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NAVIGATING STORMY WATERS:
SINGAPORE,
THE ASSOCIATION OF SOUTHEAST
ASIAN NATIONS AND CHINA





NAVIGATING STORMY WATERS: SINGAPORE, THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS AND CHINA

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SINGAPORE CHAIRMANSHIP

Singapore ably steered the regional integration agenda without any major hiccups: reasserted 'ASEAN centrality' by deftly deploying a multidirectional diplomacy, which excluded no major power and provided an exclusive avenue for all stakeholders their views and preferences about the future of the regional security architecture; and constantly asserted the pivotal role of the ASEAN in shaping and negotiating the norms and principles that should undergird the 'Indo-Pacific' age. Yet, it seems that ASEAN is more concerned with a free and open economic order rather than a free and open geopolitical order in Asia

Fifty one years since its founding, the Association of Southeast Asian Nations (ASEAN), under the chairmanship of Singapore, managed to achieve a diplomatic milestone, particularly in terms of negotiations of a Code of Conduct (COC) in the South China Sea; expand regional agenda to include digital economy and impact of Fourth Industrial Revolution on Southeast Asian nations; augment existing cooperative mechanisms and proposals for, including in the area of counter-terrorism and maritime security, as well as plans for establishment of a Common Market, or "Economic Community", in the region.

Beyond routine forward movement in areas of institutionalized cooperation, two issues predominated the ASEAN discussions: (i) dealing with an assertive China, particularly in matters of maritime security and stability, and (ii) a protectionist America, particularly in matters of free trade and deeper pan-regional economic integration.

The ASEAN's strategic dilemma, however, was further exacerbated by the new Cold War, or the frozen conflict, between the two superpowers, which has threatened to divide Southeast Asian countries along emerging geopolitical fault lines. While navigating this difficult strategic landscape, the ASEAN had two major achievements. First of all, it achieved a diplomatic milestone by finalizing negotiations over a Single Draft of a COC in the South China Sea. This laid the foundation for a final and potentially binding COC, which would set the rules of the road for cooperation, dispute-settlement and conflict-prevention in one of the world's most important sea-lines of communications. The year also saw the first-ever ASEAN-China joint naval drills, one in Singapore's Changi Naval Base in August and another off the coast of Mainland Chinese city of Zhanjiang, home to South Sea Fleet of the People's Liberation Army (PLA) Navy, in October.

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Secondly, the ASEAN reiterated the importance of free trade and untrammeled regional economic integration for peace and prosperity in the region. Accordingly, it adopted an unusually critical stance towards ongoing trade wars, particularly unilateral imposition of retaliatory tariffs by competing economic powers, which placed the regional body at odds with the Trump administration in the United States. Moreover, the ASEAN forged ahead with ongoing negotiations of major free trade agreements in the region, namely the Regional Comprehensive Economic Partnership (RCEP) agreement, which includes all Southeast Asian member states, as well as the now Japan-led Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPATP), which includes Singapore, Brunei, and Malaysia, with the Philippines, and Indonesia as potential members in the future. Crucially, the ASEAN also pushed back against China's 'debt trap' diplomacy by calling for diversified sources of infrastructure spending, particularly from the private sector. Overall, Singapore ably steered the regional integration agenda without any major hiccups; reasserted 'ASEAN centrality' by deftly deploying a multidirectional diplomacy, which excluded no major power and provided an inclusive avenue for all key stakeholders to express their views and preferences about the future of the regional security architecture; and constantly asserted the pivotal role of the ASEAN in shaping and negotiating the norms and principles that should undergird the 'Indo-Pacific' age. Yet, it seems that ASEAN is more concerned with a free and open economic order rather than a free and open geopolitical order in Asia.

