Dialogue on U.S. - Vietnam Relations

GLOBAL AND REGIONAL INFLUENCES

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Dialogue on U.S.-Vietnam Relations
GLOBAL AND REGIONAL INFLUENCES

Editor: Jonathan R. Stromseth

The Asia Foundation
The Henry Luce Foundation funded this project. The Asia Foundation organized the conference at the Sofitel Dalat Palace, Dalat, Vietnam, in cooperation with the Institute for International Relations under the Ministry of Foreign Affairs of Vietnam. The contents of the report and the background papers should not be construed as reflecting the views of The Asia Foundation, the Institute for International Relations, or the Henry Luce Foundation.

We would like to acknowledge the contribution of Gretchen Kunze-Hamel, Assistant Director of Programs at The Asia Foundation in San Francisco, who served as conference rapporteur.

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<tr>
<td>ACP</td>
<td>ASEAN Cooperation Plan</td>
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<tr>
<td>AFTA</td>
<td>ASEAN Free Trade Area</td>
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<td>AMMTC</td>
<td>ASEAN Ministerial Meeting on Transnational Crime</td>
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<td>APEC</td>
<td>Asia Pacific Economic Cooperation</td>
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<tr>
<td>ARF</td>
<td>ASEAN Regional Forum</td>
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<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<tr>
<td>ASEAN+3</td>
<td>ASEAN plus China, Japan and South Korea</td>
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<td>ASEM</td>
<td>Asia-Europe Economic Meeting</td>
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<tr>
<td>BTA</td>
<td>U.S.-Vietnam Bilateral Trade Agreement</td>
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<tr>
<td>EAI</td>
<td>Enterprise for ASEAN Initiative</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FTA</td>
<td>Free Trade Agreement</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>Interpol</td>
<td>International Criminal Police Organization</td>
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<tr>
<td>IPR</td>
<td>Intellectual Property Rights</td>
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<tr>
<td>JI</td>
<td>Jemaah Islamiyah</td>
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<tr>
<td>MILF</td>
<td>Moro Islamic Liberation Front</td>
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<tr>
<td>NAFTA</td>
<td>North American Free Trade Agreement</td>
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<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
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<tr>
<td>SARS</td>
<td>Severe Acute Respiratory Syndrome</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>SEATO</td>
<td>Southeast Asia Treaty Organization</td>
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<tr>
<td>SOMTC</td>
<td>Senior Officials Meeting on Transnational Crime</td>
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<tr>
<td>USAID</td>
<td>U.S. Agency for International Development</td>
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Preface

This report is part of a larger research and education project on U.S.-Vietnam relations being conducted by The Asia Foundation in collaboration with Vietnam’s Institute for International Relations (IIR). The project’s basic purpose is to examine various dimensions of the Vietnamese-American bilateral relationship, especially in the context of economic normalization between the two countries and a changing international environment in the Asia-Pacific region. Ultimately, it aims to promote a deeper understanding among Americans and Vietnamese about domestic conditions and international factors that influence the bilateral relations, leading to more informed policymaking on both sides. The Asia Foundation and IIR wish to acknowledge the Henry Luce Foundation for its generous financial support of this joint effort.

The first of three reports under this project was published in 2003 under the title, Dialogue on U.S.-Vietnam Relations: Domestic Dimensions. The report not only includes chapters by American authors on the U.S. institutions and groups that affect U.S. foreign policy in general and U.S.-Vietnam relations in particular, but also chapters by Vietnamese authors on related topics in the Vietnamese context. The latter offer the first extensive discussions by Vietnamese authors about the domestic determinants of Vietnam’s foreign policy in a bilateral context. A common theme running throughout the volume is the growing importance of foreign economic policy in both countries. The report also makes clear that future progress in U.S.-Vietnam relations will depend increasingly on each side’s appreciation of the domestic influences at play as the two countries engage across a broader range of bilateral issues.

While recognizing the growing importance of domestic factors for bilateral relations, The Asia Foundation and IIR also believe it is essential to study the broader regional and global environment in which relations have been unfolding since U.S.-Vietnam diplomatic relations were normalized in 1995. The world and the region have experienced dramatic events and changes over the past 10 years. These include the Asian financial crisis of 1997-1998; the rise of China and its increasing economic and political influence in Southeast Asia; and the changing role of regional institutions such as the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum, and the ASEAN+3 process that links the 10 ASEAN members to the three East Asian states of China, Japan, and South Korea. Of course, the events of September 11, 2001 also launched the U.S. into a global war on terrorism. This war against a non-state enemy has increased U.S. attention to Southeast Asia given the rise of Jemaah Islamiyah within parts of the region and its links to Al Qaeda, especially following the devastating bombings in Bali on October 12, 2002.

How have these and other international developments helped to shape, constrain, or encourage progress in U.S.-Vietnam relations? To answer this question, The Asia Foundation and IIR organized a conference in Dalat, Vietnam in late October 2003 focusing on global and regional factors that are influencing the bilateral relationship. Conference participants included Vietnamese officials and researchers from Hanoi and Ho Chi Minh City; American expatriates working in Vietnam in both the diplomatic service and the development community; and a visiting delegation from the U.S. representing American think tanks, academia, and the private sector.

The conference began with remarks by three distinguished speakers: Ambassador (ret.) J. Stapleton Roy, trustee of The Asia Foundation and managing director of Kissinger Associates, Inc.; the Honorable Raymond Burghardt, U.S. ambassador to Vietnam; and His Excellency Nguyen Huy Quang, vice chairman of the Commission for External Relations of the Communist
Party of Vietnam. Setting the stage for the conference at the opening dinner, Ambassador Roy remarked that the rise of China and the state of U.S.-China relations has enormous implications for both Vietnam and Southeast Asia as a whole. The trends are generally positive, he said, but added that a great deal rests on whether China pursues a course that enhances regional security and prosperity, and how wisely countries such as Vietnam and the U.S. respond to the challenge of a stronger and more prosperous China. In the American keynote address, Ambassador Burghardt stressed that U.S.-Vietnam relations had developed rapidly in recent years, especially in the commercial field, and said the two countries are ready to develop ties in more sensitive areas, including military relations. In the Vietnamese keynote address, Nguyen Huy Quang asserted that Vietnam-U.S. relations had become a crucial part of Vietnam’s foreign policy. Though relations continue to face difficulties, he said, they are becoming more stable as both sides explore areas of cooperation aimed at generating mutual benefits.

Subsequently, presentations and discussion focused on regional economic trends, great-power relations in the Asia-Pacific, the rise of terrorism in Southeast Asia, transnational security issues, and the role of multilateral institutions. The conference agenda was somewhat experimental. Unlike most bilateral meetings, Vietnamese and American participants did not serve as paper presenters. Rather, papers on the above topics were written by top specialists from third-country think tanks and universities in Southeast Asia. Significantly, however, one Vietnamese and one American served as a commentator on each of the papers, and their role, like that of the conference participants generally, was to identify the implications of the above issues and trends for U.S.-Vietnam relations. All of the papers, as well as the resulting comments and discussion, are reprinted in this volume.

The papers succeeded in stimulating frank and lively debate among conference participants. For instance, when Jose T. Almonte, a former National Security Advisor of the Philippines, pointed to speculation that the U.S. may view Vietnam as a strategic counterpart in a broader effort to contain China, it provoked strong opinions from both Vietnamese and American participants. A Vietnamese participant asserted that Vietnam is neither interested in nor capable of playing such a role, while an American stressed that such realpolitik thinking is outdated. American participants said Washington is well aware that Vietnam does not want to participate in such a strategy, and that, in any case, the U.S. has a more general goal of creating a stable balance in East Asia (e.g., by strengthening ASEAN). However, there was a broad consensus that the current state of major-power relations, including positive trends in Sino-U.S. relations, provides a window of opportunity for the U.S. and Vietnam to move forward. It was suggested that the two countries explore a “strategic dialogue” by defining the strategic interests of the U.S. as compared to the strategic interests of Vietnam, and identifying which areas may lead to disagreement or cooperation.

There was less consensus on what the war on terrorism means for bilateral relations. Although Hanoi signed on to the U.S.-ASEAN Joint Declaration on Combating Terrorism, initialed on August 1, 2002, some participants thought Vietnam could help to improve bilateral relations by being more proactive on this issue. Others said there was little evidence of a shared vision on terrorism, adding that Vietnam did the right thing simply by getting out of the way. An American commentator also observed that the bilateral relationship is affected indirectly because unlike other countries, such as China and Indonesia, Vietnam has little to offer in the war on terrorism — thereby leaving it more vulnerable to criticism on other issues like human rights. In addition to terrorism, the conference addressed such transnational crimes as drug trafficking and trafficking-in-persons. Participants discussed current levels of U.S.-Vietnam cooperation in these areas, and considered how this cooperation could be expanded and improved.

The conference was organized amid significant developments in the bilateral relationship. Implementation of
the Bilateral Trade Agreement from December 2001 had precipitated a boom in trade between the two countries, which grew from about $1.4 billion in 2001 to about $5.9 billion in 2003. As the conference took place, moreover, plans were underway for Vietnamese Defense Minister Pham Van Tra to visit the United States in November 2003 to promote cooperation in regional security promotion. One week after that visit occurred, a U.S. Navy frigate spent four days in Ho Chi Minh City after steaming up the Saigon River from Vung Tau. In addition, as this report is being finalized for publication, a U.S. Navy destroyer has just concluded a six-day visit to Danang in Central Vietnam. Such events would have been thought scarcely possible even two years ago.

To be sure, serious irritants continue to affect bilateral relations, exemplified by new trade disputes and continued differences over human rights and other issues. Yet, the rapid growth in economic ties, coupled with recent developments in military-to-military relations, demonstrate that relations are broadening and deepening in a manner that puts the bilateral relationship on more stable footing. In this context, and building on the first two conferences organized as part of this project, The Asia Foundation and IIR will convene a third and final conference in Washington, D.C. in December 2004 titled *Ten Years After Normalization: Prospects for Improved U.S.-Vietnam Relations.* As a follow-up to our studies on the domestic and international factors that affect the bilateral relationship, the final conference is designed to generate concrete recommendations aimed at further improving relations. Again, we sincerely thank the Henry Luce Foundation for its support in making all of these meetings possible.

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*Vietnam Representative*
*The Asia Foundation*

*Ambassador Trinh Quang Thanh*
*Director General*
*Institute for International Relations*

August 2004
Introduction
Regional and international influences have an increasing effect on the bilateral relationship between the United States and Vietnam. Appropriately, participants at the two-day conference in Dalat, Vietnam, addressed global and regional influences and their impact on U.S.-Vietnam relations, such as great-power relations, terrorism, economic trends in the Asia-Pacific region, transnational crime and threats to regional stability, and the role and influence of regional institutions.

As described in the preface, three eminent participants addressed broad issues affecting U.S.-Vietnamese ties at the start of the conference. J. Stapleton Roy, a former U.S. ambassador to both China and Indonesia, remarked that the rise of China is having a significant impact on Vietnam and Southeast Asia generally. He noted that while China works to mitigate concerns among its neighbors caused by its growing economic and military strength, the challenge for the U.S. is in sustaining attention to the region. U.S. Ambassador to Vietnam Raymond F. Burghardt stressed that U.S.-Vietnam relations had widened and deepened in recent years. He noted that the Bilateral Trade Agreement (BTA) between the U.S. and Vietnam had led to a dramatic growth in commercial ties, and also indicated that Vietnam is a country with which the U.S. sees overlapping strategic interests in this region. In addition, he said the U.S. supports World Trade Organization (WTO) membership for Hanoi, wants Vietnam to be a “successful” ASEAN member economically, and also wants it to possess strengthened rule of law and legal transparency.

Finally, Nguyen Huy Quang, vice chairman of the External Relations Commission of the Communist Party of Vietnam, noted that Vietnam’s foreign relations have become more diverse in both bilateral and multilateral contexts, with greater emphasis on substance rather than on formality. He emphasized that the Vietnam-U.S. relations have made significant progress since normalization in 1995 with such positive moves as increasing the number of high-ranking meetings, bilateral humanitarian efforts, and the conclusion of the BTA. He also noted that the bilateral relationship faces numerous barriers and instabilities, but added that relations are moving into a more stable orbit. Taken in this light, he said, disagreements and differences can be viewed as part of a continuous dialogue with a view to establishing a stable and permanent framework for bilateral ties.

**Vietnam’s Foreign Policy Perspective**

Since 1986, policymakers in Hanoi have embarked on a foreign policy aimed at integrating Vietnam with Southeast Asia and the international community. Vietnam became a member of the Association of Southeast Asian Nations (ASEAN) in 1995 and has participated actively in regional and international cooperation forums such as ASEAN+3, the ASEAN Regional Forum (ARF), and the Asia-Pacific Economic Cooperation (APEC) forum. Vietnam also aspires to become a member of the WTO, possibly as early as 2005.

In addition, Vietnam is working to expand on and improve relations with major powers. Despite an often-tense relationship with China, which flared into armed conflicts in the late 1970s, Hanoi-Beijing ties have evolved into a stable partnership. Indeed, China occupies an important place in Vietnam’s diplomacy and strategic calculus given its size, power, and proximity to Vietnam. Meanwhile, Japan still plays a critical role in...
Vietnam’s economic development, providing about 40 percent of Vietnam’s total official development assistance (ODA), and is the source of considerable investment. Russia remains an important partner, while India and Vietnam have growing economic ties. Meanwhile, the United States also has emerged as an important partner of Vietnam following the normalization of diplomatic ties in 1995. Relations have developed most successfully in the economic sphere, but ties in other spheres, such as defense, are beginning to develop as bilateral relations begin to mature.

**Contemporary U.S.-Vietnamese Relations**

In the past 10 years, a new chapter has opened between the U.S. and Vietnam. In 1994, President Clinton lifted the trade embargo, which led to normalization of diplomatic relations in July 1995. Since normalization, relations have expanded beyond the accounting of soldiers missing in action, reuniting families of refugees, and humanitarian programs, to strengthening economic and commercial ties that benefit both nations. In December 2001, both the U.S. Congress and the Vietnamese National Assembly ratified the Bilateral Trade Agreement. Since the signing of the BTA, trade between both nations has expanded exponentially — from about $1.4 billion in 2001 to about $5.9 billion in 2003. Because of reduced tariffs, Vietnam’s exports to the U.S. have risen about 125 percent per year. U.S. exports to Vietnam have risen markedly as well, primarily due to the sale of Boeing aircrafts worth more than $700 million.\(^1\) Moreover, U.S. foreign investment continues to rise. The U.S.-Vietnam Trade Council estimated total U.S. investment at about $1.44 billion at the end of 2003, but this figure may be significantly understated as many subsidiaries of American companies in Singapore, Hong Kong, and elsewhere in the region invest in Vietnam and these investments are not included in that figure.

Despite the significant expansion of trade and economic ties, irritants exist on both sides. In July 2003, the U.S. International Trade Commission (ITC) ruled in favor of the Catfish Farmers of America that the importation of Vietnamese catfish had caused losses to the U.S. market, and subsequently the U.S. imposed higher tariffs on imported catfish of 37 to 64 percent.\(^2\) Before this ruling, catfish import duties were just 5 percent. Consequently, Vietnamese catfish exports to the U.S. totaled just $20 million in 2003, down from $55 million in 2002.\(^3\) This drop in exports has caused difficulties and hardship for thousands of catfish farmers, many of whom are poor.

Another, more costly, irritant for Vietnam is the preliminary ruling (subject to appeal) by the Department of Commerce imposing tariffs of up to 93 percent on Vietnamese exports of shrimp to the U.S. This tariff hits the Vietnamese economy particularly hard as shrimp is the nation’s third biggest export item and the industry employs two million people. Vietnam sold about $467 million worth of shrimp on the American market in 2002, compared to just $55 million worth of catfish.\(^4\) These duties against Vietnam are likely to remain enforced because the U.S. classifies Vietnam as a “non-market economy.”

Despite such conflicts, there have been many positive developments. For example, the U.S. and Vietnam signed a civil aviation agreement in December 2003. Under the agreement, two passenger carriers from each country may provide scheduled U.S.-Vietnam service immediately. A third passenger carrier may begin service starting in the third year. Each scheduled carrier can operate seven weekly roundtrip flights between the two countries, as well as transport cargo directly. The agreement is a reflection of Vietnam’s efforts to use its civil aviation to integrate in both the regional and global economies, a specific step in the WTO accession process. Given that import-export activities between the two countries are on a constant increase, the introduc-

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2 Ibid., p. 7.


tion of direct services will help promote market development and tourism. The U.S. government is working closely with Vietnamese authorities to prepare for safety and security assessments that will enable two-party code shares and direct flights to begin.

While U.S.-Vietnam relations over the past decade have been predicated largely on economic and trade ties, there have been escalated efforts to expand cooperation in mutual ways so as to improve relations with both countries. In the past year there has been a series of high-level Vietnamese government visitors to the U.S., including the ministers of Trade, Planning Investment, Foreign Affairs, and Defense, as well as the deputy prime minister, to talk with their counterparts, business, and non-governmental organizations on how to move bilateral relations forward. November 2003 saw important progress toward normalization of military ties. Firstly, Vietnamese Defense Minister Pham Van Tra visited Washington, DC, and met senior officials, including U.S. Defense Secretary Donald Rumsfeld and the Chairman of the Joint Chiefs of Staff, General Richard Meyer. That visit was followed soon after by the first visit by a U.S. Navy warship to a Vietnamese port. The guided-missile frigate USS Vandegrift spent four days in Ho Chi Minh City after a four-hour journey up the Saigon River from Vung Tau. More than 200 of the ship’s crew took part in community-relations activities, such as repairing a schoolhouse, while officers met their Vietnamese counterparts. The Vandegrift’s stopover was followed in July 2004 by a visit to Danang by the guided-missile destroyer USS Curtis Wilbur. During the six-day visit, many of the ships’ crew visited nearby “China Beach,” an area used for rest-and-recreation spells by U.S. armed forces during the Vietnam War. Between the two U.S. ship visits, Admiral Thomas Fargo, commander-in-chief of the U.S. Pacific Command, visited Vietnam for three days in February 2004.

However, efforts throughout the past 10 years to improve bilateral ties have not been without controversy. There are opponents in the U.S. Congress and elsewhere that argue Vietnam maintains a poor record on human, religious, and labor rights. The U.S. House of Representatives passed versions in 2003 and 2004 of a “Vietnam Human Rights Act” that would cap non-humanitarian assistance from the U.S. government at current levels. Although neither bill has passed the Senate, Congressional concerns nonetheless remain strong and are not likely to dissipate in the short and medium term.

Both the U.S. and Vietnam have agreed on the need to develop a framework for their long-term cooperation that reflects their mutual interests. In December 2003, two months after the Dalat conference, the U.S. and Vietnam concluded a Letter of Agreement on Counter-Narcotics Cooperation. The agreement was signed in Los Angeles during the visit of Deputy Prime Minister Vu Khoan, and commits both governments to establish and support projects designed to combat the production and trafficking of illicit narcotics and other forms of transnational criminal activities. Total assistance from the U.S. amounts to $333,390. Vietnamese law enforcement officials also receive training at the International Law Enforcement Academy in Bangkok (49 officials received training in 2003). The two countries also have agreed to continue to exchange views and bolster cooperation in other areas of transnational crime, especially in the areas of international terrorism, money laundering, and human trafficking.5

In addition, Vietnam has provided modest support in the war on terrorism. In addition to supporting the U.S.-ASEAN Counter-terrorism Declaration in July 2002, Hanoi has granted over-flight rights to U.S. military planes, provided $300,000 in supplies to Afghanistan’s reconstruction effort, and instituted name and asset checks on suspected terrorist and terrorist organizations. It also sent $500,000 in rice aid to Iraq.6

Another area that bodes positively for stronger bilateral relations is the dramatic expansion of cultural and educational exchanges that includes training economists,

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5 Notwithstanding efforts by the Vietnamese government to stop human trafficking, the U.S. categorizes Vietnam as one of 42 countries on its “Tier 2 Watch List” that requires the State Department to issue an interim report because the listed countries fail to meet minimum standards despite efforts to come under compliance.

businessmen, public policy experts, English teachers, and academics. The combined budgets of the Fulbright Program and Vietnam Educational Foundation total $10 million per annum, more than the U.S. contributes to higher education in any other country in the world.

Thus, it can be seen that U.S.-Vietnam relations have expanded and developed significantly since normalization occurred in 1995. At the conference in Dalat, participants explored how global and regional trends are affecting the evolution of bilateral relations in different ways. Below is a brief summary of the conference papers, which focused on regional trends generally, as well as the commentary and discussion that followed on the implications of these trends for U.S.-Vietnam relations.

**Waves of Economic Transformation**

In the first, Eric Teo Chu Cheow argued that the Asia-Pacific region is in the throes of an important socioeconomic evolutionary process resulting from three waves of transformation: (i) a decade of liberalization and globalization from the late 1980s, (ii) the 1997-1998 Asian financial crisis, and (iii) the 2003 Severe Acute Respiratory Syndrome (SARS) epidemic. These waves gradually changed the region’s socioeconomic model. In the first wave, he argues, external influences from the West established an export-oriented economic model for East Asian economies, while the Asian financial crisis of 1997-98 plunged those formerly miracle economies into recession and forced governments to reevaluate. SARS, meanwhile, transformed the region by forcing greater governmental transparency and accountability, better communication by authorities, and reaffirming the role of the state.

The paper provoked discussion, with a Vietnamese commentator noting that Vietnam was a latecomer to the wave of liberalization, having only introduced its *dai moi*, or renovation, in 1986. Liberalization and exports certainly played important roles, but they were not the only factors, the commentator said, citing the mobilization of domestic resources, the emerging private sector, and domestic efforts at poverty reduction. Meanwhile, SARS was effectively contained in Vietnam because the government responded promptly, effectively and openly, perhaps even inspiring other countries as a model. Vietnam’s first priority, he added, is to maintain a peaceful external environment with cooperative relations with China and, especially, the United States. He noted that America was Vietnam’s most important counterpart in trade, FDI, science and technology, culture, and defense. An American commentator responded that the paper placed too much emphasis on foreign influences and ignored domestic pressures, such as demographics. Vietnamese reforms, he added, are now conducted through international agreements, such as the ASEAN Free Trade Area (AFTA) and the BTA with the United States. As a result of the BTA, Vietnam is witnessing a trade boom — with exports growing 128 percent in 2002 and 90 percent over the first six months of 2003. Since the signing of the BTA in 2001, trade between Vietnam and the United States has quadrupled. This is more than 20 times the level than when the U.S. trade embargo ended in 1994.7

**Great Power Relations and Terrorism**

The second presenter, Jose T. Almonte, focused his paper on great-power relationships. The great-power relationship that is most crucial for Southeast Asia is between the United States and a rising China. Since September 11, 2001, he noted, U.S. relations with China have gained unusual stability because Washington views China as a helpful ally on the global war on terror while Beijing sees the anti-terrorism campaign as a way to curry favor with Washington. Nonetheless, both countries also view themselves as potential adversaries — with East Asia as the likely arena of future competition, both military and economic. For example, China’s sweeping claims to the South China Sea, including the Spratly Islands, is viewed with widespread concern. Parties to these disputes hope a legal settlement of competing claims may rest with the United Nations Convention on

7 Ibid., p. 6.
the Law of the Sea. He also noted that the U.S. is exploring Hanoi’s sensitivities about possible naval visits to Cam Ranh Bay, which the Russian fleet vacated in mid-2002, leading to speculation that Washington views Vietnam as a strategic counterpart in a broader effort to contain China.

The paper sparked a lively discussion, with a Vietnamese participant reacting strongly to speculation that the U.S. was interested in developing stronger relations with Vietnam in order to contain China. The participant cautioned that the consequences of playing such a role during the Cold War still haunt Vietnam, in a reference to Vietnam’s defense relations with the Soviet Union in that period. The speaker added that Hanoi’s policy is to foster balanced international relations without taking sides. An American participant added that balance-of-power thinking among U.S. policymakers was less pronounced than popularly perceived. The point, he said, was not to contain China but to create a better balance throughout East Asia. This can be achieved in part by helping to strengthen ASEAN. Washington, the participant added, is well aware that Hanoi does not intend to participate in a containment strategy vis-à-vis China.

A Vietnamese participant expressed pessimism on resolving South China Sea territorial issues, but observed that U.S.-Vietnam relations were generally positive. The U.S. is starting to better understand the nature and complexities of Vietnam’s relations with China, she added. Another U.S. participant concurred with this perspective on regional and bilateral security relations. Should U.S.-China relations maintain their current positive relationship, the participant noted, certain mutually beneficial opportunities exist for the U.S. and Vietnam to cooperate. On the security front, there could be the exchange of military specialists, such as academics and progressing to specialties such as military law, medicine, or logistics. Eventually, full cooperation in the realms of law enforcement and counter-terrorism operations could result.

Finally, another Vietnamese participant suggested that if the desired goal was a predictable and comprehensive frame of relations that limits tensions, now was the time for strategic dialogue between the U.S. and Vietnam — especially if viewed in the context of the U.S.-China relationship and great-power relations in general. The participant said the U.S. and Vietnam should explore the idea of a strategic dialogue by defining the strategic interests of the two countries, and identifying which areas may lead to disagreement or cooperation.

