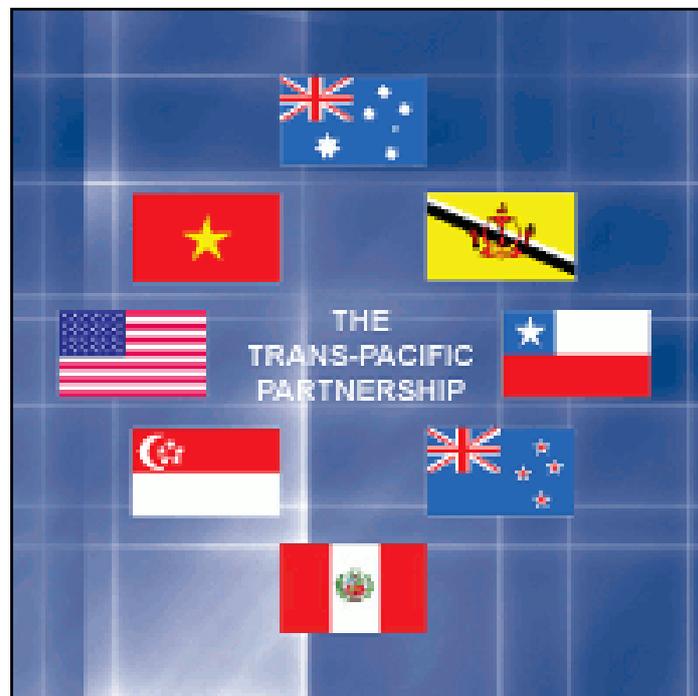




## The ISIS International Affairs Forum



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## ABOUT ISIS MALAYSIA

The Institute of Strategic and International Studies (ISIS) Malaysia was established on 8 April 1983, in realization of a decision made by the Malaysian Government to set up an autonomous, not-for-profit research organization, to act as the nation's think-tank. ISIS Malaysia was envisioned to contribute towards sound public policy formulation and discourse.

The research mandate of ISIS therefore spans a wide area. It includes economics, foreign policy, strategic studies, nation building, social policy, technology, innovation and the environment.

ISIS Malaysia today fosters dialogue and promotes the exchange of views and opinions at both national and international levels. It undertakes research in collaboration with national and international organizations, in important areas such as national development and international affairs.

ISIS Malaysia also engages actively in Track Two diplomacy, fostering high-level dialogues at national, bilateral and regional levels, through discussions with influential policymakers and thought leaders.

## RESEARCH

### Economics

Research in this area is generally aimed at promoting rapid and sustained economic growth and equitable development in the nation. We study specific (rather than generic) issues that concern the nation's competitiveness, productivity, growth and income. Areas of research include macroeconomic policy, trade and investment, banking and finance, industrial and infrastructure development and human capital and labour market development. The objective of all our research is to develop actionable policies and to spur institutional change.

### Foreign Policy and Security Studies

The primary aim of this programme is to provide relevant policy analyses on matters pertaining to Malaysia's strategic interests as well as regional and international issues, with a focus on the Asia-Pacific Region. These include security studies, foreign policy, Southeast Asian politics and military affairs.

## Social policy

Demographic and socio-cultural trends are changing Malaysian society and the social policy programme was established to respond to these developments. Research in this area is concerned with effective nation building, and fostering greater national unity. In particular, we look at issues involving the youth, women and underprivileged communities. In conducting its research, ISIS Malaysia networks with non-governmental organizations and civil society groups.

## Technology, Innovation, Environment & Sustainability (TIES)

The TIES programme provides strategic foresight, collaborative research and policy advice to the public sector, businesses and policy audiences, on technology, innovation, environment and sustainable development. Its focus includes green growth as well as energy, water and food security. Towards this end, TIES has been active in organizing dialogues, forums, policy briefs and consultancies.