HOPES AHEAD OF SINGAPORE CHAIRMANSHIP

As the new chairman of the regional body, Singapore confronted the challenge of ensuring regional integration is anchored by a rules-based order in accordance with international law. Undoubtedly,

Duterte was the biggest strategic winner of the Philippines' rotational leadership of ASEAN in 2017. He adeptly leveraged the occasion to present himself as a legitimate sovereign leader amid an international outcry over his brutal crackdown on suspected drug dealers. No major foreign leader publicly confronted Duterte over the issue. The Filipino leader also projected himself as an international power broker, hobnobbing with superpowers over key strategic issues. In particular, under Duterte's chairmanship, the Philippines steered ASEAN towards a tougher stance against Pyongyang.

In its joint statements this year, the regional body consistently expressed its "grave concerns" over the "provocative and threatening actions" of the reclusive regime. North Korea's key trading partners in the region have either entirely cut off trade and financial ties, as has been the case with the Philippines, or dramatically scaled them back. Given the historically close ties between Southeast Asia and North Korea, ASEAN's buy-in has been crucial to the effective implementation of the global sanctions regime against Pyongyang. Still, as ASEAN chairman, Manila has consistently emphasized the necessity of maintaining functional communications channels with North Korea to facilitate a return to the negotiating table. With the dissolution of the Six Party Talks platform, the ASEAN Regional Forum remains the sole multilateral mechanism through which Pyongyang directly engages its immediate neighborhood. In light of the threat posed by Islamic State in Iraq and Syria elements, which laid siege to Marawi City in the Philippines for several months, Duterte also placed counter-terrorism at the heart of regional discussions.

Through the adoption of the Manila Declaration to Counter the Rise of Radicalization and Violent Extremism, the Philippines sought to encourage greater counter-terror cooperation among ASEAN states. This could be achieved in three ways. One is via regular joint patrols in the troubled tri-border of Malaysia, Indonesia and the

Philippines; and also, greater intelligence sharing on the movement and financial transactions of terrorist elements operating in the region. Another is joint efforts against religious radicalization and extremist mobilization among member states. The regional body also adopted the ASEAN Consensus on the Protection and Promotion of the Rights of Migrant Workers, which aims to safeguard and standardize the rights of foreign workers in the region.

On the South China Sea, Duterte oversaw the finalization of the framework of a COC, with ASEAN and China hailing the successful test of the so-called "Hotline to Manage Maritime Emergencies in the South China Sea" among foreign ministries of claimant states.

Yet, there were no indications whether the much-anticipated COC would be a legally binding document addressing the root causes of the crisis – massive reclamation activities on, and militarization of, disputed land features by claimant states, particularly China. But, Duterte made clear shortly after his meeting with Chinese president Xi Jinping in November that he deems the South China Sea issue is "better left untouched" by non-claimant parties, namely the United States and other key regional allies like Japan and Australia.

He also refused to invoke the Philippines' arbitration award against China. This was a strategic coup for Beijing, which was now able to use the ASEAN as a shield against external powers seeking constraints on Chinese maritime assertiveness in adjacent waters. The Philippines also refused to single out China, whether in its chairman statements or in the negotiation of joint statements, China's militarization activities in the South China Sea, preferring a generally softer language on the issue.

More worryingly, ASEAN was woefully silent on the plight of the Rohingya people in Myanmar. Amid Malaysia's dissent, the ASEAN instead opted for a chairman statement on the issue, which

adopted a very soft language on the ongoing humanitarian crisis in the country, failing to blame the government for what the United Nations has described as ongoing campaign of "ethnic cleansing" in the Rakhine state. This was nothing short of a diplomatic travesty, considering the scale of the humanitarian tragedy and the need to stem the campaign of ethnic cleansing against a helpless minority. With Duterte taking a tough stance against any international criticism of his own human rights record, he effectively undercut ASEAN's moral ascendancy to question Myanmar's track record. Thus, Singapore was dealt a very difficult hand, with the ASEAN falling short.