The third presenter, Kumar Ramakrishna, discussed the development of terrorism in Southeast Asia. He posited that the primary terrorist threat posed in the region comes from Jemaah Islamiyah (JI), the radical Islamic network linked to Al Qaeda and responsible for the Bali and Jakarta Marriott bombings. The author detailed the challenges ASEAN faces in trying to cooperate amongst member states in joining the war on terror, particularly in the areas of intelligence sharing and coordination of anti-terrorist laws. ASEAN nations, whether they have large or small Muslim populations, want to deal decisively with the threat of JI. ASEAN governments realize they are at risk of losing in the wider strategic economic contest with Northeast Asia (particularly China) in the competition for export markets and foreign direct investment (FDI) if the region is perceived as not taking enough appropriate action in fighting the war on terror.

In the discussion, it was noted that U.S. relations with Vietnam have not specifically emphasized counter-terrorism. In fact, Vietnam may be the least vulnerable nation in Southeast Asia to radical Islamist terrorist infiltration, with only about 1 percent of its 83 million people being Muslim. However, this does not mean that terrorism has no impact on bilateral relations.

**Transnational and Multilateral Security**

The next paper, presented by Panitan Wattanayagorn, covered Transnational Crime and Threats To Regional Stability. In his paper, he addresses how security challenges in Southeast Asia in a post-Cold War era have become broader, and that these challenges now encom-
pass a set of “non-traditional” security issues that are sub-national in nature, but have important ramifications beyond national borders. These “non-traditional” security challenges are closely associated with transnational crimes such as the trafficking of persons (mostly women and children), narcotics, small weapons, and maritime piracy. While ASEAN members are increasingly committed to fighting transnational crime, issues such as sovereignty, the non-intervention principle, and different national interests tend to mitigate efforts at cooperation.

Moreover, ASEAN continues to suffer from weak government institutions and law enforcement agencies which allows corruption to flourish. Although there is very little tradition in security cooperation among ASEAN members, Dr. Panitan recommended that ASEAN work collectively with extra-regional powers in an attempt to thwart transnational crime in the region.

In the subsequent discussion, a Vietnamese participant focused his remarks on issues and developments in U.S.-ASEAN cooperation in fighting transnational crime. Although dialogue had largely stalled for several years, the events of September 11, 2001 changed perceptions in dramatic ways. This was demonstrated by ASEAN signing a joint declaration against terrorism with the U.S. in 2002. Subsequent to that joint declaration, ASEAN began a dialogue with the U.S. on transnational crime in June 2003 in Hanoi. The commentator noted that the change in U.S. perceptions was also seen in two initiatives of the Bush administration in 2002: the ASEAN Cooperation Plan (ACP) and the Enterprise for ASEAN Initiative (EAI). An American participant added that a number of groups, including official law-enforcement agencies, mass organizations, and domestic non-government organizations are taking action to combat human trafficking in Vietnam. Regarding U.S.-Vietnamese law-enforcement cooperation, another American participant noted that Vietnamese officials are often reluctant to share sensitive information with foreign counterparts owing to concern that they may be accused of divulging state secrets. He called for better agreement on methods and techniques, including allowing sting operations and so-called “controlled deliveries” of narcotics to suspected traffickers, which are banned under Vietnamese law. A Vietnamese participant responded that Hanoi is determined to fight drug-related crimes and acknowledged that there should be more cooperation between American and Vietnamese anti-drug agencies. In the near future, the participant said, Vietnam plans to improve its drug laws with a view to adopting international techniques for narcotics enforcement.

Next, Eric Teo Chu Cheow offered a presentation in which he outlined external constraints and internal imperatives facing ASEAN. For example, the economic ascendance of China is creating important external challenges, while the expansion of ASEAN is causing a structural test from within. Despite these challenges, however, ASEAN has made enormous strides and has brought much needed stability to the region. Examples include the forging of a Cambodian settlement and the engagement of the U.S. and China through the ASEAN Regional Forum. The presenter highlighted the expansion of ASEAN+3 beyond the three traditional areas of finance, economics, and foreign affairs, and noted that it is already beginning to focus on health, labor, tourism, and other areas. He also said ASEAN intends to use ASEAN+3 to work toward a Tokyo-Beijing rapprochement or reconciliation.

In the discussion, a Vietnamese participant indicated that in the context of ASEAN+3, there was too much emphasis on U.S.-China relations because the real competition for the hearts and minds of ASEAN countries is between China and Japan. An American participant linked aspects of ASEAN and regional organizations to U.S.-Vietnamese relations. Vietnamese officials could use ASEAN cooperation to moderate some of the issues that affected the bilateral relationship, she said. An example cited was relations between the U.S. and Indonesia, which had frayed by the early 1990s. However, ties remained stable because the U.S. saw Indonesia as playing an important role in ASEAN. Similarly, Vietnam could identify areas of mutual interest with the U.S. that could be explored in multilateral forums, such as U.S.-ASEAN cooperation on anti-terrorism.
Conclusion

Vietnam believes its political, economic, and security interests can be best maintained by engaging major powers in multilateral endeavors such as the ASEAN post ministerial meetings, ASEAN+3, and ARF. Yet, China looms large for Vietnam in bilateral terms given its influence and physical proximity. In 2003, Vietnam’s greatest number of senior official exchanges was with China to discuss an array of issues ranging from border demarcation, trade and investment cooperation, and various forms of political and security cooperation. However, sovereignty disputes in the South China Sea will remain an irritant in the bilateral relationship.

But the rise of China should not be viewed as a zero-sum game for U.S. policy in the region. In fact, it may present a “window of opportunity” for improving and expanding U.S.-Vietnam relations. Although the strength of bilateral relations continues to be predicated largely on the robustness of economic and trade ties, both the U.S. and Vietnam have decided to expand the relationship into political and security issues. That has been evidenced by the two recent U.S. naval ship visits to Vietnam, Defense Minister Pham Van Tra’s visit to Washington, and the signing of the agreement on counter-narcotics cooperation. In essence, the expansion of these ties, though they lag significantly behind the economic aspect of the relationship, signifies that the relationship is becoming broader and more normal.

Finally, dramatic improvement in Sino-U.S. relations over the past three years has had a positive effect on the overall security situation in the Asia-Pacific, especially for Vietnam. Good relations between the U.S. and China are imperative to avoid the aggravation of tensions and potential conflict in the region. In many respects, U.S.—China relations is just as important to Vietnam as its own bilateral ties to the United States.

At the beginning of the 21st century, Vietnam is pursuing a foreign policy aimed at deepening its relations with as many countries as possible in order to best integrate itself in the global economy and the international community. This means having to keep relationships balanced, not only between China and the U.S., but also with other regional powers such as Japan, India, and Russia. Given the U.S. and Vietnam’s mutual interests in Southeast Asia and the Asia-Pacific, more broadly, it would be beneficial if they began looking at how the bilateral relationship can be improved within a broader institutional context, and how Vietnam’s actions in regional multilateral forums such as ASEAN, ASEAN+3, ARF, and APEC can help nurture U.S.-Vietnam relations as well.

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Welcoming Remarks and Keynote Addresses
Three developments during the post-Cold War period have far-reaching implications for the future of Asia. The first is the emergence of the United States as the preeminent power in the world. The second is the stunning surge of Chinese economic growth that has transformed the face of China and forced governments throughout the region to consider what sort of a neighbor a stronger and more prosperous China will be. The third is the 1997-98 Asian financial crisis, which exposed serious structural flaws in East Asian economies, precipitated political change in Indonesia, and strained cohesion among members of the Association of Southeast Asian Nations (ASEAN). We are fortunate to be able to ponder what the interaction among these developments will mean for the region.

Aside from these seminal developments, many observers believe that the September 11, 2001 terrorist attacks in New York and Washington, and the U.S. response — including our military actions in Afghanistan and Iraq — have significantly altered the international outlook in Asia, as elsewhere in the world. Certainly, they have had an impact on U.S.-China relations that has forced most observers to abandon their initial assumptions about how the Bush administration would deal with China. The current U.S. preoccupation with terrorism has also affected America’s approach to Southeast Asia.

Southeast Asia has been receiving an unusual amount of attention recently, most of it favorable. This is in large measure the result of two coincidences: first, the annual ASEAN meeting in 2003 was hosted by the group’s largest member, Indonesia; and second, Bangkok hosted the annual Asia Pacific Economic Cooperation (APEC) forum summit, which caused a host of Asia Pacific leaders to congregate in Southeast Asia. This is a healthy development, but it obscures the fact that the focus of U.S. foreign policy since the September 11 attacks has been elsewhere — in the Middle East and in Northeast Asia — and high-level U.S. attention to the Southeast Asian region still tends to be sporadic rather than sustained.

Perhaps this is understandable since in many respects the situation in Asia, despite continuing problem areas, looks at first glance to be one of the few bright spots on the international scene. Much of the recent news coming out of the region is positive:

- President Bush met with the Chinese foreign minister in September 2003, with the president quoted as saying that U.S.-China relations are full of vitality. Less than two weeks earlier, U.S. Assistant Secretary of State for East Asian and Pacific Affairs, James A. Kelly, characterized the U.S.-China relationship as “the best in years” on some fronts.

- China’s economy continues to grow at a remarkable pace. Gross domestic product (GDP) expanded by 8 percent last year, and the rate of growth may have been even higher during the first half of this year despite the Severe Acute Respiratory Syndrome (SARS) epidemic. Some analysts estimate that China will gain more foreign direct investment this year than the $52.7 billion committed in 2002.

- Japanese Prime Minister Junichiro Koizumi was re-elected by a landslide and reappointed his reformist finance minister, Sadakazu Tanigaki. The Japanese economy is showing signs of life.
North Korea’s nuclear brinksmanship remains serious, but a six-nation negotiating process has been established to deal with the problem. China, Russia, Japan, South Korea, and the United States have all shown solidarity in seeking to roll back North Korea’s nuclear program.

In Hong Kong, the Chinese have backed away, at least for the time being, from pressing for a new security law.

Investor interest in Asia has increased dramatically since the end of the SARS epidemic and is claimed to be the highest in five years. This is attributed both to China’s phenomenal growth and to surging domestic demand in Southeast Asia.

In 2002 the United States sold $57 billion in goods and services to the ASEAN market of half a billion people, almost twice as much as to China and Hong Kong combined.

Indonesia continues to defy the skeptics by making gradual progress toward recovery. Its credit rating has been raised, along with those of Thailand and Malaysia.

Sino-Indian relations are the best in 50 years.

This picture, I would suggest, is misleadingly rosy and should be treated with care. The North Korean situation remains dangerous. In the Taiwan Strait area, China is continuing to build up its military capabilities targeted against Taipei, and the spring 2004 elections in Taiwan could introduce new complications. On the economic front, annual flows of direct investment to ASEAN fell by more than half between 1997 and 2001, from $30 billion in 1997 to only $13 billion in 2001. If nothing else, events over the last two years have driven home for Americans a number of important realizations. We now know that the world remains a dangerous place and that relationships with other major powers are important factors affecting both costs and options, and perhaps determining success or failure. In Asia, we can see a number of immediate consequences that have altered the regional security environment:

First, U.S. determination after September 11 to use its strength to counter the threat from terrorists and their supporters in the Middle East has shifted the principal focus of America’s security concerns from East Asia to the Middle East.

Second, the U.S. moves to oust the Taliban in Afghanistan saw the unprecedented introduction of U.S. military forces into Central Asia for a period of unspecified duration. Although top leaders in Russia and China chose not to express explicit objections to these deployments at the time, there is no doubt that they are viewed with concern in both Beijing and Moscow, and these concerns are now being publicly expressed. At least some analysts in China view this as evidence of a U.S. encirclement strategy toward China.

Third, U.S. use of military force to oust Saddam Hussein’s regime in Iraq, one of the members of the so-called “Axis of Evil,” had an unintended consequence, in that it caused the two other members of the Axis — Iran and North Korea — to reinvigorate their nuclear programs, thus increasing the danger of proliferation. North Korea’s open abandonment of its nuclear non-proliferation commitments was an open challenge to both China and the United States. This provided a further basis for closer U.S.-China cooperation on diplomatic efforts to halt North Korea’s nuclear program.

Fourth, as in Europe, recent developments have exposed and highlighted significant differences between the United States and traditional allies. In South Korea, U.S. options are constrained by differences with Seoul over acceptable responses. We now see unmistakable evidence that U.S.
relations with key allies are not what they used to be.

- Fifth, the growing nuclear and missile threat from North Korea, and the U.S. need for support from other countries in Iraq, has spurred shifts in Japanese defense thinking and given Japan an additional opportunity for overseas deployment of its self-defense forces. Beijing is clearly worried about this trend. It illustrates the complexity of relations between Beijing and Tokyo.

Finally, the high priority given by the United States to countering terrorism, and the evidence linking the terrorist networks to the Muslim parts of Southeast Asia, resulted in the dispatch of U.S. forces to the Philippines and greater U.S. attention to and cooperation with Indonesia. But high-level U.S. attention to Southeast Asia is sporadic rather than sustained.

Clearly, then, important changes in the global security environment have occurred that affect U.S.-China relations and the region of Southeast Asia. As we all know, the Bush administration came into office projecting mixed signals about China. It rejected the concept of strategic partnership with Beijing. Influential members of the national security team seemed inclined to view a rising China as an emerging threat, and the administration was strongly committed to enhancing the quality of our relationship with Taiwan. At the same time, there were strong advocates within the administration of seeking a cooperative relationship with China.

China’s prompt and sympathetic response to the September 11 attacks speeded a process that was already underway within the Bush administration toward greater cooperation with Beijing. The need to stabilize U.S.-China relations, combined with irritation over the timing of statements emanating from Taiwan that the administration viewed as ill-advisedly provocative to Beijing, caused President Bush in 2002 to provide strong assurances to China’s top leaders concerning his opposition to independence for Taiwan and his commitment to a one-China policy. On the eve of President Bush’s departure for Asia this week, U.S. National Security Advisor Condoleezza Rice delivered a rebuke to Taiwan when she pointedly reiterated the administration’s opposition to unilateral efforts to alter the status quo in the Taiwan Strait.

Accordingly, to the surprise of some, U.S.-China relations are, for the moment, relatively stable and cooperative. In a speech to the United States Asia Pacific Council in April 2003, U.S. Secretary of State Colin Powell was unusually positive in his comments on U.S.-China relations. He stressed that we are pursuing “many promising new areas of cooperation with China, from counter-terrorism to non-proliferation and stability in North and South Asia.” He declared, “our cooperative agenda with China is better and richer and deeper than ever because we find that China and the United States have a mutual interest in addressing a wide range of global concerns.” Such statements provide a striking contrast to the skepticism about China that was so evident at the beginning of the administration. Of particular significance, the administration is now acknowledging that the basis for Sino-American strategic cooperation is far broader than simply cooperating against terrorism.

Nevertheless, the current relatively good state of Sino-American relations should not blind us to the evidence that Chinese leaders find aspects of U.S. international behavior deeply disturbing. They did not support our armed intervention in Iraq, although they have been more reserved than France, Germany, and Russia in expressing their opposition. Their internal debates show deep concerns about U.S. strategic intentions. At the same time, the importance for China of maintaining good relations with the United States remains as strong as ever. Under these circumstances, we can expect to see Chinese efforts to:

- Keep bilateral relations with the United States on an even keel.
• Work with other countries to offset American power.

• Strengthen forums in East Asia in which the United States is absent or does not play a dominant role.

• Display greater assertiveness in advancing foreign policy positions.

We can already see evidence of such behavior, some of it predating the September 11 attacks. To cite some familiar examples, Beijing has proposed that China and ASEAN form a free-trade zone. The ASEAN+3 meetings, which bring together the most important countries of East Asia on a regular basis without U.S. participation, are growing in significance. And China recently proposed the creation of a security forum involving military personnel from Asian-Pacific countries; a Chinese foreign ministry spokesman told reporters the proposal formed part of a new security concept that China has been promoting to the ASEAN countries for several years.

In addition, China is acting in a number of ways to address the security concerns of its neighbors in Southeast Asia. China and India both adhered to the ASEAN Treaty of Amity and Cooperation at the 2003 ASEAN meeting in Bali, and Russia may do so as well. This followed press reports that Russia, China, and India want to forge strategic partnerships with Southeast Asia to counter growing U.S. influence and assertiveness in the region. Indeed, China recently signed with ASEAN a Joint Declaration on Strategic Partnership for Peace and Prosperity. You will also recall that the ASEAN states last year signed an agreement with China aimed at preventing an escalation of tensions over the Spratly Islands. China has also assumed an active role in brokering and hosting a negotiating forum for addressing the North Korean nuclear issue. Should these talks lead to a solution, China’s prestige as an arbiter of regional developments will be significantly enhanced.

The symbolic importance of these actions should not go unnoted. Among other things, India, whose preoccupation with Pakistan has marginalized its attention to and role in Southeast Asia for 50 years, has now taken a further step to associate itself more closely with the security of the region. Earlier, of course, India had become a member of the ASEAN Regional Forum. For its part, Pakistan has conducted joint naval maneuvers with China in the East China Sea. Clearly, therefore, China’s rise is impacting in a variety of significant ways on Beijing’s neighbors. With Japan’s economy stagnant for more than a decade, China’s vibrant economic performance has become the engine of growth throughout the region. Intra-regional trade has expanded enormously. South Korea and Taiwan both now export more to China than to the United States, and this may soon be the case for Japan as well. Chinese investment is beginning to flow into Southeast Asia, and manufacturing industries in Japan, South Korea, and Taiwan are moving to the mainland.

What we see, then, is that China’s growing economy and skillful diplomacy are mitigating the alarm that its neighbors might otherwise feel over its growing economic and military strength, which could be used to threaten neighboring countries, as Vietnam learned first hand through military clashes with China in 1979 and later over the Paracel Islands. Nevertheless, as the recent ASEAN meeting demonstrated, in recent years China has achieved significant success in its efforts to enhance its relations with regional countries, from South Korea and Japan in the north to Burma, Thailand, and Indonesia in the south. The challenge for the United States will be in sustaining our attention to the region, and in coordinating the various aspects of our policy approach. The complexity of the problem is illustrated by Burma, where the U.S. has been in the forefront of efforts to develop multilateral pressure on the governing junta.

China has associated itself with the demands for the release of the Burmese opposition leader, Aung San Suu Kyi, but we should also pay attention to the radical transformation in China’s relationship with Burma that
has occurred over the past decade as Burma has turned to Beijing for arms, investment, assistance, and trade. China, in turn, has gained important strategic access to and influence in an area that in the past was largely inaccessible to it. Beyond its strategic access, China is active in economic development, investment, and trade. There is a certain irony in these developments, since one of ASEAN’s goals in admitting Burma to membership in 1997 was to integrate it into Southeast Asia and prevent it from drifting into China’s orbit. The interplay of these factors is obviously important to the future of Southeast Asia.

In conclusion, there can be little doubt that the rise of China and the state of U.S.-China relations has enormous implications for both Vietnam and Southeast Asia as a whole. On balance the trends are positive, but a great deal rests on whether China pursues a course that enhances regional security and prosperity, and on how wisely countries such as Vietnam and the United States respond to the challenge posed by a stronger and more prosperous China.
U.S. Foreign Policy in a New International Era

Keynote Address by Raymond F. Burghardt
U.S. Ambassador to Vietnam — October 24, 2003

U.S.-Vietnam bilateral relations began only eight years ago. They have steadily widened and deepened. It’s a positive story, and represents significant and rapid progress for U.S. relations with a fast-developing country, a country with which we see overlapping strategic interests in this region. After moving step-by-step into new areas of collaboration, we now are precisely at the point where both sides are ready to develop our ties in more sensitive areas, including our military relations. Next month, the Vietnamese Minister of Defense will, for the first time, visit Washington at the invitation of Defense Secretary Donald Rumsfeld. Later in the month, if everything goes according to plan, a U.S. Navy ship will, for the first time since 1975, visit Ho Chi Minh City. Obviously, these are events of some historic significance.

Our progress in developing relations with Vietnam and in the larger Asian region follows our National Security Strategy issued in 2002. Despite the enormous effect of the events of September 11, 2001 on our national security strategy, in that report the continuity of U.S. security policy in Asia is quite clear. This and past strategic reviews emphasize the importance of maintaining regional stability through our long-standing alliances and close cooperation with our five treaty allies: Japan, South Korea, Australia, Thailand, and the Philippines. Forward deployment of forces remains a pillar of our policy. Developing our security dialogue and cooperation with potential new partners such as Vietnam is also a familiar feature. Working with institutions in Asia such as the Association of Southeast Asian Nations (ASEAN) and the Asia Pacific Economic Cooperation (APEC) forum to develop regional and bilateral strategies to manage change in this dynamic region has also been a key component of our national security strategy.

The Bush administration in word and in deed has shown its commitment to engagement in Asia as part of its global goals of promoting economic prosperity and security. Less than a month after the 9/11 attacks, President Bush broke from his intense efforts to build an international anti-terrorism coalition and to launch “Operation Enduring Freedom” in Afghanistan to attend the APEC Leaders’ Meeting in Shanghai. Our interest in this region remains strong as seen this week in President Bush’s trip through six Asian-Pacific nations.

Our relationship with Southeast Asian countries through ASEAN and APEC reflects the same goals that are driving our expanding bilateral relationship with Vietnam. Since its withdrawal from Cambodia in 1989, Vietnam has been rapidly overcoming the handicap of years of isolation. It is now productively engaged in APEC and ASEAN committees and forums. It hosted the Sixth ASEAN Summit in Hanoi in 1998. For the last three years, it was chair of the U.S.-ASEAN Dialogue. We welcome Vietnam’s engagement with its neighbors. This growing engagement in the region is indicative of key trends, such as increased integration, strengthened economies and democratic institutions, and enhanced security, all of which benefit U.S. international security interest.

Let me turn to regional security matters. The continuity of our Asian alliances has provided confidence and strength to the region. Japan and Korea, great allies with which we have accomplished much for the benefit of all of Asia, have stood resolutely with us in the fight against terrorism and have shouldered heavy responsibilities in Afghanistan and Iraq. Thailand has also made significant contributions to our coalition efforts in both countries and has just been designated by President Bush as a major non-NATO ally.
During the President’s visit to Manila, he designated the Philippines as a major non-NATO ally in recognition of our close ties. We are proud that our forces are fighting along Philippine forces in the war against Abu Sayyaf’s terrorism.

Although the terrorists who slaughtered innocent tourists in Bali in October 2002 have considered the attack a tactical success, it has in fact been a strategic blunder. The brutality of the attack and the magnitude of the loss of innocent life showed that the perpetrators meant to threaten Indonesia’s social and political stability, economy, and future. Mainstream Muslims throughout the region saw clearly that these terrorists were hijacking the good name of their religion. Neighboring countries saw the same threat and have joined Indonesia in strengthening their anti-terrorist activities.

Other ASEAN members also have been on the front line of the global war on terrorism. Singapore acted quickly and effectively in 2001 and 2002 to identify and detain suspected terrorists targeting U.S., Singaporean, and other interests in that country. Singapore supported the U.S. in both “Operation Enduring Freedom” and in “Operation Iraqi Freedom,” and has provided civilian police training and committed aviation and naval assets to the coalition effort to restore stability to Iraq. In their joint statement on October 21, President Bush and Prime Minister Goh Chok Tong pledged to continue their cooperative efforts, multilaterally and bilaterally, to defeat terrorism and new threats to global peace, such as the proliferation of weapons of mass destruction.

Malaysia joined Singapore and the Philippines and moved quickly after 9/11, interdicting planned terrorist attacks and disrupting the operations of the Jemaah Islamiya and other Al Qaeda-related organizations. Malaysia recently established a regional counter-terrorism training center. Thailand also provided rapid and tangible support for our efforts, including capturing terrorist mastermind Hambali last August. The president’s recent state visit to Thailand, where he announced plans to launch new free trade agreement negotiations with Thailand and conferred major non-NATO ally status on Thailand, celebrated the close cooperation between our two countries.

ASEAN is coordinating with its members to deal with all aspects of the terrorist threat, including financial, customs, immigration, law enforcement, and military cooperation. The U.S.-ASEAN Joint Declaration on Combating Terrorism signed in August 2002 provides an umbrella for cooperative counter-terrorism activities. Vietnam was a party to this declaration. In June, Vietnam hosted the first meeting of the senior officials who agreed on a program to implement the Joint Declaration. Vietnam also allowed over-flights in support of “Operation Enduring Freedom” and shares limited counter-terrorism information. We do appreciate the support it has given.

ASEAN is turning out to be a very useful forum for crafting a regional counter-terrorism strategy. We have encouraged ASEAN members to share counter-terrorism information. This will become more important to them as they further implement measures they feel important to economic integration such as visa-free travel among their countries. The ASEAN countries do seem to understand the stake for all in cooperation against terrorism among themselves and with the United States.

President Bush highlighted at the APEC Leaders Meeting in Bangkok that security and prosperity are inseparable. The United States security umbrella, forward-deployed forces, commercial presence, and open market have promoted prosperity in North and Southeast Asia and given countries there breathing space in which they built democratic institutions and thriving economies. The South Koreans worked hard and sacrificed much to build a modern, democratic state and a large middle class; however, some of that advance rightfully can be credited to their enduring economic ties and military alliance with the U.S. Our forces there continue the job they had 50 years ago, to contain North Korea aggression no matter what the price.
Security thinking has evolved since the U.S. played a critical role not too long ago in creating a prosperous, free Korea. Strategic reviews now analyze threats posed by non-state organizations, including terrorist organizations. They now also include dangers from trafficking in small arms, narcotics, and people; environmental degradation; and HIV/AIDS and other infectious diseases. These are new elements in our international security equations.