## HIGHLIGHTS

ISIS Malaysia has, among others, researched and provided concrete policy recommendations for:

- Greater empowerment and revitalization of a national investment promotion agency;
- A strategic plan of action to capitalize on the rapid growth and development of a vibrant Southeast Asian emerging economy;
- A Master Plan to move the Malaysian economy towards knowledge-based sources of output growth;
- The conceptualization of a national vision statement;
- Effective management and right-sizing of the public sector; and
- Strengthening of ASEAN institutions and co-operation processes.

ISIS Malaysia has organized the highly regarded Asia-Pacific Roundtable, an annual conference of high-level security policymakers, implementers and thinkers, since 1986.

## INTERNATIONAL NETWORKING

As a member of the Track Two community, ISIS Malaysia participates in the following networks:

- ASEAN-ISIS network of policy research institutes;
- Council for Security and Cooperation in Asia and the Pacific (CSCAP);
- Network of East Asian Think Tanks (NEAT); and
- Pacific Economic Cooperation Council (PECC).

It is also a partner institute of the World Economic Forum (WEF).

### Editorial Team

Mahani Zainal Abidin  
Steven Wong  
Susan Teoh  
Thangam K Ramnath

### Design

Razak Ismail  
Jefri Hambali

### Photography

Jefri Hambali / Halil Musa

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Institute of Strategic and International Studies (ISIS) Malaysia

No. 1, Persiaran Sultan Salahuddin

P.O. Box 12424, 50778 Kuala Lumpur, Malaysia

Tel: +603 2693 9366

Fax: +603 2691 5435

Email: [info@isis.org.my](mailto:info@isis.org.my)

Website: [www.isis.org.my](http://www.isis.org.my)

## Trans-Pacific Partnership

**I**ISIS Malaysia organized two forums on the Trans-Pacific Partnership (TPP). The first entitled 'The Trans-Pacific Partnership and China's Policy Responses,' was held on 26 March 2012 and the speaker was **Prof Lu Jianren**, Senior Research Fellow, Institute of Asia-Pacific Studies, Chinese Academy of Social Sciences and Director, Institute of Global Trade Studies, Zhejiang Shuren University, China; the forum was chaired by ISIS Senior Director, Economics, **Mr Steven Wong**. The second, on 29 March 2012, by **Prof Michael G Plummer**, the Eni Professor of International Economics at the John Hopkins University, SAIS-Bologna, US, was entitled 'Pathways to the Free Trade Area of the Asia Pacific Trans-Pacific Partnership, Asia Pacific Integration and Stakes for Malaysia.' It was chaired by ISIS Chief Executive **Dato' Dr Mahani Zainal Abidin**. ISIS Analyst **Zarina Zainuddin** reports.

The Trans Pacific Partnership (TPP) began as a multilateral free trade agreement signed in 2005 by Brunei, Chile, New Zealand and Singapore, which also belong to the Asia Pacific Economic Cooperation (Apec). The aim was to further liberalize the economies of the Asia Pacific region. The TPP gained momentum when the larger Apec economies, namely Australia, Malaysia, Peru, Vietnam and the United States began negotiations to join the group. Most recently, Japan, South Korea, Canada and Mexico indicated interest in joining in the TPP track.

In 2010, Apec recognized three pathways towards a region-wide free trade area: the Asian Track which includes Asean+3 and Asean+6, CJK (China, Japan Korea) and the TPP Track. The desired end was a Free Trade Area of the Asia Pacific (FTAAP).

**Professor Lu Jianren** pointed out the main differences between the Asian Track and the TPP track processes. While the TPP agreement is strict and binding, the Apec and Asian Track agreements favour non-binding and voluntary approaches. Given its nature, the TPP has the potential to speed up the integration of Asia Pacific and raise the bar with free trade agreements within the region, said Lu.