On the eve of Singapore helming the group, Prime Minister Lee Hsien Loong outlined Singapore's key priorities as chair at the closing ceremony for the 31st ASEAN Summit: To ensure the group promotes and upholds a rules-based regional order, to better deal with emerging security challenges in the neighborhood, such as cyber security, transnational crime and terrorism. Singapore would also steer fellow members to press on with regional economic integration and enhance connectivity, so as to keep the region competitive and prosperous. Indeed, as the new chair, Singapore needed to step up to the plate and ensure that the ASEAN effectively operationalizes its consensus positions on counter-terrorism, North Korea and the protection of migrant workers. ASEAN also had to adopt appropriate measures to address the humanitarian crisis in Myanmar, which has spilled over into neighboring states. Yet, observers were looking forward to see how Singapore steers ASEAN on the South China Sea disputes. At the heart of Singapore's priority as the chairman of the ASEAN was promotion of a 'rules-based' order in the region.

The challenges ahead were daunting, but Singapore was arguably the best-equipped member state to lead the way. As a leading global trading hub, Singapore's leadership has consistently

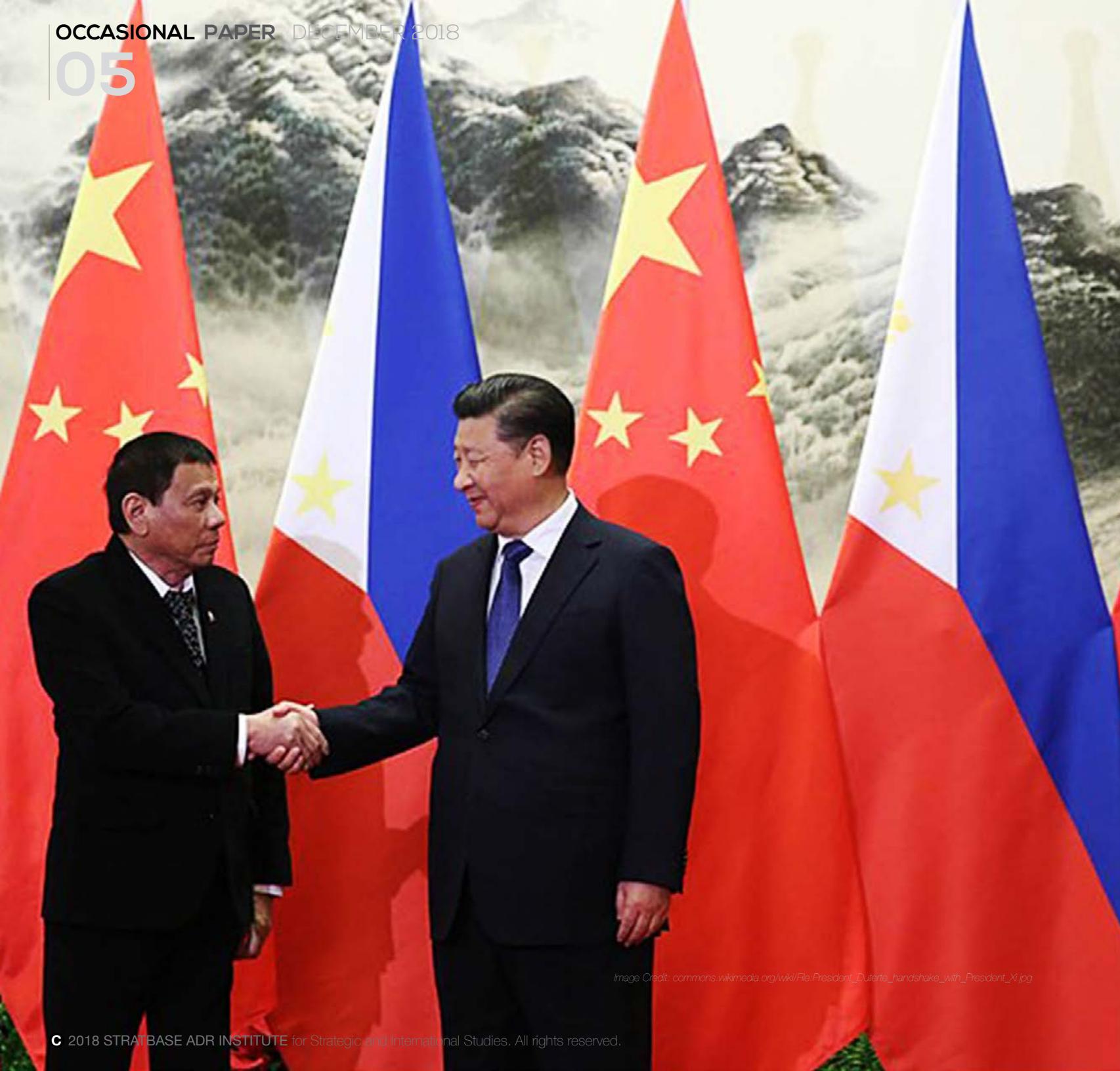


Image Credit: commons.wikimedia.org/wiki/File:President_Duterte_handshake_with_President_Xi.jpg

prioritized the advocacy of peace and stability in the region. Throughout the decades, it has invested in capacity-building and better-quality regional integration via the Initiative for ASEAN Integration (IAI), which aims to narrow development and institutional gaps among the highly diverse membership of the ASEAN.

Among the ASEAN's founding fathers, the late Singaporean Prime Minister Lee Kuan Yew was arguably the most relevant. This is partly due to the fact that he remained in power longer than almost all his contemporaries. But more importantly, it was his strategic foresight that guided the ASEAN through its difficult and dizzying evolution throughout the Cold War decades.

For him, the ASEAN served as a critical mechanism to mediate among great powers, socialize revisionist states into accepting the basic rules of the liberal international order, and, in his own words, protect the interest of "shrimps" and "smaller fishes" against the "big fishes."

Crucially, Singapore hasn't been party to any of the major geopolitical conflicts in the region, whether it's the water wars in the Mekong River or the even more prickly disputes in the South China Sea. This put the city-state in a unique and important position to mediate and manage the resolution of inter-state spats, like no other regional actor.

MONEY OVER MISSILES

