-quality FTA (the Trans-Pacific Strategic Economic Partnership agreement), to which they hoped to attract other APEC countries. Several countries agreed to join in 2008, including the United States, and by the time an accord was reached in October 2015 (signed in February 2016) it had 12 member-countries. Four ASEAN members – Brunei, Malaysia, Singapore, and Vietnam – signed the agreement, while three others – namely, Indonesia, the Philippines, and Thailand – have expressed interest in acceding at some point.

The TPP is a modern, comprehensive, "21st Century Agreement," with an ambitious set of deep integration measures, from elimination of tariffs and NTBs to intellectual property protection, competition policy, cumulation of rules of origin, and even labour and environmental standards.[8] The potential economic effects of the TPP are estimated to be large (Petri and Plummer 2016); ASEAN members are expected to be among the biggest winners, especially Vietnam and Malaysia.

However, when President Trump pulled out of the TPP, he essentially killed the agreement in its present form. This is because of the entry-into-force requirement in Chapter 30 of the agreement mandating that at least six countries, constituting 85 percent of TPP GDP, join in order for the agreement to move forward. Since the United States alone constitutes 60 percent of TPP GDP, per force it has to be one of the six (as well as Japan). Nevertheless, at present the remaining 11 member-economies are considering a slight revision in the agreement to allow for its implementation without the United States, and negotiations in this regard have already begun (now being called "TPP11").

Along with trans-Pacific negotiations, there have been East Asian initiatives, most notably the Regional Comprehensive Economic Partnership (RCEP) agreement. The RCEP was created in November 2012 as an "ASEAN-centric" organization with membership that includes all countries with a bilateral FTA with ASEAN in effect (indeed, an FTA in place with ASEAN is a precondition for candidacy). Thus, in addition to the 10 ASEAN economies, it includes China, South Korea, Japan, India, Australia and New Zealand. It held its 18th round of negotiations in May 2017 with a goal of completing negotiations by the end of 2017. RCEP has missed deadlines in the past – for example, it had an original deadline of end-2015 – but it is likely that the failure of the TPP will improve the prospects that the RCEP will be finished soon, for the seven TPP members

[8] For a detailed evaluation of the agreement, see Cimino-Isaacs and Jeffrey J. Schott (2016).

in RCEP could well see the need to continue to push the regional integration process forward with more vigour.

The objectives of RCEP are similar in many ways to the TPP's, that is, to create a region in which goods, services, FDI, and skilled labour would flow freely, but with greater "flexibility", i.e., an ambitious, comprehensive FTA but with fewer disciplines particularly with respect to rules vis à vis developing economies and product and sectoral coverage.

The TPP and RCEP "mega-regional" agreements have the potential to transform not only intra-regional trade in the Asia-Pacific but, given their size and ambitions, the global trading system itself. Indeed, some chapters in the TPP negotiations, e.g., with respect to intellectual property rights, disciplines on state-owned firms, and rules governing the digital economy, are already being identified as possible industry standard-setters. They could well become so if the TPP11 moves forward. The mega-regionalism trend in the Asia-Pacific is also leading to "competitive liberalization" globally. For example, the proposed Trans-Atlantic Trade and Investment Partnership (TTIP) and EU-Japan FTA negotiations reflect in part a concern in Europe that they are being excluded from the process.

## IV. A Framework for US-ASEAN Economic Relations

In Section II, we underscored that the US-ASEAN economic relationship is an important one for both sides: the United States presents the largest economic market in the world and has been an important destination for ASEAN's exports and source of its imports, as well as a provider of FDI; this dominance is expected to fall over time but the US market will nevertheless continue to be critical to ASEAN. Southeast Asia, on the other hand, will continue to be relatively small as a market for the United States but growth rates suggest that it will become increasingly important over time. Coupled with the rising trend in regionalism, arguably no time in recent history has been more propitious for deepening US-ASEAN economic relations.

Still, despite the history of ASEAN-US cooperation noted above, there is no clear conceptual framework to guide interactions between the two economies in the emerging regional and global commercial environment. But economics suggests a solution – an approach that permits deep, selective ties, subject to the requirement that those ties also benefit third parties. In the ASEAN context, this prescription calls for deep FTAs with member countries prepared to meet those obligations, and parallel measures to strengthen relations with ASEAN as a whole. The United States has, in fact, begun to follow such a two-speed approach. Conceptually, ASEAN-US cooperation should:

(1) *Maximize cooperation with ASEAN members having the capacity for deep economic and investment relations with the United States.* Some members could join in a comprehensive bilateral FTA with the United States (as Singapore has

done), or this could be accomplished through comprehensive regional accords such as the TPP or the Free-Trade Area of the Asia-Pacific (FTAAP), an APEC-backed proposal for a comprehensive FTA to begin negotiations in 2020 or at a later date (which is more likely, given the position of the Trump Administration on regional accords). Shallower FTAs like the RCEP could be used as an intermediate approach to help less-developed ASEAN members prepare for a deeper relationship with the United States, either bilaterally or regionally.

