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GEOPOLITICS OF CONFUSION HOW LONG CAN THIS LAST?



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COOPERATION AND COMPETITION IN THE ASIA-PACIFIC

ASEAN AND THE SUPERPOWER DYNAMICS DILEMMA

Tan Sri Rastam Mohd Isa

THE HISTORIC results of the recent Malaysian election illustrate a broader, indeed, a global point—namely, that the times in which we live can be labelled in many ways: interesting, challenging, or uncertain. We are witnessing numerous developments in global and regional strategic and political landscapes. Politics within national borders has seen a dramatic phase of change and transformation. Populism and anti-globalization have become the favorite tools for gaining political support in both national and international contexts. Dizzying changes are occurring in the economic, technological, social, and cultural spheres, which require leaders, governments, and businesses to adapt, innovate, and change. The need for policy shifts, adjustments, and reformulation has

become more acute for governments and multilateral institutions. The need to create a more stable order, to respond to current, emerging, and future challenges, is more urgent than ever.

All of this is most critical in the Asia-Pacific region, where cooperation among nations has flourished whilst competition among major powers has simultaneously intensified. The superpower dynamics involving the United States and China are constantly giving rise to concern. They inevitably have an impact on ASEAN and its member countries.

ASIA-PACIFIC COOPERATION

The Asia-Pacific is vast in terms of geographical footprint and population. The region encompasses many of the world's leading economies

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Parading in honor of ASEAN

Photo: Guiliver Image/Getty Images

and powerful nations, including the United States, China, Russia, Japan, Korea, Canada, and Australia. It houses a majority of the world's population and by implication has huge market potential, a vast pool of human capital and talent, and tremendous opportunity for economic activity, development, and growth. Some of the fastest growing economies in the world are also located in the Asia-Pacific, notably the ASEAN member countries.

A number of recent studies and projections have shown that global economic power would continue to shift to the Asia-Pacific in the future. In a

2017 projection of how the world would look like in the decades to come, PricewaterhouseCoopers predicted that by 2050 China would achieve 20 percent of the share of world GDP at purchasing power parity (PPP), ahead of India and the United States.

Many of the other Top Twenty spots would be occupied by economies that are presently categorized as emerging, most of which are located in the Asia-Pacific. According to this projection, Malaysia, for example, would see its economy grow substantially but could be overtaken by some of its ASEAN neighbors that have larger populations.

The report singled out Indonesia, Vietnam, and the Philippines.

In anticipation of such developments, and in formulating responses to the demands of the future, the Malaysian government under former Prime Minister Najib Razak launched a vision and strategy to propel the country towards becoming the world's twentieth best nation. The strategy is called TN50 and aims to usher in a comprehensive and effective national transformation by mid-century. This new vision and strategy takes cognizance of domestic factors and trends, the future world as represented by digitization, big data, the internet of things, and artificial intelligence, as well as global and regional political, economic, and security scenarios that will likely emerge in the decades to come.

Right now, Malaysia is progressing well and is on the right trajectory to become a high-income economy by the year 2020, fulfilling part of the Vision 2020 announced by newly-elected Prime Minister Mahathir Mohamad in 1991 during his previous tenure as Prime Minister. The long-term goal for 2050 would surely undergo the process

of articulation and refinement by the new government.

Other countries in the Asia-Pacific and ASEAN are also developing their own visions and strategies for the future, mostly to meet targets for 2030 or 2050. But such visions and strategies will be doomed to failure if adequate focus and emphasis is not given to anticipating the change and disruption brought about by technology—in particular digital technology—and future challenges such as demography, climate change, and competition for resources (especially food, water, and energy).

Most governments in the Asia-Pacific are indeed sensitive to rapid changes and disruption brought about by digital technology. The government in Singapore is one, and it is preparing the country and population to take advantage of the digital future. Japan is another, preparing for what is called Japanese Society 5.0, which can take full advantage of digital technology to cope with multiple challenges, including an aging population. Governments are also cooperating in promoting the spread of digital technology throughout the region.