Though the ASEAN is based on consensus-based decision-making process, the ASEAN chairman has three unique advantages. First, it has the power to shape the annual policy agenda for the region and beyond. Chairmanship isn't only a ceremonial role but actually gives the rotational chairman the unique power of agenda setting.

The second form of power exercised by the ASEAN chairman is the issuance of the Chairman's Statement, which tends to happen twice a year, during April and November.

In the Statement, the head of state of the host nation has an almost unilateral power to not only highlight issues of his/her concern but also how to frame and present the issues that are deemed to be of paramount interest to the ASEAN and its dialogue partners.

Third, the chairman has the power to issue a separate statement when member nations fail to arrive at a consensus over a specific issue. Add to this is the fact that Singapore, until August 2018, was also the ASEAN-China country coordinator, thus it was in a uniquely important position to mediate the terms of engagement and overall relations between both sides.

This year's 32nd Association of Southeast Asian Nations (ASEAN) summit, held in Singapore on April 27 and 28, saw more underwhelming continuity than transformative change. Rather than confronting China over its increased militarization of the South China Sea disputes, the regional body adopted tough language against America's trade protectionism, while pursuing further its blossoming relations with China.

The results of the 32nd ASEAN summit, however, were underwhelming. To be fair, this is largely due to the consensus-based decision-making structure of the ASEAN, which limits the ability of rotational chairmen to radically alter the regional body's direction.

This year, however, Singapore and the broader region prioritized, quite blatantly, trade over geopolitics. In their discussions and subsequent joint statement, the ASEAN leaders reiterated their

commitment to upholding the global free trade regime in accordance with Singapore's vision of a "rules-based" order in Asia.

Only weeks before the 32nd Summit, during the Boao Forum (April 10) in Hainan, China, Singaporean Prime Minister Lee Hsien Loong underlined the importance of multilateralism and free trade, while praising China for taking "further steps" in opening up its economy. Under Singapore's leadership, the ASEAN expressed how "deeply concerned" the region was "over the rising tide of protectionism and anti-globalization sentiments" across the world, especially in America. In the joint statement, the Southeast Asian leaders underscored their "continued support for the multilateral trading system," while encouraging "the swift conclusion" of the Regional Comprehensive Economic Partnership (RCEP) negotiations, which involve 16 trading nations across the Asia-Pacific region, with China at its very center.