(2) *Support ASEAN economic integration*. The AEC is the most ambitious regional cooperative initiative in the developing world and it has made considerable progress, but much more remains to be done to create a truly integrated ASEAN market. The United States can continue to partner with ASEAN in achieving this goal, which will not only benefit ASEAN but also the United States by reducing the costs to exporting and facilitating FDI and US-led supply chains.

(3) *Ensure, along with ASEAN partners, that new agreements close development gaps.* As noted above, ASEAN is one of the most diverse regional organizations in the world and the distribution of income, technology, and resources is skewed considerably. Reducing "development gaps" is a major ASEAN priority, as indicated by the emphasis on creating an "equitable economic region" as one of the four pillars of the AEC. The United States can continue to work with ASEAN on reducing these gaps via technical and development assistance.

An especially successful example of this partnering is provided by US support for economic reform in Vietnam. After Vietnam launched its *doi moi* programme and withdrew from Cambodia, the United States established diplomatic relations in 1995 and, together with the World Bank, deepened its support for Vietnamese reform. Eventually, it concluded the US-Vietnam Bilateral Trade Agreement (BTA), which went into effect in December 2001. Although not an FTA per se, the BTA did address key issues that improved access to US markets and helped Vietnam prepare for accession to the WTO. The United States provided technical assistance through the "Support for Trade Acceleration" (STAR) project. The results were very positive: Vietnam was one of the poorest countries in the region in the 1990s, but reached middle-income status by 2012; its trade-to-GDP ratio at 155 percent is only second to Singapore in ASEAN; and Vietnam is now an important US trading partner.

Developing an effective trade policy will make clear that the United States is not asking ASEAN to choose between Asian partners, including China, and the United States. Certainly, countries do not have to choose between RCEP and TPP. The RCEP will help to bring barriers down, and could contribute to building a better trading system that encompasses all Asian economies.

The TPP itself was designed to support these goals. It includes provisions that will be accessible to all reform-minded economies, which is one reason why the TPP11

could well move forward without the United States. It focuses largely on provisions that help create a level playing field – e.g., with respect to engagement of state-owned enterprises – to promote competition on the basis of economic efficiency, rather than adding rules that require specific governance or business systems. When Chapter 30 is revised under TPP11, it can include an accession clause that makes it easy for new economies to join and, perhaps, identify future accession windows that make the process more predictable. It could be that the United States will choose to accede through this accession window at a later date.

Trade policy initiatives can be reinforced by other initiatives to strengthen connections between ASEAN and the United States. In technology, education, and culture, the United States remains the most prominent partner of ASEAN economies and their citizens. Deeper political, economic, cultural, and scientific ties would be welcomed by the peoples of ASEAN and the American public, and initiatives could support efforts to enhance the visibility of the partnership.

## V. Concluding Remarks

In sum, the US-ASEAN economic relationship is strong and growing, and continues to have much potential. Mega-regionalism in the Asia-Pacific region is reshaping to some degree the potential of that relationship, and the leaders of the United States and ASEAN countries will have to find the best path forward. While the TPP presented an important opportunity to move forward in deepening links with the four ASEAN parties involved in the TPP negotiations – and in the short term, others who may have acceded – and to take the two-track approach suggested above, the decision by the new US Administration to withdraw from that agreement obviously changes the calculus of how to move forward, at least in the short term.

In the meantime, there is a high probability that RCEP and the TPP with a smaller configuration of member-economies – either TPP11 or even fewer economies – will be concluded within the next two years. Rather than reaping significant gains from the TPP, the United States will now have to suffer trade diversion from these accords. Moreover, given that the United States played such a prominent role in leading the TPP and it was perceived in the region as an indication of its commitment to strengthening ties, its leadership credentials have taken a hit.

Hence, the United States will need to devise an alternative strategy to engaging with ASEAN in the short run. As noted above, there are several ways that the United States can do this, e.g., via development assistance and technical expertise that can promote trade and FDI reform and render the region more competitive. Now that US participation in the TPP is off the table, it might also try to re-engage via comprehensive bilateral FTAs, as was attempted during the Bush Administration under the EAI. While the exigencies of 21st-century economic integration argue that regional approaches to

economic cooperation make a great deal more sense – e.g., due to the need for cumulative rules of origin to support production networks, consistent regulatory rules, and the like – the Trump Administration has suggested that it may be interested in a bilateral approach. The only country in Asia which has been slated as a candidate for a bilateral FTA at this point is Japan, but certain ASEAN countries may emerge as candidates.

The Trump Administration has not yet revealed a strategy for engaging ASEAN. Hopefully one will be forthcoming that will actively support ASEAN economic integration and find novel approaches to economic cooperation between the United States and ASEAN, which may involve revisiting the potential for a bilateral (EAI-type) approach in the short run. But in the medium-long term, it behoves the United States to participate together with ASEAN as key partners in the Asia-Pacific mega-regionalism movement.