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Already, the power and impact of digital technology on society have been tremendous. Financial technology (fin-tech) and e-commerce are important buzzwords today. Digitization and e-commerce have opened up tremendous opportunities for Micro-, Small-, and Medium-Sized Enterprises (MSMEs) to flourish in the region. Nowadays, a single mother in Indonesia can market her bakery products (or a young artisan in Vietnam can sell his ceramic wares) online and be able to earn a decent income for their families. Success stories are increasing by the day. This is critical, given that MSMEs make up more than 95 percent of businesses in the economies of the Asia-Pacific; while in ASEAN that number is 97 percent.

Larger businesses are also responding to the new situation. For example, banks in ASEAN are increasing cooperation among themselves in the application of fin-tech to facilitate financial and business transactions. Businesses that use digital platforms have grown exponentially throughout the world, and even more so in the Asia-Pacific region, with China leading the way. As an illustration, about half of those listed on the 2017 Forbes list of Asia's Fab 50 Companies are from China, led by Alibaba and Tencent. They are clearly displacing the traditional conglomerates

and corporations from other East Asian countries, such as Japan and South Korea. Malaysia has teamed up with Alibaba to create a Digital Free Trade Zone near Kuala Lumpur, the first of its kind in ASEAN.

One important area that requires serious transformation is education. Countries risk being left behind and losing out in the competition for talent, innovative skills, and business edge if methods and ways of educating their children and youth are not adjusted and changed. Disruptive technology could generate disruption from the outside, but at times would demand disruption from within. This is a major challenge for governments and businesses. It will almost certainly have implications on the way we trade and cooperate with one another. It will require a whole gamut of new laws and regulations on trade, investment, banking and cyber activities—to name but a few.

Cooperation has been forged and is continuously promoted in many areas. This is evident in ASEAN, where the organization's members are working hard to develop a community of nations sharing similar interests and goals. There is also cooperation among the 21 economies committed

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to Asia-Pacific Economic Cooperation (APEC). Both APEC and ASEAN have blueprints, masterplans, and roadmaps related to connectivity and the digital economy. All that is required is the political will and funding to implement them.

SUPERPOWER COMPETITION

The dynamics within the Asia-Pacific region are certainly changing. Competition between the United States and China is evident. It is quite clear that Donald Trump’s “America First” rhetoric is clashing head-on with Xi Jinping’s vision of a rising China, lately strengthened by the outcome of the 19th Congress of the Communist Party of China (CPC). The other major powers—e.g. Russia, India, and Japan—are actively pursuing and projecting their own interests. The smaller countries of the region, in particular the ASEAN members, will have to constantly brace for the possible fallout of the competition among major powers.

There are some very hard choices to be made—especially if and when both the United States and China jockey for loyalty and support.

There remain issues in the region that are of major concern to the world at large. The rapidly changing circumstances of the situation on the Korean Peninsula, and North Korea’s nuclear program; the situation in the

South China Sea; militancy, violent extremism, and terrorism in Southeast Asia, are but some of them.

The region also has to deal with important economic and trade issues. These include the American withdrawal from the Trans-Pacific Partnership (TPP), which has resulted in the remaining eleven countries proceeding to sign the Comprehensive and Progressive TPP (CPTPP); the ongoing trade tensions between the United States and China, which could have wide-ranging implications for other economies in the region; and the standstill in negotiations on the Regional Comprehensive Economic Partnership (RCEP) among the ASEAN countries, China, Japan, India, Korea, Australia, and New Zealand.

APEC is also facing increased challenges arising from the Trump Administration’s attitude towards trade and economic cooperation, and regional integration. At the APEC Leaders

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Meeting in Da Nang, Vietnam, in November 2017, Trump was rather cryptic about Asia-Pacific cooperation and clearly showed his preference for a wider Indo-Pacific region.

In short, the issues facing the region are indeed complex and difficult; the current regional security and economic architectures may not be adequate to deal with them. But would the region be ready for anything different than what is available now? And where would ASEAN stand in the midst of all these?

REGIONAL SECURITY ARCHITECTURE

The current regional security architecture is largely centered on ASEAN-led fora: the East Asia Summit (EAS), the ASEAN Regional Forum (ARF), and the ASEAN Defense Ministers Meeting Plus (ADMM Plus).

They are recognized as ASEAN-led because they were established with ASEAN at the core, with ASEAN leading the process, including in respect of the chairing, hosting, and preparing of the agenda for those fora. The participants are countries that are strategic or dialogue partners of

ASEAN, or those that recognize ASEAN centrality in these processes.