The ASEAN also called for the "early implementation" of the ASEAN-Hong Kong-China (HKC) Free Trade and Investment Agreements, which were signed last year. They also reiterated the importance of maintaining and strengthening existing free trade agreements between ASEAN and major dialogue partners, especially China.

The ASEAN's recognition of China's rise as a key economic partner went hand-in-hand with graceful accommodation of the Asian powerhouse's rising assertiveness in adjacent waters. Far from criticizing China's massive reclamation activities as well as militarization of contested islands in the South China Sea, the ASEAN only "discussed the matters relating to the South China Sea," while taking "note of the concerns expressed by some Leaders on the land reclamations" in the area, notably without mentioning China at all.

If anything, the ASEAN went so far as to praise China for its openness to rudimentary confidence-building measures, such as the conclusion of the ASEAN-China hotlines among claimant states' foreign ministries and the operationalization of the Joint Statement on the Application of the Code for Unplanned Encounters at Sea (CUES).

The Southeast Asian leaders were highly upbeat regarding the (still open-ended) negotiations for a COC in the South China Sea. In their joint statement, regional leaders expressed how the ASEAN is "encouraged by the official commencement of the substantive negotiations" towards the early conclusion of a COC, yet there were absolutely no details as to the nature of the proposed agreement; whether it would be legally-binding at all and, if so, its legal reference point; or any timeline, no matter how generic, for the negotiation of a final agreement.

Yet, the ASEAN remained largely silent on China's deployment of electronic jamming equipment, surface-to-air-missiles and anti-cruise ballistic missiles systems, and other advanced weaponries to contested territories in the South China Sea in early-2018.

It was clear that the ASEAN chose to prioritize the expansion of economic relations with China rather than confront it over the South China Sea disputes. Yet, Southeast Asian leaders showed remarkable willingness to stand up to a major power when it comes to criticizing America, in defense of the global free trade regime.

RISING SINO-AMERICAN RIVALRY

During the early-August ASEAN Foreign Ministers Meetings (AFMM), rising Sino-American rivalry was fully on display. The U.S. Secretary of State Mike Pompeo embarked on weeklong visit to key members of the Association of Southeast Asian Nations (ASEAN), namely Indonesia, Malaysia and Singapore. He proposed a series of defense and economic initiatives aimed at reasserting America's commitment to the 'Free and Open Indo-Pacific' (FOIP), a new geopolitical paradigm that aims to undercut China's growing influence in the region. Chinese Foreign Minister and State Councilor Wang Yi, meanwhile, promoted China's trillion-dollar Belt and Road Initiative (BRI), with Southeast Asia as a key

target market. Crucially, the Chinese chief diplomat celebrated a new 'milestone' in ongoing negotiations over a COC in the South China Sea, which could serve as a mechanism to exclude America from the region. China and Southeast Asian countries triumphantly announced the completion of a "Single Draft COC Negotiating Text." The draft will serve as the basis for negotiation of a final document, which will operationalize the basic rules of engagement among competing claimant states in the South China Sea – namely China, the Philippines, Brunei, Vietnam, and Malaysia.

The COC negotiations have been going on for almost two decades, but China and the ASEAN contend that they are finally seeing the light at the end of the long tunnel. As the outgoing ASEAN-



China Coordinator, Singapore's Foreign Affairs Minister Vivian Balakrishnan triumphantly described the draft as the "living document and the basis of future code of conduct negotiations." In their joint statement, Southeast Asian ministers were pleased with the outcome of the negotiations and the direction of bilateral relations with China. The ASEAN foreign ministers "warmly welcomed the continued improving cooperation" with Beijing, celebrating the recent strides in negotiating a "substantive" COC and expanding their cooperation in the realm of maritime security.

Just days later, Chinese and ASEAN navies held their first-ever joint naval exercises in Singapore's Changi Naval Base. The highly symbolic event saw both sides enhancing their mutual confidence and inter-operability vis-à-vis threats such as terrorism and piracy. Both sides are looking at institutionalized Confidence-Building Measures (CBMs) such as regular joint naval exercises, as well as joint oil and gas exploration activities in the South China Sea.