**Michael G. Plummer** has been Director of SAIS Europe since 2014. A SAIS Professor of International Economics since 2001 and the Eni Professor of Economics since 2008, he was Head of the Development Division of the Organization for Economic Co-operation and Development (OECD) in Paris from 2010 to 2012; a tenured associate professor at Brandeis University (1992-2001); and Editor-in-Chief of the *Journal of Asian Economics* (Elsevier) 2007-2015. He was president of the American Committee on Asian Economic Studies (ACAES) from 2008 until 2015 and is currently a nonresident senior fellow at the East-West Center. A former Fulbright Chair in Economics and Pew Fellow in International Affairs at Harvard University, he has been an Asian Development Bank (ADB) distinguished lecturer on several occasions and team leader of projects for various organizations including the Association of Southeast Asian Nations, the United Nations, the OECD, the ADB and the World Trade Organization. He has taught at more than a dozen universities in Asia, Europe, and North America. He has advised several governments on the Transpacific Partnership (TPP) negotiations and Asian economic integration. Professor Plummer is author/co-author of *ASEAN Economic Cooperation and Integration: Progress, Challenges and Future Direction* (Cambridge Univ. Press, 2015); *The Transpacific Partnership and Asia-Pacific Integration: A Quantitative Assessment* (PIIE, 2012); and *Realizing the ASEAN Economic Community* (ISEAS, 2009), and is author/co-author of over 100 journal articles and book chapters. His Ph.D. is in economics from Michigan State University.

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# New Zealand and ASEAN Relations

*Mark G. Rolls*

In its annual review of the global strategic environment, and this was published before Donald Trump's unexpected victory in the US presidential election, the International Institute for Strategic Studies (IISS) stated that "[t]he year to mid-2016 suggested that the global architecture was on the cusp of profound change." Contributing to this sense was the UK's vote to leave the European Union; the establishment of the Asian Infrastructure Investment Bank (AIIB) and other financial and trade relationships which challenge the post-WWII Bretton Woods system; China's increasingly assertive behaviour in Asia and elsewhere; Russia's projection "of force into the Middle East for the first time" since the collapse of the Soviet Union; a US which had become cautious about "deep entanglements in the Middle East and … careful not to overplay its hand in Asia"; and a Europe trying "to manage internal difficulties and to address external challenges to its security, prosperity and values".[1] The prospects for 2017 did not look any better. This year, it was contended, is "likely to see more shifting of the geopolitical deck of cards, an extension of the strategic unease that set in last year, and the frantic drive by major powers in all regions to set new rules of the game and revive old ones."[2]

For some analysts, this sense of 'strategic unease' had already set in some time ago, along with concerns about the robustness of the prevailing, liberal, international order and how long it might continue to hold sway. Chester Crocker, for example, has argued that the "high-water mark" of post-Cold War liberal internationalism was reached in the mid-2000s and that since then the world has become increasingly adrift and disordered

* This paper was submitted on 30 April 2017.

[1] The International Institute for Strategic Studies, *Strategic Survey 2016. The Annual Review of World Affairs* (Abingdon: Routledge, 2016), p. 7. A rather more sanguine view of the situation in Southeast Asia was apparent in the equivalent publication by ASEAN the year before. Although it was recognised that a range of both traditional and non-traditional security threats "continue to pose significant risks and may threaten the region's economic growth and prosperity", nonetheless there has been positive progress in the realm of political-security co-operation "with various ASEAN-led mechanisms already in place to effectively deal with emerging issues and circumstances." 'Effectively' would not be everyone's adverb of choice, however. *ASEAN Security Outlook 2015*, pp. 9 and 80, http://asean.org/?static_post=asean-security-outlook-2015 (accessed 21 April 2017).

[2] *Strategic Survey 2016*, p. 10.

due to what he refers to as "a toxic mixture of normative issues and power dynamics."[3] Brantly Womack has a similar start date in mind, and perhaps sums up the various changes and transformations most succinctly, when he contends that it is uncertainty which "is the key characteristic of international life since 2008."[4]

New Zealand is certainly cognisant of the changed strategic environment; both globally and regionally in the Asia-Pacific. In an address in Wellington last year, New Zealand's then Defence Minister, Gerry Brownlee, contended that "[t]he last 15 years has seen the international strategic environment become increasingly uncertain and unstable. If we ever were in a benign strategic environment we most certainly are no longer."[5] Brownlee's speech was given two months after the release of New Zealand's *Defence White Paper 2016* which itself recognised that "tensions in the region [i.e. Asia] … are now greater than they were five years ago, [and] are a cause for concern." The White Paper goes on to note increases in defence expenditure; changes in military posture; and a "shifting distribution of power" which has led to Asia being "the focus of a complex interplay of global interests."[6]

Similarly, in its latest *Strategic Intentions* document, the New Zealand Ministry of Foreign Affairs and Trade (MFAT) recognises that whilst there are also positive aspects to the changing world (for example, "global interconnectedness" and "a global popular culture"), the relationships between major powers are undergoing a transition. Moreover, "the emergence of nationalist trends in some quarters will place multilateralism under pressure" and "[a]dherence to global rules-based architecture, rooted in values sympathetic to New Zealand's interests, is no longer assured."[7]

Of all the regional and global changes, it is those concerning shifts in the distribution of power and the nature of the relationships between major powers which lie at the heart of the contemporary strategic environment in the Asia-Pacific and are of greatest concern to New Zealand and the ASEAN states. Whilst these have not yet fundamentally affected the New Zealand-ASEAN relationship, they have certainly influenced elements of it and demonstrate the extent to which New Zealand and its ASEAN partners are like-minded states (even if their political systems and some of their values are not always alike).

