ASEAN ascending
Achieving ‘centrality’ in the emerging Asian order

Peter Chalk
March 2015
Peter Chalk

Peter Chalk is an adjunct senior political scientist with the RAND Corporation in the United States. He has analysed such topics as unconventional security threats in Southeast and South Asia; new strategic challenges for the US Air Force in Latin America, Africa, and South Asia; evolving trends in national and international terrorism; Australian defence and foreign policy; international organised crime; the transnational spread of disease; and US military links in the Asia–Pacific region.

Peter is associate editor of *Studies in Conflict and Terrorism*, one of the foremost journals in the international security field. He has testified before the US Senate on issues pertaining to transnational terrorism and piracy and is author of numerous publications and books on various aspects of low-intensity conflict in the contemporary world. Besides his RAND affiliation, Chalk acts as a subject matter expert on maritime security with the Postgraduate Naval School in Monterey, California and works as a contractor for several organisations that provide professional executive education to security and government officials around the world. Before coming to RAND, Peter was an assistant professor of politics at the University of Queensland, Brisbane, and a postdoctoral fellow in the Strategic and Defense Studies Centre of the Australian National University, Canberra. He earned his Ph.D. in political science at the University of British Columbia, Vancouver, Canada.

About ASPI

ASPI’s aim is to promote Australia’s security by contributing fresh ideas to strategic decision-making, and by helping to inform public discussion of strategic and defence issues. ASPI was established, and is partially funded, by the Australian Government as an independent, non-partisan policy institute. It is incorporated as a company, and is governed by a Council with broad membership. ASPI’s core values are collegiality, originality & innovation, quality & excellence and independence.

ASPI’s publications—including this paper—are not intended in any way to express or reflect the views of the Australian Government. The opinions and recommendations in this paper are published by ASPI to promote public debate and understanding of strategic and defence issues. They reflect the personal views of the author(s) and should not be seen as representing the formal position of ASPI on any particular issue.

Important disclaimer

This publication is designed to provide accurate and authoritative information in relation to the subject matter covered. It is provided with the understanding that the publisher is not engaged in rendering any form of professional or other advice or services. No person should rely on the contents of this publication without first obtaining advice from a qualified professional person.

Cover image: Networking concept © Carlos Castilla/Shutterstock
ASEAN ascending
Achieving ‘centrality’ in the emerging Asian order

Peter Chalk
March 2015
<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXECUTIVE SUMMARY</td>
<td>5</td>
</tr>
<tr>
<td>CHAPTER 1 Introduction</td>
<td>8</td>
</tr>
<tr>
<td>CHAPTER 2 The institutional development of ASEAN</td>
<td>9</td>
</tr>
<tr>
<td>CHAPTER 3 China and ASEAN</td>
<td>13</td>
</tr>
<tr>
<td>CHAPTER 4 US–ASEAN relations</td>
<td>19</td>
</tr>
<tr>
<td>CHAPTER 5 Conclusion</td>
<td>23</td>
</tr>
<tr>
<td>APPENDIX 1 Import, export and investment data for selected Asian countries</td>
<td>24</td>
</tr>
<tr>
<td>REFERENCES</td>
<td>25</td>
</tr>
<tr>
<td>NOTES</td>
<td>27</td>
</tr>
<tr>
<td>ACRONYMS AND ABBREVIATIONS</td>
<td>30</td>
</tr>
</tbody>
</table>
Map showing ASEAN member states.
The Association of Southeast Asian Nations (ASEAN) has declared its intent to establish a fully integrated community by the end of 2015. The aim is to institutionalise a regional bloc built on three pillars:

- the ASEAN Economic Community
- the ASEAN Political-Security Community
- the ASEAN Socio-Cultural Community.

An ASEAN Community would, for the first time, provide Southeast Asian countries with a single regime of intergovernmental collaboration that can be used to draft, implement and refine joint policies and courses of action. This would greatly facilitate future proactive planning and aid the development of comprehensive and codified forms of supranational cooperation and governance.

The main aim of these changes is to better situate ASEAN to achieve its core goal of 'centrality'—a term coined to emphasise how internal cohesion can be leveraged to both advance economic progress and manage the Association’s relations with external partners. ASEAN’s member states have come to appreciate that to achieve centrality they’ll need to build an assertive regional organisation that doesn’t merely default to the lowest common denominator, but where decisions about sensitive and complex issues can be made and, more importantly, acted on.