This is particularly important in Southeast Asia where infectious diseases such as HIV/AIDS threaten stability. The Severe Acute Respiratory Syndrome (SARS) crisis highlighted the danger of infectious disease in a globalized world and the increased need for regional and international cooperation. Another area where we should increase cooperation in the immediate future is in dealing with trafficking in persons. In the State Department’s inaugural report on that issue, three ASEAN members ranked among the worst offenders. Despite all the positive economic developments in Southeast Asia, we still see uneven economic development as well as slow progress in some countries in developing pluralistic political systems and societies.

The question is how can the U.S.’s stabilizing influence continue to promote positive change in Southeast Asia as it did earlier in Northeast Asia?

In the past few months, we have been taking a two-pronged approach. We have been working more closely with ASEAN through the ASEAN Cooperation Plan (ACP). We are working with ASEAN under the ACP to address transnational issues, help reduce the development gap between ASEAN members, and support the ASEAN Secretariat. Secondly, in the Enterprise for ASEAN Initiative (EAI) we seek trade expansion with the ASEAN countries. The EAI is intended to enhance our already close commercial relationship with the nations of ASEAN by supporting their efforts to increase their competitiveness, attract investment, and generate economic growth. It also offers the prospect of bilateral Free Trade Agreements — to those countries that are committed to reform and the high standards of a U.S. FTA. We signed an FTA with Singapore last month, and President Bush and Thai Prime Minister Thaksin Shinawatra just announced that we will negotiate a similar agreement with Thailand.

We support World Trade Organization (WTO) membership for Vietnam and are assisting as it moves down the path toward accession. The Bilateral Trade Agreement between the U.S. and Vietnam has led to a dramatic growth in our commercial ties. It also is Vietnam’s stepping-stone to the development of the legal infrastructure for intellectual property rights (IPR) protection and legal transparency that is necessary for its goal of WTO accession by 2005.

We want Vietnam to be a “successful” ASEAN member economically. We also want it to possess strengthened rule of law, legal transparency, IPR protection, and the other political, non-economic underpinnings of development.

ASEAN’s raison d’etre is regional stability. Four decades ago, Southeast Asia was an often-chaotic region. It has become a region largely at peace with itself. We have very much valued the U.S.-ASEAN Dialogue which we have carved out in the post-ASEAN-Ministerial meetings. We wish to strengthen the ASEAN Regional Forum’s mandate to promote regional security, including countering piracy on the high seas, protecting borders, and fighting terrorism. We also want APEC to act on its new security responsibilities. The stability that the United States wishes to continue to bring to Southeast Asia is not just one of economic and security balance and status quo, rather it is a stability that values creativity, productivity, and freedom.

An integrated, healthy, and powerful ASEAN would have the institutional strength to deal with transnational threats of narcotics trafficking, human trafficking, terrorism, piracy, and HIV/AIDS and other infectious diseases. If it does not harness its collective political will to address these threats, it will fall short of advancing regional stability.
Certainly others in Asia and elsewhere are demonstrating confidence in Southeast Asia. They offer themselves to the ASEAN countries as business and investment partners that can help them meet their development goals.

The U.S. has welcomed an emergence of a strong, peaceful, and prosperous China. Secretary Powell recently remarked that U.S.-China relations are the best since President Nixon’s historic trip to Beijing in 1972. Our cooperation in exchanging information on terrorism and in working together at the Six-Party Talks in Beijing has been a major element in those closer ties. While we are delighted with this new level of collaboration, we do not deny continued areas of disagreement. China’s embrace of advanced military capabilities is certainly keyed to a vision of what it requires to defend the nation in times of peril, but it can also be viewed, as it is in some quarters, as a threat to its neighbors. It is natural that China will use some of its new wealth to modernize its armed forces. We ask for transparency and wise use of its resources. We ask it to fulfill its non-proliferation commitments — clearly a factor in the quality of our bilateral relationship.

China’s placement of missiles opposite Taiwan heightens tension and suspicion, and its unwillingness to disclaim the use of force as a means for resolving its differences with Taiwan is being closely watched by its neighbors and the U.S. as an element in how it will deal with other relationships in the region.

China’s government has indicated it wishes to increase the country’s corporate presence in Southeast Asia. Premier Wen Jiabao’s trip to Bali for the ASEAN meetings certainly was a success in projecting an image of a China interested in advancing the relationship through commercial cooperation and economic engagement. China is big and booming. We congratulate it on its new membership in the prestigious club of countries capable of manned space flight. It has much to attract potential commercial partners. U.S. companies must move aggressively if the U.S. is to maintain its influence in the development of commerce and industry in ASEAN.

Commerce continues to be the cornerstone of U.S. presence in Southeast Asia. We support full implementation of the ASEAN Free Trade Area (AFTA) because it would attract commercial activity to ASEAN, including Vietnam, encourage economic reform, and give ASEAN greater economic muscle. This will help balance trade and investment flows in Asia so that one country does not use its growing economic prowess to dominate the region. ASEAN is also negotiating a free trade agreement with China and considering future negotiations with other partners. We hope that such agreements are consistent with the WTO and create, rather than divert, trade.

ASEAN itself understands that it must compete with China for international investment dollars. In Bali earlier this month, it announced the ASEAN Concord II or Bali Concord II. This establishes three ASEAN communities: a Regional Security Community with a reaffirmed importance for the ASEAN Regional Forum; an Integrated ASEAN Economic Community in 2020 with a single production base and a free flow of goods, services, and investment and labor; and the Socio-Cultural Community which will address HIV/AIDS, SARS and other transnational issues. These moves toward integration could increase ASEAN’s strength and competitiveness. They are good plans and we would be glad to help to realize them in any way that would be appropriate.

Our 2002 National Security Policy reasserted our country’s support for the aspirations of people around the world for human dignity. This includes working with like-minded peoples and governments in Asia to ensure human rights.

The U.S., by national history and sentiment, cannot ignore serious human rights concerns anywhere in the world, including within some ASEAN countries. The State Department Human Rights report, the Religious Freedom report and the new Trafficking in Persons report indicate the distance some of these countries must go as well as the sincere efforts in some countries to develop more mature, just societies.
But human rights have not been a major ASEAN agenda item, primarily because of the strong opposition to interference in members’ internal affairs. While we did take note of the ASEAN ministers’ willingness in Phnom Penh to express concern about the crackdown against democracy activist Aung San Suu Kyi, we sharply disagreed with the ASEAN statement released in Bali welcoming “positive developments” in Burma and a promise of development of democracy from its military rulers. We don’t see the positive developments, and hope that ASEAN deals with Burma’s failure to live up to ASEAN’s stated ideals of democracy and pluralism — before a military junta is given the reins and the right to represent this organization. ASEAN is too important to the growth and prestige of this region for such an embarrassment.

U.S. policy toward the world, ASEAN, and Vietnam has had the constant goal of providing prosperity, security, and freedom. The consistent application of our policies in the region has made the present better and will make the future richer for the countries and peoples of the region. It is a task that we are accomplishing with the grand thoughts of strategy and the everyday work of diplomacy in the field here in Vietnam and elsewhere.
Vietnam’s Foreign Policy in a New International Era

Keynote Address by H.E. Nguyen Huy Quang
Vice Chairman, External Relations Commission,
Central Committee of the Communist Party of Vietnam — October 24, 2003

This workshop offers an excellent opportunity for further discussions on the global situation and its possible impact on U.S.-Vietnam relations. Taking this opportunity, I would like to share some personal views on Vietnam’s diplomacy in the coming time. In 1986, Vietnam launched its policy of doi moi, or renovation, that aimed to achieve national industrialization and modernization with a socialist orientation. The underpinning idea has been a parallel introduction of internal development and renovation of the country’s foreign policy. During the past 17 years of devoting efforts to economic development, Vietnam’s diplomacy has experienced continuous expansion in both the horizontal and vertical dimensions. Vietnam’s foreign policy has contributed not only to the overall success of the country’s development and national defense, but also to ensuring regional stability and peace within the Association of Southeast Asian Nations (ASEAN) and the world to a certain extent. As a result, a number of remarkable milestones have been reached.

As far as its bilateral ties are concerned, Vietnam officially normalized its diplomatic relations with China in 1991 and has, step-by-step, established a friendly neighborhood, comprehensive cooperation, and a lasting, stable relationship with Beijing. In 1995, Vietnam also joined ASEAN, restored diplomatic relationship with the U.S., and signed a framework agreement with the European Union. To date, Vietnam has established diplomatic ties with 167 nations and trade ties with more than 100 countries, regions, and territories. At present, tremendous efforts are being made toward opening additional representative agencies in new countries and territories. Our senior leaders also pay regular visits to foreign countries and hence help to broaden our diplomatic relations, strengthen mutual understanding, friendship, and cooperation between Vietnam and other nations all over the world.

At a multilateral level, Vietnam’s diplomatic ties have become more diverse, with greater emphasis on substance rather than on formality. Vietnam successfully hosted the first-ever Francophone Summit in 1997. Within the ASEAN framework, only three years after joining this block, Vietnam organized the Sixth ASEAN Summit in 1998 that ended with the Hanoi Action Plan aimed at strengthening regional alliances for a peaceful, stable, and equitably developed ASEAN. In 2001, Vietnam held the 34th ASEAN ministerial meeting that produced the Hanoi Declaration on closing the development gap among ASEAN members. (Within the Asia-Europe framework, Vietnam also acts as a crucial contributor and is expected to host the 5th ASEM summit in October 2004). The country is taking bold steps in furthering its involvement in the international arena, especially in United Nations-led humanitarian programs. For example, under a UN-led humanitarian program to provide aid to reconstruct Iraq, a ship carrying $500,000 worth of Vietnamese rice berthed at Umm Qasr, Iraq on October 15, 2003.

Such milestones indicate that since the country’s adoption of doi moi and an open-door policy, Vietnam has made great strides along the road of development and international integration. Behind such strong and proactive diplomatic activities over the past years is a firm belief that the success of the country’s renovation efforts and prosperity and wealth of its people are always conditional to regional and global stability. In the foreseeable future, Vietnam’s diplomacy will strive to make further contributions to successfully achieving the set targets of bringing the country out of its underdevelopment,
improving the spiritual and material life of people of all walks of life, and laying solid foundations for the country to become a modern and industrialized nation by 2020. In that context, the overall task of Vietnam’s diplomacy in a new era would be maintaining a peaceful and stable environment, ensuring favorable international conditions for stronger socioeconomic development, national industrialization and modernization; maintaining and defending the country’s sovereignty; preserving independence; and at the same time making positive contributions to humanity’s struggle for peace, national independence, democracy, and social progress.

Setting the right targets and tasks is not simple. In achieving these targets, Vietnam’s diplomacy must make tremendous efforts especially in the near future, when the country is expected to face a changing and complex international environment that is full of opportunities and challenges. The beginning of the 21st century was previously thought to be the beginning of a stable era, but recent developments show that in this century, humanity could very well witness unprecedented and complicated changes. In line with strong development of technology and innovation, particularly the IT revolution, the world economy is also expected to experience fundamental restructuring toward a knowledge-based economy. Under the impact of globalization and in response to greater international integration, peace, stability, and development have become an irreversible trend that, it is to be hoped, will help avoid another world war. However, it is also a worrying reality that the 21st century could see a variety of uncertainties and complexities resulting from diplomatic policies pursued by major nations at a detriment to the peace, stability, and sovereignty of other nations. Furthermore, new variants of ethnic and religious clashes and territorial disputes have come into being and become a constant and growing threat to nations. In Southeast Asia alone, terrorism is seen as a real threat in some countries that endangers security, peace, stability, and development in the region. If these trends continue, Vietnam’s diplomacy will likely face considerable challenges. Now I will outline the major orientations of Vietnam’s foreign policy.

First of all, Vietnam’s external relations will continue to adhere to fundamental principles of the foreign policies that have been consistently pursued in recent years and that were inherited from past experiences. These foreign policies are based on national independence, self-determination, openness, multilateralism and diversification of international relations in which Vietnam is ready to act as a good friend and a reliable partner of the international community and to strive for peace, independence and development. Such principles will be followed in light of the late Vietnamese President Ho Chi Minh’s idea of diplomacy and in association with traditional friendship and pursuit of peace and under the motto of “great flexibility” (di hat bien, ung van bien). In a normal pattern of international relations, conflicts of interest seem to be unavoidable. In adopting highly flexible diplomatic policies such as those initiated by Ho Chi Minh, Vietnam will seek its own overall interests in defusing conflicts in order to lay solid foundations for diplomatic ties.

Secondly, in maintaining a stable international and regional environment, Vietnam will bolster its efforts to expand multi-faceted, bilateral and multilateral relations with other nations and territories, major political and economic centers, and international and regional organizations in adherence to underlying principles of respect for independence, sovereignty and territorial integrity, non-intervention in the internal affairs of others, non-use of force or threat to use force, equality and mutual benefits, and peaceful settlement of conflicts and disputes.

Thirdly, a significant part of Vietnam’s foreign policy would be dedicated to support the country’s efforts to integrate its economy into the global and regional economies, with focus on enhancing the efficiency of international co-operation, maintaining independence and socialist orientation, protecting national interests and national security, preserving traditional culture and national identity, and protecting the environment.

Vietnam-U.S. relations are becoming a crucial part of Vietnam’s foreign policy. Maintaining stability and
improving this relationship is seen as a key to Vietnam’s development success as well as an important contribution to maintaining peace, stability and prosperity in the region. As you all know, Vietnam-U.S. relations have a long history, and have gained significant progress since normalization in 1995. However, it is also noted that apart from such positive moves as increasing the number of high-ranking meetings, the conclusion of the Bilateral Trade Agreement (BTA), and bilateral humanitarian efforts, the relationship also faces numerous barriers and instabilities.

Fortunately, at present, our bilateral relationship is moving toward a more stable orbit in which both sides have been focusing their efforts on exploring areas of cooperation aimed at generating mutual benefits and creating impetus for further improvements. Since we adhere to the general principles of external policies in forging Vietnam-U.S. relations, disagreements and differences arising from the existing bilateral relations may be viewed as part of a continuous dialogue between our two nations in search of mutual benefits and with a view to establishing a stable and permanent framework for the bilateral ties.

In 2003, addressing the Hanoi chapter of the American Chamber of Commerce in Vietnam, U.S. Ambassador Raymond F. Burghardt urged greater efforts to be made to better understand each other. I share the ambassador’s view entirely. This workshop and other efforts will provide opportunities to share our views on issues pertaining to the international environment in general and the Vietnam-U.S. relationship in particular in order to improve mutual understanding.

The new and changing world offers both opportunities and challenges to all countries, especially poor and underdeveloped countries. Strong nations will obviously be in a better position to take advantage of opportunities and cope with challenges, while weak nations will be in a worse situation in facing those challenges. In this context, countries with flexible and appropriate policies can still move forward. Vietnam will not be an exception in this respect. We will further our relations with the U.S. and other nations so that positive impacts from these ties may benefit both Vietnam and its partners and hence help to maintain peace, stability, and prosperity in the region and in the world.
Regional Economic and Trade Patterns
Economic Trends in the Asia-Pacific: Challenges and Opportunities

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The Asia-Pacific region is in the throes of an important socioeconomic evolutionary process after three waves of monumental transformation since the late 1980s. Each wave of change and transformations has molded East Asia incrementally and helped forge an East Asian economic model that is becoming discernable today. In turn, the emergence of this “new” model, as well as the geo-economic and geopolitical shifts are dictating the Asia-Pacific’s upcoming challenges and opportunities, as well as its next phase of development, as these socioeconomic trends consolidate and as East Asian regionalism takes off.

This paper will look at East Asia’s transformation in three waves — liberalization and globalization, the 1997-98 Asian financial crisis, and the fallout from the Severe Acute Respiratory Syndrome (SARS) epidemic — which have been gradually changing the region’s socioeconomic model, and will in turn determine East Asia’s new economic trends as well as its macroeconomic opportunities and challenges in this new century. These three waves of transformation have also contributed to fundamental geopolitical and geo-economic shifts in the Asia-Pacific and a greater push for East Asian regionalism under the ASEAN+3 framework, which will dictate the political economy of the whole region. In this regard, ASEAN’s attempts at better integration through the Initiative for ASEAN Integration (IAI), as well as to forge an ASEAN-China Free Trade Agreement (FTA) by 2010 and an ASEAN-Japan FTA by 2012, are notably significant.

Three Waves of Transformation and Change: Toward a New East Asian Socioeconomic Model

First Wave of Liberalization/Globalization: Opening Up and Export Orientation

Like the rest of the world, East Asia was profoundly affected by the trends of liberalization and globalization, which opened up East Asia and liberalized their economies at the behest of the United States and Western powers. In the early 1990s, the economic revolutions wrought by Ronald Reagan’s administration in the United States and Margaret Thatcher’s government in the United Kingdom brought sweeping changes to the mentality of the post-War order. When the Soviet empire ultimately collapsed due to the economic inefficiencies of communism and China became progressively engaged in a successful “socialism à la chinoise” experiment, liberalism’s final triumph was complete. Daniel Yergin emphasized that the most important phenomenon and transition in post-War modern times was undoubtedly this “free market revolution that changed the world.”

Neo-liberalism and liberalization engaged the world in a frantic race towards the globalization of four key elements, viz. the massive and rapid circulation of goods and services, capital, ideas, and human resources worldwide. The information technology (IT) revolution was instrumental in partnering effectively the liberalization trend in enhancing globalization. In this context, East Asia actively engaged in this first wave of liberalization and the globalization of goods, services, and capital. But some East Asian countries were better prepared to open up and thus handled liberalization in a much better way than others. Unfortunately, most of Southeast Asia

opened up haphazardly without rigorous planning — creating a bubble economy in production, stocks, and property — as “easy money” flowed in during the early 1990s. These countries then took an enormous beating during the Asian Crisis, with a stupendous quantity of capital outflow.

The circulation of ideas and information was also impressive, as we plugged into the world information web; no information can be deliberately hidden or denied for long, as media giants (though still dominated by the West) feed information by the seconds across the globe. East Asia and its societies have thus been forced to open up progressively to the world. Worldwide, it can be discerned that the rapid flow of information had indeed helped ensure better governmental and corporate accountability and transparency, which in turn had promoted acceleration in the flow of goods, services, and capital across East Asian economies. However, the flow of human resources remains to be truly globalized, as the more developed and richer countries resist free flow of human capital across the globe for obvious reasons. Though talents and professionals now crisscross the world in search of better value and profit creation, lower levels of labor and mass migration of population in search of a better life are still strictly monitored and controlled. Thus, although ideas have been circulating more freely across East Asia and have undeniably contributed to boosting East Asian economies and are molding a new East Asian socioeconomic model with a certain openness, these countries still maintain tight and effective control over foreign labor across the region.

Fundamentally, East Asian economies were liberalized in varying degrees of depth and speed by the liberal revolution; the fundamental problem was the state of readiness of these economies to meet the future challenges of globalization. More fundamentally, East Asian financial systems were liberalized and opened up without the necessary regulation, consolidation, or safeguards, which then made them intrinsically “bubble economies” before June 1997. This first wave of transformation had therefore helped bring East Asian economies into the mainstream of international economics and finance, especially encouraging them to be “export economies,” as they benefited enormously from trade liberalization. Hence, the East Asian economic model shifted in the 1980s and 1990s toward a liberal and export-oriented one, in order to benefit from the fruits of globalization; Asian exports became the hallmark of these economies’ unprecedented success, in what was then triumphantly termed as “the age of the Asian economic miracle.”

The Second Wave in the 1997-98 Asian Crisis: Realizing Asia’s Vulnerabilities

The Asian Crisis of 1997-98 constituted the second wave of change and transformation in East Asia. Its political, economic, financial, and social consequences are felt even today in most of the ASEAN countries and South Korea. The crisis provided force and impetus to the region’s transition process and changed the basic foundation of East Asian societies to an even greater degree than liberalization and globalization; the East Asian economic model was also severely modified by the crisis, as Asians realized the extreme vulnerabilities of their economies as well as the critical economic, financial, and social “failure” of their societies during the crisis.

Indonesia, Thailand, and Malaysia (within ASEAN) and South Korea bore the brunt of the crisis. In fact, they faced a total crisis of huge financial, economic, social, and political proportions in 1997 and 1998. Beginning as a financial crisis, it soon became an economic one, which then engendered a social crisis, and which finally spilled over into the political realm. The economic and social fabrics of these societies were savagely torn apart as plunging currencies, bad loans, shaky financial systems, corporate bankruptcies, rising unemployment, and social instability engulfed them. Loans from the International Monetary Fund (IMF), related financial agencies and other governments were pledged on condition of economic, financial, and social reforms; Thailand was pledged $17.5 billion, South Korea took $55 billion and

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Indonesia received $43 billion in bailouts. The crisis also aggravated ethnic and religious tensions, as well as the uneven distribution of wealth within countries and amongst ethnic-cum-religious communities, like in Indonesia or even in the Philippines (which was then still under IMF care), but to a lesser extent, in Malaysia or Thailand. Indonesia, Thailand, and South Korea were then forced into political upheavals and reforms, just as crucial political and social reforms are still haunting the Philippines and Malaysia today. Like their affected neighbors, Singapore, Brunei, and Vietnam had to contend with profound economic and social reforms as well as a serious rethink of their own future, as a direct or indirect result of the crisis, whereas Cambodia, Laos, and Myanmar have to learn the ropes of transition from central-planned to market economies and societies in the post-crisis context.

The East Asian economic model was then forced to take on a more social dimension after the first wave of liberalization and export-orientation, as Asians suddenly realized during the crisis how vulnerable they were to the effects of globalization and “easy money.” Most East Asian economies had no social safety nets in 1997; many of the “new poor” in the cities were thus encouraged to find solace in the lush and rich countryside, so as to alleviate crime and other social evils in congested cities. The crisis thus ended the “bubble economic state” of most Asian economies and tragically brought these economies back to earth after their ephemeral, euphoric, and vertiginous rise in the early 1990s. Forces of reform were then unleashed in many of the affected countries, as democracy and reforms had become key slogans in the affected countries by 1998. In fact, the nexus of the Asian political economy was also shifting from the previous duopoly of “big government-big business” to a new triangular nexus of “government-private sector-civil society.”

Civil society, comprising lobby groups (which include labor unions, student groups, and human-rights activists), NGOs, and environmental lobbies, began taking their governments to task openly on an array of issues; there then also appeared a real need to redefine the contrat social (social contract) à la Jean-Jacques Rousseau within these societies between the governed and the governing. The old social order was crumbling and a new one had to be founded!

With such a need, the East Asian economic model clearly took on a more social dimension, when socioeconomic reforms were perceived to be necessary and critical, thanks to the tragic social consequences of the Asian Crisis and increasing pressure from the emerging civil societies and lobbying groups across the region. The crisis also became an issue of governance for the affected countries. Democracy was the new tool of governance: democratic aspirations ran high, just as calls for drastic economic and social reforms rang out across the region. Decentralization became à la mode across Asia, from Indonesia to Thailand, as grassroots democracy took hold across the East Asian countries. Governmental accountability became the new code word for governance, as governments are now checked not only by a mushrooming of political parties and bolder politicians (as well as emerging opposition forces, which have since developed substantially), but also by the rising civil society and people’s groups. New power centers sprang up, as these Asian democracies became complex political entities. The Asian crisis had therefore contributed to a reform of the political foundations of the affected countries. For example, political volatility has become the name of the game in Jakarta after the fall of Suharto, whereas political power has become democratically “normalized” in Seoul and Bangkok. The Asian crisis had indeed provoked a crisis of governance in some form. As democracy was being installed, many of the affected countries had to build or rebuild crucial political and social institutions, which unfortunately had led to some instability.

In parallel with increasing pent-up calls for more democracy, reforms, and governmental accountability, consumer power rose in East Asia after the crisis. The East Asian economic model clearly shifted from its previous export-oriented tilt toward an upsurge in consumer demand and the rising power of the middle class.

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Thanks to the crisis, which exposed the region’s vulnerability to globalization, the growth model also shifted inwards toward building and consolidating domestic demand and growth. By finding their own internal economic strengths, instead of relying too heavily on exports and external markets alone, a new Asian economic nationalism emerged. In parallel, to cater to rising consumer demands of the middle class, Asian governments have had to contend with rising democratic aspirations in their emerging electorate. The crisis had thus helped infuse a greater contract social dimension into East Asian domestic demand and growth-driven economies; the private sector and middle class are clearly encouraged to play a greater economic, social, and political role, as accountability and transparency are now clearly gaining importance.

