



Asia Pacific Bulletin

EastWestCenter.org/APB

Number 360 | October 19, 2016

The High Stakes for Southeast Asia of the 2016 U.S. Presidential Election

BY ASAD LATIF

Asad Latif, Associate Fellow at the ISEAS-Yusof Ishak Institute in Singapore, explains that “Southeast Asians hope that Americans choose their next leader wisely to build on enduring ties with the United States.”

The stakes for Southeast Asia are high for one of the potentially most decisive American presidential elections in recent history for at least three reasons. The first reason is that four members of the 12-nation Trans-Pacific Partnership (TPP) free-trade agreement—Brunei, Malaysia, Singapore, and Vietnam—are from Southeast Asia. The second reason is that the future of the American military pivot to the Asia-Pacific impinges closely on the strategic fortunes of Southeast Asia. The third reason is that the direction of U.S. relations with China, arguably the most important bilateral relationship in the world, in the new Administration will redraw the broad parameters of peace and prosperity within which Southeast Asia will thrive—or will not.

There are grounds for concern on all three fronts. The first presidential debate between Republican candidate Donald Trump and Democratic contender Hillary Clinton, for instance, shined an uncomfortable light on both the TPP and the pivot, two cardinal elements of President Barack Obama's international legacy. The pivot indicates the value that the U.S. places on its ties with Asian allies such as Japan, Korea, and the Philippines and with its non-treaty security partners, including those in Southeast Asia.

The TPP provides the greatest reason for concern. The first debate proved what was known even earlier: the lack of real difference between the two presidential hopefuls. Mr. Trump accused Ms. Clinton of having favored the TPP, the largest trade deal in economic history, but then having changed her mind when she realized that she would not win the debate after having heard him say how bad the deal was. She disagreed that this had been the case, but added that she had decided to oppose the TPP once she learned the terms of the deal. The bottom line on the TPP is that it could be up for outright scrapping if Mr. Trump wins, and for renegotiation if Ms. Clinton does. Given the painstaking way in which it was put together in the first place, it is no surprise that countries such as Japan are against renegotiation. In Southeast Asia, Vietnam and Malaysia have expended much political capital to secure domestic support for the pact. If they are rebuffed by the United States, the free-trade momentum and economic reforms in the region will suffer, not to mention the damage inflicted on America's credibility and on the domestic standing of Japanese and Southeast Asian leaders who have supported the TPP strongly.

Vietnam is a telling case of the choices on offer. The export-led economy of the country that once was America's nemesis in Southeast Asia expects a GDP boost of 11 per cent in a decade as a result of the TPP, which would help it to move toward an open economy. Should the US Congress not ratify the TPP, leading to its effective collapse, Vietnam could be forced to turn toward China, which has been wooing Southeast Asian countries with its economic charm offensive.

The East-West Center promotes better relations and understanding among the people and nations of the United States, Asia, and the Pacific through cooperative study, research, and dialogue. Established by the US Congress in 1960, the Center serves as a resource for information and analysis on critical issues of common concern, bringing people together to exchange views, build expertise, and develop policy options.

“America’s anemic support for the TPP is disconcerting to Southeast Asia but it is the groundswell of anti-free trade sentiment that is more worrisome.”

Where the TPP is concerned, the choice would appear to lie between the Democrat’s devil and the Republican’s deep blue sea. This choice is taking shape at a particularly unpropitious time when, according to the Organization for Economic Co-operation and Development (OECD), global trade growth is below 3 per cent, when it should be at 6 per cent to 7 per cent. Indeed, in remarks that have a close bearing on the course of America’s global economic policy, the OECD says that an increase of US\$1 in tariff revenues could lead to a US\$2.16 fall in world exports and a US\$0.73 drop in world income. This danger makes the economic positions of the two potential American leaders frightening, not only in Southeast Asia but also across the region. America’s leadership credentials would be weakened considerably should the compulsions of domestic politics drive Washington toward Mr. Trump’s protectionist formulae—which include his country withdrawing from the World Trade Organization as well—or even Ms. Clinton’s measured skepticism of the TPP.

On a larger front, America’s anemic support for the TPP is disconcerting to Southeast Asia but it is the groundswell of anti-free trade sentiment that is more worrisome. It is shocking to hear one of the strongest advocates of free trade indulge in an anti-globalization tirade. The impact of an inward-looking America will be grave for both the American and the global economy. The protectionist mood prevailing across the American heartland undermines Washington’s credibility and standing as the torchbearer of an open, transparent, and inclusive global economy. It sends the wrong signal to Southeast Asian states which themselves are grappling with strong domestic vested interests in opening up their economies. If America succumbs to parochial domestic interests, it might send the global economy into a tailspin and bring back into fashion beggar-thy-neighbor policies.

That danger is increased by the second issue: security. Mr. Trump has repeatedly stated that American allies, including Japan, must pay more if the U.S. military is to continue to protect them. Status quo Asians would be alarmed by his strategic irresponsibility, especially when it is combined with the astonishing declaration that he does not care if nations such as Japan and South Korea develop nuclear weapons. Here, Ms. Clinton has distinguished herself sharply from her rival. The U.S. would honor its mutual defense treaties with Japan and South Korea, she has said unambiguously even as she underlined the bipartisan support for nuclear non-proliferation.

The American pivot to the Asia-Pacific—by that name or any other—would be laughable should key Northeast Asian countries such as Japan and Korea be encouraged to go their separate strategic ways. America’s position as the default off-shore balancer would vanish overnight. Given that the balance of power in Northeast Asia influences the balance in Southeast Asia, countries in the latter region would treat American strategic guarantees with the disdain reserved for a fickle power that has broken its promises. Southeast Asians would not be alone in coming to terms with American abandonment. India, Australia, and New Zealand—countries whose global choices help to draw the strategic contours of the region which Americans themselves have called the Indo-Pacific—would have to diversify their search for security partners.

If a Trump presidency destroys the American turn to Asia that was palpable under Mr. Obama, it would destroy simultaneously the Asian turn to America which the current Administration has achieved. Southeast Asians hope that Americans choose their next leader wisely to build on enduring ties with the United States.

The *Asia Pacific Bulletin* (APB) series is produced by the East-West Center in Washington.

APB Series Editor: Dr. Satu Limaye
APB Series Coordinator: Alex Forster

The views expressed in this publication are those of the author and do not necessarily reflect the policy or position of the East-West Center or any organization with which the author is affiliated.