

Current Developments In Southeast Asia: Implications For U.S.- Southeast Asia Relations

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The Asia Foundation's conference on "*Current Developments in Southeast Asia: Implications for U.S. – Southeast Asia Relations*" took place at a critical juncture in U.S.-Southeast Asian relations, one marked by ongoing concerns, but also by considerable hope and enthusiasm. After a period of drift, the Obama Administration, with bipartisan support in Congress, has expressed commitment and taken steps toward engaging the region in a manner that is more proactive, multilateral, and consultative compared to the previous U.S. administration. Southeast Asians, in turn, have welcomed the change in tone and substance. The Association of Southeast Asian Nations (ASEAN), meanwhile, has moved toward strengthening its capacity to tackle regional issues. In November 2009, the first U.S.-ASEAN summit will take place on the sidelines of the Asia-Pacific Economic Cooperation (APEC) meeting in Singapore. Nonetheless, as the issues raised in the conference made clear, this cooperative and energetic atmosphere faces many contentious and in some cases intractable policy problems as well as differing worldviews. Southeast Asian participants in the conference represented the growing voice of civil society in regional affairs. They suggested that a key challenge for Washington's engagement in Southeast Asia is to appreciate the ways in which sources of domestic political instability affect regional issues and foreign policies.

Converging Policy Approaches

The Obama Administration has signaled that it intends to pay greater attention to the region and work with multilateral organizations, particularly ASEAN, to cooperate on issues of mutual concern. Effecting democratic change in Burma (Myanmar), an issue that has plagued the relationship between the United States and ASEAN for over a decade, may finally see movement. Washington has begun to formulate a new policy on Burma, one that likely will include a mix of both sanctions and engagement, while ASEAN's new charter, adopted in 2007, displays an eagerness by some states to enforce rules upon the organization's members and act in unison on issues such as human rights. The rise of China, while not considered as a security threat in most regional capitals, has nonetheless given the organization greater purpose – to both hedge against the Asian giant's economic, diplomatic, and military power and exploit opportunities that Sino-Southeast Asian relations provide. The Obama Administration has taken care not to upset this balancing act. State Department officials have stated that the United States and China both can have a positive impact on the region's development.

However, many factors potentially may undermine the effectiveness of ASEAN and U.S. engagement. These include domestic economic, political, and social problems among Southeast Asian countries; incentives to bypass the regional grouping in favor of bilateral or unilateral means of promoting national interests; and political constraints in Washington. Furthermore, the

two sides likely will continue to disagree on many aspects of ideology and policy approach, as some discussions at the conference made clear.

“The United States is Back in Southeast Asia”

The Obama Administration’s approach to Southeast Asia and ASEAN has represented a marked departure from the previous administration. In fact, the trend toward greater engagement, including the appointment of Scott Marciel as ambassador to ASEAN in 2008, began under the Bush Administration, with strong support from congressional leaders such as Senator Richard Lugar. Under the Bush Administration, the United States developed closer security ties with most countries in the region, designating the Philippines and Thailand, two countries with which the United States conducts joint military training exercises, as “Major Non-NATO Allies,” cooperating with Singapore and Malaysia on counter-terrorism activities, resuming full military assistance to Indonesia in 2006, and introducing military training and assistance programs in Cambodia, Laos, and Vietnam. Major cooperative, counter-terrorism arrangements include the 2002 ASEAN-U.S. Joint Declaration for Cooperation to Combat Terrorism, the Southeast Asian Regional Center for Counter-Terrorism, established in 2003 in Kuala Lumpur, and the 2005 U.S.-Singapore Strategic Framework Agreement for a Closer Cooperation Partnership in Defense and Security. U.S. foreign aid for several countries in the region, including the Philippines, Vietnam, Indonesia, and Cambodia, increased dramatically after 2001.

Nonetheless, many U.S. policies and actions in Southeast Asia under the Bush Administration produced widespread disappointment in the region. Many Southeast Asians perceived the U.S. government as narrowly focused on terrorism; dismissive of multilateral efforts, as indicated by the failure to attend several regional summits; uninterested in regional input or opinions; and rigid or arrogant, such as in the imposition of human rights sanctions or conditions on foreign aid. In addition, many in the region, of which about 40 percent are Muslim, were deeply dismayed by U.S. unilateral approaches to global problems, particularly in Iraq. Meanwhile, the United States appeared to be losing ground to China as a source of economic growth in the region. One exception to this negative public image was the positive reaction to the substantial and effective U.S. aid response following the Indian Ocean tsunami in December 2004.