What's crucial, however, is that China wants not just to improve relations with ASEAN, but also to do it at the expense of the U.S. According to the most recent draft of the COC, China, under the section Duty to Cooperate, encouraged "military activities in the region," which "shall be conducive to enhancing mutual trust." They have proposed "mutual port calls of military vessels and joint patrols on a regular basis" as well as "undertaking joint military exercises among China and ASEAN Member States on a regular basis."

Yet, China also proposed for all parties to the agreement to: "establish a notification mechanism on military activities, and to notify each other of major military activities if deemed necessary. The Parties shall not hold joint military exercises with countries from outside the region [author's emphasis], unless the parties concerned are notified beforehand and express no objection."

As Australian analyst Carl Thayer, who obtained the copy of the COC draft, accurately observes, China “aims to bind ASEAN members states in the COC and limit if not exclude the involvement of third parties.” Confident with its growing influence in Southeast Asia, China is brazenly calling on the ASEAN countries to push the U.S. out of the South China Sea. This is a particularly controversial position, since multiple ASEAN countries either have treaty alliances (Thailand and the Philippines) or close strategic partnerships (Singapore and Vietnam) with the U.S. Navy. In fact, even historically ‘non-aligned’ countries such as Malaysia and Indonesia have stepped up their defense cooperation with the U.S. in recent years.

It's not clear whether the ASEAN countries will accede to China's demand, but Beijing is openly confident about cajoling Southeast Asian countries into its sphere of influence. Without the U.S. military presence, China will be in a fully ascendant military position vis-à-vis its smaller neighbors. Aware of Beijing's exclusionary strategy, Washington and its allies struck back. Shortly before the AFMM, the Australia-U.S. Ministerial Consultations (AUSMIN) in Stanford, California, in late-July, saw U.S. Secretary of State Mike Pompeo and Secretary of Defense James Mattis underscoring China's growing threat to regional security. In their joint statement, the American and Australian defense and foreign ministers, “emphasized that militarization of disputed features in the South China Sea is contrary to the region's desire for peaceful development.” They called for a COC, which is “consistent with existing international law,” while calling on China – albeit indirectly – to “cease actions that complicate disputes and not to prejudice the interests of third parties or the rights of all states under international law.”

During his visit to the ASEAN, Pompeo unveiled two initiatives, namely a \$113 million investment fund to mobilize private American capital for high technology and high-quality investments in the ASEAN, and a \$300 million package of security assistance to enhance the maritime security capabilities of Southeast Asian nations. The U.S. Congress is considering a larger defense package, the multibillion-dollar Asia Reassurance Initiative Act (ARIA), which is designed to bolster the American naval footprint and network of alliances in the Asia-Pacific.

Pompeo also reiterated the importance of the \$60 billion U.S. government-led investment promotion fund, the Better Utilization of Investments Leading to Development (BUILD) Act, which aims to strengthen America's investment in strategic regions like Southeast Asia. The Trump administration also emphasized risks embedded in China's BRI in juxtaposition to Western and Japanese investments, which comply with world-class standards of good governance, debt sustainability, and environmental protection. Though not in a position to match China's offers dollar-by-dollar, Washington expected to solicit support from other key allies such as Japan and Australia, which have supported America's vision of quality and sustainable infrastructure in the region.

For instance, Japan has in place its own multi-billion-dollar Connectivity Initiative, which covers a plethora of infrastructure projects across much of Southeast Asia, while Australia and ASEAN recently agreed to developing a joint infrastructure project, which “will develop a pipeline of high-quality infrastructure projects, to attract private and public investment.”

Economically, Southeast Asian countries have welcomed intensified competition between China on one hand and the U.S. and its allies on the other. After all, this means more capital, technology and investment options, which are crucial for the region's continued economic prosperity. Yet, there is lingering concern that economic rivalries are just a prelude to all-out trade wars and naval confrontation among great powers in the high seas. The last thing ASEAN countries want is a zero-sum scramble among great powers in their region. It was precisely in this context that Indonesia hosted the annual IMF-World Bank forum in Bali, where Indonesia President Joko Widodo warned, "winter is coming", calling for preparation and pushback against trade protectionism and rising geopolitical tensions among superpowers.