He believes that the TPP would have both negative and positive effects on East Asian integration; on the one hand, TPP's aggressive involvement would impact negatively on the role



Lu Jianren

of Asean plus Three mechanisms in promoting regional integration. On the other hand, it could have the reverse impact: the pressure of TPP spurring China and Asean to emphasize and actively promote the East Asia Free Trade Area (EAFTA).

China is pushing to 'pragmatically promote' EAFTA and to reaffirm Asean's central role in East Asian regional integration. According to Lu, China's cooperation strategy in Asia Pacific could be summarized as follows: 'East Asia as the core and Asia Pacific as the stage, to actively develop trade and economic relations with Apec members and to stabilize US-Sino relations.' To Lu,

East Asian cooperation is the 'foundation and supporting point of China's Asia Pacific strategy.'

Lu contends that China's initiative to begin negotiations on FTA talks amongst China-Japan-Korea (CJK) could be read as the response of the Chinese leadership towards the TPP. He acknowledged the difficulties faced by CJK and EAFTA in striving forward and envisages the two tracks being relegated should TPP make more progress in its trade negotiations.

How should China react to the TPP? China should not isolate itself, Lu said; given that China's national interests are closely linked to East Asia and the Asia Pacific, it should strive for 'win-win' cooperation. It should consider joining TPP negotiations, particularly as the overall impact of TPP is deemed to be positive for China. Lu envisages China taking multiple approaches involving strengthening its domestic economy as well as playing a greater role in Asia Pacific integration, in response to the TPP. These strategies could include:

- Speeding up its system reforms to adapt to new situations;
- Gearing up labour and environment standards in line with international conventions;
- Actively promoting economic integration in Asia Pacific region;
- Playing a leading role in the APEC, along with the US;
- Playing a constructive role in establishing the FTAAP;
- Deepening and enhancing trade exchanges and dialogues with TPP members on the other shore of the Pacific Ocean;
- Enhancing economic and trade relations with non-East Asian members in the Apec; and
- Enhancing dialogue and communications with the US for win-win cooperation, but not lose-lose opposition.

Lu concludes that the US and China, given their current levels of development, are highly complementary, economically. Asia Pacific



*Michael G Plummer*

integration can maximize these complementary aspects, and benefits for both countries. China and the US share common interests in the Asia Pacific region, fundamental for the sustained cooperation of the two countries. Lu believes the wisest course of action would be reciprocal cooperation for a win-win result.

**Professor Michael G Plummer** focused most of his presentation on the results of a joint study which include a 'modeling' approach towards determining the benefits of the TPP on the countries in the Asia Pacific region.

According to Plummer, while the TPP would benefit all track members, it is the small, emerging economies such as Vietnam and Malaysia that would benefit the most. Other takeaway conclusions according to Plummer are that the 'rigorous' TPP template increases FTAAP gains, TPP and Asian tracks are complementary in the long run and that while the dynamic effects and investments are significant to track members, the TPP has a small negative effect on non-members. The FTAAP is the most desirable outcome because it gives the most benefits to the countries in the region.

## Income gains by country (gains from trade and FDI)

	GDP (\$bill)	Income gain (\$bill)		% GDP	
	2025	TPP	FTAAP	TPP	FTAAP
Australia	1,426	5	13	0.4	0.9
Brunei	22	0	0	0.9	1.8
Canada	1,982	7	12	0.4	0.6
Chile	289	4	7	1.5	2.3
Japan	5,332	53	115	1.0	2.2
Korea	2,063	19	71	0.9	3.4
Malaysia	422	12	25	2.7	6.0
Mexico	1,999	12	42	0.6	2.1
New Zealand	206	2	3	1.0	1.4
Peru	311	8	9	2.5	2.9
Singapore	386	2	6	0.6	1.6
United States	20,337	39	143	0.2	0.7
Vietnam	235	36	66	15.5	28.0
<b>TPP Economies</b>	<b>35,010</b>	<b>200</b>	<b>512</b>	<b>0.6</b>	<b>1.5</b>
Others	66,957	-27	687	0.0	1.0
<b>World</b>	<b>101,967</b>	<b>173</b>	<b>1,199</b>	<b>0.2</b>	<b>1.2</b>