As Tommy Koh, former Singapore Ambassador to the United States, explained at the conference, many Southeast Asians have cheered several symbolic and concrete foreign policy steps taken by the Obama Administration, as well as the new tone that they have set. These include making moves to withdraw troops from Iraq, close the Guantanamo detention center, and ban the use of torture; reaching out to the Middle East; and taking on a more positive role in the United Nations. In a number of policy areas, including China and Burma, the Administration and foreign policy leaders in Congress, such as Senator Jim Webb, have begun to discard the former “zero sum” approach whereby disagreements over issues such as human rights precluded engagement and dialogue.

Closer to home, several U.S. actions have resonated well in the region and have vastly improved the U.S. image. Secretary of State Hillary Clinton’s first foreign visit included not only Northeast Asia, traditionally the focus of U.S. attention in the Pacific, but also Indonesia and the ASEAN Secretariat in Jakarta. In July 2009, the United States acceded to the Treaty of Amity and Cooperation (TAC), which promotes the settlement of regional differences or disputes by peaceful means, the last major Pacific power to do so. Secretary Clinton made a strong showing in Thailand at the ASEAN Regional Forum (ARF) summit, where she announced that “the United States is back in Southeast Asia” and participated in the first U.S.-Lower Mekong Delta Ministerial meeting which included the nations of Cambodia, Laos, Thailand, and Vietnam. As expressed by some interlocutors, however, some image problems continue, stemming from the

legacy of U.S. actions during the Vietnam War and the seeming hesitance to accept responsibility for them. Vietnamese and Laotian interlocutors, mindful of U.S. criticisms of human rights conditions in their countries, reminded the participants of the continued suffering caused by dioxin (Agent Orange) and unexploded ordnance (UXO), and pleaded for more U.S. assistance in addressing these remnants of the war.

In August 2009, Virginia Senator and Chairman of the Asia-Pacific Subcommittee Jim Webb visited Burma, the first Member of Congress to do so in a decade and the first U.S. leader to meet with Burmese General Than Shwe. Webb also was allowed to hold a meeting with opposition leader Daw Aung San Suu Kyi, recipient of the 1991 Nobel Peace Prize. In addition, the Senator held talks with the leaders of Laos, Cambodia, Vietnam, and Thailand. Senator Webb is a proponent of engagement with Burma as well as a strong U.S. presence in Southeast Asia, in part to offset China's growing influence in the region.

Conference keynote speaker Daniel Shields, the Charge d'Affairs for the U.S. Embassy in Singapore, suggested that U.S. relations with ASEAN were as "critical" as those with the other emerging power centers in Asia – China and India. In addition to mutual security interests, the United States and Southeast Asia are economically interdependent. The United States has \$130 billion privately invested in the region and ASEAN constitutes the second-largest market for U.S. goods in Asia, after China. Half of the world's oil supply and a third of its commerce pass through the Straits of Malacca.

Although the United States remains the principal military power in the region, it has lost some economic influence. China has surpassed the United States in total trade with ASEAN, with \$192 billion in 2008 compared to U.S.-ASEAN trade of \$177 billion. Japan and the EU are the group's largest trade partners. Furthermore, some of the Obama Administration's trade policies have caused concern in Southeast Asian capitals, according to some of the conference participants. Among the fears expressed were that the U.S. imposition, in September 2009, of increased tariffs on Chinese tires would spark a trade war or signaled protectionist sentiment in the U.S. government. The lack of progress on free trade agreements (FTAs), particularly those under negotiation (U.S.-Malaysia and U.S.-Thailand FTAs), was another source of worry. The United States is the only major power in the region that has not agreed to some form of formal FTA with ASEAN. In October 2009, Senator Richard Lugar introduced a bill encouraging a free trade agreement between the United States and ASEAN (S. Res. 311). Although the U.S. appears to be rebounding from the current recession, negotiating an FTA with ASEAN will be extraordinarily challenging at a time when popular opposition toward FTAs remains strong, and the Obama administration is grappling with other contentious issues, such as health care reform and the war in Afghanistan. Moreover, the FTA already negotiated between the United States and South Korea (a treaty ally) has yet to be ratified by Congress.