The EAS is supposed to be a leaders-led forum for discussion on “broad strategic, political, security,

and economic issues of common interest and concern, with the aim of promoting peace, stability, and economic prosperity in East Asia.” The first summit was held in Kuala Lumpur in 2005 and involved the ASEAN countries and six of ASEAN’s formal dialogue partners: Australia, China, India, Japan, South Korea, and New Zealand. The United States and Russia joined in 2011.

The EAS has largely concentrated its discussions on less contentious priority areas, such as energy, finance, education, and global health (including the pandemics issue). But other topics, such as the South China Sea, the Korean peninsula, and counter-terrorism, have also been brought to the table.

The ARF came into being in 1994. It brings together 27 participants, including the European Union. As stated in the Chair’s statement of the first ARF held in Bangkok, the Forum has

two objectives: fostering “constructive dialogue and consultation on political and security issues of common interest and concern” and making “significant contributions to efforts towards confidence-building and preventive diplomacy in the Asia-Pacific region.”

Despite being in existence for more than two decades, attracting interest

from many other countries to participate, and producing or facilitating many achievements (especially in confidence-building through discussion and inter-sessional activities), the ARF still suffers from the image of simply being a talk-shop.

Critics point to a number of examples. Although North Korea, South Korea, and the other major players in the Six Party Talks (the United States, China, Russia, and Japan) are ARF participants, the Forum has not been able to offer solutions on the North Korean nuclear issue and the situation on the Korean Peninsula. Clearly, the parties concerned prefer other means, as recent events have demonstrated unequivocally.

Lastly, the ADMM-Plus brings together the defense ministers of ASEAN member countries and the dialogue partners. It is a recent creation. At

the 32nd ASEAN Summit, held in Singapore on April 28th, 2018, the ASEAN leaders “underscored the importance of the ADMM and ADMM-Plus as key components of the region’s security architecture [...] in the defense sector.” They also supported the annualization of the ADMM-Plus, though to date few concrete outcomes have resulted.

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ASEAN’S VISION

Two aspects define ASEAN’s point of view: an understanding that the region’s security architecture is constantly evolving, and an appreciation of the fact that the current arrangement is nevertheless adequate. But ASEAN admits to the need to improve and

strengthen the architecture.

In fact, in Singapore ASEAN pledged to work towards “an open, transparent, and inclusive regional architecture, based on international law and principles contained in the Treaty of Amity and Cooperation in Southeast Asia (TAC), and in line with the 2011 Declaration of the EAS on the Principles of Mutually Beneficial Relations (Bali Principles).” This is contained in the ASEAN Leaders’ Vision for a Resilient and Innovative ASEAN, which they adopted on April 28th, 2018, at the 32nd ASEAN Summit.

The ASEAN Leaders’ Vision for a Resilient and Innovative ASEAN is a product of work led by Singapore, as ASEAN’s current Chair. From the outset, Singapore has projected resilience and innovation as the theme of its chairmanship. The aforementioned document provides a comprehensive list of issues and activities that ASEAN needs to tackle and implement as it moves forward. It also seeks to clarify further the commitments that ASEAN member states have made towards realizing the ASEAN Community—which is comprised of three pillars: political-security, economic, socio-cultural—which was first announced in November 2016 at the 29th ASEAN Summit in Kuala Lumpur. The ASEAN Vision 2025, adopted in Kuala Lumpur, is a document that provides the roadmap for ASEAN’s progress in the three pillars of the ASEAN Community.

Without doubt, ASEAN is the most successful regional organization in the developing world. When all member states are combined, ASEAN has a population of nearly

630 million and a GDP of \$2.5 trillion. Some of the economies in ASEAN are now growing at high rates that are unattainable to most other developing economies. The middle class in ASEAN is growing in size. Countries like Indonesia and Vietnam boast young and increasingly talented populations.

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All of this is a remarkable achievement. In 2017, ASEAN commemorated five decades of its existence. Celebrations were held throughout the year, with many activities centered on and around the date of August 8th, 2017: the fiftieth anniversary of the Bangkok Declaration. ASEAN governments, business organizations, think-tanks, academic institutions, and civil society organizations organized numerous

commemorative events, seminars, and conferences.

Everything culminated at the 31st ASEAN Summit and related summits, including the EAS, held in Manila in November 2017. Trump’s presence in Manila was of political and diplomatic significance, as it marked his first appearance in the region to attend the EAS.