Smaller economies get largest % gains

Table 1

In the case of Malaysia, the model suggests that it is set to gain from the TPP, second only to Vietnam. As Plummer puts it, small economies, countries with fewer FTAs, especially vis-a-vis the US, and with less liberalized economies, gain the most. However, the results differ based on regional trade arrangements: the Asian Track, TPP and FTAAP. Malaysia would gain from all three agreements but would gain most from FTAAP. (see Table 1 and Chart 1)

The TPP would lead to an increase of 2.7 per cent in income gains, and six per cent with the FTAAP in place. Initially, with the implementation of the first phase of the Asian Track (CJK), Malaysia would be at a slight disadvantage due to profit erosion and trade diversions, but Plummer expects Malaysia to start gaining benefits from 2015 onwards, when the EAFTA kicks in.

According to Plummer, net gains for Malaysia due to changes in exports would be

US\$16 billion under the TPP agreement and a whopping US\$29 billion under the FTAAP regime. Manufacturing will garner for Malaysia the most gains, with the three biggest sector gains coming from the 'Food and Beverages', 'Machinery' and 'Other Machinery' sectors. In terms of imports, big increases are expected in the 'Other Agriculture', 'Textiles' and 'Private Services' sectors (see Table 2 and Table 3).

As for investments, Plummer expects Malaysia to increase its outward bound foreign direct Investments (FDI) to about 2.6 per cent. Malaysia is projected to become a net provider of FDI. The impact of inbound FDI is less as Malaysia is an open economy, hence the effects of FTAs would be minimal.

At the regional level, the Model also suggests that a positive TPP should generate substantial gains for the region, with big net gains for the world and little trade diversion. Plummer

### Outward FDI by country (increases in FDI stocks)

	GDP (\$bill)	Stock increase (\$bill)		% GDP	
	2025	TPP	FTAAP	TPP	FTAAP
Australia	979	11	20	1.2	2.1
Brunei	2	0	0	0.1	0.0
Canada	1,367	28	29	2.1	2.1
Chile	170	12	10	7.1	5.7
Japan	2,011	67	137	3.4	6.8
Korea	727	14	113	1.9	15.5
Malaysia	460	12	19	2.6	4.1
Mexico	204	0	0	0.1	0.1
New Zealand	43	0	0	0.9	0.6
Peru	17	0	0	0.2	0.6
Singapore	1,191	6	31	0.5	2.6
United States	12,267	125	488	1.0	4.0
Vietnam	0	0	0	1.8	2.1
<b>TPP economies</b>	<b>19,439</b>	<b>276</b>	<b>847</b>	<b>1.4</b>	<b>4.4</b>
Others	36,643	0	499	0.0	1.4
<b>World</b>	<b>56,082</b>	<b>276</b>	<b>1,345</b>	<b>0.5</b>	<b>2.4</b>

Chart 1

said the deeper the accord, the more the gains will be, with distribution of gains being ‘pro-convergence,’ meaning the poorer the country, the more it will gain. The TPP is expected to be a big boost for regional production networks; costs of structural adjustments due to the TPP are deemed to be manageable.

The TPP has the potential to be a great template for Regional Trade Agreements (RTA) but perhaps the biggest contribution of the TPP to the world would be its impact on policy dynamics surrounding the anaemic Doha Round talks.

Plummer recalled the impact of the Apec Summit on the Uruguay Round (UR) a couple of decades ago. The UR stalled on the differences in positions regarding agriculture subsidies between Europe and US. All seemed lost until President Clinton hosted the Apec Summit, which brought together the fast growing Asia Pacific economies, prompting the Europeans to restart the UR. Plummer thinks something similar could occur with the TPP. Should the TPP and CJK go through, he thinks the rest of the world will take notice and there will be incentives to restart multilateral trade talks, starting with the Doha Round.