One factor that’s likely to bear heavily on the future trajectory of the proposed ASEAN Community is the influence of an increasingly assertive government in Beijing. The People’s Republic of China (PRC) is now the pre-eminent power in Southeast Asia, one of the largest markets for the region’s goods and the primary source of its foreign direct investment. Beijing has used its wealth to steadily increase its defence budget, especially to enhance its anti-access/area denial (A2/AD) capabilities. Those platforms, together with China’s increasing use of ‘soft’ power, very much reflect a country that’s seeking to flex and entrench its new power in the wider Asia–Pacific.

The PRC has several core objectives in Southeast Asia. The first is to ensure the continued economic growth of the region, which Beijing clearly understands is integral to its own future prosperity and to stability in this part of the world. The second is to prevent American strategic encirclement by extending its own military reach across Southeast Asia. The third is to ensure its access to key energy resources in the South China Sea—a policy that has brought it into direct conflict with a number of ASEAN states with their own claims in those waters. The fourth is to use soft power instruments as effective apolitical tools for consolidating its social and cultural hold in the region while limiting the appeal of the US.

ASEAN–PRC ties have grown substantially during the past 25 years and now encompass agreements in the economic, political, security, social and cultural realms. This makes it highly probable that China will play a major role in shaping the future development of the ASEAN Community.

In economic terms, Beijing’s overall influence is likely to be largely positive. Since the signing of a strategic partnership agreement in 2003, bilateral economic relations have boomed. Over the past decade, the two-way flow
of goods and services has increased more than sixfold, topping $400 million in 2013. ASEAN has also become the PRC’s main global destination for foreign direct investment, which reached around $92 billion in 2013.

However, while ASEAN as a whole may want to entrench a mutually beneficial economic partnership with China, differences of opinion about how quickly and on what scale that should occur could well arise within the group. In particular, the perceived economic benefits of working with Beijing are likely to be higher for less developed continental Southeast Asian countries (for example, Laos and Cambodia) than for more advanced maritime nations, such as Malaysia, the Philippines, Brunei and Singapore.

In the political and security realm, there’s far less certainty in ASEAN perceptions of China, particularly about Beijing’s medium- to long-term strategic intentions in the region. Concerns that A2/AD platforms may be used to restrict access in the South China Sea or to institute a Southeast Asian order that’s determined in Beijing could encourage ASEAN maritime member states to look to Washington as the ultimate guarantor of their national and wider regional defence. That would not only dilute the relevance of the ASEAN Community as a security mechanism, but could also cause ASEAN to take on a US-centric focus precisely of the sort that the PRC is so opposed to.

Beijing’s soft power is also relevant for ASEAN’s social and cultural integration, although the extent of that influence is difficult to determine. On the one hand, China’s official emphasis on peaceful development and shared Asian values would seem to fit well with ASEAN’s own commitment to stability and unity. On the other, the PRC’s effort to forge closer social, cultural and diplomatic understanding has fallen foul of a central administration that in many ways lacks self-awareness—something that’s been especially true in Beijing’s aggressive (and patronising) stance on the South China Sea.

To be successful, the ASEAN Community will also require considerable backing from the US—the other major power in Southeast Asia.

Washington has three main reasons to support the development of an ASEAN Community. First, economic integration will help to enhance US–ASEAN trade and investment ties, which are both significant and rising. Second, promoting a more multilateral approach to security cooperation would help to reduce perceptions that American policymakers pursue defence goals that are solely in their own interests and would directly contribute to burden sharing. Third, a fully integrated ASEAN would help the US to balance China and India, assure access to critical shipping lanes in the South China Sea and bring greater symmetry to important forums that involve Washington, such as the East Asia Summit, the Asia–Pacific Economic Cooperation forum, the ASEAN Regional Forum and the ASEAN Defence Ministers Meeting plus eight.

There are several ways that the US could help to support the institutional development of the ASEAN Community. Economically, it could deepen regional integration through the Trans-Pacific Partnership. Expanding ASEAN membership in this program would buttress trade liberalisation and offset perceptions that the agreement poses a challenge to ASEAN centrality.