The American president had of course earlier attended the APEC Leaders Meeting in Vietnam and visited other countries in East Asia, including China.

While Trump's visit to Manila helped underscore America's commitment to the peace, security, and stability of ASEAN and the wider Asia-Pacific region, his subsequent policy pronouncements on issues affecting the region have caused much concern.

One relates to his position on trade. Any trade war between the United States and China would definitely impact ASEAN countries adversely, since both giants are their major trading partners. However, recent developments relating to possible deals with North Korea on the nuclear issue, the successful inter-Korean summit, and the announced summit between Trump and North Korea's Kim Jong-un, have given some hope to people in the region, including those in ASEAN.

ASEAN COMMUNITY

The ASEAN Community aims to be people-oriented and people-centered. Yet ASEAN still has to work very hard to instill awareness about ASEAN among people in the member states.

Such awareness is still relatively low and survey results have been mixed. According to one authoritative survey, youth in the urban areas appear to be

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able to relate well to ASEAN; yet other surveys indicate that most rural folks know very little about the Association.

As such, issues of peace and security, and regional economic cooperation and integration, still remain elite-driven.

When ASEAN is discussed, questions are often raised about ASEAN centrality, unity, and cohesion. Of late, issues related to incidents involving the persecution and expulsion of the Rohingyas from Rakhine State in Myanmar have come to the fore, and made headlines around the world. Yet they have also led to the impression that ASEAN unity is fraying.

The Rohingya issue represents a major dilemma for ASEAN member states torn between respect for the principle of non-interference in the internal affairs of others and the urge to speak up against atrocities and injustice.

Malaysia, for example, decided to speak out strongly on the issue, and even disassociated itself with the Chairman's state-

ment following a meeting of ASEAN Foreign Ministers on the sidelines of the UN General Assembly in New York in the fall of 2017. Some observers even saw this as being akin to what happened in Phnom Penh in 2012, when ASEAN Foreign Ministers failed to issue their usual joint communique due to differences over the issue of the South China Sea.

But this latest episode clearly demonstrates the difficulty faced by ASEAN when dealing with an issue considered sensitive or non-negotiable by a member or members. There obviously needs to be serious discussion in ASEAN, leading to a clear understanding of the principle of consensus.

While continuing to build the Community, ASEAN still has to grapple with issues of peace and security that will test its centrality, unity, and cohesion. The South China Sea remains an important issue on ASEAN's agenda—especially now that an agreement has been reached with China on the framework of the Code of Conduct in the South China Sea (COC), 15 years after the Declaration of Conduct (DOC) was signed in 2002. Negotiations to draft the COC have begun among senior officials. This will hopefully lead to a legally binding document that will set the stage for coopera-

tion in the South China Sea and facilitate the eventual resolution of the territorial disputes and maritime claims in the area.

China appears keen to adopt a more conciliatory approach by advocating cooperation in various fields, such as tourism, marine scientific research, and protection of the marine environment. While this development has occurred, the United States and its allies are still exerting pressure

on China—especially on the question of freedom of navigation. In this regard, it is likely that ASEAN member states will continue to have to manage pressure from China, the United States, and others on issues related to the territorial dispute, land reclamation, building of structures, militarization, and freedom of navigation in the South China Sea.

A growing concern that requires priority attention in ASEAN is the increasing level and scale of activities related to militancy, violent extremism, and terrorism. The standoff between government forces and insurgents at Marawi in the Philippines, which led to the destruction of the city, provides clear evidence of ongoing threats.

In addition, there is concern that, with the defeat of Daesh in Iraq and Syria, foreign fighters from countries

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in Southeast Asia and beyond will now flock to the region to pursue their cause. The usual list of potential countries affected includes Indonesia, Malaysia, the southern Philippines, and possibly southern Thailand.

Some foreign fighters have indeed already been detected in the region. In Malaysia, for instance, many Daesh sympathizers have been arrested. Cooperation among intelligence and enforcement agencies has been intensified. The fight against groups such as Daesh now requires more than just a military response. Counter messaging and reversing the narrative are important measures that need to be taken. This problem requires cooperation and joint action. The launching of a trilateral patrolling effort by Indonesia, Malaysia, and the Philippines in the Sulu Sea is a concrete step in the right direction.