ASEAN and the Challenges of the Next Decade

Southeast Asia has long been a fragmented region, pulled by centrifugal forces of ethnicity, religion, colonial history, and geography. The strength of ASEAN – the ability of the organization to act cohesively and purposefully – often has been undermined by the lack of common interests among its members. Furthermore, as some countries in the region, such as Indonesia, grow in global stature, they may be tempted to act unilaterally on regional issues. The organization's traditional disunity and unwillingness to impose human rights standards upon its members, particularly Burma, have been sources of tension between ASEAN and the United States. Professor Wang Gungwu put forth three possible future scenarios for ASEAN: (1) an organization that provides a forum for dialogue but remains passive toward regional issues; (2) a grouping that

becomes ineffectual or breaks apart; and (3) an organization that becomes more assertive as external powers such as the United States and China compete for influence in the region.

Wang was cautiously optimistic that the shared interest among Southeast Asian states, the United States, China, and other powers in the region in a strong ASEAN boded well for the organization. ASEAN, along with other regional and Pacific organizations, such as the ASEAN Regional Forum (ARF), APEC, ASEAN plus 3 (China, Japan, and South Korea), and the East Asia Summit (EAS), have enmeshed Southeast Asian countries, Northeast Asia, Oceania (Australia and New Zealand), India, the United States, and other countries in webs of political, security, and economic dialogue and cooperation. Although some U.S. policy makers have expressed concerns about China's role in the EAS (the United States is not a member), Australia and India are said to help protect U.S. interests and balance China in the grouping. U.S. accession to the TAC in July 2009 gave the United States the option to become a member of the EAS. However, whether the U.S. wishes to become a member of the EAS remains unclear.

As the country reports delivered at the conference made clear, the region includes some of the world's richest countries (Singapore) and poorest (Cambodia), varying levels of political development, deep differences of religion, ethnicity, and culture, and divergent international agendas. These disparities in turn pose challenges to political and regional stability and to the cohesion of ASEAN, the organization's ability to respond to regional issues, and its relations with the United States.

Southeast Asian participants generally agreed on the benefits of regional free trade. The ASEAN Free Trade Area (AFTA), which is to be implemented in 2010 by six ASEAN countries (and 2015 for the remaining signatories), was created as a means to lower the prices of regional products for export, attract foreign investment, and lay the groundwork for an FTA with the United States. The United States market is viewed as vital for the region and as a driver for development, especially for the less developed export economies of Vietnam and Cambodia. One of the main attractions of joining ASEAN for Laos, one of the most isolated countries in the region, was the potential benefits of trade. Southeast Asian exports to the United States have stagnated in recent years, although much of the region's exports of raw materials and components to China end up in finished goods in U.S. stores. Chief economic concerns of the Southeast Asian interlocutors at the conference included preventing bilateral FTAs from undermining regional trade arrangements; countering the perceived reluctance of the United States to move ahead with free trade initiatives; and finding ways to compete economically with China.

Regional security issues include terrorist and separatist movements, territorial disputes, and the proliferation of weapons of mass destruction (WMD). Much progress has been made on combating Jemaah Islamiyah (JI), the Southeast Asian, pan-Islamist terrorist group. Key leaders have been captured, killed, or executed. However, JI training camps remain operational in the Philippines (Mindanao) and suicide bombers attacked the Jakarta Marriot and Ritz Carlton hotels in July 2009. Although JI's operational links to Al Qaeda are weak, Al Qaedaist ideology continues to inspire and motivate the network's actions, according to a regional security expert at the conference. The expert recommended U.S.-Southeast Asian efforts to better understand the roots of violent religious extremism.

China, Malaysia, the Philippines, Taiwan, and Vietnam are five disputants that exert overlapping claims over dozens of small islands in the South China Sea. In 2002, ASEAN countries and China signed the "Declaration on the Conduct of Parties in the South China Sea," which commits the parties to the peaceful resolution to territorial conflicts. Despite the lowering of tensions, these competing claims are a latent source of conflict. The United States government supports dialogue to address the issue but does not intend to get directly involved, according to U.S. officials. Two recommendations were offered by conferees. One speaker favored mediation and conciliation –

suggesting that this was a more Asian way of resolving disputes – rather than the more legalistic and adversarial method of arbitration. Another expert argued that collaborative activities, such as joint oil exploration between China and Vietnam in the Spratly Islands, best reduced the likelihood of conflict.