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[3] Chester A. Crocker, "The Strategic Dilemma of a World Adrift", *Survival*, Volume 57, Number 1, February-March 2015, pp. 10 and 9.

[4] Brantly Womack, "Asymmetric parity: US–China relations in a multinodal world", *International Affairs*, Volume 92, Issue 6, November 2016, p. 1477. He chooses 2008 because of the global financial crisis which, he contends, marked the end of the post-Cold War era. *Ibid*., p. 1466.

[5] Gerry Brownlee, *Address to NZ Institute of International Affairs, Wellington*, 25 August, 2016, https://www.beehive.govt.nz/speech/address-nz-institute-international-affairs-wellington (accessed 21 April 2017).

[6] Ministry of Defence, *Defence White Paper 2016* (Wellington: Ministry of Defence, 2016), p. 10.

[7] Ministry of Foreign Affairs and Trade, *Strategic Intentions 2016-2020*, p. 4.

These shifts in power distribution, and the character of major power relations, are not new of course: rather, there has been an intensification. Nowhere is this more apparent than in the case of China and the US and, to a lesser extent, China and Japan. When combined with increased military expenditure and arms procurement, often driven by concerns over maritime security and a limited degree of 'internal balancing' by some of the region's states, these shifts have heightened the security dilemma which is beginning to prevail.[8]

Once a security dilemma is in existence, it can be hard to escape from it in the absence of mutual understanding and effective regional institutions that can encourage openness and generate confidence. From New Zealand's perspective, two of the ASEAN-led elements of the regional security architecture – the ASEAN Regional Forum (ARF) and the ASEAN Defence Ministers' Meeting-plus (ADMM-Plus) – effectively function as confidence building measures as they "help mitigate the risk of regional conflict by bringing states together, entrenching habits of dialogue and encouraging practical military cooperation".[9]

Whether or not they are sufficient to mitigate the prevailing security dilemma, in view of the power struggle which appears to be developing, remains to be seen. However, from New Zealand's perspective, the ARF, ADMM-Plus as well as the East Asia Summit (EAS) are very much part of the ASEAN-led regional security architecture on which New Zealand sets great store.[10] Indeed, New Zealand sees ASEAN itself as being at the "core" of regional security mechanisms[11] and is fully supportive

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[8] The security dilemma concerns the impossibility of states being able to differentiate "between measures other states take to defend themselves and measures they may be taking to increase their capability for aggression." The effects of getting it wrong are so serious, however, that "the dictates of prudence pressure each state to adjust its military measures in response to a worst-case view of the measures taken by others." Thus, as each move is regarded as being a potential threat, "even a system in which all states seek only their own defence [i.e. they are security seekers] will tend to produce competitive accumulations of military strength." Barry Buzan, *An Introduction to Strategic Studies: Military Technology and International Relations* (London: Macmillan/ International Institute for Strategic Studies, 1987), p. 78. These reciprocal counter-responses … lead to increased regional tensions, diminished security and "self-fulfilling prophecies about the danger of one's security environment." Thomas J. Christensen, "China, the U.S.-Japan Alliance, and the Security Dilemma in East Asia", *International Security*, Vol. 23, No. 4 (Spring 1999), pp. 49-50. As a result, one could expect to see the emergence of spirals of tension.

[9] *Defence White Paper 2016*, p. 40.

[10] In *Strategic Intentions 2016-2020* the EAS is described as "the premier leaders-led dialogue on regional security challenges". *Ibid*., p. 13. Interestingly, the MFAT document makes no reference to the ADMM-Plus when discussing how regional security and stability can be brought about, whilst the *Defence White Paper 2016* mentions the ARF and ADMM-Plus, but not the EAS.

[11] *Defence White Paper 2016*, p. 39.

of the notion of 'ASEAN centrality'.[12] In an important sense, ASEAN, and an ASEAN-centred regional security architecture, can be viewed as being closely linked to New Zealand's search for security and prosperity since they contribute to the regional stability on which New Zealand depends. As the *Defence White Paper 2016* notes, "New Zealand has a critical interest in the maintenance of security in the Asia-Pacific region as well as in growing and expanding its relationships."[13] Thus, "[m]aximising New Zealand's place in the political and security regional architecture" including the ARF and EAS "will be important" in the future.[14]

New Zealand's interest in a stable Asia-Pacific, and the contribution towards that which ASEAN can make, is not a new development precipitated by the global and regional changes noted above. The relationship between New Zealand and the Association effectively began back in 1975 when New Zealand became ASEAN's second Dialogue Partner (Australia was the first) and one of the first Dialogue Partners to hold summits, beginning in 1977.[15] At various points over the last forty-two years the importance of a "shared past" has been mentioned and the furthering of co-operation noted.[16] New Zealand's active participation in the ARF, ADMM-Plus, and EAS has also been recognised.[17]

From New Zealand's perspective, its participation in such fora, which lie at the centre of the regional security architecture, is vital if it is to have any say in the shaping of that architecture and, concomitantly, in the construction of a secure, stable Asia-Pacific region. As MFAT makes clear, if New Zealand's security is to be protected and advanced then it is essential that it is included in, and able to influence, the deci-

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[12] In her contribution to *ASEAN Focus*, the New Zealand Ambassador to ASEAN, Stephanie Lee, observed that "New Zealand has always firmly supported ASEAN's centrality in the regional architecture." Ambassador Stephanie Lee, "ASEAN and New Zealand after the first 40 years: Supporting Centrality and Integration", in *ASEAN Focus. Special Issue on ASEAN 2025: Forging Ahead Together*, January 2016, p. 22.