On the political and security front, the US could provide input to the ASEAN Defence Ministers Meeting’s current deliberations by suggesting joint endeavours that support military interoperability. The purpose of these activities would be twofold: first, to demonstrate empirically how ASEAN militaries are able to work constructively for the good of regional peace and stability; second, to revise traditional threat perceptions and force postures to meet the collective challenge posed by issues of mutual security concern.

Finally, Washington could use its own soft power to promote programs that are designed to fully engage civil society across ASEAN.
ASEAN’s commitment to a more formal communitarian structure has significant implications for the future economic, political and security climate in Southeast Asia. The PRC and the US are both in a position to influence the future direction of this integrative process.

With the exception of economic integration, China’s overall impact is likely to be either negative or ambivalent. To avoid such a fate, ASEAN’s leaders need to resist temptations such as seeking to ink a ‘special relationship’ with the PRC and remain united and steadfast in their commitment to strengthening regional mechanisms for cooperation. The US can and certainly should assist in this effort. A vibrant and integrated ASEAN Community would be a stronger economic partner and a more reliable and robust political ally.

Ultimately, however, it will be up to ASEAN itself to achieve centrality and thereby remain a relevant player in the emerging Asian order. In this respect uncertainties remain, as in many ways the Association continues to follow the age-old defining normative principles that have traditionally shaped the manner in which it acts and conducts business. Component governments still show a preference for the twin cardinal principles of unanimity and non-interference in each other’s internal affairs. The favoured approach to problem solving remains incremental and informal. There’s no specific mechanism to penalise non-compliance with formal policies, adherence to which is largely up to individual countries. Regional integration remains a state-driven (as opposed to people-oriented) process. And ASEAN’s secretariat has yet to be given the necessary resources to allow it to act as a truly or even partially effective supranational governing body. Although this doesn’t bode well for concerted action on tough political, economic and security issues, maintaining the norms of consensus and non-interference may well be necessary if ASEAN is going to stay unified as a regional bloc, especially given its member states’ highly diverse economic development and strategic interests.

Now in its sixties, ASEAN sits at a critical juncture that could see it either occupying the driver’s seat in future regional cooperation or being marginalised as a relic of the past.
CHAPTER 1

Introduction

The Association of Southeast Asian Nations (ASEAN) has declared an active intent to establish a full social, economic and security community by the end of 2015. If that aim’s achieved—even in a nascent form—it will be a significant development for a regional body that started life as a loose, ad hoc economic configuration of five founding states. For the first time, it would provide Southeast Asian countries with a single regime of intergovernmental collaboration that can be used to draft, implement and (where necessary) refine joint policies and courses of action. This would not only greatly facilitate future proactive planning, but would also help with the development of comprehensive and codified forms of supranational cooperation and governance.

One factor that’s likely to bear heavily on the future direction of Southeast Asian multilateralism is the influence of an increasingly assertive People’s Republic of China (PRC). Not only is Beijing actively employing diplomatic, economic and cultural power as a means of expanding influence in the region, but its stance on the South China Sea has created a de facto division of interests between those governments that claim territory in those waters and those that don’t.

However, it isn’t just China that will have a bearing on the future trajectory of the proposed ASEAN Community. To be successful, this emerging supranational body will also require considerable support from the US—the other major power in Southeast Asia. The region has considerable strategic and economic importance for Washington, which in several ways could constructively assist ASEAN member states in realising their vision of institutionalised multilateralism.

This special report examines the evolution of ASEAN from its tentative beginnings in 1967 to the present day. It highlights the principal drivers behind the Association’s development, showing how they have informed its normative and organisational evolution. The report then analyses how the PRC’s rise has affected Southeast Asian multilateralism and assesses some of the major implications this holds for securing a future ASEAN Community. Finally, the report considers the role of the US in supporting the collaborative process currently underway in Southeast Asia, examining why Washington should have an interest in seeing the consolidation of a viable supranational body in this part of the world.
CHAPTER 2

The institutional development of ASEAN

ASEAN was born in 1967 as a loose configuration between five states: Thailand, Singapore, Malaysia, the Philippines and Indonesia.

The first three decades

At its inception, the organisation did not stipulate the need to foster a multilateral community, much less a formal, rules-based institutional structure. The founding members outlined a far less ambitious goal for their experimental collaborative endeavour: 'to accelerate the economic growth, social progress and cultural development of the region through joint [initiatives] in the spirit of equality and partnership.'