The Third Wave: Consequences of SARS and the Re-emergence of the State

Five years after the crisis, East Asia could be said to have witnessed yet another socioeconomic transformation, thanks to the ravages of the SARS epidemic. This transformation was of course more acute in the countries affected by SARS, owing to the severity of the epidemic in China, Hong Kong, Taiwan, Singapore, and Vietnam; a total of more than 600 deaths were registered in these countries, with hundreds hospitalized (but with many recovered as well) and thousands confined to home quarantine at some stage. SARS had dealt huge blows to the affected economies in varying degrees, but by repercussion, all Asian economies were hit through a “ricochet” effect. This was especially true in the case of China, as China is the region’s economic locomotive and social force. As China was hit hard, all Asia became affected economically by contagion, just like the financial crisis that began with the Thai baht in 1997. The SARS epidemic had undeniably left severe marks on the society and politics of East Asia, as SARS had in fact consolidated or even aggravated the monumental transformations that had already begun and taken place during the first two waves of changes in East Asia. SARS thus pioneered a “third-wave revolution” in East Asia in the socioeconomic arena, as well as in terms of political changes and regional mindset; as such, SARS has helped mold the evolving East Asian socioeconomic model even further.

The economic impact of SARS has been threefold on East Asia. It tested the maturity of East Asian consumers and their governments’ economic strategy of encouraging domestic consumption and growth as a “second pillar” of sustainable economic growth, such as “Thaksinomics” in Thailand. China’s domestic consumption was severely tested in Beijing and Guangzhou during the epidemic. With SARS, the confidence to consume, invest, trade, service, and interact was seriously at stake. It also emphasized the critical importance of confidence and morale (both internally and externally), as East Asia’s maturing economies seek to build a consumption-based strategy, a more services-oriented and IT-based economic structure and an “exports-to-balance-domestic-consumption” economy. Domestic demand and consumption, and consequently investments and employment, especially in the services sector, plunged, affecting growth and even social stability, as was widely feared in China. SARS had thus hit hard at the vibrancy and dynamism of East Asian economies, and especially, in testing domestic markets and confidence. Finally, it underscored the growing importance of China as East Asia’s main engine and locomotive of growth; East Asia’s “economic dependence” on China was highlighted during the SARS epidemic. Any dampening of China’s domestic consumption would in turn have serious repercussions on Southeast Asian countries, whose trade with China totaled US$55 billion last year, as they increasingly “hedge” their own economic growth on China’s spectacular growth.

SARS had also revolutionized the sociology of work and play. The SARS epidemic underscored the quality of life and changed work habits; health and a less stressful lifestyle could have become the ultimate silver lining of SARS, as healthy lifestyle, stress alleviation, and regular exercises now take on a new dimension in East Asia.

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4 Eric Teo, “How SARS is Shaping a Whole New East Asia,” Business Times (Singapore), 3 June 2003.
Furthermore, sociological changes are also taking place too; supported by IT, many service industries are already experimenting with flexible work hours and formats; East Asian workers may increasingly benefit from IT to work smarter, less stressfully and chalk up less work-hours in the office, while maintaining productivity, just as the virtual world becomes ever more popular.

Sociologically, SARS also underscored the importance of social stability as serious cleavages and tensions within Asian societies could provoke destabilizing effects. SARS had divided urban societies in East Asia, as the traditional community and communal spirit flagged initially in urban cities like Singapore or Hong Kong. Social cohesion was in danger, both within urban communities, as well as between urban and rural communities, as was the case in China. Ironically, it was the state (as in China, Singapore, and Vietnam), which had ensured that communal solidarity ultimately prevailed after serious initial concerns, thanks to the governments’ vigilance and efforts. Given the authorities’ strengthened hand in dealing with the SARS epidemic, and with greater public backing for governmental action and the generous financial relief packages offered, the state has undoubtedly become sociologically more powerful and determinant today. Social cohesion has become a critical issue for regional governments and their citizens, as the social dimension gains further ground regionally. The SARS epidemic has thus crystallized the role of the state (versus individuals); more importantly, the post-crisis social dimension received a strong boost during the SARS epidemic and will definitely find an even greater place within the East Asian socioeconomic model.

Added to the socioeconomic sphere, SARS transformed the region politically in three ways, which in turn contributed to a consolidation of this new East Asian societal model. They include the opening up of more political space through greater governmental transparency and accountability, effective communication by the authorities (or a new form of “communicative governance”5 as in the cases of Singapore and China), and reaffirming the place and role of the state as embodied in the new emerging leaderships. A new style of “communicative governance” is also clearly the first step toward this new contrat social, involving governmental transparency and accountability. After the winds of liberalism and the philosophy of “the less state the better” had swept through the planet, SARS reminded East Asians that the state could and should still play a primary role in managing epidemics, national crises, and public services. East Asians could ultimately expect a more efficient and powerful state (and not necessarily a “lesser” one, as previously advocated by Western liberals) to look after their well being. The winds of liberalism would now have to contend with a “re-emerging” state in East Asia, just as the art of effective statecraft and governmental communications takes on new importance and dimensions in managing the rising aspirations of East Asians. As a result, the sociopolitical dimension of East Asia has taken on even greater importance, thanks to SARS.

East Asia has been duly transformed through three waves of transformation. Globalization had brought East Asians closer as the region liberalized and became more integrated through the increased flow of goods, services, capital, ideas, and human exchanges (through tourism and expatriates). The Asian crisis then brought East Asian nations even closer, as they experienced common vulnerabilities during the attack on their currencies, economies, and societies. The SARS epidemic re-emphasized these two facets and tested both the region’s interdependence as well as its common vulnerabilities.

The East Asian economic model has also clearly been subjected to these three waves of changes, transition, and transformations. The first wave of globalization and liberalization shook the fundamentals of closed East Asian economies and opened them up to take advantage of the fruits of globalization; it clearly confirmed the exporting vocation of East Asia. The second, which came with the 1997-98 Asian crisis, affected the East Asian model profoundly, as the political, economic, financial, and social ramifications were seismic. A certain economic nationalism began to take shape in East Asia, just as the social dimension became adequately highlighted during and

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after the crisis. The SARS epidemic hit Asia in a third wave and is beginning to transform the East Asian socioeconomic model even further; East Asia will undoubtedly accept an even greater social dimension and resurrect the power and importance of the state.6

The political economy of East Asia has changed and transformed considerably. These fundamental changes present both new economic (as well as social and political) opportunities and challenges for the region, but the principal challenges are clearly the current geopolitical and geo-economic shifts, as well as rising regionalism in East Asia.

**Shifts in East Asian Geo-Economics and Politics: Toward Greater Regionalism**

**Economic Factors for East Asia’s Emerging Regionalism**

East Asian regionalism has increased in recent years, thanks not only to the three waves of changes and transformations, but also owing to three other economic and financial regional facts in the region’s political economy.

Firstly, intra-regional trade has substantially increased in East Asia (for the 13 countries involved), from 36.1 percent in 1985 to about 50 percent in 2000 and then to 54 percent in 2002, especially as China becomes an important trading partner for all the East Asian economies. Current account surpluses of the 13 nations amount to more than $200 billion now, despite a shift toward more domestic-led growth in East Asian economies, thereby signifying a trend toward more maturing economies in the region.

Secondly, economic synergies abound in establishing production and manufacturing chains across the region, which could take into account the comparative advantages and the economies of scale of the diverse regional countries. The strength of the region, if effectively coordinated and harnessed, lies in the countries’ different stages of development; synergy could thus be found in organizing an effective and integrated production network across the region, based on market forces, but provided that obstacles and barriers fall internally within the region. However, deflationary trends exist across East Asia, as over-capacity constitutes a real regional problem; more economic cooperation and convergence in economic, fiscal, and monetary policies are needed.

Lastly, East Asia has become an enormous pool of foreign reserves; its estimated $1.4 trillion is more than 50 percent of the world’s total foreign reserves. China’s reserves are now estimated at some $350 billion, whereas Japan tops the world’s reserves with more than $470 billion (or more than 10 percent of its colossal GDP). East Asians are the world’s top savers, although a big chunk of these reserves are currently sustaining the U.S. deficit through the purchase of American T-bonds by the Japanese, and increasingly, by the Chinese. Unfortunately, this Asian wealth, which is largely parked outside Asia, is not contributing toward the effective building of East Asia itself.

In strategic terms, it is dawning on Asians that they need to build a bigger Asian economic entity to spark a revival of and constitute a stimulus for both ASEAN and the Northeast Asian economies. With regard to economic modeling, different East Asian regional factors have also influenced the emerging East Asian socioeconomic model.7

For example, there has been a slow shift away from the “flying geese” model of vertical economic integration (which was vertically centered on Japan through capital flow, technological transfer and supply of manufacturing parts, and based on market exchange and a clear regional division of labor and production networks, thanks primarily to the expensive cost of production in Japan and the strength of the yen after the 1985 Plaza Agreement).

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6 Eric Teo Chu Cheow, “How the Asian Economic Model Has Changed in Three Waves.”

7 Ibid.
The regional economic model appears to be shifting toward “bamboo capitalism” or “parallel development,” based on Chinese (including Overseas Chinese, as well as those from Taiwan, Hong Kong, and China) foreign direct investment (FDI) flows in the region. These flows create intricate intra-regional production networks based on the exchange of parts, components, and other intermediate products, and hence constitute a horizontal network of trade and capital with China at its economic core. This FDI-driven supply chain has indeed created diverse and vibrant local industries around the East Asian region, and the further these supply chains are decomposed and extended geographically, the faster and the more profuse would be the proliferation of new enterprises and FDI flows across East Asia. There appears therefore to be a new division of labor and production across East Asia.

There are fundamentally two models of economic development in East Asia, which tend to be converging today. One school of thought had been build upon the Japanese model of large industrial groups — like the Japanese zaibatsu, the Korean chaebol or Singapore’s government-linked companies — which are sponsored and protected to a huge extent by the state and financed by state-led banks. The second school of economic modeling was built on small- and medium-sized enterprises (SME), which is synonymous with Taiwan, Hong Kong, and post-crisis Thailand under Thaksin Shinawatra. This model highlights a more private sector-led economic and business development, rather than a state-led approach. However, these two models appear to be converging today, as the “Japanese model” opens up to embrace a wider range of small, private sector initiatives just as the state “scales back,” even though it would still play an important regulatory role. On the other hand, the SME/private sector model appears to endorse a greater dose of governmental intervention in business, as in the cases of Taiwan and Hong Kong (thanks to the hollowing out of businesses toward China) or Thailand (thanks to the strong business personality of Thaksin himself, who is buoyed by economic nationalism).

As a region and for the creation of a future East Asian community, there are currently three “regional integration models” under discussion:

1) Knitting or weaving a web of existing bilateral free trade areas (FTA) together to create a huge East Asian FTA.

2) Finding the means to effectively use the mass of unproductive Japanese savings more efficiently to urgently develop the weaker economies of Asia through a sort of Japanese Marshall Plan for Asia, although the weaker regional economies must a priori themselves create the conditions for fruitful and sound investments in their economies.

3) Creating an integrated East Asian region, centered on China and its enormous potential economic development, through trade and investments, both ways (China-to-East Asia, as well as East Asia-to-China), as well as through a new “integrated” China-centered production chain and demand network across the whole region.

In fact, the ultimate “economic integration model” for East Asia could be a parallel combination of all three integrative models (FTAs, Japan savings-based plan or China-centered economic integration) in varying doses and degrees. This could also ride on the tide of rising economic nationalism in China, Malaysia, Thailand, and Indonesia today. However, there is a crucial need to incorporate a true social dimension; otherwise, Asian socioeconomic development, given the traditional communal base of Asian societies, would not be truly sustainable in the long run.

A sense of East Asian regionalism is consolidating slowly in the region through the ASEAN+3 framework as it is institutionalized and functionally extended from the economic and financial to the social, cultural, and environmental fields. A process akin to the European cooperation (minus the Union) could gather steam across the Asia-Pacific region, although full economic and social

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integration is still a remote idea on the present and intermediate horizon.

The External Dimension of ASEAN+3: Washington’s Relations with the Region

One of the most fundamental trends in the East Asian political economy is its intensive interaction with the American economy and how the United States could shift geo-economic and geopolitical trends in East Asia, thus influencing the pace and process of East Asian regionalism and integration. It is clear that the U.S., although not in East Asia, is still probably the most powerful player in East Asian regionalism and in its future.

The slowdown in the U.S. economy has affected East Asian growth tremendously. Being the main procurer of East Asian goods and services (for many of the regional economies), the U.S. plays the role of East Asia’s “grand consumer,” and chalks up serious trade deficits with East Asia’s two biggest economies, China and Japan. Washington has therefore been keen to provoke a rise in the values of the Japanese yen and Chinese yuan, which in turn would definitely bring up the value of all “floating” Asian currencies vis-à-vis the U.S. dollar. But heavy Japanese and Chinese investments in U.S. Treasury bonds have propped up the American currency and economy. Many economists have been critical that Japanese, Chinese, and other Asian funds are helping to prop up the American budget (which is already in critical deficit) as well as President George W. Bush’s military campaigns in Iraq and Afghanistan. Washington has accused the East Asian economies of chalking up unsustainable trade surpluses and affecting American jobs, thus contributing to “unhealthy imbalances” in the world today. In this regard, the IMF’s deputy managing director Shigemitsu Sugisaki has called for “greater currency flexibility in Asia” as “part of a solution to the problem of widening global external imbalances.”

In fact, any sharp reduction in America’s consumption of East Asian goods and services could be highly detrimental to the region’s growth, especially to East Asia’s open economies such as Singapore and Hong Kong as well as China, Japan, South Korea, Vietnam, Philippines, and Thailand, which are reliant on the American market. The region’s economic difficulties in 2001 stemmed from a U.S. slowdown, just as its quick recovery from the Asian Crisis in 1999-2000 could be also rightly attributed to a strong American economy then. The United States hence dictates the pace of East Asian economic growth and development in a large way (especially when the U.S. is still many East Asian countries’ top trading partner and market today), although the emergence of China and the possible recovery of Japan should eventually reduce this trade and economic dependency on the United States.

The overriding concern today is clearly the rise of American protectionism, especially in the aftermath of the collapse of the Cancun WTO talks. Trade disputes range from agriculture to steel subsidies, as well as over Vietnamese catfish or Chinese manufactured goods. Many in East Asia are beginning to question Washington’s championship of free trade and liberalization, this is of course also linked to a perception that APEC may have outlived its trade liberalization vocation, when President Bush shifted its focus from trade liberalization toward his fight against international terror in Shanghai in 2001. Others in ASEAN also doubt, given the shift in focus of the U.S. from its previous priority to lower trade tariffs to its present focus on war against terror, if the U.S. Enterprise for ASEAN Initiative (EAI) could ever live up to its ambitious agenda for Southeast Asia. It might make more economic and political sense for Washington to pay attention to the building up of an East Asian economic space with China, Japan, and South Korea, rather than persistently “spanning a bridge” across the Pacific to the U.S., which is in turn perceived to be more logically building up the proposed Free Trade Area of the Americas, as a direct follow-up to the North American Free Trade Agreement (NAFTA). The FTA building-block process (both bilaterally and regionally) has thus begun and is likely to...
become even more important given the lack of success in recent global trade talks.

**Conclusion**

The ASEAN+3 framework should be the primary regional vehicle to drive economic and monetary cooperation forward in the Asia-Pacific region. The regional economies have been successful in their export vocation, but tempered since the Asian crisis with a boost of domestic consumption and growth, economic nationalism, and a greater need for the social dimension in the regional socioeconomic model. The role of the state, especially in strengthening the social dimension, has become an increasing economic and sociological trend in the Asia-Pacific, thanks to the recent SARS epidemic. Moreover, the rise of China and the relative "decline" of Japan augur an uneasy rivalry as Beijing and Tokyo vie for the leadership (or co-leadership) of the Asia-Pacific region. With an uncertain Korean Peninsula situation and an ASEAN at the crossroads — thanks to its structural and circumstantial crisis — East Asia faces enormous challenges and opportunities, especially in consolidating its budding regionalism within the ASEAN+3 framework. Market forces will fundamentally dictate the *de facto* creation of an East Asian Community, though timid and progressive. Political will is critically needed, as is a real sense of community and commonality in the Asia-Pacific.
Discussion: Domestic Imperatives and Expanding Trade Ties

Vietnam in East Asia’s liberalization. The Vietnamese commentator noted that the presenter’s rich analysis of the East Asian transformation provided an excellent starting point for discussion of the multifaceted development process occurring in the region. In East Asia’s liberalization wave, he said, Vietnam was clearly a latecomer. However, eventually Vietnam initiated the doi moi process of reform, made progress toward a market economy, joined ASEAN, overcame the trade embargo, attracted foreign direct investment (FDI) and official development assistance (ODA), controlled inflation, and reached a high growth rate. Liberalization and exports certainly played important roles in this period of Vietnam’s development, but they were not the only factors. Mobilizing domestic resources, the emerging private sector, and domestic efforts at poverty reduction (such as significant programs to improve health care and education) also played a very significant role in the nation’s high economic growth and social development.

The commentator said the presenter covered the main points of the Asian financial crisis in describing the second wave of transformation. Perhaps the most valuable lesson to come out of this period and its aftermath, he added, is that there is no general remedy for every crisis and that responses will produce different outcomes in different countries based on numerous contributing factors. For example, though the IMF instructed Thailand and South Korea to float their currencies, Malaysia’s fixed exchange rate was given much credit for that country’s relatively lighter landing. In the case of Vietnam, the commentator observed, the external effects of the crisis coincidentally met with a slowdown in the domestic reform process, which resulted in the lowest growth rates since the beginning of doi moi. Since then, Vietnam has been recovering. To facilitate the recovery, the Communist Party of Vietnam launched a renewed program of industrialization and modernization at its Ninth National Congress in 2001, with the goals of continuing international economic integration, pursuing high economic growth, and furthering poverty reduction.

Transparency and containing SARS. The commentator noted that the presenter’s analysis of the SARS outbreak shows how deep and far-reaching the impact could be on societies and governments. The social change currently taking place in Hong Kong and China as a result of SARS may not be felt for some time in Vietnam, he said. Yet, the importance of transparency is clearly evident. SARS was effectively contained in Vietnam. The government responded promptly and applied a strict regime of transparency, reporting, and other timely measures to prevent the spread of the disease. The containment of SARS has helped the Vietnamese government to improve its image to the outside world, and consolidated its domestic credibility. He noted that others could even learn from how Vietnam handled the crisis in terms of the country’s openness of information and disclosure.

The rise of China. Regarding the role of China, the commentator asserted that there is no doubt that the impressive rise of that country will continue well into the 21st century. He noted that the future of China would have a huge impact on the region and on Vietnam in particular. However, there are currently contradictory views on what route China will take, he added. One camp thinks that China will become the unparalleled hegemon. The other thinks that it will implode under its current problems including a massive energy deficit, a banking system in need of reform, and disparity between the regions. Yet all can agree that either outcome will produce major effects on Vietnam and beyond.

Continuing, the commentator indicated that Vietnam’s first priority is to maintain a peaceful environment that will contribute to its own growth and development. Growth should be as fast as possible, and will be based upon Vietnam’s own strength as well as that of its friends.
and counterparts. Friendly, cooperative relations with China are absolutely crucial for prosperity, he said. For example, Vietnam must increase its exports to China, encourage Chinese tourism, and open transport links to Yunnan and other provinces. At the same time, Vietnam must find the strength to maintain its own integrity and sovereignty in its relations with China. Further increasing its transparency and mobilizing the opinions and assistance of allies throughout the world will be useful instruments in this pursuit. Vietnam thus needs to diversify its relationships to find more friends and counterparts to help balance the influences from its huge neighbor. ASEAN membership is extremely helpful in this regard, the commentator said, but is insufficient since ASEAN is not a monolithic bloc and the members still have disagreements among themselves, such as over the Spratly Islands.

Expanding ties with the U.S. Vietnam must look further afield for these relationships, the commentator said, and should consider exchanges beyond trade — such as sharing knowledge in science, technology, and defense. He noted that the European Union is an important counterpart, and Japan and South Korea are key partners as well. Russia has traditional links with Vietnam, but is facing its own problems and there is no reason to expect any increase in the intensity of the relationship as in the past. The commentator added that the U.S. is undoubtedly Vietnam’s most important counterpart in trade, FDI, science and technology, culture, and defense. Vietnam should, and could, turn its bitter past with the U.S. into a beneficial relationship through tourism, trade, and other means. Relations in defense should also be pursued, he observed, although it will be vital to act cautiously so as not to harm relations with China. A year and a half after implementing the BTA, the U.S. is already the biggest market for Vietnamese exports. Both sides need to cooperate to develop the potential for increasing direct investment from the U.S., mutual trade, and tourism.

The Vietnamese commentator concluded that despite the gradually increasing goodwill, Vietnam and the U.S. are still very different countries with different cultures. The best way to overcome these differences and avoid future problems, he said, is to facilitate frank and open exchanges of views and make efforts to find solutions that are acceptable to both sides. He closed by pointing out that conferences such as this one are valuable contributions to this goal.

Domestic pressures to liberalize. The American commentator acknowledged that Vietnam is living in an interesting neighborhood, but took issue with the presenter’s interpretation of liberalization — arguing that it placed too much emphasis on foreign pressure and the influences of Reagan and Thatcher when the real pressures, such as demographic urgencies, were much more domestic and fundamental. The commentator asserted that Vietnam has been little affected by the three waves. The current challenge for Vietnam, he asserted, is to make decisions domestically that will move it toward more international integration. Certainly the international context will have an effect, but it will be relatively minor. It is the country’s internal decisions — how Vietnam opts to push forward with domestic reforms — that will determine how integrated it becomes.

The key choices, the commentator continued, would include how it decides to modernize agriculture. He noted that Vietnam instituted a number of unilateral reforms in the late 1980s and early 1990s, but many of its reforms are now being conducted through international agreements, such as the ASEAN Free Trade Area (AFTA) and the U.S.-Vietnam Bilateral Trade Agreement (BTA), which fold into accession to the World Trade Organization (WTO) expected in 2005. Such international agreements are going to restrict Vietnam’s use of tariffs, even though many other countries previously used them in their economic development. Vietnam, he added, faces the challenge sacrificing the protection from tariffs in exchange for the long-term benefits that can be secured from international engagement and implementing free-market reforms.
**Trade booming with BTA.** The commentator noted that the U.S.-Vietnam BTA came into effect on December 10, 2001, and described it as a fundamental and comprehensive set of commitments that goes far beyond traditional tariff and non-tariff barriers to include intellectual property rights and services. The BTA also includes major commitments by both governments on trading goods, intellectual property rights, trade and services, investment promotion and protection, business facilitation, transparency and right of appeal. It is built upon WTO standards and goes into basic governance issues related to transparency and the rule of law to resolve disputes.

Before the BTA, the commentator added, Vietnam was different from its neighbors because most of its exports were primary exports and the U.S. was a very small market. After the BTA, the U.S. became the largest market for Vietnamese exports in only 18 months. Vietnamese exports grew by 128 percent in 2002 and increased by another 90 percent over the first six months of 2003 in annualized terms. Manufacturing is now the largest sector in Vietnamese exports and Vietnam is starting to look more like a labor-intensive East Asian economy. The commentator noted that Vietnam had to do very little market opening initially. The big change in incentives was the opening up of the U.S. market, which brought average tariff levels from around 40 percent down to 3-4 percent. Vietnam phases in its market access commitments over a period of time.

Over the first half of 2003, the American commentator added, U.S. exports to Vietnam grew by more than 200 percent over the previous period, although that number was helped by the sale of four Boeing 777 aircraft to Vietnam. (The figure is still 35-40 percent without Boeing.) Although there has been relatively little increase in U.S. investment, it is beginning to grow. The commentator concluded that future U.S. investment will be driven by two things: policy reform, and growth of the Vietnamese economy (both in terms of the domestic market and as a base for exporting into the production networks in the region).

**Japan’s economic role.** In general discussion, a Vietnamese participant expressed doubt that China would soon become the source of economic mobilization for East Asia. The participant noted that China is a competitor for the markets of other East Asian economies, such as Thailand, Malaysia, and even Vietnam. Japan, on the other hand, remains a major engine of growth for East Asian economies even though it is presently weak economically. Japan is still an important source of FDI, a major market for East Asian economies, and a provider of high-technology research and products that other East Asian countries need to improve their economic competitiveness.

**The pace of change.** Another Vietnamese participant commented on the shifting nexus of Asian political economy from the dual nexus of government and big business to the new triangular nexus, as described by the presenter, of government, private sector, and civil society. This participant noted that the composition of political economic forces is very different in each Asian country, and thus it is too early to talk about such a nexus in many countries — particularly as it relates to the growth and role of civil society.

**Waves of transformation.** In response to the comments and discussion, the presenter acknowledged that his “wave” theory of transformation was a radical concept, but added that the Asian socioeconomic model has changed and this change was clearly propelled by certain factors. The presenter agreed that Vietnam has not yet been gripped by the demands of civil society. However, he noted that civil society is growing rapidly in Malaysia and also is developing in Indonesia, the Philippines, Thailand, and even in Singapore. It will come to Vietnam eventually, he said. The presenter also said he did not see Japan as in a permanent economic decline, nor did he see a completely rosy economic picture in China. Nonetheless, he praised China for using the WTO well and said former Premier Zhu Rongji pursued a policy that made China modernize its economy because of the external pressure provided by the WTO. He said he expected Vietnam to follow a similar route.
Traditional Security Issues and Terrorism
Great Power Relations and Their Impact on Southeast Asian Security

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Southeast Asia has historically been susceptible to the intrusion of seaborne powers and foreign cultures. This is the consequence of its strategic position along the maritime routes connecting East and West. The South China Sea and its extensions — the Celebes and Java seas as well as the Gulf of Thailand — fragment the region into peninsulas and archipelagos that enclose an inland sea larger than the Mediterranean Sea.