[13] *Defence White Paper 2016*, p. 10.

[14] *Strategic Intentions 2016-2020*, p. 2.

[15] ASEAN Secretariat's Information Paper, *Overview of ASEAN-New Zealand Dialogue Relations*, p. 1, http://asean.org/wp-content/uploads/images/2015/November/ASEAN-Australia/Overview%20ASEAN-New%20Zealand%20DR_as%20of%205%20November%202015%20-%20Clean.pdf (accessed 27 April 2017). For a history of the founding of New Zealand-ASEAN relations, see Malcolm McKinnon, *New Zealand and ASEAN: A History* (Wellington: Asia New Zealand Foundation, 2016).

[16] Ministry of Foreign Affairs and Trade and New Zealand Trade and Enterprise, *New Zealand's ASEAN Partnership: One pathway To Ten Nations*, July 2013, p. 3. This document is also referred to as *Opening Doors to ASEAN*. See also *Joint Declaration for ASEAN – New Zealand Comprehensive Partnership*, Ha Noi, 22 July 2010, p. 1, https://www.mfat.govt.nz/assets/_securedfiles/Aid-Prog-docs/ASEAN/ASEAN-Joint-Declaration.pdf (accessed 27 April 2017); and Brook Barrington, "New Zealand – ASEAN 40th Anniversary", *New Zealand International Review*, Volume 40, Issue 4, July/August 2015, p. 2.

[17] *Overview of ASEAN-New Zealand Dialogue Relations*, p. 2.

sions which are made in these fora.[18] In essence, New Zealand sees ASEAN and the ASEAN-led regional security architecture as being at the centre of the rules-based regional order. As a small state, New Zealand has always placed a premium on international order because "it provides protection by disciplining the exercise of national power through international law, custom and convention, and accords the same rights to all countries regardless of their size."[19] There is little in this statement that would be disagreed with by anyone in the various ASEAN capitals. Indeed, in *ASEAN 2025: Forging Ahead Together* the members commit themselves to realising "[a] rules-based community that fully adheres to … [the] principles of international law" and a "region that resolve differences and disputes by peaceful means, including refraining from the threat or use of force and adopting peaceful dispute settlement mechanisms".[20] For ASEAN, the basis for this regional order is provided by its Charter and the Treaty of Amity and Cooperation (TAC); the importance of both of which has been regularly recognised by New Zealand.[21]

Also viewed by New Zealand as contributing to a rules-based regional order, specifically in relation to the territorial disputes in the South China Sea in which four ASEAN members have claims, are the 2002 ASEAN-China Declaration of Conduct of Parties in the South China Sea and the putative Code of Conduct (COC). While adopting the position of all outside parties that it does not take a position on the claims of the states involved, New Zealand has consistently emphasised the importance of the dispute being settled peacefully. In the wake of the Permanent Court of Arbitration ruling on the case "In The Matter Of The South China Sea" in July 2016, Brownlee made it clear that New Zealand "opposes actions that undermine peace and erode trust" and that it is supportive of the "rights of states to access dispute settlement mechanisms in managing complex issues."[22]

Another area of commonality between New Zealand and ASEAN in terms of a regional security order is New Zealand's support for ASEAN's Southeast Asia Nuclear Weapons Free Zone Treaty (SEANWFZ); ensuring the effective implementation

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[18] See *Strategic Intentions 2016-2020*, p. 17.

[19] *Defence White Paper 2016*, p. 20.

[20] The ASEAN Secretariat, *ASEAN 2025: Forging Ahead Together* (Jakarta: ASEAN Secretariat, 2015), p. 14.

[21] See, for example, *Joint ASEAN-New Zealand Leaders' Statement on the 40th Anniversary of ASEAN-New Zealand Dialogue Relations: Advancing our Strategic Partnership towards greater mutual benefit and prosperity*, p. 1, http://www.asean.org/wp-content/uploads/2015/12/ASEAN-NZ-Joint-Leaders-Statement-FINAL-clean-1.pdf (accessed 28 April 2017).