The Bush Administration launched the United States Proliferation Security Initiative (PSI) as a multilateral effort to combat the proliferation of WMD on the high seas. Although the Straits of Malacca are an important shipping lane, the PSI has faced opposition from Indonesia and Malaysia on several grounds, including concerns about national sovereignty, freedom of the seas, and unwarranted power given to the United States. One challenge of the Obama Administration is to cultivate greater support and cooperation from Indonesia and Malaysia on the PSI, two nations along with China that dispute its legality.

ASEAN and Regional Powers

China is the most consequential rising power in Southeast Asia through trade, development financing, aid, diplomacy, and participation in regional organizations such as ARF and EAS. According to some conference panelists, however, Japan is the region's closest partner. India has growing interest in the region, largely to counterbalance China.

ASEAN and China appear to agree on some fundamental regional objectives – promoting multilateralism, emphasizing economic development and integration, and demonstrating flexibility on domestic political matters – which underpins cooperation. Southeast Asian participants tended to agree that the United States should not provoke China – the best approach toward China involved a combination of economic engagement and some degree of political accommodation, which so far had worked to the region's advantage. Nonetheless, conferees suggested that a united ASEAN could act as a defensive bulwark against a more assertive China. One Southeast Asian speaker referred to some countries in the region as forming a “chain of democracies” surrounding China. Implicitly, U.S. security arrangements with these links would help to thwart any military aggression on China's part. However, this is not an articulated strategy by the Obama Administration, which views its relations with China as critical and has cultivated positive, cooperative, and comprehensive ties with Beijing.

Country Themes

In their country reports at the conference, Southeast Asian participants offered interesting insights into the problems of economic, political, and social development. Many of these domestic issues are not the topics of regional summits, although they have regional implications. To varying degrees, Southeast Asian countries have been adversely affected by the global recession and direct competition from China; however, other economic challenges, perhaps more fundamental, include corruption, income disparities, and underdeveloped legal institutions and infrastructure. One participant raised the notion of a “corruption plateau” whereby countries grow rapidly during the first phase of economic development but slow during latter stages due to corruption and low government capacity.

Several countries in the region have experienced political instability or human rights violations in recent years which have impacted foreign relations. Timor-Leste and Thailand have experienced setbacks to democracy while civil society groups have accused security forces in Thailand, the Philippines, and Indonesia of abuses. The 2006 military coup in Thailand and alleged human rights violations by security forces in the region have hindered military cooperation with the United States, to varying degrees. Some conferees argued that domestic political battles were responsible for the escalation of border clashes between Thai and Cambodian troops in 2008-09.

The postponement of the ASEAN summit in April 2009 in Thailand due to domestic political unrest was seen as a blow to Thailand's leadership in the organization and a setback to the association's economic agenda, including taking measures to stimulate their economies and promote trade during the global recession.

An important sub-theme at the conference was how non-democratic trends have occurred simultaneously with political development. In Indonesia, arguably the most democratic country in the region, as political institutions have matured, one conference interlocutor expressed concern that civil society may be losing relevance. The euphoria of independence in Timor-Leste was replaced by political turmoil and violence rooted in regional and socio-economic cleavages. In Malaysia, despite progress, the government is still widely perceived as corrupt. Singapore's small size and sense of vulnerability continues to nurture a political culture that sustains the city-state's benign authoritarianism. Under the rule of Prime Minister Thaksin, according to one conference participant, many Thais began to equate democracy with "strong man" rule. In Cambodia, while election processes have improved, vote buying, control over broadcast media, and defamation lawsuits by the ruling party have kept the opposition perpetually weak. Furthermore, the politics of personality and the politicization of newspapers have hindered the development of political discourse in the kingdom.