More specifically, the goal of ASEAN was to overcome various sources of tension that were then straining relations between various key Southeast Asian countries by spurring greater socioeconomic cooperation among them (Table 1). For that endeavour to succeed, the constituent states agreed that the underlying principle of inter-regional dialogue had to be based on non-interference in each other’s internal affairs and a concomitant mutual respect for national sovereignty. In addition, there was broad consensus that there had to be unanimity in decision-making and that conflicts necessarily had to be resolved collegially rather than through the strict application of legally binding statutes (see, for example, Sukma 2014:3–5).

Table 1: Key sources of inter-state tension among ASEAN’s founding member states

<table>
<thead>
<tr>
<th>States concerned</th>
<th>Source of tension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia, Malaysia, Singapore</td>
<td>Indonesia’s policy of confrontation (<em>konfrontasi</em>)</td>
</tr>
<tr>
<td>Malaysia, Singapore</td>
<td>Singapore’s ejection from the Malaya Federation</td>
</tr>
<tr>
<td>Malaysia, Thailand</td>
<td>Thai uncertainty over Kuala Lumpur’s intentions towards its southern Malay Muslim provinces</td>
</tr>
<tr>
<td>Philippines, Malaysia</td>
<td>Manila’s claim over Malaysia’s Sabah province</td>
</tr>
</tbody>
</table>

These norms, which are codified in the 1976 Treaty of Amity and Cooperation and later came to be known as the ‘ASEAN Way’, allowed the members to devote the totality of their resources and attention to what was at the time deemed the most pressing task in Southeast Asia—nation building. Constrained in this way, ASEAN developed as a highly informal mechanism for inter-state collaboration in which institutions were kept deliberately modest (if not weak) and participant governments and foreign ministers retained an extremely high degree of sovereign autonomy. By default, decisions tended to focus only on the lowest common denominator, with loose proclamations and statements of intent—rather than concerted action—typically the main outcome of summit meetings. It was in this context that ASEAN was often somewhat disparagingly referred to as a diplomatic ‘talking club’ (Acharya 2013:20).
Although there were some developments in ASEAN’s institutional make-up (Table 2), the broad normative nature of the organisation and its *modus vivendi* remained largely unchanged until the late 1990s. As Sukma sums up:

ASEAN states were not prepared to surrender their national sovereignty to a regional institution of a supranational type. In this regard it can be argued that ASEAN institutional development has been guided by this major constraint. Reflecting the Association’s guiding principle, the slow evolution of ASEAN’s institutional structures reinforced the nature of the Association as a loose inter-governmental form of cooperation that gives highest priority to the preservation of national sovereignty; hence its reluctance to move towards regional ‘integration’ which would require member states to ‘transfer’ a degree of national sovereignty to a regional entity (Sukma 2014:8).

Table 2: Main institutional and membership changes within ASEAN, 1967 to 1992

<table>
<thead>
<tr>
<th>Date</th>
<th>Development</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1967</td>
<td>Establishment of ASEAN Ministerial Meeting</td>
<td>Acts as a central body for policy formulation and the coordination of activities in all intra–ASEAN cooperation</td>
</tr>
<tr>
<td>1976</td>
<td>Establishment of an ASEAN Secretariat with its own Secretary-General</td>
<td>[In theory] To act as the supreme executive organ in ASEAN</td>
</tr>
<tr>
<td>1976</td>
<td>Institutionalisation of ASEAN Economic Ministers Meeting</td>
<td>Coordinate in the sphere of economics</td>
</tr>
<tr>
<td>1976</td>
<td>Institutionalisation of other ASEAN meetings</td>
<td>Coordinate in the spheres of labour, social welfare, education, information, health, energy science, technology and environment</td>
</tr>
<tr>
<td>1992</td>
<td>Revamping of the ASEAN Secretariat’s Secretary-General role to that of the Secretary-General of ASEAN</td>
<td>Strengthen the role of ASEAN Secretariat</td>
</tr>
<tr>
<td>1992</td>
<td>Commitment to establish an ASEAN Free Trade Area</td>
<td>Boost inter-ASEAN trade</td>
</tr>
</tbody>
</table>