[22] Brownlee went on to say that New Zealand is also supportive of the rights of those states "to have the outcomes of such processes respected" and to express the hope that now the tribunal has reached its conclusions "the parties can use it as a basis to work together to resolve their differences." He concluded his comments on the subject by injecting a note of realism acknowledging that the problem was likely to continue "to test the international legal system." Brownlee, *Address to NZ Institute of International Affairs, Wellington*.

of which (and its attendant plans of action) is part of the ASEAN Political-Security Community (APSC) Blueprint 2025 contained within *ASEAN 2025: Forging Ahead Together*.[23] In the *Plan of Action To Implement The Joint Statement for ASEAN – New Zealand Strategic Partnership 2016-2020*, New Zealand and ASEAN have made a commitment to "[s]upport the implementation of the Treaty … as an effective instrument in promoting and strengthening nuclear non-proliferation and note the ongoing efforts of State Parties to the Treaty … and the nuclear weapons states [NWS] to resolve outstanding issues pertaining to the signing and ratification of the Protocol to that Treaty."[24] Given its long-standing, principled, opposition to nuclear proliferation and support for nuclear disarmament, New Zealand could try to lobby the NWS to sign the protocol. New Zealand certainly welcomes the commitment made by the ASEAN members in the APSC Blueprint 2025 to "[p]romote an enhanced role" for the Treaty and its State Parties "in relevant multilateral fora and frameworks on disarmament and non-proliferation, including the Review Conferences of the Treaty on the Non-Proliferation of Nuclear Weapons [NPT]".[25] The *Plan of Action 2016-2020* specifically mentions the desire of New Zealand and ASEAN to further co-operation relating to disarmament and arms control as well as the non-proliferation of weapons of mass destruction (WMD) through the ARF and the United Nations (UN).[26]

Also listed in the *Plan of Action* are a number of Non-Traditional Security (NTS) issues in which co-operation between the two parties can either be enhanced or explored. These include Counter-Terrorism; the humanitarian aspects of landmines and "other explosive remnants of war issues in the region"; Transnational Crime (TNC); cyber security; maritime security; and humanitarian assistance and disaster relief (which is actually listed under the sub-heading of Socio-Cultural Cooperation).[27] That a range of NTS issues have been identified as areas of political-security co-operation in the *Plan of Action* is not surprising. ASEAN has attached increasing significance to NTS over the last decade or so and it has been an area in which New Zealand-ASEAN co-operation has been deepening recently.

This co-operation has occurred through specific bilateral mechanisms, for example, the ASEAN-New Zealand Joint Declaration for Cooperation to Combat International Terrorism as well as under the auspices of the EAS, ARF, ADMM-Plus,

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[23] *ASEAN 2025: Forging Ahead Together*, p. 44.

[24] *Plan of Action To Implement The Joint Statement for ASEAN – New Zealand Strategic Partnership 2016-2020*, p. 2, http://asean.org/wp-content/uploads/images/2015/November/27th-summit/statement/PoA%20to%20Implement%20the%20Joint%20Statement%20for%20ASEAN-NZ%20Startegic%20Partnership%20....pdf (accessed 28 April 2017).

[25] *ASEAN 2025: Forging Ahead Together*, p. 44.

[26] *Plan of Action 2016-2020*, p. 3.

[27] See *Ibid*., pp. 3, 4 and 7.

and the Expanded ASEAN Maritime Forum.[28] That much of this co-operation has revolved round maritime security and humanitarian assistance and disaster relief/risk management is indicative of the fact that, from New Zealand's point of view, the most important security challenges it faces are Illegal, Unreported and Unregulated (IUU) fishing and, sadly, natural disasters in which it has particular expertise. New Zealand, it has been argued, could work very well with ASEAN on IUU fishing based on its own experiences in the Southern Ocean.[29]

The Association's importance to New Zealand lies not just in the realm of security co-operation in its various forms. The economic dimension of the relationship has become of increasing significance; particularly in recent years. That ASEAN should be important to New Zealand in trade terms is unsurprising given that so much of its foreign policy is (and has always been) driven by a trade agenda.

In the year ending December 2016, total two way trade between New Zealand and ASEAN as a group was some NZ$14.4bn (up from NZ$13.1bn in 2011). When compared with individual countries, ASEAN was ranked as New Zealand's 5th largest trade partner for exports and 4th largest for imports. In addition to the trade in goods and services, ASEAN visitor and migrant numbers are also important and have increased in numbers too: the former from 142,000 in 2015 to 185,680 last year and the latter to 10,247, up from 10,135 in 2015. As a percentage of permanent migrants to New Zealand, those from ASEAN equalled 8.1% in 2016.[30]

Underpinning, and helping to expand, the trade relationship has been the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) which was signed in 2009 and entered into force on 1 January 2010. Overall, it is thought that the AANZFTA has helped to increase New Zealand's trade with ASEAN by 25% since 2010.[31] Despite this increase, however, there is a feeling in New Zealand that the FTA has not been quite as beneficial as had been hoped. Not only have concerns been expressed that exporters are failing to make the most of the advantages the agreement offers, New Zealand's Trade Minister, Todd McClay, has contended that they "also face an increasing number of non-tariff barriers … such as import quotas, subsidies, customs delays and technical barriers".[32] Recognition of some of these sorts of difficulties is apparent in the commit-

[28] For details of some of these areas, see *Overview of ASEAN-New Zealand Dialogue Relations*, p. 2 and Ministry of Foreign Affairs and Trade, *Association of Southeast Asian Nations (ASEAN)*, https://www.mfat.govt.nz/en/countries-and-regions/south-east-asia/association-of-south-east-asian-nations-asean/ (accessed 28 April 2017).