During the 33rd ASEAN summit in November, Singapore's Prime Minister Lee Hsien Loong lamented rising Sino-American tensions, since it may eventually force smaller countries "to take sides," which runs counter to the "very desirable" situation where they don't have to do so by maintaining good relations with all sides.

Amid rising backlash against China's Belt and Road Initiative, and so-called 'debt trap diplomacy', in regional countries such as Malaysia, Singapore steered the region towards diversification of its sources of infrastructure financing, with the city-state itself playing a crucial role in raising and processing new sources of funding. In the Chairman Statement, the ASEAN members "reaffirmed our commitment to accelerate infrastructure development and financing in ASEAN by mobilising private capital, and to advance financial integration in ASEAN by strengthening private market financing opportunities for promising ASEAN growth enterprises."

Pushing back against trade protectionism, the ASEAN states, "reaffirmed our strong commitment to multilateralism and international cooperation, and remained steadfast in upholding the open and rules-based multilateral trading system, which has underpinned the region's economic growth over the past decades." Pushing forward with the RCEP, which is expected to enter critical and final stages of negotiations next year, was the main thrust of Singapore's ASEAN chairmanship this year. Thus, the ASEAN pushed back against both America's new protectionism, with its unilateral imposition of tariffs, and China's debt-trap diplomacy, which has raised alarm bells in Malaysia and other Asian states. This is a major diplomatic achievement in itself, a testament to the ASEAN's effort to shape the regional order.

On the South China Sea issue, the Chairman Statement after the 33rd ASEAN summit broadly echoed statements made during the previous summit in April, welcoming "continued improving cooperation between ASEAN and China" and how they have been "encouraged by the progress of the substantive negotiations towards the early conclusion of an effective COC in the South China Sea" What was added, though, recognition of the agreement on a Single Draft COC Negotiating Text, with an emphasis on "the need to maintain an environment conducive to the COC negotiations."

Yet, the statement was broadly tepid, only "[taking] note of some concerns [author's own emphasis] on the land reclamations and activities in the area, which have eroded trust and confidence, increased tensions and may undermine peace, security and stability in the region." They "emphasized the importance of non-militarization and self-restraint in the conduct of all activities by

claimants and all other states," but once again it seemed China was not particularly targeted.

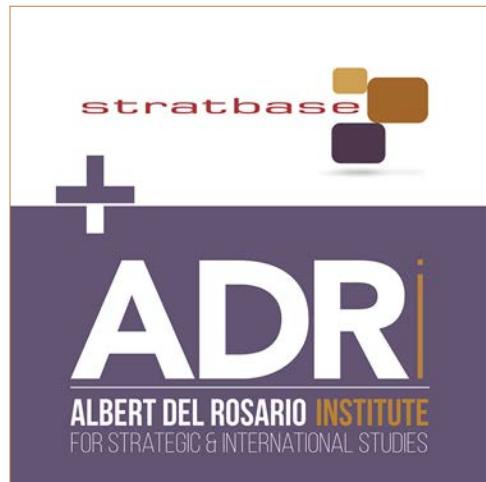
Overall, the ASEAN under Singapore adopted a tougher language on threats to a free and open economic order in Asia, but fell short of standing up to serious threats a free and open geopolitical order, particularly in terms of freedom of access to high seas, in the region.



ABOUT

Richard Javad Heydarian

is a non-resident fellow at Stratbase ADR Institute, and a columnist for the Philippine Daily Inquirer, and a resident political analyst at GMA Network. He has authored close to 1000 articles on regional security issues, three authored books on geopolitics, and writes widely for regional and international publications. Parts of this paper were drawn from his earlier works for the US-China Focus and Straits Times, where he is a regular contributor.



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9F 6780 Ayala Avenue, Makati City
Philippines 1200

V 8921751
F 8921754

www.stratbase.ph