In our time, Southeast Asia’s strategic value has increased even more. The sea lanes that connect East Asia and the Western Pacific to the Indian Ocean and the Middle East oil fields now carry vast trade flows that feed the prosperity of the Asia-Pacific region. The great-power relationship that is most crucial for Southeast Asia is between the United States and a rising China. Since the end of World War II, the United States has been the fulcrum of the East Asian power balance. During the same period, China has picked itself up from 150 years of dynastic weakness. China is modernizing rapidly and its international influence is growing, particularly in Southeast Asia. Since September 11, 2001, U.S. relations with China have gained unusual stability. Washington views China as a helpful ally on the global war on terror while Beijing sees the anti-terrorism campaign as a way to curry favor with Washington. Nonetheless, both countries also view themselves as potential adversaries — with East Asia as the likely arena of future competition, both military and economic. In addition, the global economy’s center of gravity has shifted from the Atlantic to the Pacific; already, U.S. trade with East Asia far exceeds its trade with Western Europe.

The United States and China in East Asia

In the case of the United States and China, the natural rivalry between the status-quo power and the rising power need not lead unavoidably to conflict — if we acknowledge China’s need for space and respect in international relations. China has undergone a sea change over the last quarter century. No longer does Beijing espouse a revolutionary ideology. China now has more in common with the East Asian model of an authoritarian developing state than it does with the former Soviet Union. And unlike Mao Zedong in the 1950s, China’s leaders of today no longer regard a Third World War as unavoidable. On the contrary, their highest priority is to preserve Asia-Pacific stability over the next 20 years in order to achieve economic prosperity at home. Despite irritants such as Taiwan and human rights, among other issues, commercial considerations are likely to keep Sino-U.S. relations on an even keel given American business interests in China as well as China’s need for American investment, markets, technology, and education. Meanwhile, economic relations between the two powers are expanding exponentially. In 2002, China enjoyed a surplus of $103 billion in two-way trade.¹

The events of September 11, 2001 have recently led to new forms of security cooperation between China and the United States. Although Beijing has allied itself with Washington in the anti-terrorism campaign, U.S. military predominance and global influence will continue to be points of contention for the Chinese. The presence of U.S. military bases in Central Asia — coupled with strengthened or reinvigorated security relationships with Japan, India, Pakistan, and the Philippines — make Chinese policymakers concerned that the U.S. is trying to constrict China’s room to expand its influence.

¹ Chinese policymakers concerned that the U.S. is trying to constrict China’s room to expand its influence
throughout Asia. Once reluctant to assert itself in international councils, Beijing has also become adept at great-power diplomacy, and has served as a moderating influence in the crisis on the Korean peninsula.

The cooperative U.S.-China relationship is the cornerstone of Asian stability. If this relationship should collapse, the outcome would be disastrous for Southeast Asia because both powers regard the region as increasingly strategically important. Asia today contains three of the most complex, and potentially most threatening, security challenges anywhere in the world: relations between China and Taiwan; the long-standing stalemate on the Korean peninsula; and the tense standoff between India and Pakistan over Kashmir. Over the past decade, Southeast Asia has risen steadily on China’s foreign policy agenda, whereas U.S. policy toward the region, until September 11, had been conducted in an ad-hoc fashion. Since 9/11, however, the United States has given increasing attention to Southeast Asia, primarily due to Washington’s view of the region as a “second front” in the global war on terror.

Taiwan: Potential Flashpoint of Sino-U.S. Conflict

In the present context, Taiwan represents a flashpoint that could ignite a U.S.-China conflict. The island is China’s last major irredentist claim. Nominally part of the former Chinese Empire since the 10th century, Taiwan had been lost to Japan in the War of 1894-95. Historically, Washington’s Pacific strategy has been designed to ensure the safe passage of navigation through all critical sea-lanes, including the Taiwan Strait.

Two opposing trends are at work in China-Taiwan relations. One is the island’s increasing integration into the mainland economy as Taiwan has come to recognize its need for Chinese labor and markets. This trend suggests that reunification could come about painlessly. However, the other trend is the erosion of the “One China” principle and the emergence of a “Taiwanese identity.” Since the early 1990s, a Taiwanese middle class nurtured by democratization and economic growth has become less committed to the proposition that the island and the mainland are part of one country. The International Crisis Group has noted that the “domestic politics of national identity in Taiwan will ensure that the contest between it and China over the sovereignty issue will continue, even at the risk of provoking Beijing to further shows of military strength.”

China’s Growing Role in Southeast Asia

During the Cold War, the Southeast Asian states reacted in different ways to the U.S.-China rivalry. Thailand and the Philippines — fearing that Communist victory in Indochina would topple the Southeast Asian “dominoes” — joined the Southeast Asia Treaty Organization (SEATO) in 1955. In 1967, the Association of Southeast Asian Nations (ASEAN) was formed to help promote stability in the region in the wake of serious tensions between Indonesia and Malaysia. A generation later, ASEAN has come to incorporate all 10 states in the region, while SEATO has been consigned to the dustbin of history. Over this last generation, ASEAN has been growing in cohesion and complexity. It has managed change in a volatile region and moved closer toward a regional community. It has initiated a free trade area, and the ASEAN Regional Forum (ARF) has become East Asia’s only venue for multilateral talks on regional security.

Meanwhile, China’s ascendance is generating a mixture of pride and anxiety in the region. Many Southeast Asians share the Chinese people’s pride in the fact that China is standing up after 150 years of humiliation at the hands of the great powers. At the same time, Southeast Asians are anxious about how this new China will exercise its growing regional role. As with Taiwan, two opposing trends are working in ASEAN-China rela-

2 Taiwanese companies have invested more than $100 billion in China; and more than a million Taiwanese business-people and information-technology specialists live and work on the mainland. See Manila Times at http://www.manilatimes.net/national/2003/dec/12/yehey/opinion/20031212opi7.html.
tions. The first is their fast-growing economic partnership. Between 1993 and 2001, trade between China and the six older ASEAN members multiplied almost four times. Given the downturn in ASEAN’s traditional markets, China is emerging as the engine of growth for Southeast Asia. Already, the two sides have signed a deal that will create an ASEAN-China Free Trade Area (FTA) by 2010. The second trend, of course, is regional anxieties over China’s growing maritime capability and the implications of this for the settlement of territorial disputes in the Spratly Islands.

China’s Claims on ASEAN’s Maritime Heartland

ASEAN’s keenest security concerns focus on China’s claims to three million square kilometers of the South China Sea and all the island formations in it. This area is also Southeast Asia’s maritime heartland — just as crucial to the security and well being of the people on its peripheries as the Mediterranean was to the classical civilizations of Europe, the Middle East, and North Africa. Since the power that controls the South China Sea will ultimately control both archipelagic and peninsular Southeast Asia (as well as play a decisive role in the future of the Western Pacific and the Indian Ocean), ASEAN cannot accept China’s sweeping claim to the South China Sea, including the Spratlys. Indeed, China’s claim is inextricably related to Southeast Asia’s security. It is why even Singapore’s Lee Kuan Yew can say that, while ASEAN’s direct interest may not be engaged on such issues as Taiwan, Tibet, and Hong Kong (all of which involve China’s sovereignty), “[o]ver the Spratlys, ASEAN cannot remain neutral.”

Fortunately, there is a ready framework for a legal settlement of competing claims of this type in the United Nations Convention on the Law of the Sea, which legitimizes claims based on the 200-nautical-mile exclusive economic zones. For the moment, China and the ASEAN claimants have agreed to set the dispute aside — after agreeing on a set of rules for pursuing their claims — and focus instead on economic cooperation.

Toward an East Asian Economic Grouping

As noted above, China and ASEAN have agreed to create a free trade area by 2010. The FTA will bring together a potential market of 1.7 billion people, a combined gross domestic product of almost $2 trillion, and two-way trade valued at $1.2 trillion. To sweeten the deal, China has agreed to cut tariffs on ASEAN products a few years before the ASEAN countries are scheduled to open their markets to Chinese exports. A joint ASEAN-China study found that free trade would add one percentage point to ASEAN’s yearly growth and 0.3 percent to China’s.

What are the implications of China’s growing role in Southeast Asia for China’s relationships with the U.S. and Japan? By becoming the dominant economic power in Southeast Asia, China will enjoy the political benefits that flow from that status. Beijing could use this political influence to blunt America’s role in the region. To balance China, ASEAN will need to bring Japan and South Korea into a larger East Asian economic framework. An ASEAN+3 grouping will enable the ASEAN economies to complement the Northeast Asian economies — instead of competing with them. China has already offered to explore a separate free-trade arrangement with Japan and South Korea; meanwhile, the latter two states are talking about their own free trade pact.

In any case, the center of regional decisionmaking will be moving away from Southeast Asia northward — initially into China and then to all three Northeast Asian states. Only an ASEAN that is more integrated and more cohesive can stem this drift of power northward. To preserve its bargaining position, ASEAN must create

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5 In 1995, when China’s encroachment on Mischief Reef (120 nautical miles west of Palawan Island) came to light, Philippine President Fidel V. Ramos proposed (i) the freezing of troop strengths on disputed islets; (ii) demilitarization of the South China Sea; and (iii) cooperative efforts by the six rival claimants to assure safe passage for all shipping and to exploit its sea and seabed resources judiciously under a joint authority.

a single home market that can rival China’s in the estimation of foreign investors.

The United States in Southeast Asia

For the moment, Washington seems to view its bilateral relations in Asia from the prism of its global war on international terrorism. In the aftermath of September 11, U.S. policymakers apparently see potential threats from other great powers as pale in comparison to those posed by unstable countries — in Asia, Africa, and the Middle East — that are possible breeding grounds for terrorists. Washington thus has renewed interest in Southeast Asia, home to large Muslim populations as well as weak secular states.

As soon as the Afghanistan campaign had developed sufficiently, Washington opened a second anti-terrorist front against the Abu Sayaf terrorists in the Southern Philippines under a Visiting Forces Agreement with Manila. Working with national intelligence agencies, it has also begun search-and-destroy operations against Southeast Asian terrorist networks, some of which are linked with Osama bin Laden’s Al Qaeda.

On the broad canvas of East Asia, the security picture in the wake of September 11 has, ironically, been optimistic. By seeing how easily terrorism could transcend political boundaries, governments have realized how much national security depends on cooperation among sovereign states. This is why almost all the East Asian states — China included — have signaled their support for the anti-terrorist coalition. Beijing shared intelligence on Islamist terrorism with Washington and gave its tacit consent to allow U.S. warplanes and troops on its western doorstep in Central Asia. Russia has shared intelligence as well, and has used its influence to help stabilize the Middle East. Meanwhile, Tokyo has been able to show its flag by escorting Japanese oil tankers and some cargo ships in the Indian Ocean.

America’s Muscular Foreign Policy

It also seems the Bush Administration is seizing the opportunity of its war on terrorism to consolidate America’s global pre-eminence. President Bush apparently sees the world as more evil, more dangerous, and more threatening than did his predecessors. Not just in Southeast Asia but the world over, Bush has committed his country to a muscular foreign policy and asked Congress for a military budget big enough to support it. (At $360 billion, the U.S. defense budget is estimated to account for 40 percent of global military spending.) By helping Manila deal with its homegrown terrorists, the Pentagon has regained de facto access to base facilities in its former colony. Washington’s cooperation with Bangkok has resulted in the capture of Al Qaeda’s highest-ranking operative in Southeast Asia. Meanwhile, the nuclear aircraft carrier Kitty Hawk has docked symbolically at Singapore’s new navy base commanding the Malacca Straits. The city-state cultivates strong informal ties with Washington — and does not hide its belief that the American presence is necessary to stabilize Southeast Asia.

The United States also is exploring Hanoi’s sensitivities about possible naval visits to Cam Ranh Bay, which the Russian fleet vacated in mid-2002, leading to speculation that Washington views Vietnam as a strategic counterpart in a broader effort to contain China. The U.S. does not appear to be interested in having a permanent naval presence at Cam Ranh Bay. Rather, it seeks an access arrangement that would allow its warships to visit after the bilateral military-to-military relationship has matured. The U.S. has a number of access agreements with countries in Southeast Asia (most notably Singapore) in accordance with its strategy of forward deployment, or what one former U.S. Navy Pacific Fleet commander-in-chief called “places not bases.”

The prospect of closer military ties between the United States and Vietnam, including a possible return to Cam

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8 The Indonesian terrorist Hambali (Riduan Isamuddin), leader of the Jemaah Islamiyah and arrested in Thailand in August 2003, was apparently plotting to bomb the APEC Summit scheduled there in October.
Ranh Bay, was discussed in a 2001 RAND Corporation report on U.S. strategy and force posture in Asia. The report pointed out that over the long term, “Vietnam could provide additional access in Southeast Asia beyond that which Singapore and Thailand offer,” and also noted that “there is an underlying logic to cooperation between the United States and Vietnam to prevent a Chinese bid for regional hegemony.” At the same time, however, the RAND report cautioned that the U.S. should not be expected to return to Cam Ranh Bay “anytime soon” because “the threat to U.S. and Vietnamese security interests on the South China Sea has not risen to a level that would compel military cooperation.”

Each time the United States has expressed an interest in Cam Ranh Bay, the Vietnamese Government has downplayed the issue. Apart from the obvious political and historical sensitivities, Vietnam would risk provoking China’s indignation if it ever came to an agreement with the United States over naval access to the facility. As Ian Storey and Carlyle Thayer have written, “such an agreement would simply reinforce China’s fears that it was the target of a U.S.-led containment strategy,” and, as a result, “Sino-Vietnamese relations would inevitably suffer.”

Preventing the Rise of a Regional Superpower

The RAND report sees Washington’s priorities in Asia as three-fold. The first is to prevent the rise of a regional superpower that could undermine the U.S. role in the Asia-Pacific and subsequently pose a global challenge to U.S. predominance. The second is to maintain stability and prevent the growth of rivalries and insecurities that could lead to war. Thirdly, Washington must discreetly manage events so they do not spiral out of control, and also maintain policies that favor free trade and financial stability. These policies will enhance both regional stability and the influence of the U.S. in the Asia-Pacific region as a whole.

To achieve these priorities, the U.S. must not only deepen its bilateral security treaties with South Korea, Japan, and Australia; it must also widen these pacts, possibly to include Singapore, the Philippines, and Thailand so that multilateral partnerships can create militaries that can respond to regional crises in the form of coalitions.

With Japan, the U.S. must reach agreement on a joint strategy in Asia, and also support Japan’s efforts to expand its security horizons and acquire appropriate capabilities to support coalition operations. Moreover, to preserve stability on the Asian continent, Washington must nurture a balance-of-power structure involving China, India, and Russia in order to deter any of them from threatening regional security, dominating one another, or coalescing against the United States. At the same time, Washington must promote an Asia-wide dialogue to dampen regional conflicts, build mutual confidence, and ultimately establish a multilateral security framework.

Over the long term, America’s forward military presence in East Asia may very well decline as the two Koreas unify, Japan becomes a “normal” state, and the new military technologies enable the Pentagon to reduce its deployment levels overseas. As the international environment changes, Washington must seek new ways of asserting its influence. Increasingly, it will have to emphasize the political rather than the military function of its alliance structure. It also will have to cultivate closer diplomatic coordination and consultations with its allies. At the same time, Beijing needs to assure Washington and the other Asia-Pacific powers that (i) China does not intend to upset the existing regional order, and (ii) it can live with a regional security structure in which the United States plays a leading role as long as China’s legitimate security interests are accommodated.

10 Zalmay Khalilzad et al., The United States and Asia: Towards a New U.S. Strategy and Force Posture (RAND: Santa Monica, CA, 2001), pp. xvi, 186.
11 Ibid., p. 186.
12 Storey and Thayer, p. 467.
13 Khalilzad et al., p. xiii.
Coping with a More Intrusive America and a More Pervasive China

Over the immediate future, we must all figure on living with a more intrusive America. This will be particularly true of our region, where Islamist pressures are building among the world’s largest Muslim populations. China’s presence, too, will be more constant and more pervasive. In this context, how can long-term stability in Southeast Asia, Northeast Asia, and the Asia-Pacific region be ensured? The countries of Southeast Asia should take advantage of the current conjunction of interests between the U.S. and China for maintaining a stable Asia Pacific, just as the European Union took advantage of the stalemate between American and Soviet power until the late 1980s. Over this past half-century, Western Europe — under the shield of American power — formed a single community. We also should use the “American peace” to speed up the economic and political integration of the Asia-Pacific region. We must look beyond the armed peace of the balance of power to the unforced peace of the balance of mutual benefit. The ground has already been laid for this effort in the network of regional organizations that bind our separate countries together.

China seems to see its own safety in promoting regional integration — i.e., in developing an “East Asian identity” as economic cooperation among the regional states extends gradually to cultural, political, and security cooperation. Meanwhile, the Asia Pacific Economic Cooperation (APEC) forum has set 2020 as its deadline for unifying economically the western and eastern shores of the ocean we share. Thus, the instruments of an East Asian (and a larger Asia-Pacific) community are already in place. It will be the historic task of East Asia’s rising generation of leaders to make these regional institutions work.
**Discussion: Promoting Regional Balance and Strategic Dialogue**

**South China Sea: arena of competition.** The Vietnamese commentator began by saying the challenge was not to agree with all of the presenter’s ideas, but to supplement his paper with points he did not touch upon. She agreed that Southeast Asia has traditionally been an arena for competition between major powers because of its strategic location, and said one major trend is that the security picture is quite dynamic and is changing at the macro level. There is a shifting balance of power in favor of China to the detriment of Japan, a development that poses important strategic questions for the U.S. in the region. The events of September 11, 2001 also have had a major impact on regional security. At the level of major power relations, for instance, there is a marked change toward better cooperation between the U.S. and China.

The commentator added that the South China Sea would be a key regional issue and a focus of Southeast Asian security in the next few years. She noted that the presenter was optimistic that a legal framework already exists for settling the conflict, but she disagreed: despite the United Nations Convention on the Law of the Sea, she said, the battle over the South China Sea remains mostly a political issue. The settlement of this dispute will depend on China’s future intentions and behavior in the region. The presence of oil also contributes to the strategic importance of the South China Sea given China’s rising demand for energy. However, the commentator added that there were some grounds for optimism owing to ASEAN’s policy of engaging China over the South China Sea disputes. China is actively engaged in the ASEAN Regional Forum (ARF), has become more cooperative, and has started to talk about this issue in the regional forum.

**Window of opportunity for U.S.-Vietnam relations.** The Vietnamese commentator indicated that trends on Southeast Asian security and U.S.-Vietnam relations are generally positive. Taking a long-term perspective, and looking at the strategic interest of Vietnam in this region, the current state of major-power relations provides a window of opportunity for the U.S. and Vietnam to move forward. The U.S. is starting to understand Vietnam’s position vis-à-vis the U.S. and China. China and Vietnam are neighbors and therefore the two countries are bound together. On the other hand, the U.S. is very important for Vietnam’s economic development and for Vietnam’s security. Vietnam simply cannot afford to choose between the two, the commentator said, adding that an environment of measured cooperation would be ideal for Vietnam to pursue in its relations with the United States.

**Importance of Sino-U.S. ties.** An American commentator echoed the importance of Sino-U.S. relations for Southeast Asian security and for Vietnam. By all conventional measures — population, wealth, technology, and military power — China can already be considered a great power. As a consequence, U.S.-China relations are vitally important to the region and to U.S.-Vietnam relations. The commentator set out three possible scenarios for the future of Sino-U.S. relations, and speculated on the implications of each scenario for the relationship between the United States and Vietnam.

**Scenario one: continuation of the status quo.** In this first scenario, the commentator explained, China and the U.S. maintain their current positive relationship. Both sides want to avoid military confrontation or even political or economic friction, and they both share the overriding objective of maintaining regional stability. At the same time, they both view each other warily in security matters. China sees the U.S. as an ally but also as a competitor for power and regional leadership. The U.S., he said, views China in somewhat similar terms, and recognizes that maintaining good relations is necessary to obtain U.S. policy objectives in the region. Both sides are interested in preserving a constructive relationship
that promotes peace and prosperity. China is willing to take part in the war on terrorism because it helps to maintain good will and security.

In this policy setting, continued the commentator, certain opportunities exist for U.S.-Vietnam relations. First, neither the U.S. nor Vietnam wants to see China dominate Southeast Asia, so there is a mutual incentive for the two nations to cooperate. At the same time, neither the U.S. nor Vietnam wants to create a sense of fear within China that policy is directed at containment, creating a mutual incentive to be cautious. The consequence is that the U.S. and Vietnam have emphasized trade and broader economic cooperation in their relationship rather than other, more contentious topics. This scenario of relative stability and goodwill provides an opportune moment for the U.S. and Vietnam to comfortably improve policy, establish a strategic dialogue, and improve military-to-military relations — including exchanges of high-level delegations, such as the visit of the Vietnamese Minister of Defense to Washington, and symbolic gestures like the U.S. Navy ship visit to Ho Chi Minh City.

There could also be an exchange of military specialists, the commentator said, beginning with academics and progressing to specialties such as military law, medicine, logistics, and so forth. China and Vietnam had almost 20 such exchanges last year. In addition, it would be mutually beneficial for the U.S. to have Vietnam’s full cooperation in the realms of law enforcement and counter-terrorism operations, which could be improved dramatically through increased exchanges and broader information sharing. These would be fairly non-threatening ways to improve relations. The commentator envisioned an approach that would emphasize equality, restraint, and reciprocity.

He added that Vietnam also could take advantage of the U.S. preoccupation with counter-terrorism operations to further its own relations with Washington. For example, it could win favor by increasing the sharing of information and establishing dialogue on these important transnational issues. All of these areas would represent modest improvement in security relations and bring the security relationship into equilibrium with the economics and trade relationship in a way that is non-threatening to other states, but valuable to the security interests of both the U.S. and Vietnam.

**Scenario two: deteriorating Sino-U.S. relations.** The possible second scenario, the commentator continued, sees the China-U.S. relationship turning contentious and rapidly declining. This outcome could arise if underlying tensions in U.S.-China relations come to the forefront (e.g., resulting from actions on the Taiwan issue). Tensions might simultaneously increase in the South China Sea and thereby raise ASEAN concerns. In this situation, Vietnam could expect its ASEAN partners to seek support for a united approach toward China. Disruption of economic relations between ASEAN members and China would put Vietnam in a precarious situation with its neighbors as well as with China, and could ultimately impact U.S.-Vietnam relations.

**Scenario three: dramatic disruption.** The third scenario involves traumatic disruptions of the Chinese economy, leading to broad social upheaval in China. If political conditions spiral downward, the commentator noted, it could lead to U.S. sanctions against China. Vietnam might face a security problem on its northern border if China were to become unstable. Economic stability in the Asia-Pacific region would be seriously jeopardized, which would affect Vietnam as well. Under these circumstances, Vietnam would again be faced with unpleasant choices to make between its immediate neighbors, the U.S., and China. Conditions in the region also would become unstable in terms of refugees, economic repercussions, and potentially shifting alliances.

The commentator said these scenarios all point to the idea that this moment — when great-power relations in the region are basically stable — provides an opportunity for U.S.-Vietnam relations. Even so, he added, it is important to remember that U.S.-Vietnam relations are
governed less by relations between or among great powers, or by relations among ASEAN members, than they are by the interests of the U.S. and Vietnam themselves. In sum, when great-power relations are stable, it creates a more controlled environment for nations to focus on reforms beyond their immediate survival. As great-power relations are stable now, he concluded, this is the time for U.S.-Vietnam relations to improve.

**The right time for strategic dialogue.** In general discussion, a Vietnamese participant concurred that any strategic dialogue should be viewed in the context of great-power relations, particularly the U.S.-China relationship. If the desired goal is a predictable and comprehensive frame of relations that limits tensions, he said, then it is advisable to talk about broader strategic issues between the U.S. and Vietnam. The participant asserted that time is ripe as evidenced by the visit of Defense Minister Pham Van Tra to Washington and the docking of the U.S. Navy frigate Vandegrift in Ho Chi Minh City. These two events could not even have been imagined just a couple of years ago. Both the U.S. and Vietnam should explore the idea of a strategic dialogue further by defining the strategic interests of the U.S. versus the strategic interests of Vietnam, and identifying which areas may lead to disagreement or cooperation.

The commentator added that the U.S. and Vietnam now share a lot in common. In the American keynote address for this conference, the commentator observed, U.S. Ambassador Raymond Burghardt emphasized the importance of maintaining regional stability. Similarly, Vietnam’s first priority is to ensure a peaceful environment to pursue sustainable development goals. It is in this area that the strategic interests of the two countries are compatible. The bad news is that total mutual trust still does not yet exist, the commentator added. Vietnam remains very concerned about the so-called “peaceful evolution” plan of the United States, and many Americans still perceive Vietnam as a totalitarian regime that frequently violates human rights. It also has to be made clear, he said, that any U.S. military advance in the region does not mean regime change or something that interferes with the domestic sovereignty of Vietnam’s neighbors.