Another area that requires serious attention in the changing global and regional dynamics is cybersecurity. This is an issue that concerns governments, businesses, and the public at large. Recent events have demonstrated the vulnerability of computer systems and online activities due to hacking, sabotage, and theft. Understanding the issues and working towards solving the problem of cybercrime and breaches of cybersecurity would help in dealing with the multi-dimensional demands of our increasingly connected world.

ASEAN is prioritizing this issue, as clearly pronounced by the leaders in the Vision for a Resilient and Innovative ASEAN.

In an interconnected world, connectivity becomes urgent and imperative. Infrastructure development, construction, and maintenance are key to connectivity. APEC issued a connectivity blueprint in 2015 that seeks to address physical, institutional, and people-to-people connectivity. ASEAN has its Masterplan for ASEAN Connectivity. The OECD estimates that \$26 trillion is required to build infrastructure in Asia over the next decade. The ASEAN countries face a major problem funding such massive infrastructure projects. Hence, China's Belt and Road Initiative is a welcome avenue for such purposes.

CHALLENGES FOR ASEAN COMMUNITY-BUILDING

While in November 2016 the ASEAN Leaders declared the establishment of the ASEAN Community and adopted the vision 2025 documents to form the basis for ASEAN to forge ahead over the next decade, work continues. Much needs to be done, as the challenges within ASEAN and the wider Asia-Pacific region are numerous. The fact that ASEAN has had the capacity to undergo a metamorphosis from the formation of an association of nations into a community with a shared

vision and identity over a 50-year period is already a great achievement.

Obviously, the Organization faces numerous challenges—both internal and external—in its ongoing quest to build the ASEAN Community. I will briefly discuss some of the most important ones.

Firstly, ASEAN has to manage the expectations of member states and their citizens, as well as those of other countries, in particular ASEAN's strategic and other partners. For example, while the ASEAN Community embarks on the process of seeking to address issues, principles, and values such as democracy, human rights, corruption, and rule of law, it might still require time to reconcile the differences in interpretation, approach, and emphasis among the ASEAN member states and between them and other parties. There will be many who expect things to change in ASEAN very quickly regarding these issues. The reality may not match their expectations.

Secondly, ASEAN will face the constant challenge of maintaining and enhancing ASEAN centrality in the face of competing and converging interests of parties outside ASEAN, in particular the major powers. ASEAN has been presented with serious dilemmas before. It has to expect to face more of these in the future. The key to managing this difficult and potentially divisive

situation is for ASEAN to strengthen intra-community unity, cohesion, and resilience, whilst convincing external powers of the continued relevance and centrality of ASEAN.

Thirdly, an innovative ASEAN that is sensitive to the challenges and opportunities offered by the future world will have to face the challenge of catering to the political, economic, and social demands of a young, informed, and increasingly politically savvy population, and a rising middle class. Matters such as greater political space, better economic opportunities, and freer movement of people across borders will invariably become increasingly important. This is where the vision of ASEAN being a people-oriented and people-centered community has to be fully translated into reality.

Lastly, ASEAN will have to meet the challenge of continuing to build trust and forge security and stability within ASEAN and the wider Asia-Pacific region. The existing mechanisms, whilst adequate for what they are, will need to be enhanced. Security, stability, and development are important goals not only for ASEAN, but also for everyone else in the region. It is therefore crucial that the partners of ASEAN, in particular the major powers, provide continued support for ASEAN's efforts in strengthening the evolving security architecture.

LOOKING AHEAD

The building of an ASEAN community is now entering a critical phase. The declaration by the ASEAN Leaders in November 2016 definitely was not the ultimate step in the process. It marked the end of one phase (association) and the beginning of another (community). Indeed, ASEAN's leaders have recognized that much more work is required to ensure that the future of the Asia-Pacific region is no longer determined and dominated by competition and rivalry.

Despite the rise in anti-globalization sentiment and protectionist tendencies, the region's future must be founded on wider and deeper cooperation among the nations and peoples of the region. ASEAN is one of the building blocks for a wider regional cooperative mechanism. Initiatives such as China's Belt and Road Initiative, India's Act East, Japan's Indo-Pacific Strategy, and continued American engagement in the region, are important enablers in this regard. It is imperative for the superpowers to recognize this fundamental point. ●