## Malaysian export changes

	Baseline 2025	Change in exports USD2007bill.			
		TPP	Asian track	Two tracks	FTAAP
<b>Primary products</b>	<b>35.6</b>	<b>0.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.7</b>
Rice	0.0	0.0	0.0	0.0	0.0
Wheat	0.0	0.0	0.0	0.0	0.0
Other agriculture	10.3	-0.2	0.5	0.2	0.3
Mining	25.2	0.4	-0.1	0.2	0.4
<b>Manufactures</b>	<b>275.2</b>	<b>15.6</b>	<b>12.5</b>	<b>25.9</b>	<b>25.9</b>
Food, beverages	86.9	2.4	9.3	11.2	7.8
Textiles	7.3	0.3	-0.3	0.3	-0.1
Apparel, footwear	2.8	0.8	0.0	0.8	0.6
Chemicals	33.2	1.4	1.7	2.9	3.7
Metals	13.8	0.9	0.3	0.9	1.4
Electrical equipment	54.7	3.0	0.1	2.6	1.7
Machinery	40.4	3.9	1.3	4.7	6.1
Transport equipment	3.5	0.1	0.0	0.0	0.1
Other manufactures	32.6	2.8	0.2	2.5	4.5
<b>Services</b>	<b>17.1</b>	<b>0.6</b>	<b>0.3</b>	<b>0.9</b>	<b>2.3</b>
Utilities	0.1	0.0	0.0	0.0	0.0
Construction	1.3	0.1	0.1	0.1	0.4
Trade, transport, comm.	7.1	0.2	0.2	0.3	0.7
Private services	8.2	0.4	0.1	0.4	1.1
Public services	0.4	0.0	0.0	0.0	0.0
<b>Total</b>	<b>327.9</b>	<b>16.4</b>	<b>13.2</b>	<b>27.1</b>	<b>28.8</b>

Three largest

Table 2



Participants at the forum

## Malaysian import changes

	Baseline	Change in imports in 2025, USD2007bill.			
	2025	TPP	Asian track	Two tracks	FTAAP
<b>Primary products</b>	37.8	2.5	3.0	5.3	4.4
Rice	4.9	0.4	0.3	0.7	0.5
Wheat	3.6	0.1	0.0	0.1	0.1
Other agriculture	24.5	1.6	2.4	3.8	3.1
Mining	4.8	0.4	0.3	0.6	0.8
<b>Manufactures</b>	223.4	9.2	7.8	14.9	17.6
Food, beverages	3.4	0.1	0.2	0.3	0.3
Textiles	42.0	1.6	1.7	3.0	3.7
Apparel, footwear	31.7	1.6	1.2	2.2	2.9
Chemicals	72.6	1.9	1.0	2.7	2.7
Metals	39.9	1.7	1.3	2.7	3.1
Electrical equipment	22.9	1.2	1.1	1.9	2.2
Machinery	11.0	1.0	1.3	2.1	2.7
Transport equipment	223.4	9.2	7.8	14.9	17.6
Other manufactures	3.4	0.1	0.2	0.3	0.3
<b>Services</b>	44.4	4.8	2.5	7.2	7.5
Utilities	0.0	0.0	0.0	0.0	0.0
Construction	1.0	0.1	0.0	0.1	0.1
Trade, transport, comm.	13.6	1.6	1.0	2.6	3.0
Private services	27.3	3.0	1.4	4.3	4.2
Public services	2.5	0.2	0.1	0.2	0.2
<b>Total</b>	<b>305.6</b>	<b>16.5</b>	<b>13.3</b>	<b>27.3</b>	<b>29.5</b>

Three largest

Table 3

## Managing the South China Sea Conundrum

**T**he ISIS International Affairs Forum on Managing the South China Sea Conundrum on 18 May 2012, presented a regional perspective to the current conflict taking place in the South China Sea. **Dr B A Hamzah** from the Department of Strategic Studies, Faculty of Defence and Management Studies of the National Defence University of Malaysia spoke on the recent developments on the Scarborough Shoal standoff and the claims of each party involved, while Vice Admiral Maritime **Dato' Noor Aziz Yunan**, Director-General of the Maritime Institute of Malaysia (MIMA) discussed the maritime dilemma and offered some recommendations to ease the situation. The following report is by ISIS Analyst **Billy Tea**.