Another sub-theme was the influence of inter-ethnic tensions upon domestic and regional politics. Timorese participants made reference to the 2006 civil unrest in their country that was partially rooted in regional and socio-economic differences. These cleavages are likely to affect debates over the new nation's official language – Indonesian or Portuguese – and whether to draw closer to ASEAN or to the Melanesian nations of the Western Pacific. The Malaysian parliamentary elections of 2008, in which the ruling coalition, Barisan Nasional, lost its two-thirds majority for the first time since independence, may signal new possibilities for the reform of ethnic policies favoring Malays. In addition, a Malaysian interlocutor contended that civil rights groups were becoming more universal in outlook and less focused upon promoting the rights of individual ethnic groups. Singapore's ethnically and religiously diverse population and proximity to Malaysia, with its history of racially-charged politics, has served to justify the government's emphasis on social harmony over political liberty. Some Thais pointed to the inability of former Prime Minister Thaksin to quell the Muslim insurgency in the South as a reason for the 2006 coup. Burma's large, diverse, and restive ethnic minority population is likely to continue to be a destabilizing force in the country's politics, regardless of what form it takes.

The Way Forward

The conference produced several broad policy recommendations for U.S.-Southeast Asian relations and for the Obama Administration in particular. They represent strong desires for better U.S.-ASEAN relations. Some of the recommendations reflect the concerns of a new generation of self-confident, assertive, and democratic Southeast Asians who play important, non-governmental roles in their countries. They are committed to the political process rather than political leaders. Their outlooks bode well for civil society in the region. Recommendations made by some or many of the conference participants include:

- The U.S. should develop a more active U.S. public diplomacy and greater outreach to common people in the region. Southeast Asians should be exposed to scholars, writers, musicians and others who contribute so richly to American society. Such programs serve to foster both goodwill and cultural understanding.
- A deeper U.S. understanding of Southeast Asia and greater appreciation of the diversity in the region and of the economic and political obstacles that face

development goals is encouraged. More attention needs to be paid to the underlying, socio-economic causes of terrorism.

- Participants recommended that more resources be put into Southeast Asian studies programs in the United States, and also recommended more academic and professional exchanges. Other ASEAN nations could learn from Thailand and Malaysia's examples of supporting Southeast Asian Studies programs in the U.S.
- Southeast Asian interlocutors desired greater U.S. assistance for economic infrastructure, democratic institutions, and regional multilateral organizations. It is also recommended that the United States increase its aid to remove and help victims of Agent Orange and unexploded ordnance in Vietnam and Laos. Some participants advocated that human rights sanctions should be combined with more incentives for political reform.
- Southeast Asian interlocutors called for greater U.S. trade and investment and more forceful U.S. global leadership on trade. They expressed frustration with U.S. trade policies, including protectionist measures, the slow pace with which the United States acts on free trade initiatives, and the perception that Washington "awarded" FTAs only to countries that support U.S. positions.
- Southeast Asian conferees urged greater U.S. attention to be paid to civil society's role in the political and foreign aid processes. U.S. aid programs should continue to build upon efforts to assist Southeast Asian nations in developing effective and accountable governance that can expand access to justice, accelerate economic development, and mitigate the incidence of violent, sub-national conflict.
- Many participants expressed concern about climate change and environmental degradation in the region and sought greater collaboration in the areas of environmental preservation and sustainable resource extraction. The lower Mekong Delta countries have welcomed cooperation between the Mekong River Commission and the Mississippi River Commission, which was agreed to at the ASEAN Regional Forum meeting in July 2009. Constructively addressing these and other transnational issues – from man-made environmental catastrophes, natural disasters, and infectious diseases to maritime piracy, the trafficking of narcotics and human beings, and other events leading to mass displacement of persons, the breakdown of governance, or violent conflict – are areas where the U.S. and ASEAN can work together toward collective action.
- As President Obama prepares to leave for his first overseas trip to Asia as President of the United States, it is encouraging that Southeast Asia is receiving more attention in the past beyond the uni-dimensional lens of terrorism. The signing of the regional Treaty of Amity and Cooperation (TAC) in July illustrates that the U.S. respects the growing desire in ASEAN, and the Asia-Pacific region more broadly, to forge a regional identity. Time will tell if President Obama's trip to Singapore to attend the APEC leaders meeting and to hold the first-ever U.S. – ASEAN summit represents a more defined, integrative approach in U.S. – Southeast Asia relations. Nonetheless, the conference participants, be they from the U.S. or Southeast Asia, are encouraged by the tone and style of U.S. engagement with Southeast Asia over the past 10 months. Creating the substance to complement this new style and tone should contribute constructively to U.S. – Southeast Asia relations.