

United States Relations with ASEAN at Thirty

October 26, 2007

*The East-West Center and Institute
for Southeast Asian Studies*

SESSION 1: ASEAN AT 40

- ◆ Ambassador Rodolfo C. Severino, ISEAS
- ◆ Dr. Muthiah Alagappa, East-West Center

SESSION 2: THE ECONOMIC DIMENSION OF U.S.-ASEAN RELATIONS

- ◆ Dr. Michael Plummer, Johns Hopkins University
- ◆ Dr. Rahul Sen, ISEAS

LUNCHEON DISCUSSION:

- ◆ U.S. Government Official – Off the Record

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- ◆ Dr. Ian Storey, ISEAS
- ◆ Mr. Bronson Percival, CNA Corporation

SESSION 4: U.S.-ASEAN RELATIONS: THE WAY AHEAD

- ◆ Dr. Mark Borthwick, U.S. Asia Pacific Council, East-West Center

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ASEAN AT 40

- ◆ The ASEAN Charter, which is scheduled to be signed at the 18-22 November summit, was crafted, among other purposes, to serve as impetus for economic integration and provide minimum standards for good governance. The rise of China and India has fueled the drive by ASEAN members to develop a governing Charter and seek greater cohesion. The speakers differed, however, about the extent to which the Charter will transform ASEAN as an organization and compel political and economic reforms by members.
- ◆ According to one view, the fact that ASEAN states still have different outlooks on sovereignty suggests that they will resist the evolution of a supranational authority. Another view proposes that the Charter is best viewed as a “tool” aimed at making the decision-making process in ASEAN more expeditious and promoting compliance with the agreed upon commitments.

U.S. ENGAGEMENT WITH ASEAN

- ◆ Speakers and participants disagreed about whether the United States is sufficiently engaged in Southeast Asia at *all* levels of government. While there is considerable activity at the working level, President Bush has allowed the crisis in the Middle East to dominate his attention, creating the impression that the White House is giving short shrift to U.S.-ASEAN relations. Regardless of the frequency of high-level visits to Asia, the United States should complement its spokes-and-hub alliance system in Asia with greater direct involvement in regional institutions.
- ◆ On the other hand, it was noted that State Department personnel are working actively to implement various elements of the ASEAN-U.S. Enhanced Partnership agreement, which was concluded at the July 2006 Post-Ministerial Conference. Washington also has negotiated a Trade and Investment Framework (TIFA) with ASEAN and a FTA with Singapore, and began FTA negotiations with Malaysia and Thailand. In addition, the Pacific Command is deeply involved in military exchanges and other activities with a number of Southeast Asian countries.

ASEAN AND BURMA/MYANMAR

- ◆ Speakers and participants agreed that financial sanctions generally do not work in precipitating the downfall of a repressive regime. But there was no consensus about what ASEAN should—or could—do to sanction Burma/Myanmar for its crackdown on demonstrators. Moreover, even a harder-line approach by China and/or India likely would have little impact on the isolationist junta.
- ◆ The leverage that China and India ostensibly have over Burma/Myanmar may be overstated. China and India need Burma/Myanmar

for strategic reasons perhaps more than Burma/Myanmar needs China and India for revenues generated from energy sales and other trade. For example, China needs an outlet to the Indian Ocean, which Burma/Myanmar affords. India needs Burma/Myanmar's help in dealing with insurgents in its northeast region as well the country's energy resources.

ASEAN AS REGIONAL INTEGRATOR

- ◆ Although ASEAN's external relations have evolved as the global system has changed, it still does not possess the political cohesion or degree of economic integration to serve as an effective driving force for Asia-wide regional integration – particularly in view of the economic power and global stature enjoyed neighbors such as China, Japan, and South Korea. However, many in ASEAN and elsewhere conclude there is no other alternative to strengthening ASEAN.
- ◆ ASEAN's external relations in the post-Cold War period have been broad but not deep. The ASEAN Regional Forum enabled outreach and dialogue on regional affairs with major non-Asian powers like the United States. The ASEAN Plus Three (APT) process reflected a desire to incorporate China, Japan, and South Korea into regional discussions in the light of their economic and political influence. The East Asian Summit (EAS), in turn, evolved from the work of the APT.
- ◆ In order for ASEAN to serve as something more than the default hub for dialogue and become a driver for regional integration, it must achieve deeper region-wide economic integration, greater political cohesion, and more imaginative leadership. For the time being, though, ASEAN continues to play a useful role as a facilitator of discussions between and among Southeast Asian nations. Modest short-term goals are not necessarily bad.

THE ECONOMIC DIMENSION OF US-ASEAN RELATIONS

- ◆ Ideally, ASEAN economic integration should proceed concurrently with the development of fuller U.S.-ASEAN economic relations. The latter will not take off until and unless ASEAN nations do more to improve competitiveness and reform and integrate their economies.
- ◆ The United States continues to be the key export market for ASEAN, but its importance has been falling as China's has been increasing. The United States also has been the premier single-country investor in the region, although about 50 percent of this total goes to Singapore. ASEAN needs to do

more to increase its attractiveness to multinational corporations by, among other things, improving best practices.

- ◆ A single market or an ASEAN Economic Community (AEC) would create a strong incentive for U.S. multinational corporations to invest in ASEAN nations which, in turn, would boost overall U.S.-ASEAN economic activity.
- ◆ The economic effects of a U.S.-ASEAN FTA as envisioned in the Enterprise for ASEAN Initiative (EAI) would be strongly positive. The EAI also has political benefits. It signals U.S. support for ASEAN as a regional economic entity while Washington concurrently negotiates bilateral FTAs.

THE POLITICO-SECURITY DIMENSION OF US-ASEAN RELATIONS

Although the Iraq War has made the United States very unpopular with the people of Southeast Asia, Washington has enjoyed very good relations with the governments of Southeast Asia with respect to counterterrorism. Piracy is down considerably in the Malacca Strait owing partly to cooperative patrols by the littoral states. The United States does not face a zero-sum conflict with China in Southeast Asia. Rather, Sino-Japanese competition for influence in Southeast Asia is likely to be more significant than a potential U.S.-China rivalry. Progress at resolving separatist violence in Southeast Asia is mixed: Aceh in Indonesia is the good-news story, while negotiations over the southern Philippines have stalled, and the situation in southern Thailand continues to deteriorate.

US-ASEAN RELATIONS: THE WAY AHEAD

In the past 20 years, the U.S. role in the world has changed significantly, which will affect its relations with ASEAN in the future. In particular, Washington faces rising anti-trade sentiments at the grassroots level are likely to doom further movement on the WTO round as well as specific FTAs under negotiation in Asia. In addition, the U.S. has lost control of its currency to a cartel of central banks led by China – and no longer possesses the economic power to convene “Plaza Accord-type” negotiations aimed at revaluing currencies. The resulting systemic imbalance creates a very fragile situation with potentially disruptive ramifications. In the future economic developments could be disruptive of the US-ASEAN relationship in unforeseen ways.

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