The South China Sea (SCS) has been the scene of a long-standing dispute involving many ASEAN states as well as other regional powers. Rich in natural resources, it strategically links the West, Middle East, and Asia. A maritime standoff between Chinese and Philippine forces took place in these disputed waters for over a month beginning in April 2012. In the midst of the standoff, the United States and the Philippines conducted a joint naval exercise.

These events only demonstrate the lack of power behind previous political agreements such as the 2002 Declaration on the Conduct of Parties (DoC) in the SCS, or the 2011 DoC Guidelines. The SCS can only be managed or its issues resolved if the status quo changes. The concerned parties must have the will to reinforce the political agreements and to avail themselves of the means to do so. This forum is timely in attempting to shed some light on the conflict and to view alternative options to managing it.

**Dr B A Hamzah** focused on the standoff in Scarborough Shoal and examined the roots of the claims of the two parties involved, namely China and the Philippines. He provided a background to the incident between the two countries. On 8 April 2012, the Philippines claimed that Chinese fishermen were operating inside the exclusive economic zone of the Philippines and that they were fishing for marine life listed as endangered; they sent their warship the *BRP Gregorio Del Pilar* to the zone. China reciprocated by sending two government ships, and a number of Chinese fishing boats.



*B A Hamzah*

By 10 April 2012, China and the Philippines were engaged in a standoff in the area of the Scarborough Shoal. A week later, the United States and the Philippines started their war games, *Balikatan*, in the SCS. US Secretary of State Hilary Clinton however stated recently that the United States would not take sides in the dispute, upsetting the Philippines. On 12 May 2012, China denied in a newspaper report that it was preparing for war, amidst rumours of its armed forces entering a state of preparedness. These events have led to heated diplomatic exchanges between China and the Philippines; it is likely that the situation will be protracted.

The SCS dispute originally involved five states: China, Malaysia, Indonesia, Vietnam and the Philippines. The dispute in Scarborough Shoal, however, has only involved China and the Philippines. Dr Hamzah defined territorial acquisition using the United Nations Law of the Sea (UNCLOS) as reference. Under international law, there are at least five modes of territorial acquisition: discovery and occupation, cession, accretion, conquest, and prescription. Three of these modes -- discovery and occupation, cession, and prescription – would arguably apply to Scarborough Shoal.

- Discovery and Occupation is the usual means for a state to gain sovereignty over a territory that was previously *terra nullius*, that is, territory belonging to no sovereign. However, discovery alone is not enough to give sovereignty over a body of land. Sovereign title can only be created by affirmative demonstration of intent to occupy the territory and the ability to effectively preserve it.
- Cession is a method for transferring sovereignty between sovereigns, in which one state voluntarily renounces its sovereign rights to a territory in favour of another sovereign state.
- Prescription refers to a situation in which a state fails to contest other states' assertions of sovereignty over its territory, therefore risking losing its rights to the territory.

China and the Philippines both make historical claims over the territory but while China claims discovery and occupation, the Philippines declares cession and effective occupation. China refers to ancient Chinese documents. Scarborough Shoal was first mentioned way back in 1292. It was renamed twice — in 1947 (Minzhu Jiao) and in 1983 (Huangyan). China further claims that it discovered the territory and supports it with the 1947 map, known today as the 9 dotted map.