**Vietnam cannot take sides.** Another Vietnamese participant addressed the question, raised by the presenter, about whether the U.S. was interested in developing stronger relations with Vietnam in order to contain China and prevent China from dominating the region, including its strategic sea lanes. The speaker was strongly critical of this approach. During the Cold War, he noted, Vietnam was considered an outpost of the Socialist Bloc under the influence of the Soviet Union. The outcome and consequences of playing such a role still haunt Vietnam today, and the country is unlikely to assume such a role again in the future. Vietnam is in no position to take sides in foreign relations, he said. If it is assumed that the U.S. really wants to afford Vietnam an important role in counterbalancing China, we should ask whether Vietnam is capable and willing to do this. The participant stressed that Vietnam does not want to play this role, nor could it do so, adding that Hanoi’s policy is to foster a balance in international relations and not take sides.

**Balance preferred to containment.** An American participant asserted that academics from other countries frequently try to project onto American foreign policy a type of *realpolitik* balance-of-power thinking that is still accepted and popular in many parts of the world, but is no longer very fashionable in the U.S. This results in analyses of American goals and motivations that look very unfamiliar to U.S. policymakers. Although the U.S. is never totally immune to balance-of-power thinking, the participant continued, it is a much less pronounced factor in American policymaking than is often believed. An example is the issue of containing China. Other regional powers do seem to view the containment of China as one of their reasons for enhancing relations with Vietnam, the speaker observed. As far as the U.S. is concerned, however, there is a more general goal of creating a better balance in East Asia. While this includes the need to strengthen ASEAN, the United States is under no illusions that Vietnam is interested in
participating in a containment strategy vis-à-vis China. On the contrary, he added, the U.S. is quite conscious of the fact that Vietnam does not want to be seen as engaged in that kind of a game.

**Economic progress is paramount for China.** The presenter responded to the discussion by expressing satisfaction that he had succeeded in provoking a number of strong comments, adding that the opinions he advanced were designed to elicit a strong response more than anything else. He noted that China sees its future as trying to close the military gap between itself and the United States, but is convinced that it can only do what its economy will allow. China’s focus is therefore now on economic development, and Beijing will not take any action that runs counter to that goal.

**Bilateral and multilateral approaches.** The first Vietnamese commentator provided a closing word about the roles of Vietnam and ASEAN in preserving a peaceful and stable security environment for economic development. She expressed the view that Vietnam is a medium-sized power and ASEAN is a group of small to medium-sized powers. Since Vietnam does not possess “hard power” as does a great power such as China, the only choice is to use diplomacy and moral persuasion to engage great powers in the region. A wise strategy for ASEAN countries would be to nurture and build cooperative relations with both China and the U.S. on a bilateral basis, she added, urging ASEAN to do the same through a multilateral approach. Multilateralism serves interests of the ASEAN countries very well, so the U.S. and China should be engaged in that direction.
The Development of Terrorism in Southeast Asia

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On October 12, 2002, bomb blasts rocked two nightspots frequented by Westerners on the Indonesian resort island of Bali. The blasts at the Paddy’s Bar and Sari nightclub killed 202 people, including 88 Australians. It proved to be the single most devastating terrorist strike in the world since the September 11, 2001 Al Qaeda attacks in New York and Washington. It was subsequently established that the shadowy region-wide radical Islamist group known as Jemaah Islamiyah (JI or “Islamic community”) had been behind the attack. As is now well known, JI seeks to set up a pan-Southeast Asian Islamic caliphate by force. Moreover, as the recent interrogation of captured JI chief of operations Hambali has shown, JI has been closely allied with Osama bin Laden’s Al Qaeda network ideologically, logistically and financially.1 Ominously, one consequence of the Al Qaeda-JI nexus is that suicide bombing has come to Southeast Asia.2

Moreover, the Bali terrorist attacks were not the only acts of terrorism in the region in the past year. There were other smaller scale attacks in both Indonesia and the southern Philippines throughout 2003, culminating on August 5 of that year with the car bomb that severely damaged the American-owned J.W. Marriott Hotel in Jakarta. Another 12 people were killed and more than 50 injured this time.3 It was quickly established that yet again, another suicide bomber recruited by JI had been involved. Apparently, had the bomber not detonated his bomb prematurely, he might have killed as many people in the Marriott as the number that perished in Bali the previous October.4

It is clear that Southeast Asia, home to 230 million Muslims, remains a very important front in the global war on terror. Straddling the maritime core of Southeast Asia is Indonesia, the world’s largest Muslim country. Within its borders, an ideological battle is going on that could shape the trajectory of the Islamic faith and have huge implications for the future of Islam worldwide. Moreover, because of Indonesia’s geographical propinquity to the Straits of Malacca and the Lombok Strait, through which much of Chinese, South Korean and Japanese energy supplies flow, an Islamic revolution in Indonesia that brings the radicals to power would have “devastating consequences for the global economy.”5

The question of countering terrorism in Southeast Asia is therefore an important one.

This paper has four objectives: first, it examines what members of the Association of Southeast Asian Nations (ASEAN) have been doing to degrade the capacity of JI to execute more terrorist attacks on the scale of Bali or the Marriott, as well as the role that the U.S. might play in assisting this process. Second, it argues that the U.S.-led wars in Afghanistan and Iraq, and U.S. foreign policy more generally, may have inadvertently strengthened the radical Islamist ideology that animates JI. Third, it assesses what must be done to address this situation. Finally, the paper briefly evaluates the extent to which Vietnam might be affected by the scourge of anti-U.S., radical Islamist terrorism.

ASEAN and the War on Terror in Southeast Asia

Southeast Asian governments are at times taken to task for being slow to cooperate with one another in counter-terrorism actions. It is true that ASEAN states still grap-

2 Matthew Moore, “Jakarta Fears JI Has Suicide Brigade,” The Age (Melbourne, Australia), 12 August 2003.
4 Derwin Pereira, “Marriott Bomber ‘Blundered,’” Straits Times (Singapore), 17 August 2003.
ple with continuing bilateral tensions and suspicions. Some analysts have even argued that despite appearances of ASEAN amity, there has been in fact a “disturbing picture of non-cooperation between ASEAN intelligence services.” While ASEAN cooperation has always been constrained to an extent by the adherence of member-states to the principle of national sovereignty, ASEAN states have certainly seen the value of cooperating in the war on terror. All governments fully understand that combating terrorism is a priority not only because of the physical threat to lives and property it poses. ASEAN governments know that if they take little action, and are seen to be taking little action, against the scourge of terrorism, they will lose out in the wider strategic economic contest with Northeast Asia, especially China, in the competition for export markets and foreign direct investment (FDI). They also know that defeating terrorism is a necessary step to the creation of a potentially lucrative ASEAN Economic Community comprising a single production base and market of 530 million people by 2020. Furthermore, it is not lost upon regional governments that in seeking to set up a pan-Southeast Asian “super state,” JI is directly challenging the national identities and territorial integrities of relatively young nation-states.

Apart from inter-state cooperation, ASEAN governments have been trying to crack down on terrorist activities within their national boundaries. Most regional observers would agree that the state-level response has been strongest in Singapore, Malaysia, and, to some extent, the Philippines. Without a doubt, after the Bali attacks of October 2002, Indonesia’s response has been much stronger as well. In addition, since Hambali’s arrest, it would seem that Bangkok has been more vigorous in dealing with terrorist related activities on Thai soil. However, it must be recognized that national counter-terror responses throughout Southeast Asia vary considerably. Not all Southeast Asian states have similar capacities to interdict the circulation of terrorist funds, material, and manpower. In this connection, Indonesia, the Philippines, Cambodia, and to some extent, Thailand, stand out as weak states with insufficient administrative coverage over their territories, in comparison to the strong, administratively powerful states of Singapore and Malaysia. It must also be recognized that the maritime configuration of the Southeast Asian archipelago, as well as corruption and lack of professionalism among front-line immigration staff and security force personnel, expedite both the circulation of militants as well as a relatively flourishing illegal arms trade. Further complicating the picture are deeply rooted institutional rivalries between the military and the police in several states; and complicated internal political dynamics as well. Nevertheless, despite these diverse difficulties, ASEAN governments have been seeking to strengthen their respective legal and administrative counter-terror regimes. Thus Jakarta, following the Bali bombings, promulgated two emergency presidential decrees to immediately facilitate investigations and detentions of suspected terrorists, which were subsequently passed as laws. These laws empower the police to detain suspected terrorists without trial, authorize the death penalty for certain terrorist acts, and allow intelligence reports to be used as evidence.

The United States has already made a political commitment to assisting ASEAN in its fight against terrorism. The U.S.-ASEAN Joint Declaration on Combating Terrorism, initialed on August 1, 2002, committed the U.S. and its ASEAN partners to several initiatives, such as continuing and improving “intelligence and terrorist financing information sharing”; developing “more effective counter-terrorism policies and legal, regulatory and administrative counter-terrorism regimes”; enhancing liaison between law enforcement agencies; strengthening “capacity-building efforts” through “training and education”; consultations between “officials, analysts and field operators”; joint operations; and providing assistance on “transportation, border and immigration control chal-

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6 Andrew Tan, Intra-ASEAN Tensions (London: Royal Institute of International Affairs, 2000).
8 “ASEAN Seeks Common Market,” Economist Intelligence Unit Viewwire, 8 October 2003.
lenges” to “stem effectively the flow of terrorist-related material, money, and people.” Given the wide variation in capacities of ASEAN governments to detect and break up terrorist cells and funding flows, the professionalism and expertise of U.S. agencies in enhancing the functional capabilities of ASEAN in interdicting the “flow of terrorist-related material, money and people” both at the inter-state and intra-state level, is very much needed and coveted. After all, a year after the initialing of the U.S.-ASEAN Joint Declaration, the Counter Terrorism Intelligence Center (CTIC), a joint CIA-Thai agency, was successful in tracking down and capturing Hambali, believed to be important for his knowledge of both JI and Al Qaeda. Clearly, such functional cooperation between the U.S. and ASEAN, as well as other capacity-building assistance offered by important states like Australia, will be very important in the war on terror in Southeast Asia.

The U.S. Factor in the Southeast Asian War on Terror

It is important to recognize that neutralizing JI requires more than just identifying and breaking up terrorist cells and funding flows. In order to prevent JI from regenerating despite eliminations and captures of existing leaders and members, it would also be necessary to destroy the network’s ability to attract fresh recruits and supporters. This implies not just disrupting the circulation of militants, money and material throughout Southeast Asia but also undermining the radical Islamist ideology that motivates the network’s terrorists and supporters. For instance Imam Samudra, the convicted field coordinator of the Bali attacks, justified the attack as an aspect of the wider war against the “American terrorists and their allies.” While Samudra may be an anti-American bigot, the unfortunate reality is that America suffers from a poor image even amongst moderate Muslims. In Indonesia, the biggest Muslim country in the world, for instance, it is apparent to many that the U.S. invasions of Iraq and Afghanistan have radicalized student opinion.

Muslims is another powerful reason why ASEAN governments have found it very difficult to prosecute the war on terror in Southeast Asia with greater efficiency. In Muslim majority states like Indonesia and Malaysia, as well as in states with significant Muslim minorities such as Singapore, the Philippines, and Thailand, governments are understandably not keen to come across as uncritically identified with every aspect of U.S. foreign policy toward the Muslim world. In Malaysia, there are fears that if Kuala Lumpur is seen as too closely identified with U.S. foreign policy, then the Islamic fundamentalist party PAS will benefit in general elections. In Indonesia, President Megawati Sukarnoputri was always similarly aware of her need, as a secular-nationalist leader with little Islamic credentials of her own, not to alienate the Muslim majority in the 2004 parliamentary and presidential elections. In both Indonesia and Malaysia, as well as other ASEAN states with significant Muslim populations, there is also the anxiety that uncritical acceptance of everything Washington does in the Middle East, Iraq, and Afghanistan may lead to increased disenchantment and even the radicalization of pockets of Muslims, rendering them vulnerable to JI recruitment.

The upshot of all this is that over and above lingering bilateral problems, capacity shortfalls, low-level corruption amongst immigration officials and security forces, and the daunting challenge of policing maritime boundaries in Southeast Asia, ASEAN’s counter-terror campaign has also been hampered ironically by the attitudes and behavior of the United States itself. This has added an element of circumspection in the regional prosecution of the counter-terror campaign against JI. Thus in early September 2003, an Indonesian court sentenced alleged JI spiritual leader Abu Bakar Bashir to only four years in jail on charges of being involved in a series of church bombings in 2000. Significantly, he was found not guilty of being JI’s spiritual leader, or amir, something that would have earned him a much stiffer sentence. This prompted one Western analyst to characterize the judgment as a “glorified slap on the wrist.”

addition, it was pointed out shortly after that, Hamzah Haz, the vice president of Indonesia and leader of that country’s largest Islamic party, the United Development Party (PPP), had been working behind the scenes to influence the outcome of the Bashir trial. There had apparently been anxiety at the highest levels in Jakarta that had Bashir been found guilty of the more serious charge of leading JI, President Megawati might have been obliged to close down his religious boarding school or pesantren in Solo, Central Java, as well as disband his Indonesian Mujahidin Council (MMI) civil society organization. Not only would such action, it was feared, have made Jakarta look like a lackey of the U.S. ahead of the 2004 elections, it might have even provoked JI terror reprisals in Jakarta.  

The visceral fear of being labeled by the radical Islamists as a stooge of an America out to subjugate Muslims has been evinced in myriad other ways. Jakarta has been very careful not to make use of the term Jemaah Islamiyah in a cavalier manner in its public pronouncements on terrorism. Megawati never dared to proscribe JI in the country. This is because the name Jemaah Islamiyah in fact simply refers to the wider Muslim community. For its part, Kuala Lumpur, in setting up the Southeast Asian Regional Counter-Terrorism Centre in 2003 — an idea welcomed by Washington — nevertheless took pains to deny any overt “U.S. interference” in its running. The government of Prime Minister Thaksin Shinawatra in Thailand, meanwhile, found itself having to tread very carefully when Thai Muslims in the southern town of Narathiwat considered the arrests of alleged JI militants in their midst as a “gesture of appeasement to the United States, and that U.S. President George W. Bush is bent on creating a climate of distrust of Muslims.”

In short, it must be recognized that the very vitality of the virulently anti-American, radical Islamist ideology circulating in Muslim Southeast Asia is fueled directly by Washington’s foreign policy stance and military errors in Iraq, Afghanistan and the wider Muslim world. Ill-conceived U.S. political and military actions unwittingly reinforce the negative stereotypes promoted by the radicals — thereby sustaining a supercharged political and ideological milieu within which ASEAN’s counter-terror cooperation with the U.S. and its Western allies is inevitably hampered.

Undermining the JI’s Ideological Basis

While sustained effort must therefore be expended on intelligence sharing and law enforcement measures to interdict the flow of JI militants, funds and terrorist material throughout the region, a greater effort must be expended on attacking and undermining JI’s ability to recruit afresh and thus regenerate. This implies attacking and undermining its ideology. In this regard, three key policy thrusts are necessary: assisting progressive Islamists win the ideological battle for Islam in Southeast Asia; reducing the “political oxygen” issuing from U.S. policy that fuels regional radical Islamist propaganda that America is an enemy of Islam; and eliminating local political and socioeconomic “root causes” of Muslim discontent. In terms of developing an appropriate counter-ideological response to radical Islamism of the Al Qaeda and JI kind, it seems particularly important for progressive Muslims in the region and elsewhere to more aggressively promote what the Tunisian scholar Rachid Ghannoushi calls “realistic fundamentalism.” This seeks to revive Islamic values in all spheres of life while grounding them in current realities, and instead of projecting a dichotomized “us-versus-them” worldview, celebrate the value of religious pluralism. In addition, moderate Islamic leaders in Southeast Asia must continue to denounce extremism publicly, affirming consistently that Islam does not justify any kind of violent and terrorist act. At the same time, Southeast Asian governments and Muslim leaders need to modernize Islamic education. In this regard, Washington’s plans to invest $250 million into improving Indonesia’s 178,000 state schools and 10,000 “West-tolerant” Muslim-run schools, is a far-sighted step in the right direction.  

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14 Asmarani, “Trial and Errors.”
15 “Fear and Resentment Brewing in the South,” Straits Times, 26 June 2003.
In addition, it is very important that Washington makes a serious effort to improve its credibility with Muslims worldwide. On the one hand, there is a need for more nuanced public diplomacy showing how America has genuinely sought to alleviate the plight of Muslims in Kuwait, Bosnia, Kosovo, Afghanistan, and now Iraq. On the other hand, America must not undercut its own public diplomacy by inadvertently generating political oxygen that can be exploited by JI for propaganda purposes. Any air strike or military or law enforcement operation that accidentally kills, injures, or brutalizes Afghan or Iraqi civilians would only allow JI to exploit and to further empower its ideological narrative in the eyes of Southeast Asian Muslims. In this regard, Washington must in the short term take care to ensure that U.S. forces in both Afghanistan and Iraq are better trained to cope with looting and rioting. Any resort to disproportionate force would only strengthen the anti-US, global jihad propaganda of JI recruiters. Over the longer term, it is vital that Washington and London expend sufficient resources in both Iraq and Afghanistan to ensure that both states emerge as modern, progressive Muslim members of the international community. If the U.S. and the UK do not stay the course in both Iraq and Afghanistan, this would further reinforce the JI ideological narrative of a “Crusader” America and its allies at war with Islam, and in Southeast Asia, and help sustain the network’s ideological appeal in some Muslim quarters. The new Office of Global Communications, created by the U.S. president in January 2003, might take the lead in ensuring that Washington’s words and deeds project the identical positive message to a skeptical Muslim world. Finally, the U.S. and the international community must persist in seeking the creation of an independent, viable Palestinian state side-by-side with Israel, and that the status of Jerusalem is justly resolved.

Finally, it must also be remembered that quite apart from the trials and travails of global Islamic communities, JI’s ideology also thrives on the exploitation of various localized sources of Southeast Asian Muslim discontent. Certainly, in some Southeast Asian countries, local “root causes” such as political and socioeconomic marginalization have been exploited by JI. The organization’s ties with the Moro Islamic Liberation Front (MILF), is in this regard particularly instructive. The MILF is based in Mindanao in the southern Philippines, which falls within JI’s “Mantiqui” or Region Three, designated for training of JI militants. Mindanao is thus the Southeast Asian equivalent of Afghanistan in the 1980s and early 1990s: a vast training area for would-be jihadis.18 Despite Manila’s efforts to improve living standards in Mindanao, widespread anti-Muslim prejudice and official corruption have been deep-seated problems in that region. There is little wonder that a MILF senior commander named Murad claimed that the organization was getting too big and difficult to control as “there are so many who wanted to join.”19 It is apparent, therefore, that a multilateral diplomatic, economic and financial effort to reduce the political and socioeconomic sources of Moro discontent would be salutary. Doing so would deprive JI leaders of concrete issues to exploit, thereby weakening the appeal of the JI’s proffered ideological panacea of the pan-Southeast Asian Islamic caliphate under which everything will purportedly be made right under heaven.

Implications for Vietnam?

As this writer has argued elsewhere, radical Islamist terrorist networks such as JI need not only “functional space” — the capacity and opportunities to carry out the various activities needed to further the terrorist agenda — but also a wider sympathetic Islamist milieu within which to seek moral, manpower, and material sustenance. The latter might be called “political space.” On the one hand, personal networks established by school and marriage ties can be said to constitute the innermost core of JI’s political space in the region, particularly in Indonesia. Immediate, personal links aside, JI militants have also been known to seek refuge amongst conservative Muslim communities in the region. JI’s links with the Moros are not the only examples of this tendency. For instance, several militants have commingled

amongst fundamentalist Muslims in Sulawesi, which JI regards as having considerable “potential for true jihad.”

In Cambodia, moreover, the Cham Muslims, who form less than 5 percent of the 12.5 million people in the country, have been increasingly exposed to intolerant Wahhabi Islam propagated by Middle Eastern preachers in newly set up schools and mosques. Unsurprisingly, therefore, it appears that “some Islamic militants, possibly traveling on forged passports,” have met foreign Muslim clerics based in the country. In Thailand, where Muslims make up 4 percent of the population of 62 million, analysts acknowledge that Hambali would have needed help from radicalized Thai Muslims to expedite his prolonged presence as well as entries and exits to and from the country.

However, in Vietnam’s case, a couple of facts suggest that the country may be among the less vulnerable in Southeast Asia to radical Islamist terrorist infiltration. First, Muslims form less than 1 percent of the population. Hence it would not be very easy for the likes of JI to carve out significant political space in the country. Second, the state’s Communist ideology and the strong Buddhist character of society would make it very difficult for any variant of Islam, including the radical forms, to take root. Hence the only way in which Vietnam might be exploited by JI is as a transit point for the passage of militants, money, and material through the country’s long land and maritime borders, rather than a terrorist safe haven. However, Vietnam remains part of Southeast Asia, and what affects the region will affect Vietnam. In particular, the threat which terrorism poses to the ultimate economic health of Southeast Asia is a problem that confronts all regional governments, regardless of political complexion.

Hence, it behooves Hanoi to work closely with the U.S., its ASEAN partners and other friendly states to identify and detain potential militants and associated criminal elements, harden its borders, tighten immigration controls and police its coastal areas so as to reduce the ability of JI elements to operate on or near Vietnamese territory. In tandem with similar efforts elsewhere in the region (and coupled especially with concerted efforts by other ASEAN governments, the region’s moderate Muslim majority, and Washington to attack the all-important ideology that animates JI), Vietnam can play an important role in ensuring that the scourge of radical Islamist terrorism is ultimately wiped out.

20 International Crisis Group, Jemaah Islamiyah in Southeast Asia, pp. 23-29.
Discussion: Causes of Terrorism and Proposed Solutions

The definition of terrorism. The Vietnamese commentator began by noting that, in any discussion on terrorism, we must be clear about who is included when referring to “terrorists” in Southeast Asia. The commentator observed that the paper focuses largely on Jemaah Islamiyah (JI), but this is certainly not the only terrorist group in the region. If it were, she said, Vietnam and many other countries would undoubtedly have less to worry about. It is important to remember that the war on terror is not only to counter JI — it is a war on a much larger scale.

The causes of terrorism. If there is any hope of progress in the war on terror, the commentator continued, it is critical to look at the causes of terrorism. It does appear that JI is seeking to set up a pan-Southeast Asian Islamic caliphate by force, directly challenging the national identities and territorial integrities of all countries in the region. The U.S. war in Iraq has likely strengthened the ideology of JI and other terrorist groups, but there are other issues that have fed its growth as well. She noted that fundamentalist views, in both Muslim and non-Muslim countries, have arisen largely as a response to globalization. Grounds for dissatisfaction that could lead to terrorism comprise a long list: poverty, disease, unemployment, lack of education, economic decay, failing governments, and political disenfranchisement. All Southeast Asian countries are facing at least some of these issues, she said, and could therefore benefit from cooperation to form sustainable solutions.

Terrorism in Southeast Asia. But why is terrorism on the rise in Southeast Asia specifically, the commentator asked. The rising popularity of a pious Islam, along with the persistence of an intolerant, fundamentalist strain among a small faction of the community, is one reason. There are also genuine and perceived grievances of the Muslim community that often comprise the poorest regions. Many countries have active trade and financial ties with the Middle East, and some countries are illegally trading weapons. Some countries in the region could accurately be described as weak states, with ineffectual intelligence and enforcement agencies, offering places of easy access for illegal activities. The economic hardship since the 1997-98 Asian financial crisis also increased the number of unemployed, she said, and thus the number of those who may be more open to recruitment into radical groups. Furthermore, the state is often failing to provide adequate services such as education. Religious groups, sometimes those considered extremist, have stepped in, and parents have few alternatives to sending their children to religious schools.

America’s role in Southeast Asia. An obvious role for the U.S. is to assist the Southeast Asian countries to minimize the negative impacts of these factors, the commentator continued. One way the U.S. has contributed positively is through programs funded by its U.S. Agency for International Development (USAID), which have helped some countries, such as the Philippines and Indonesia, to implement policies and enforce regulations that directly fight terrorism, such as creating successful anti-money laundering legislation. Other USAID programs provide support that indirectly counters terrorist threats, such as by improving health care and education. Since the causes of terrorism are plentiful, the commentator notes, U.S. support needs to be even more diversified to address the root causes.

Implications for U.S.-Vietnam relations. In the context of the development of terrorism in Southeast Asia and the war on terrorism in the region, the commentator said, four implications for U.S.-Vietnam relations emerge. The first is that both sides now can see more clearly the strategic positions of the other. Vietnam sees the U.S. as playing a vital role in the war on terror in Southeast Asia, while the U.S. sees Vietnam as playing an essential role within ASEAN to maintain solidarity, and to help prevent easy transit for terrorists. Secondly,
she said, both sides now seem to share a common commitment to maintain stability and prosperity in the region. Both desire a prosperous Southeast Asia that does not become exclusively under the sphere of influence of China or any other major power. Third, the U.S. gives more support to the cause of reforms in Vietnam initiated as part of the doi moi, or renovation, process, and sees the speed of such reforms as being more reasonable.