[29] Confidential comments provided in a Track II briefing which the author participated in.

[30] StatsNZ, *ASEAN – New Zealand trade, investment, and migration: Year ended December 2016*, http://www.stats.govt.nz/browse_for_stats/industry_sectors/imports_and_exports/trade-investment-migration-factsheets.aspx (accessed 28 April 2017).

[31] Radio New Zealand News, "South East Asia FTA to be reviewed", 17 October 2016, http://www.radionz.co.nz/news/business/315869/south-east-asia-fta-to-be-reviewed (accessed 4 April 2017).

[32] Todd McClay cited *ibid*.

ment in the *Plan of Action 2016-2020* to "[c]onclude AANZFTA's built-in agenda areas, including rules of origin, non-tariff measures … and services and investment".[33] New Zealand is also conducting a review of the FTA which will form part of a "comprehensive review" by all parties occurring this year.[34]

With regard to wider regional economic integration, under the *Plan of Action* New Zealand and the ASEAN members have also committed themselves to "[p]ursue and implement a modern, comprehensive, high-quality and mutually beneficial Regional Comprehensive Economic Partnership [RCEP] agreement … [that] offers significant improvements on ASEAN +1 FTAs".[35] This very much fits in with one of New Zealand's strategic objectives listed in *Strategic Intentions 2016-2020* which is to increase market access for New Zealand and further regional economic integration. Indeed, trade and regional economic integration are regarded as the "key to New Zealand's future prosperity" and thus implementing the Trans-Pacific Partnership (TPP) and successfully concluding a RCEP "are priorities."[36] Now that the US has withdrawn from the TPP, and it is not clear yet whether or not the remaining signatories will be able to press ahead in the US's absence (as New Zealand is in favour of), the RCEP will assume greater significance for New Zealand. The slow progress towards its successful conclusion is an obvious source of concern therefore.

From the preceding discussion it can easily be inferred that New Zealand and ASEAN relations have become much denser since New Zealand became a Dialogue Partner back in the 1970s. The development of the relationship has been marked, and furthered, by various statements, meetings and plans. These include the *Joint Declaration for ASEAN-New Zealand Comprehensive Partnership* issued in Ha Noi in 2010; New Zealand's *ASEAN Partnership: One Pathway to Ten Nations* strategy released in July 2013 (the first NZ Inc strategy aimed at a whole region); the *Joint ASEAN-New Zealand Leaders' Statement on the 40th Anniversary of ASEAN-New Zealand Dialogue Relations* (which was issued in November 2015 following the 40th Anniversary Commemorative Summit and elevation of the relationship to a Strategic Partnership); and, of course, the *Plan of Action 2016-2020* which is intended to "implement the shared ambition for a deeper, stronger, and mutually beneficial … relationship with a focus on areas where ASEAN and New Zealand have expertise and mutual interests."[37] In addition to some of the areas of political-security and economic co-operation already discussed, the *Plan of Action* also refers to socio-cultural cooperation

[33] *Plan of Action 2016-2020*, p. 5. The *Plan of Action* also covers economic co-operation at the micro-level with New Zealand committing itself to transferring know-how and expertise so as to further commercial opportunities which can aid economic development in the ASEAN members. *Ibid*., pp. 5-6.

[34] "South East Asia FTA to be reviewed".

[35] *Plan of Action 2016-2020*, p. 5.

[36] *Strategic Intentions 2016-2020*, p. 14.

[37] *Plan of Action 2016-2020*, p. 1.

including education and leadership. Co-operation in this sector is meant to "[p]romote stronger people-to-people connections, and build greater awareness of ASEAN-New Zealand relations for current and future ASEAN and New Zealand leaders" and is part of the People Strategy; one of the two key strategies to increase cooperation.[38]

The *Plan of Action 2016-2020* will provide the framework for functional co-operation between ASEAN and New Zealand over the next few years and ensuring the full and effective implementation of the measures outlined in the plan will be a major part of the relationship. From Wellington's perspective, it is essential that the *Plan of Action* "delivers a step-up in shared ambition and a more mature level of reciprocity from ASEAN."[39] Hitherto, the relationship has sometimes appeared asymmetrical with New Zealand (and its Trans-Tasman partner, Australia) being expected to be the provider of aid, finance, and expertise whilst the Association and its members are the recipients or beneficiaries of it.

Having said this though, New Zealand will have no qualms about continuing its long-standing commitment to strengthening the Association; assisting in its community-building efforts; and helping with the integration of the less wealthy members (Cambodia, Laos, Myanmar and Vietnam). These are all aspects which are regularly referred to in the various statements as well as plans of action. As ASEAN displays an increasing level of divisiveness, often related to the situation in the South China Sea, anything which New Zealand can do to support the Association's cohesiveness will be important.[40] As in the past, there may also be occasions when the domestic politics of individual ASEAN members conflict with the values New Zealand holds (for example, the military coup in Thailand in 2014 and the violence in Rakhine State in Myanmar in 2016) so New Zealand will need to make sure its responses to such developments do not affect the relationship with the wider region.