*Noor Aziz Yunan*

Meanwhile, the Philippines' claim is based on the 1898 Treaty of Paris, in which Spain handed over the Philippines to the United States; the Philippines claims the disputed territory was included in the handing over. It claims it has exercised both effective occupation and effective jurisdiction over the disputed territory for decades and that it is supported by international treaties such as the Treaty of Washington 1990, and the Convention between the United States and Great Britain of 1930.

China responded to the Philippines claims of history and occupation by stating that the latter has no basis for its claim because none of the treaties cite discovery of the disputed territory. Moreover, it declared, the Treaty of Paris does not include the Scarborough Shoal within its limits. Therefore, declared China, the Philippines has no cession or prescription over the disputed territories. Also, as China did not take part in the post-World War II San Francisco Conference in 1951, it could not present its position then.

The disagreement over Scarborough Shoal will probably continue because China will not back down from its position. The development of the PLA in the political arena, the economic slowdown, and the new leadership after the

election should be watched closely. Dr Hamzah believes that these are the variables that will shape China's internal and external approaches to the SCS issue.

**Vice Admiral Dato' Noor Aziz Yunan** offered a regional picture of the SCS conflict. He made some recommendations on how to stabilize the conflict through the DoC and the application of the Guidelines of the DoC. He began by acknowledging that there are more regional players than the ones involved in the overlapping claims. These include the United States, Japan, and South Korea. In recent years, the United States pivoted toward the Asia Pacific region to protect its national interests. Indeed, the growing assertiveness of China in the region, combined with the necessity to protect the sea lines of communication have pushed the US to be more involved in the region politically and militarily.

Meanwhile, Japan and South Korea are worried about the quick development of China's naval capabilities, as well as the continuing occurrences of 'maritime incidents' in the East China Sea. Many countries in the region are worried about the increase in China's defence expenditure. It is estimated that in 2012, China's

defence budget will reach US\$ 106 billion, the second largest after the United States, and representing an increase of 11 per cent from the previous year. Moreover, there has been a surge in nationalism in the states involved in the dispute, putting pressure on governments to take a stronger stand on the SCS issue. There have been a number of public demonstrations on streets, at embassies and also exchanges of hostilities over the internet.

### **The Positions of Vietnam and Malaysia on the SCS**

Vietnam's limited political, economic, and military capabilities pushes it to choose the ASEAN mechanism to handle the SCS issue. At the bilateral level, Vietnam balances its relations between China and the United States in order to maximize advantages for its own national interests.

Malaysia similarly does not take sides with either of the two regional powers. In 2011, the United States was Malaysia's third trading partner while China was its first; it is estimated that this year, China-Malaysia trade will reach the US\$100 billion mark. Malaysia therefore believes that the



*Participants at the forum*

conflict should be resolved through the ASEAN mechanism, especially through a web of security architecture and institutional relationships.

Regarding the Scarborough Shoal standoff, Dato' Noor Aziz said that the 'Shoal is not part of the Spratlys, it is a rock and therefore the Philippines has sovereignty over the territorial waters and sovereign rights over the Exclusive Economic Zone (EEZ).' The dispute has pushed the Philippines closer to the US, while China decreased and even cancelled some trade with Manila.

Dato' Noor Aziz emphasized understanding the position of other non-claimant states as the issue has regional and international repercussions. He suggested that only through the application of the Guidelines of the DoC can tension be eased in the region. He drew attention to paragraph seven of the DoC that promotes consultation and dialogue through modalities, on a regular basis.

It is important, especially for China, to encourage cooperation and confidence-building in order to avoid any misunderstanding. The DoC should not be perceived as an instrument to 'check' China's behaviour but rather a tool to ensure peace and security in the SCS. Furthermore, it could also be an instrument to prevent others from becoming involved in the dispute.

The SCS conflict could provide the opportunity for ASEAN to shine, and to demonstrate to the international community its conflict management capabilities as a geopolitical and economic organization in the 21st century.