Finally, the commentator concluded, the relationship between the U.S. and Vietnam has developed in a broader number fields, not only economically with the signing of the Bilateral Trade Agreement, but also in the fields of public health, environment, education, and other areas. More specifically, in the context of the war on terror, military relations between the two countries have been given increasing emphasis. It has not been easy for the two sides to come to the point that we are now, with a U.S. Navy ship being allowed to dock in the Saigon River for the first time since the Vietnam War ended in 1975. In addition, Defense Minister Pham Van Tra’s trip to the U.S. in November marks the first such visit by a Vietnamese Defense Minister.

Vietnam’s subtle policy shift. The American commentator said he thought the war on terror had little impact on U.S.-Vietnam relations. Vietnam did contribute limited, but notable, in-kind aid to Afghanistan amounting to about $300,000 in blankets and school books despite the government’s objections to the war. Vietnam is contributing rice aid to Iraq as well, although the war disrupted Vietnam’s $500 million in annual exports to Iraq. (Vietnam was the largest supplier of rice to Baghdad before the war.) In addition, the commentator noted, Vietnam has signed on to 12 UN conventions dealing with counter-terrorism, and perhaps most significantly, Vietnam’s attitude toward ASEAN’s approach to combating terrorism has shifted subtly. At first, the commentator noted, Vietnam appeared reluctant to endorse any proactive ASEAN role and was resistant to drafting a declaration on combating terrorism. As time wore on it dropped a lot its objections and signed on to the proposals, so there was a subtle but significant shift in Vietnam’s policy on this issue.

Indirect effects on bilateral relations. On the whole, said the American commentator, Vietnam really does not have much to offer on the terrorism issue. The central goal of U.S. foreign policy right now is fighting terrorism so Vietnam has little to balance some of the other issues that are coming up in the relationship, such as trade and human rights. This stands in contrast to other countries such as Indonesia or China, which have a lot more to offer. A new strategic partnership could change this, the commentator said. Since terrorism has had little direct effect on Vietnam, what are the indirect effects that terrorism has on the relationship? One is that the war on terrorism has propelled, or at least enabled, a new exploratory dialogue on what a new strategic partnership might look like. The commentator said it is worth pondering the scope and nature of any type of partnership that can be envisioned. Is this indeed a historic moment, how long will it last and how forcefully should the U.S. and Vietnam be pushing this forward to take advantage of the window of opportunity that might exist?

Lessons for North Korea? The commentator added that if he were a policymaker in Hanoi who saw improving relations with the U.S. as a goal, he would consider areas of importance to the U.S. in which Vietnam could play a marginal yet critical role. One example might be the Korean peninsula, he said, where Vietnam has bilateral relations with both North Korea and South Korea and thus could exploit its historical relationship with Pyongyang. Vietnam has a lot of lessons that could be imparted to North Korea on the way that it has carried out economic reform and transitioned to a more market-oriented economy. North Korea is more of a command economy than Vietnam ever was, but nevertheless, lessons could still be learned in that regard.

Limited impact on relations. In the general discussion, an American participant advised against putting undue emphasis on counter-terrorism in terms of the U.S.-
Vietnam relationship, saying there were limited possibilities for developing the relationship on the basis of such cooperation. Vietnam, he added, had wisely got out of the way once the counter-terrorism issue was accepted as an important issue by ASEAN. In any case, counter-terrorism activities are not part of a huge vision shared between the U.S. and Vietnam.

**Vietnam working with Interpol, U.S.** A Vietnamese participant said Vietnam is actively and directly cooperating with other countries in Southeast Asia, as well as with the U.S., in the fight against terrorism. Since the September 2001 attacks on the U.S., the International Criminal Police Organization (Interpol) National Central Bureau (NCB) Hanoi, administered by Vietnam’s Ministry of Public Security, has provided the Interpol NCB Washington with information related to suspected terrorists. The cooperation between Vietnamese and U.S. police law-enforcement agencies in the fight against terrorism is close and effective. Since Vietnam joined Interpol in 1991, it has arrested a number of American nationals who committed crimes in the U.S. and then fled to Vietnam. Several suspects have been extradited or deported to the U.S. on receipt of American warrants.

**Limiting the functional space of terrorists.** In conclusion, the presenter commented that the JI phenomenon in Southeast Asia can flourish only in countries that have significant Muslim communities. These groups require supporters to provide safe houses and provide information about impending police actions and other activities. Only about 1 percent of Vietnam’s population is Muslim, so there is less of a risk for groups such as JI to find sympathetic supporters there. This doesn’t mean that Vietnam has no role to play in the war against terror, he cautioned, adding that JI is always seeking new “functional space” — i.e., the capacity and opportunities to carry out physical activities such as financing, equipping, and training — to exercise its activities and advance its agenda. The presenter said Vietnam might have a role to play in limiting such functional space because of its long maritime land borders. Vietnam’s role would be to try to hinder JI’s ability to move money and materials around the region. To this end, cooperation between the Vietnamese police authorities, the U.S. Federal Bureau of Investigation, and perhaps even the Australian Federal Police would be extremely important.
Transnational and Multilateral Security
Transnational Crime and Threats to Regional Stability: Trafficking in Persons, Narcotics, Small Arms and Sea Piracy

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Security Environment in Southeast Asia

The security environment in Southeast Asia today is remarkably different from a few decades ago. Since the end of the Cold War, traditional security issues have become less prominent in the regional politics and relations. They are by no means irrelevant, but the ending of the superpower confrontation dramatically decreased the tension and conflict in geopolitical terms. None of the major powers are actively seeking to dominate the region in ways they did during the Cold War. Instead, they are looking for a more stable relationship among themselves in the region. They are also seeking improvement in relationships with regional countries in many different ways and means.

Among the regional states, the threat of conventional war is unlikely. Ten countries are now full members of the Association of Southeast Asian Nations (ASEAN). They are engaging in political, economic, social, cultural, and security cooperation activities more than ever before. This is quite a different environment compared to the beginning of ASEAN more than 30 years ago. In 1967 when the association was founded, there were only five members: Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Over several decades, the regional security situation has changed significantly, paving the way for all countries in the region to join the association. Brunei joined in 1984, followed by Vietnam in 1995, Laos and Burma in 1997, and Cambodia in 1999. The expanding and deepening ASEAN cooperation has contributed to a more peaceful and stable security environment in the region.

In the post-Cold War era, it has also become apparent that concerns over a broader range of security issues have emerged in Southeast Asia. In fact, some scholars have argued for some time that security problems in most developing countries are much wider in scope, covering all dimensions of military, political, economic, and social issues. In other words, the nature of the security problems in most developing countries like in ASEAN is more “comprehensive” and focuses on any number of issues that may affect the well being of their nations and people. Scholars also observed that, unlike developed nations, security problems in developing nations are based not only on external threats or in military terms, but also on their domestic conditions. In many cases, their threats or security problems originate primarily within their own “weak” states.

There has also been an effort to redefine the concept of national security in recent years. With the emergence of globalization, a concept of “human security” has also emerged. It suggests that the concept of security should center on the well being of people, not only a state. Therefore, food, health, employment, shelter, and human rights for example, become part of the definition of a new concept of security. In 1994, the United Nations defined the term “human security” to include population growth, disparities in economic opportunities, migration pressures, environmental degradation, drug trafficking, and international terrorism. Today, the “non-traditional” security is encompassing issues in politics, economics, and social domains. In particular, issues such as transnational crime are receiving more attention as their effects become greater. Several examples of transnational crime, such as drug trafficking, terrorist activities, smuggling, trafficking in persons, and piracy have demonstrated that events in one nation can quickly affect the livelihood and security of people in others.

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In the case of Southeast Asia, transnational crime manifests itself primarily as drug trafficking, illegal migration, terrorism, money laundering, transnational prostitution, piracy, arms smuggling, credit card fraud, and corruption. Of the major transnational crime problems facing ASEAN countries, drug trafficking is the most serious. There are criminal organizations and groups actively involved in these activities in Southeast Asian nations. These organizations and criminal groups “[take] advantage of corrupt officials and politicians, as well as weak governmental institutions and law enforcement agencies, to broaden their actions and increase their profits.”

**Approaches to Combat Transnational Crime**

The United Nations defines transnational crime as “offences whose inception, prevention and/or direct or indirect effects involved more than one country.” It identifies 18 categories of transnational crime: money laundering, terrorist activities, theft of art and cultural objects, theft of intellectual property, illicit trafficking in arms, sea piracy, hijacking, insurance fraud, computer crime, environmental crime, trafficking in persons, trading in human body parts, illicit drug trafficking, fraudulent bankruptcy, infiltration of legal business, corruption and bribery of public officials, and other offences committed by organized criminal groups.

Ralf Emmers argues that transnational crime can be approached from two different dimensions. The first approach is on a discourse of crime. Since transnational crime involves activities across borders of nations, stopping these crimes requires close cooperation among states. In particular, if crime spreads quickly to several countries, a close and effective multilateral cooperation framework is critical. Under this approach, international organizations such as the United Nations, the International Criminal Police Organization (Interpol), the International Organization for Migration, the International Maritime Bureau and other groups lead the fight against transnational crime. Numerous regional organizations also lead the fight against transnational crime. These multilateral efforts usually involve non-military responses. Since states are required to work with multiple agencies in different countries with different legal requirements, the process tends to be slow and complicated. Sovereignty and different national interests can easily interfere with the process. Thus, multilateral cooperation can sometimes adversely reduce the effectiveness and success of the fight against transnational crime.

In recent years, the UN, which has several commissions on countering transnational crime, has attempted to find some new common ground for cooperation. At the General Assembly in September 2000, for example, the International Commission on Intervention and State Sovereignty (ICSS) was established. In 2001, the commission produced a report, *The Responsibility to Protect*, which put more pressure on states that fail to protect their own citizens. If they fail, the responsibility is borne by the broader community of states, such as the UN. If this challenging concept is more accepted, it could provide new grounds for the multilateral approach to fight against transnational crime in the future.

The second approach to transnational crime, as argued by Emmers, is a nature of threat or the security of a state. Because crime can spread quickly and intensely by new developments in transportation, telecommunications, and information technology in the post-Cold War world, it has been argued, “transnational crime is now...”

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3 Ibid.
emerging as a serious threat in its own right to national and international security and stability.\(^7\) The September 11, 2001 terrorist attacks on the U.S., clearly reflect the seriousness of transnational threat in the new era. In the wake of new threats, states are increasingly becoming more concerned about their survival and perceive such threats to be immediate, and require extreme measures in response. In many cases, the responses tend to be unilateral measures and taken as military operations. Although unilateral and military responses are often effective in a short term, they may not be as effective in addressing the origins of long-term problems. Moreover, military operations are more difficult to sustain. Cost and public sentiment often go against them in the end. In any case, many states still prefer the unilateral approach based on their own security when combating serious transnational crime.

Transnational Crime in ASEAN

Transnational crime in ASEAN primarily consists of drug trafficking, illegal migration, terrorism, money laundering, transnational prostitution, piracy, arms smuggling, credit card fraud, and corruption.\(^8\) There are criminal organizations, groups, and individuals actively involved in transnational crimes with the support of corrupt officials in many ASEAN nations. Some groups are involved in more than one type of transnational crime. For example, illegal migration can be connected to money laundering, document fraud, illegal labor, and prostitution. Small arms trafficking is often related to terrorism, narcotics, corruption, and piracy. As these problems increase, the attempt to fight these crimes receives more attention.

Trafficking in Persons. Trafficking in persons comprises several illegal activities such as trafficking for prostitution, trafficking in illegal workers, and trafficking of illegal immigrants. It is estimated that about one-third of the global trafficking trade, or nearly 225,000 women and children, are trafficked annually from ASEAN countries.\(^9\) About 60 percent of the trafficking occurs between major regional cities in ASEAN and about 40 percent to the rest of the world.\(^10\) The major destination of those women and children trafficked outside Southeast Asia is the United States. Of the 45,000-50,000 women and children estimated to be trafficked to the U.S. per year, about 30,000 (or 60-66 percent) are believed to originate from ASEAN countries.\(^11\)

Each ASEAN nation has different characteristics. The Philippines and Indonesia are mainly source countries. Cambodia is also mainly a source country, but in recent years has also become a destination for sex workers from Vietnam. Singapore and Malaysia are primarily receiving countries and the trafficking occurs mostly in the context of illegal labor migration. Thailand is both a source and a receiving country. Some analyses also include Thailand as a transit country. Poorer women and children from countries in the region are trafficked to Thailand for labor and commercial sex work. Children are also trafficked to beg and solicit. Some of the women and children are later trafficked to other countries. Thai women, children, and workers are also trafficked for various types of labor to other countries and regions, including Malaysia, Japan, Taiwan, Europe, North America, Australia, and others.

Trafficking in Vietnam is an internal as well as a cross-border problem. Vietnamese are trafficked from northern Vietnam to China, from southern Vietnam to Cambodia, and through Cambodia to other destinations.\(^12\) Trafficking from Cambodia and China to Vietnam has also been detected. In recent years, traf-
ficking in women and children to China has become a complicated and serious issue. High mobility among women, a lack of knowledge about trafficking, and a strong traditional social pressure on rural women to get married make Vietnamese women very vulnerable to trafficking. The trafficking network depends largely on a go-between, usually female, to recruit women. They often work on a small scale and have relationships with brothel owners that enable them to place trafficked women in the sex industry.

Vietnamese authorities approach trafficking as a “social evil” that it believes is a result of the open-door policy, changes in economy, and the processes of urbanization and globalization. Several studies and workshops have been conducted in recent years to increase awareness. The government, in particular, has been directing government agencies to cooperate more closely in the fight against trafficking. The government has also encouraged organizations and individuals in the country and abroad to help combat the problem. Organizations such as the Vietnam Women’s Union and the Vietnam Youth Union have been active in the prevention of trafficking in recent years.

**Narcotics.** Several ASEAN countries are major global sources of narcotics. It is estimated that two-thirds of the world’s opium is from Southeast Asia. Thailand, Burma, and Laos, which share parts of the notorious Golden Triangle drug production area, are estimated to be the leading exporters of narcotics in the world. Burma and Laos are among the largest cultivators of opium poppies. In recent years, the production of amphetamine-type stimulants has also increased dramatically in some ASEAN countries, particularly Burma and Thailand. It is estimated that one billion amphetamine-type tablets are produced each year in response to increased demand in many Asian countries, including China and Thailand. The production of amphetamine-type stimulants often originated from the Golden Triangle and border areas between Thailand and Burma.

Armed ethnic groups producing drugs along the Thai-Burmese border complicate the narcotics situation in Burma and Thailand. Groups such as the United Wa State Army, the Kachin Independence Army, the Shan State Army, and others suspended their insurgencies against the Burmese government in the 1990s in return for greater freedom to produce and sell narcotics. This situation has led to tensions between Burma and Thailand on several occasions. In recent years, there have been new efforts between the governments of Burma, Thailand, other ASEAN members as well as China to cooperate on drug matters. Those efforts have been complicated by several factors, including ethnic conflicts, demands for autonomy and a lack of alternative livelihoods.

**Small Arms.** The legacy of war in Southeast Asia has left a large number of weapons in several ASEAN countries. Histories of military governments, cultures of violence, weak law enforcement, poverty, corruption, and poor border control have added to the uncontrolled proliferation of small arms and light weapons across the region. Small-arms proliferation can affect personal and national security, impair development, and exacerbate conflict and crime. The illicit trafficking of small arms is a complex issue that encompasses several factors such as legal arms controls, possession regulations, and supply from outside the region.

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18 Ibid.
19 Desmond Ball, Burma and Drugs: The Regime’s Complicity in the Global Drug Trade (Strategic and Defence Studies Centre, Australian National University, 1999), p. 2.
Among the key source states for small arms are Cambodia, Indonesia, Thailand, the Philippines, Burma, and Vietnam. Although it is very difficult to estimate the holdings of small arms in the region, one account suggests that Vietnam and Cambodia, for example, inherited some two million firearms and 150,000 tons of ammunition after the U.S. withdrawal in 1975. In Cambodia, it is believed that there are between 500,000 and one million military weapons. The Philippines has about 600,000-700,000 guns registered with the police, while unregistered arms are believed to be very significant. Despite such incomplete estimates, these figures certainly demonstrate that the region has a serious problem with small arms and light weapons.

**Sea Piracy.** Maritime piracy has a long history in the region and continues to pose problems in the modern age. The International Maritime Bureau estimates that piracy has caused losses of $16 billion in lost commercial revenue over the past decade. Within ASEAN, Indonesia, Malaysia, the Philippines, and Singapore are hardest hit by piracy. Small but well-organized groups using speedboats, modern communications and effective weaponry, conduct most of the attacks in the region. The targets often include shipments of cash and expensive consumer goods. These groups can also be involved in other transnational crime such as trafficking of persons, arms smuggling, and narcotics. The fight against piracy has been very difficult and complicated. Ineffective government forces and navies, problems of jurisdiction and territorial disputes, and corruption have hampered the efforts to combat this type of crime.

**Cooperation Against Transnational Crime in ASEAN**

ASEAN members have traditionally cooperated in areas such as politics, economics, social, and culture. Less emphasis has been given to security cooperation. ASEAN is not an alliance in a military sense and has tended to avoid being perceived as a security bloc. Recently, however, ASEAN has become more active in security cooperation. In 1994, it created the ASEAN Regional Forum (ARF) to discuss regional security issues. The first ARF meeting was held in Bangkok on 25 July 1994 and was the first time ASEAN leaders officially discussed regional security matters. Over the years, the establishment of the ARF process has, as one scholar put it, “encouraged a wide-ranging discussion of confidence-building possibilities in the region.”

For ASEAN, confidence and security building measures rest heavily on two essential mechanisms: transparency and regional security dialogue.

Since 1997, however, there have not been significant efforts to further institutionalize the ARF. In fact, the progress has been quite disappointing in a sense that the forum has not moved progressively toward preventive diplomatic mechanisms. Some observers have pointed out that ASEAN is only comfortable in developing a “predictable pattern” of relationships. This has been an ASEAN strength in successfully managing conflicts among members in the past. However, with new members and different governmental systems in ASEAN today, many members certainly do not feel comfortable moving forward rapidly. Moreover, since ASEAN has very little experience in preventive diplomacy and does not want non-ASEAN participants to take a more active role, the ASEAN-controlled ARF process has been affected by these factors. It has been suggested that if “the ARF is to retain its relevance, it needs to address the structural issues of membership, representation, and

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22 Ibid.
ASEAN’s leading role.\footnote{Alan Dupont, \textit{The Future of The ASEAN Regional Forum: An Australian View}, Working Paper no. 321, Strategic and Defence Studies Centre, Australian National University, 1998, p.10.} Certainly, if ASEAN security cooperation is to be more effective, there must be more developments in the regional security dialogues.

More recently, however, ASEAN has become more active in security cooperation. The rise of transnational crime in the region since 1990s, the events in East Timor, the terrorist attacks in the United States in 2001, and the bombing in Bali in 2002 have all contributed to renewed efforts to cooperate more effectively. In the 1990s, problems associated with narcotics and other types of transnational crimes had become regular topics discussed in ASEAN at the highest level. In 1997, ASEAN adopted the ASEAN Declaration on Transnational Crime to strengthen the commitment of members in cooperation.\footnote{ASEAN Declaration on Transnational Crime, Manila, 20 December 1997.} It initiated the ASEAN Ministerial Meeting on Transnational Crime (AMMTC) to meet at least once every two years and coordinate actions of other groups involved with the counter transnational crime problems. In 1999, the AMMTC adopted the ASEAN Plan of Action to Combat Transnational Crime focusing on exchange of information, legal cooperation, law enforcement, training, and institution building. ASEAN interior ministers also agreed to supervise the activities of senior officers of law enforcement, customs and drug-control agencies.

After September 11, 2001, the AMMTC organized a Special AMMTC on terrorism in Malaysia. At their summit in November 2001, ASEAN leaders endorsed the 2001 ASEAN Declaration on Joint Action to Counter Terrorism.\footnote{ASEAN Declaration on Joint Action to Counter Terrorism, Bandar Seri Begawar, 5 November 2001.} The Declaration, which called for more commitment from members, focused on improvements in mechanisms to combat terrorism, ratification of all anti-terrorism conventions, more cooperation among law enforcement agencies, and a more intense exchange of information. It also called for better coordination within ASEAN bodies and increased cooperation with other regional countries outside ASEAN. In 2002, ASEAN Senior Official Meeting on Transnational Crimes (SOMTC) approved a Work Program to Implement the ASEAN Plan of Action to Combat Transnational Crime.\footnote{Work Programme to Implement the ASEAN Plan of Action to Combat Transnational Crime, Kuala Lumpur, 17 May 2002.} The 20-page document identifies a plan of action to combat illicit drug trafficking, trafficking in persons, sea piracy, arms smuggling, money laundering, terrorism, international economic crime, and cyber-crime. The action lines in each crime focused on several measures to improve exchange of information, legal coordination, law enforcement training, institutional capacity building, and extra regional cooperation.

It is fair to say that ASEAN is increasingly committed to fighting against transnational crime. It is particularly committed to enhancing multilateral efforts of security cooperation. However, ASEAN is and continues to suffer from its own weaknesses. They include problems of sovereignty, ASEAN’s non-intervention principles, differing national interests, and other problems of weak states such as underdevelopment, poverty, corruption, and others. Without addressing these problems seriously, the effectiveness in their efforts to fight against transnational crime remains very much in doubt.

**Conclusion**

Southeast Asia is extremely diverse, with extraordinary disparities in many aspects including national economic resources, military capabilities, security concerns, and threat perceptions. For most of the 20th century, Southeast Asia had been a region of turmoil and conflict. However, the security environment for the new century is quite different from the past. All 10 countries in Southeast Asia are now full members of ASEAN. More importantly, they are increasingly developed in many aspects and are seeking better relations in virtually all aspects among themselves, with large powers, and with other states. In fact, no ASEAN member wants to be trapped in the past and all are willing to be partners in building a more stable security environment with others.
For ASEAN members to be more effective in building a more stable regional security environment, they must enhance security cooperation, both among themselves and with other powers. They should focus on building mechanisms to resolve conflicts, both within ASEAN and in the wider international context. ASEAN’s security agenda should seriously include not only traditional security issues but also non-traditional security issues. They also should seriously consider new approaches to further develop their institutions in order to be more capable to handle the new tasks.

For ASEAN states to be more effective in fighting transnational crime in the future, they must be more active in implementing such programs as the Plan of Action to Combat Transnational Crime. They should commit to a schedule and evaluate their progress regularly. In doing so, they should avoid the cardinal traps such as insistence over sovereignty and non-intervention principles. In addition, they should actively seek more cooperation with countries outside the region. Cooperation with the U.S., Europe, China, Japan, India, and Russia will certainly enhance ASEAN’s capability to fight transnational crime. In doing so, ASEAN states should choose to cooperate with those countries in areas that are mutually beneficial.

The U.S., for example, has proven to be a constructive partner with many ASEAN nations in efforts against transnational crime. The successful cooperation between the U.S. and Thailand on combating narcotics can be further extended to other areas in other countries, including piracy and trafficking in persons. Cooperation with an emphasis on exchange of information, coordination, training, and institutional capacity building should prove to be welcome by all ASEAN nations. Furthermore, it may pave the way to cooperation in more sensitive areas such as anti-terrorism activities, provided that all partners are comfortable with the scope and pace of cooperation. However, this will not be easy as there is virtually no tradition of cooperation in sensitive security matters, whether among ASEAN members or otherwise. However, what are the alternatives? The security environment in the post-Cold War world is increasingly interconnected. ASEAN members, therefore, must further develop their cooperation framework or face a decline in their security. In light of several recent events since 2001 that have contributed to regional and global instability, the choice of cooperation against transnational crime seems to be clear for all.
Discussion: Enhancing U.S.-ASEAN Dialogue and Bilateral Cooperation

Developments in U.S.-ASEAN dialogue. The Vietnamese commentator focused his remarks on issues and developments in U.S.-ASEAN cooperation in fighting transnational crime. He noted that the fundamental issue was that ASEAN members and the U.S. often have different perceptions about both the seriousness of the threat of transnational crimes and the proper solutions for dealing with these issues. The U.S.-ASEAN dialogue offers a good illustration, he added, since issues of transnational crimes are a frequent topic of discussion. While ASEAN members agree that transnational crimes are a serious threat, they often say that economic development is one of the key solutions because development helps to cure poverty, which is believed to be one of the root causes of transnational crimes. ASEAN therefore sought greater U.S. development assistance, but Washington responded that this was not possible due to U.S. legislative restraints. As a result, the dialogue relationship did not see much progress for several years. The commentator noted that events of September 11, 2001 changed perceptions in dramatic ways, however, demonstrated by ASEAN signing a joint declaration against terrorism with the U.S. in 2002.

U.S. initiatives toward ASEAN. Subsequent to the joint declaration, the commentator continued, ASEAN began a dialogue with the U.S. on transnational crime in June 2003 in Hanoi. Terrorism and cyber-crimes were the focus of this dialogue. The change in U.S. perceptions was also seen in two initiatives of the Bush administration in 2002: the ASEAN Cooperation Plan (ACP) and the Enterprise for ASEAN Initiative (EAI). Taken together, these two initiatives support ASEAN integration, address transnational issues, strengthen the ASEAN Secretariat, and enhance commercial relations between the U.S. and ASEAN members.