Not only will New Zealand in the future need to support ASEAN community-building, it will also need to reiterate its support for, and commitment to, the idea of ASEAN's centrality in the regional security architecture as well as the inclusive nature of the ASEAN-led fora. Amidst shifts in the balance of power and challenges to the existing international rules-based order, there now appear to be challenges to the ASEAN-led regional security architecture emanating from Moscow and Beijing.

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[38] Ibid. The other is the Prosperity Strategy which supports "ASEAN's and the region's economic development, as well as regional economic integration". Ibid.

[39] Ministry of Foreign Affairs and Trade, *New Zealand Mission to ASEAN*, https://www.mfat.govt.nz/en/countries-and-regions/south-east-asia/indonesia/new-zealand-embassy-and-mission-to-asean/new-zealand-mission-to-asean/ (accessed 3 March 2017).

[40] Kishore Mahbubani attributes some of this divisiveness to China's behaviour which, he contends, is actually counter-productive. See Kishore Mahbubani, "Asean still the critical catalyst for China's future", *The Straits Times*, 22 November 2016, http://www.straitstimes.com/opinion/asean-still-the-critical-catalyst-for-chinas-future (accessed 28 April 2017).

Whilst, as Daljit Singh has observed, China has moved away from its earlier position of seemingly wanting to reconstruct the region's security architecture and make it more exclusively 'Asian', the approach outlined in its new White Paper *China's Policies on Asia-Pacific Security Cooperation*, which was issued in January this year, sees the EAS, ARF and the ADMM-Plus at the bottom of the list of its preferred mechanisms. Those at the top are the ones from which the US is excluded (i.e. ASEAN +1 and ASEAN Plus Three).[41] This would not be in New Zealand's interests. Any opportunity to reiterate New Zealand's commitment to ASEAN centrality should be taken; whether in bilateral discussions with China or at meetings such as the IISS Shangri-La Dialogue or the Xiangshan forum, for example. An opportunity to increase the high-level political and security dialogue, the goal of which is referred to in the *Plan of Action*, and perhaps also to do another stocktake of the relationship as well as set new goals, could be provided by the holding of an ASEAN-New Zealand Summit. Provision for this is included in the plan itself.[42] Since the first ASEAN-Australia Special Summit is to take place in 2018 in Australia, such a summit between New Zealand and ASEAN, which could be held in New Zealand, would not be setting a precedent.

Ultimately, of course, however important ASEAN and ASEAN centrality is to New Zealand and its security and prosperity, in the current uncertain strategic environment New Zealand cannot rely on them alone. It will also have to continue to participate in (and expand where possible) the other bilateral, mini-lateral, and multilateral relationships which together comprise the existing regional security architecture. As Singapore's Defence Minister has said, at a time of uncertainty when "the status quo has changed" all like-minded countries who "share the same platforms" need to co-operate whether in the ADMM-Plus or the Five Power Defence Arrangements.[43]

**Mark G. Rolls** has an MA in Defence and Security Analysis from Lancaster University and a PhD in South-East Asian Studies from the University of Hull. He has held posts at the Institute of Southeast Asian Studies in Singapore and in the Department of International Politics, University of Wales, Aberystwyth, where he was the Swan Hunter International Fellow in South-East Asian Studies. Mark is the co-editor of *Post-Cold War Security Issues in the Asia-Pacific Region* (Frank Cass, 1994, 2000) and the author of *The Arms Dynamic in South East Asia during the Second Cold War* (Ashgate, 2002). He contributed the chapter on

[41] Daljit Singh, "China's White Paper on Security Cooperation in the Asia-Pacific Region and Chinese Grand Strategy", *Perspective*, Issue: 2017, No. 2, pp. 6-7.

[42] The actual wording is: "Dialogue could also include ASEAN-New Zealand Summits as appropriate and as mutually agreed". *Plan of Action 2016-2020*, p. 2.

[43] Dr. Ng Eng Hen, cited "Singapore, New Zealand hold inaugural defence ministers' meeting", *ChannelNewsAsia*, 16 January 2017, http://www.channelnewsasia.com/news/singapore/singapore-new-zealand-hold-inaugural-defence-ministers-meeting-7563208 (accessed 30 April 2017).

East Asia to *New Zealand in World Affairs IV 1990-2005* and is currently working on a book on New Zealand's relations with South Asia. Research interests include ASEAN, the emerging East Asian regional security architecture, arms procurement, non-traditional security issues and New Zealand-Asia relations. Mark is a regular participant for New Zealand in the Track II process of political, economic and security dialogue in the Asia-Pacific region and has been a Non-Government delegate to several Shangri-La Dialogues (most recently in 2105). He is a Fellow of the New Zealand-India Research Institute, a Senior Fellow of the Centre for Strategic Studies: New Zealand and a member of the International Institute for Strategic Studies (IISS).

# CONTRIBUTORS






German URL: *http://www.kas.de*
Singapore URL: *http://www.kas.de/singapore*
Email: *politics.singapore@kas.de*

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