## **Conclusion**

The SCS issue has been a long-standing one that has involved many ASEAN claimants as well as other players such as China, the United States, Japan, and South Korea. The region is strategically located in one of the busiest sea routes in the world. It holds large stocks of fish, and is estimated to contain vast oil and gas resources. These are of paramount importance to the growing economies surrounding the area, that are experiencing exponential population growth and that need access to additional resources in order to pursue development and social stability.

Indeed, any increase in the prices of basic goods could lead to social movements such as those of the Arab Spring; therefore it is in the interests of all the claimant and non-claimant states to find ways to avoid escalation of the conflict and to move toward some kind of agreement that would promote peace and stability.

Standoffs such as the one in Scarborough Shoal and other similar maritime incidents are likely to continue if there is no real will in the parties involved to work together. They should aim for a political agreement that will include the formation of a body to oversee the correct enforcement of the decisions made. At this point in time, it is up to the countries to choose the path that they desire: maintain the status quo, or find an agreement to manage the conflict and eventually solve it.

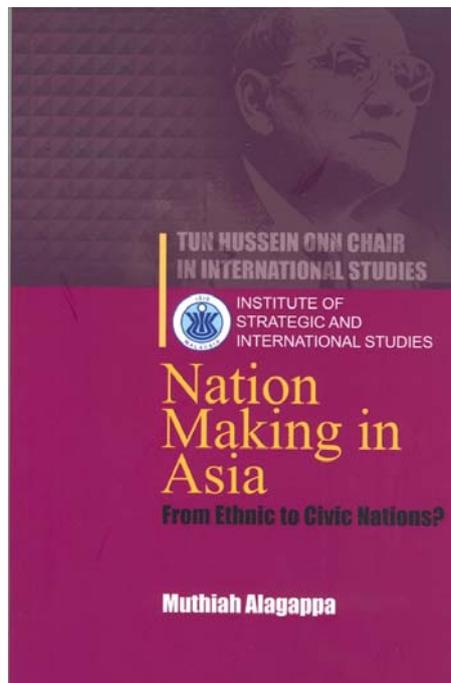


**Towards a Green Economy: In Search of Sustainable Energy Policies for the Future**

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 and ISIS Malaysia  
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The transition to sustainable energy systems is still at an embryonic stage. As this energy transition involves hard choices politically, economically, and technologically, countries can benefit from a comparative lesson-drawing across geographical divides. In thirteen chapters, this book documents the vagaries of problem framing and policy responses by nine countries, all of which are guided by recurrent themes of energy transition, policy choices and green economy. The book's analytical scope goes well beyond the commonly addressed structural issue in energy policy to encompass innovation in processes, institutions and new policy instruments for sustainable energy systems. Chapters 3 to 4 demonstrate the struggles of major energy consumers such as United States, China, India and Brazil in switching to cleaner energy sources. Chapters 7 and 8 concentrate on the cases of Malaysia and Laos. These two Southeast Asian countries are currently at different stages of economic development but share the common trait of a rising energy demand and associated social issues. The last four chapters (9-12) of the book present innovative energy policies by pioneering states such as France, Germany and Australia. Evidently from all chapters, there is no one-size-fits-all policy. The subtitle of the book—in search of sustainable energy policies for the future— reflects the tentative nature of policy experiments undertaken so far.



**Nation Making in Asia: From Ethnic to Civic Nations?**

By Muthiah Alagappa

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*NOTES*



INSTITUTE OF STRATEGIC AND INTERNATIONAL STUDIES (ISIS) MALAYSIA  
No. 1, Persiaran Sultan Salahuddin  
PO Box 12424, 50778 Kuala Lumpur  
Malaysia  
Tel : +603 2693 9366  
Fax : +603 2691 5435  
Email : [info@isis.org.my](mailto:info@isis.org.my)  
Website : [www.isis.org.my](http://www.isis.org.my)