The commentator asserted that this change in the U.S. approach is very important for two reasons. Firstly, it recognizes the importance of the regional security situation as it relates to U.S. foreign policy interests. Secondly, it is a tacit acknowledgement of the linkage between economic development and security. This recognition of common interests has brought new meaning to U.S.-ASEAN relations. However, given the long hiatus on these issues in the U.S.-ASEAN dialogue, there are still skeptics of this newfound activism. Therefore, the commentator said, it is important that the political will expressed during the last three years be translated into concrete actions.

Drug use and trafficking in Southeast Asia. The American commentator began by providing an overview of the narcotics situation in Southeast Asia and Vietnam. Trafficking of narcotics is becoming an increasing problem for Vietnam, but it is not nearly as severe as in Thailand, Burma, and Cambodia. Drug use is on the rise throughout the region and the most common drug is heroin, although the trafficking and use of methamphetamine is increasing. In Thailand, about 3 million people are addicted to methamphetamines, and most of these addicts are school children. Heroin comes into Vietnam through the Golden Triangle, but mostly directly from Laos. Vietnam is being used as a transit point from which the drugs are then trafficked to the Philippines, Taiwan, Hong Kong, Japan, and, increasingly, to Australia. There is no evidence that heroin from the Golden Triangle is making its way to the U.S. through Vietnam, though there are suspicions that it may enter the U.S. via Canada.

Tough drug laws in Vietnam. The commentator said the Vietnamese government has been vigilant in trying to pursue this problem and apprehend drug traffickers. In this effort, Vietnam now has some of the toughest drug laws in the world. For example, anyone possessing more than 300 grams (10 ounces) of heroin or 10 kilograms (22 pounds) of opium faces death by firing squad. Vietnam has also increased its counter-narcotics spending, improved its public awareness campaigns about the
dangers of using drugs, and is trying to strengthen its border patrol defenses to counter drugs being smuggled into the country. These efforts have yielded some success. Between 2001 and 2002, there has been a 40 percent rise in heroin confiscated by authorities. Despite this accomplishment, however, official Vietnamese statistics indicate that the number of drug addicts has increased. The government also recognizes the close link between intravenous drug usage and HIV/AIDS. Official figures indicate that about 80 percent of HIV/AIDS cases in Vietnam occur because of intravenous drug use. This stands in contrast to Cambodia and Thailand, where sexual transmission is the number one cause of infection.

Status of U.S.-Vietnam cooperation. The U.S. is cooperating with Vietnam in helping policymakers learn about HIV prevention among drug addicts, the commentator continued. In September 2003, for example, the U.S. Government’s Centers for Disease Control and Prevention organized a study tour for a Vietnamese government delegation for this specific purpose. The U.S. would like to see more progress by signing a counter-narcotics letter of agreement. At present, the U.S. has concluded such an agreement with about 50 countries throughout the world, including Thailand and Laos, which entitles the signatory country to $100,000 per year to use in counter-narcotics programs. Vietnam has so far declined to sign the agreement because of references to human rights and other issues in the draft. The U.S. would also like Vietnam to be more forthcoming in sharing intelligence about the trafficking of drugs.

Combating human trafficking. Another significant challenge faced by Vietnam is the trafficking of women and children, the commentator added. In Vietnam, this problem can generally be divided into two categories: trafficking women to brothels (particularly in Cambodia), and trafficking girls to serve as brides, largely for men in China, Taiwan, South Korea, and Japan. The government, mass organizations, and emerging NGOs are taking action to curb these activities. Recently, the Ministry of Public Security proposed a number of solutions, including helping victims to integrate back into their communities; increasing compulsory education to nine years and offering vocational training; raising community awareness of the problem; strengthening and expanding international cooperation; and expanding a lead agency to coordinate efforts to combat this type of crime. In addition, the Vietnam Women’s Union has sponsored a mass media campaign using television and radio. With support from USAID, The Asia Foundation is currently supporting trafficking prevention programs with both the Women’s Union and the Center for Education Promotion and Empowerment of Women. The Foundation is also trying to facilitate bilateral and regional cooperation to combat trafficking.

The commentator observed that while small-arms trafficking is a concern for some of the countries in the region, Vietnam is exemplary in this regard given its strict gun control laws. Working more with ASEAN on this issue could not only further efforts in combating small arms trafficking, but could also help Vietnam affirm its leadership role in ASEAN. The commentator added that Vietnam has been effective in patrolling its territorial waters and is not greatly affected by piracy. Vietnam is not completely immune to this concern, however. If a dramatic event occurred, such as terrorists taking an oil tanker in the Straits of Malacca, Vietnam could be affected very quickly.

Concerns over intellectual property. In the general discussion that followed, an American participant raised the issue of intellectual property rights (IPR). Millions of dollars are made in East Asia from pirating intellectual property. Southeast Asia is a major center for such operations, and experts are concerned that Vietnam could grow to be an important location for IPR violations. A problem of particular concern is optical disk control regulation. This has been brought up in the U.S.-Vietnam Bilateral Trade Agreement Joint Committee meetings as being very important because the U.S. is working closely with the governments of Thailand, Malaysia, and China to try to prevent the importation of these machines, which can produce up to 10,000 compact disks per day.
Information sharing must be strengthened. Another American participant said a lack of transparency clouded police cooperation between the U.S. and some ASEAN countries. He noted that Vietnamese officials are often reluctant to share sensitive information with foreign counterparts owing to concern that they may be accused of divulging state secrets. The participant called for better agreement on the methods and techniques used in police work, citing Vietnam’s restrictions on sting operations. Vietnamese laws also prohibit a technique known as “controlled deliveries” of narcotics, in which a drug delivery to a suspected trafficking or distribution group is permitted in order to collect information for use in a later prosecution.

Improving investigative techniques. A Vietnamese participant responded that Hanoi is determined to fight drug-related crimes because of their increasing prevalence and seriousness in recent years. He noted that Vietnam established a counter-narcotics unit within the Ministry of Public Security in 1997, and also has created several new anti-drug laws. There still needs to be additional changes and more cooperation, however. The participant acknowledged that there should be more cooperation between American and Vietnamese anti-drug agencies. While the use of international techniques of investigation was encouraged, he said, certain laws were not yet in place. For example, “controlled deliveries” of drugs are not allowed in Vietnam as was mentioned. If the police find a person carrying drugs, they must arrest them on the spot. This has become an obstacle for law enforcement because only drug couriers are being apprehended. The government and the National Assembly have been asked to improve the legal framework for law enforcement. In the near future, the participant said, Vietnam will try to modify its drug laws with a view to adopting international techniques for narcotics enforcement.

Concerning trafficking in persons, especially women and children, this Vietnamese participant noted that Vietnamese women were being trafficked every day out of Vietnam. A large number have been trafficked to China and Cambodia for marriage or prostitution. As part of its commitment and determination to fight such crimes, the Vietnamese government has signed the UN Convention against Transnational Organized Crime.

Piracy worse than believed. Another Vietnamese participant said that the problem of piracy was more serious than generally perceived, citing violent attacks off Kien Giang province and Phu Quoc island. The participant said fishermen have lost everything to the pirates and some have even been tortured. The Vietnam government must do more to curb such activities, the participant urged. He noted that the pirates, with their faster speedboats, can outmaneuver the Vietnamese coast guard.

In response, the presenter agreed that sea piracy was a major problem. He noted that no Southeast Asian country had yet signed the Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation. In the Asia-Pacific region, only China, Japan and Australia have ratified the agreement. This has created problems, he noted, in solving overlapping territorial claims because no framework exists for multilateral cooperation among ASEAN countries. Joint patrol is one possible approach, and the ASEAN Senior Transport Officials Meeting Special Task Force on Transport Security has stressed complicity with new national laws and regulations to help curb sea piracy. This is an area that ASEAN countries must address to create new and complementary national laws, he said.

ASEAN database sharing. With regard to data sharing, the presenter pointed out that even Singapore and Malaysia have laws restricting database and information sharing. The ASEAN Chiefs of National Police (ASEANPOL) meeting has established its own regional database and is sharing data with the International Criminal Police Organization (Interpol). This is one of the more innovative initiatives in this area, he noted. Immigration agencies could also develop their own databases for sharing with other ASEAN countries, the presenter said.
**U.S. has long-term interest.** At the close of this session, a Vietnamese participant asked an American participant how long the special attention that the U.S. is currently giving U.S.-ASEAN relations, as discussed in the paper, would actually last. The American participant, in response, noted that there are sufficient and varied motivations for increased U.S. attention to ASEAN; consequently, this attention is likely to be long-lasting because it isn’t related solely to counter-terrorism. In 2001, he said, the incoming U.S. administration expressed concern that following the downfall of President Suharto, ASEAN had lost its traditional Indonesian leadership and seemed to be drifting. Earlier, during the 1997-98 Asian financial crisis, ASEAN also appeared to lose some of its leadership and cohesion. This was seen as making it difficult for ASEAN to deal collectively with certain pressures from China. U.S. interest was already there for these strategic reasons, the participant said, and thinking had already begun on how to strengthen the ASEAN Secretariat and make it a better organization. The events of September 11, 2001 simply intensified this interest in helping ASEAN become a more cohesive organization with strong leadership.
Prospects for Regional Cooperation: The Effectiveness of ASEAN, ARF, and ASEAN+3

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I have been asked by the conference organizers to comment on recent developments related to the effectiveness of the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum (ARF), and the ASEAN+3 framework.

Starting with ASEAN itself, I can identify four major constraints and four internal imperatives that are affecting ASEAN’s effectiveness as a regional institution. The external constraints are: firstly, the serious threat to ASEAN posed by terrorism and the choking of ASEAN’s lifeline; secondly, the rise of political Islam and the radicalization or polarization of Muslims; thirdly, the economic ascendancy of China and the widening of the competitiveness gap between China and ASEAN; and finally, the marginalization of ASEAN’s international credibility, owing to the Asian financial crisis and the scourge of terrorism. The four internal imperatives amount to a “structural crisis.” These imperatives are the structural challenges posed by the coincidence of the Asian financial crisis with the expansion of ASEAN; the emergence of a two-tier ASEAN and the consequences of that; rising nationalism and introspection, which has led to certain policy tendencies such as populism and self-reliance at the expense of greater regionalism; and the emergence of bilateral problems, either at the borders or with regard to specific issues.

ASEAN will have to look to the post-Bali bombing era and see whether it has a new lease on life. In this regard, an important question is whether ASEAN has experienced a psychological revitalization since Bali; this is one of the yardsticks against which we can measure the future consolidation and effectiveness of ASEAN.

The ARF, meanwhile, has three principal goals — re-engaging the United States, engaging a rising China, and stabilizing Southeast Asia in a post-Cambodian conflict environment — and is attempting to achieve these goals in stages focusing on confidence building measures, preventive diplomacy, and conflict resolution. We are now in the second stage of this process. In the future, the ARF will need to move beyond hard security and toward soft security — or what I would term “comprehensive security,” which includes developmental security and its links to terrorism.

Some territorial conflicts have been resolved and others remain unresolved, such as the many disputes over islands in this region. These disputes not only include those in the South China Sea, but also the unresolved disputes between Japan and China in the Senkaku Islands. Terrorism and the North Korea problem must be on the agenda as well. Beyond these hard issues, “soft” issues such as transnational crime, piracy, and health would also need to be addressed.

Turning to the ASEAN+3 framework, two schools of thought have recently emerged about which grouping should be prioritized: ASEAN or ASEAN+3? The first school holds that ASEAN+3 can be used to bring about the renaissance of ASEAN itself. However, the second school believes ASEAN should come first. The prevailing view within the community today is that ASEAN should come first, and the building of ASEAN+3 should follow. Broadly speaking, however, ASEAN+3 should seek to achieve the revitalization of ASEAN; engagement with (and the harnessing of) China; and the creation of economic synergies that will unleash market forces within the ASEAN+3 countries.

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1 Due to the last-minute cancellation of the designated paper writer on this topic, Eric Teo spoke at the conference and offered the comments reprinted here.
Through my conversations with Americans, it has become clear that the U.S. role in ASEAN+3 is crucial. The question is whether the Washington will allow ASEAN+3 to develop quickly or try to slow it down. Americans probably view ASEAN+3 as having an inherently limited development capacity, and would not seek to impede its further development for this reason.

I now come to the last point on the effectiveness of ASEAN+3. Let me first indicate the reasons why the different members of ASEAN+3 are committed to the regional framework: for Japan, it helps to reengage ASEAN and counter the influence of China in the region; for China, it helps to promote regional stability; and for South Korea, ASEAN+3 offers opportunities to link up with Japan (furthering rapprochement), China (to address the Korean Peninsula problem), and ASEAN (for economic benefits). ASEAN intends to use ASEAN+3 to work towards a Tokyo-Beijing rapprochement or reconciliation; and to bridge the two-tier ASEAN process from within.

Although it did not attract much attention, the “Joint Declaration on the Promotion of Tripartite Cooperation,” issued in October 2003 at the ASEAN+3 Summit in Bali, was very significant. It was a fundamental development as it marked the first time that the three Northeast Asian countries had issued a formal tripartite declaration. In the future, ASEAN+3 will expand into functional areas beyond the three traditional areas of finance, economics, and foreign affairs that were identified during the initial stage. Indeed, ASEAN+3 is already beginning to focus on health, labor, tourism, and other areas.

Ultimately, ASEAN+3 can only be effective if a Tokyo-Beijing rapprochement is forged. In order to make any conclusions on the effectiveness of ASEAN+3, we must look at what the original goals were and whether they have been achieved. ASEAN has to a large extent been stabilized. As a former ASEAN diplomat, I believe that ASEAN has made enormous strides despite its ineffectiveness in many areas and has brought much-needed stability to the region. That is the primary success of ASEAN as well as of the ASEAN Regional Forum.
Discussion: Strengthening Bilateral Relations through Regional Organizations

Jockeying for position in ASEAN+3. The Vietnamese commentator concentrated his remarks on ASEAN+3 and the growing competition between China and Japan for power and influence in Southeast Asia. He noted that in earlier sessions, comments and discussion focused on the great-power competition between the U.S. and China. The commentator suggested that when assessing the geopolitical reality of Southeast Asia, however, the competition for the hearts and minds of ASEAN countries is really between China and Japan. A compelling example was seen at the ASEAN+3 summit meeting in Phnom Penh in November 2002. During this summit, China signed an agreement to set up the China-ASEAN free trade area by 2015, while during the same meeting Japan offered to sign a similar agreement with the ASEAN countries. The commentator noted that Japan decided to do this even though, prior to China’s overtures, it had no intention of making any such offer. In this context, Vietnam and the other ASEAN countries have to keep their relationships balanced, not only between China and the U.S., but also between China, the U.S., and Japan.

In recognition of Vietnam’s increasing role in the region, the commentator continued, Japan has made clear efforts to strengthen its relations with Hanoi. In 2002, Japan decided to maintain its existing official development assistance (ODA) levels to Vietnam while at the same time cutting ODA levels to other countries in East Asia. The commentator said this is significant when analyzing Japan-Vietnam relations. During a recent visit by Vietnamese Prime Minister Phan Van Khai to Japan, the Japanese government and its private sector agreed to increase its foreign direct investment (FDI) levels to Vietnam. With the competition between China and Japan for power and influence in Southeast Asia, there is much room for Vietnam to use diplomatic leverage between the two countries to garner further support from these two Asian giants.

Turning point in Cambodia. The American commentator, taking an historical view, noted that when ASEAN was formed in 1967, the prime ministers and foreign ministers of the original ASEAN five looked forward to a time when America would not be so prominent in Indochina. He added that ASEAN came of age during the Cambodian conflict between 1979 and 1993, and a lot of the political guts that now in exists in ASEAN actually were formed during this period in reaction to Vietnam’s policies and actions in Cambodia. There was subsequently a period of discernible decline with the settlement of the Cambodian conflict, especially after 1997-1998 when ASEAN was strongly criticized for not doing anything to resolve the Asian financial crisis. Articles even appeared in the late 1990s celebrating the death of ASEAN. The commentator said this criticism was unfair, and the demise of ASEAN has been exaggerated.

Taking the lead fighting terrorism. The commentator added that very different conditions exist in the region now, and the events of September 11 focused attention in other directions. Global terrorism is going to be an enduring crisis, and whether ASEAN likes it or not, the U.S. is going to be very much involved. The question is: will ASEAN take the lead or not? The commentator felt it would be a mistake for ASEAN to assume the U.S. is going to take the lead on everything. This is an entirely new era in U.S.-ASEAN relations, he said, and it will be a very complicated and demanding time to manage.

Highways to diplomacy. The American commentator concluded with remarks on the state of U.S.-Vietnam relations. Specifically, he expressed the view that the bilateral relationship should not be seen as a one-way road that can be blocked by a single car crash, but instead it should be seen as multi-lane highway that continues to broaden. The catfish issue should not be allowed to block the access of U.S. companies to the
Vietnamese market. By the same token, U.S. concerns over human rights and religious freedom should not be permitted to dominate the entire relationship. In this context, he added, it could be argued that the emergence of a strategic dialogue broadens the relationship in a positive direction; however, it has to be handled very carefully vis-à-vis China, at least as far as Vietnam is concerned. The present relationship between the United States and Vietnam is in many ways very normal today, and the two countries now also have all the problems that come with such a relationship.

**Strengthening relations through ASEAN.** Near the end of the session, an American participant sought to link aspects of regional organizations to U.S.-Vietnamese relations. Vietnamese officials, she said, could use ASEAN cooperation to moderate some of the issues within the bilateral relationship. The participant likened the relationship to relations between the U.S. and Indonesia in the early 1990s, when that relationship was extremely fragile. The U.S. had cut military training for Indonesia after the massacre in East Timor in November 1991, and there were other problems associated with human rights and economic liberalization issues. So, if you were the Desk Officer at the Indonesia Desk of the U.S. State Department, she said, all you saw was conflict. And yet, the relationship couldn’t deteriorate beyond a certain point because when one stepped back from the bilateral relationship, the U.S. saw Indonesia as playing an important role in ASEAN. It was in many ways exercising a role for peace and stability in the region.

In a similar vein, the participant added, it may be useful for Vietnam to begin identifying areas of mutual interest between the U.S. and Vietnam and then continue discussion in other multilateral forums. U.S.-ASEAN dialogue on anti-terrorism, for instance, is a cooperative effort that can play into the bilateral relationship. Vietnam aspires to a leadership role in ASEAN. While no one expects Vietnam to become the new Indonesia of ASEAN, she said, it has taken the initiative on a number of issues that serve both Vietnam and U.S. interests — such as pushing for the declaration of a code of conduct in the South China Sea. The U.S.-Vietnam relationship needs to be examined within some of these broader institutional contexts, and how Vietnam’s actions in multilateral forums can affect bilateral relations in positive ways.

**Still breaking the ice.** Finally, a Vietnamese participant noted that although the normalization process has taken place, it is still only in its earliest stages. This can be viewed as an “ice-breaking” period, during which many things can be done to nurture confidence building and identify areas of cooperation. There are visible signs of forward and backward movements in Vietnam-U.S. relations, especially after the BTA came into force. There also are barriers to creating closer ties, such as the legacies of war and the manner in which the U.S. chooses to have a say in Vietnamese affairs. The participant said the two countries could move ahead with further cooperation if they find a way to overcome these barriers. Vietnam is ready, he said, and now it is up to the U.S.
Appendix I: Dialogue on U.S.-Vietnam Relations:
Global and Regional Influences

Sofitel Dalat Palace, Dalat, Vietnam
October 23-25, 2003

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Appendix II: Chronology of Recent U.S. –Vietnam Relations

July 23, 2003
U.S. International Trade Commission (ITC) issues its final determination concluding that catfish imports from Vietnam have materially injured the U.S. catfish industry. The ITC’s affirmative determination enables the Department of Commerce to issue an antidumping order imposing duties of 36.84-63.88 percent.

September 16, 2003
Vietnam’s Minister of Trade Truong Dinh Tuyen visits the U.S.

October 5, 2003
In an effort to promote bilateral investment between Vietnam and the U.S., Minister of Planning & Investment Vo Hong Phuc visits the U.S.

October 9, 2003
Delegations from the U.S. Government and the Government of the Socialist Republic of Vietnam meet in Hanoi and initial the first agreement for aviation services to provide direct air services between the U.S. and Vietnam.

October 28, 2003

November 10, 2003
Vietnam’s Minister of Defense Pham Van Tra visits the U.S. to promote cooperation in regional security promotion.

November 10, 2003
U.S. Deputy Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs, Anthony Rock, and U.S. delegation attend the Third Annual Vietnam-U.S. Joint Committee Meetings on Science and Technology, hosted by Vietnam’s ministries of Fisheries and Science and Technology, to discuss the role of science and technology in fostering sustainable development in Vietnam.

November 19, 2003
The guided-missile frigate USS Vandegrift docks in the port of Saigon in Vietnam’s Ho Chi Minh City.

December 4, 2003
On a visit to Washington, D.C. and other U.S. cities, Vietnam’s Deputy Prime Minister Vu Khoan signs the first of two bilateral agreements. The bilateral aviation agreement, initially agreed in Hanoi on October 9, was officially signed.

December 12, 2003
Vietnam WTO negotiators participate in a Working Party Meeting in Geneva and hold bilateral discussions with the U.S.
December 11, 2003

Vietnam’s Deputy Prime Minister Vu Khoan, on a visit to the U.S., signs the Bilateral Counter-Narcotics Assistance Agreement between the two governments.

December 31, 2003

Southern Shrimp Alliance files anti-dumping petition against major shrimp producers in Asia including Thailand, China, Brazil, and Vietnam.

January 21, 2004

The U.S. International Trade Commission holds the preliminary phase of antidumping investigations on “certain frozen and canned warm water shrimp and prawns” filed against Brazil, China, Ecuador, India, Thailand, and Vietnam.

February 17, 2004

In the preliminary ruling, all six commissioners of the U.S. International Trade Commission voted in favor of continuing to investigate the alleged “shrimp” dumping case.

March 31, 2004

President Bush nominates Michael W. Marine to be the new U.S. Ambassador to Vietnam.

April 2, 2004

Congressmen Rob Simmons (R-CT) and Lane Evans (D-IL) co-chair the announcement of the U.S. Vietnam Caucus formation aimed at seeking to monitor and support normalized relations between the U.S. and Vietnam in the U.S. Congress. National Assembly Vice President Nguyen Phuc Thanh and Vietnamese Ambassador to the U.S. Nguyen Tam Chien hosted an event to celebrate this occasion on April 28, 2004.

May 6, 2004

Michael W. Marine, a career member of the Senior Foreign Service, is confirmed as the third U.S. Ambassador to the Socialist Republic of Vietnam.

May 11, 2004

Lieutenant General James L. Campbell, Commanding General, U.S. Army, Pacific, visits Hanoi to build on the military to military relationship between the U.S. and Vietnam and to promote the bilateral relationship in areas of mutual interest and importance.

May 12, 2004

USAID Country Manager Jean Gilson receives the Meritorious Award from the Government of Vietnam for her four years of work for USAID/Vietnam. She is the first U.S. Government official to receive such an award since the normalization of relations between the two countries in 1995.

May 17-21, 2004

Vietnam’s Vice Minister of Trade Luong Van Tu and a delegation from Vietnam participate in the third U.S.-Vietnam BTA Joint Committee Meeting in Washington, D.C.

June 3, 2004

President Bush signs and sends to Congress the annual extension of authorization for the Jackson-Vanik waiver, including Vietnam.
June 7-12, 2004

Vietnam’s Minister of Trade Truong Dinh Tuyen meets with key U.S. Government officials in Washington, D.C. to discuss key issues related to Vietnam’s accession to the WTO, the U.S.-Vietnam Textile Agreement, the ITC investigation on shrimp imports, and implementation of the U.S.-Vietnam BTA.

June 16, 2004

The eighth Working Party round of WTO accession negotiations was held by Vietnam in Geneva, Switzerland. Bilateral negotiations were held with various members, including Australia, the EU, and the U.S.

June 23, 2004

In an effort to expand his initiative from Africa to Asia, U.S. President George W. Bush awards Vietnam $15 billion to combat AIDS globally. As a “focus country,” the United States can sharply increase funding to non-governmental organizations that provide AIDS services in Vietnam.

July 6, 2004

The U.S. Department of Commerce announced its preliminary determination on antidumping duties for shrimp imports from Vietnam and China in the dumping investigation filed against imports from Vietnam, China, Brazil, Ecuador, India, and Thailand.

July 9-13, 2004

U.S. Assistant Secretary of Labor, W. Roy Grizzard, leads a delegation to meet with Vietnam government officials and participate in the Conference on the Employment for People with Disabilities, sponsored by the Ministry of Labor, Invalids and Social Affairs.

July 19, 2004


July 22–25, 2004

Deputy U.S. Trade Representative Josette Shiner visits Hanoi to discuss trade and investment issues, including Vietnam’s accession to the WTO and the BTA, with senior Vietnamese government officials.

July 28, 2004

The guided-missile destroyer USS Curtis Wilbur visits the Port of Danang, Vietnam.

* Information drawn from the websites of the U.S.-Vietnam Trade Council (www.usvtc.org) and the U.S. Embassy (http://vietnam.usembassy.gov), and from news sources.
Appendix III: Selected Bibliography


Dialogue on U.S. - Vietnam Relations

GLOBAL AND REGIONAL INFLUENCES