The impetus for change after 1997

There were several impetuses for change in the late 1990s. The first was the inability of the ASEAN member states to deal with the Asian financial crisis, which was triggered by the forced devaluation of the Thai baht in 1997. By the end of the year, knock-on negative fiscal effects had swept through much of Southeast Asia, leaving only Singapore largely unaffected. The impact was greatest in Indonesia—the geopolitical anchor of ASEAN—and was directly responsible for widespread street protests that ultimately forced long-time strongman President Suharto from office.4

Second was ASEAN’s singular failure to respond to—much less contain—the carnage that was unleashed by East Timor’s decision to separate from Indonesia in 1999. Following the vote for independence, pro-unity militias launched a bloody campaign of retribution, allegedly with the direct complicity of the Indonesian armed forces. The ensuing violence left an estimated 1,400 civilians dead and was halted only after the intervention of an Australian-led peacekeeping force.5 Coming on the heels of the Asian financial crisis, the East Timor episode raised doubts about ASEAN’s credibility and its capacity to address regional problems (many of which were of its own making) without outside assistance.

Third was the expansion of ASEAN to include Vietnam, Laos, Cambodia and Myanmar.6 Although this was hailed as the realisation of a long-held vision of a single Southeast Asian region, it also encumbered the Association with a glaring wealth differential between the old and new members. Bridging this gap was viewed as a pressing issue, not least because ASEAN was losing its relevance as a potentially vibrant Asian trading bloc due to the rise of the PRC, which was becoming an increasingly prominent economic powerhouse in its own right.
These developments generated calls for ASEAN to review its existing normative basis and search for a new way for its members to do business. Thailand, with the support of the Philippines, led the charge, calling for two major reforms: a change from unanimity in decision-making to qualified majority voting, and a moderation of strict adherence to non-interference in internal affairs to ‘flexible engagement’ (Sukma 2014:9). Combined, these adjustments were meant to give member states more latitude to make and, significantly, implement policies that, while potentially contentious, were necessary for the good of the collective whole. Although these suggestions were initially met with some scepticism and, indeed, hostility among the wider ASEAN ‘family’, they paved the way for a more dynamic debate on how the Association could overhaul its structure so that it could play a more meaningful role in Southeast Asian affairs. Some noteworthy developments ensued:

- The range of issues covered by the ASEAN agenda expanded from an exclusive focus on socioeconomic and cultural affairs to include non-traditional concerns such as climate change, people smuggling, pandemics, drug trafficking, food security and counterterrorism.
- ASEAN extended its institutional model in East Asia and the wider Asia-Pacific by anchoring new diplomatic and security arrangements such as the ASEAN Regional Forum (ARF), the East Asia Summit (EAS), the ASEAN+3, the ASEAN Defence Ministers Meetings (ADMM) and the ADMM+8.
- For the first time, ASEAN moved to give itself a solid legal basis by adopting a charter (2008) to ensure greater consolidation of its agreements and mechanisms of cooperation (Acharya 2013:3).

The proposed ASEAN Community

ASEAN’s adoption of its charter was arguably the most important initiative, as the document expressly set out a vision to establish a full ASEAN Community by 2020—a target date that has since been brought forward five years to 2015. As the Association’s former secretary-general, Surin Pitsuwan, observed in 2011, the development of a comprehensive and people-oriented entity of this sort would firmly establish ASEAN ‘as the fulcrum of geopolitical stability in Asia’.

The ASEAN Community is to be based on three separate pillars. The first is the ASEAN Economic Community (AEC), which is aimed at creating a single competitive market and production base of 620 million consumers among the Association’s member countries (BiA, n.d.). This arrangement will provide for the free flow of goods, services, skilled labour and investment capital (Table 3).

Table 3: Key components of the ASEAN Economic Community

<table>
<thead>
<tr>
<th>Free flow of goods</th>
<th>Free flow of services</th>
<th>Free flow of investment</th>
<th>Free flow of capital</th>
<th>Free flow of skilled labour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Includes the elimination of tariff and non-tariff barriers to internal trade, the coordination of rules of origin for customs purposes, and trade facilitation via implementation of the ASEAN Harmonized Tariff Nomenclature and completion of the ASEAN Single Window.</td>
<td>Includes the removal of restrictions on trade in services, starting with priority sectors such as air transportation, e-ASEAN, health care, tourism, and logistics services. The intent is to lift all other restrictions for all sectors by 2015.</td>
<td>Includes most-favoured-nation treatment for all ASEAN investors and offers enhanced investment protection via a state dispute settlement mechanism.</td>
<td>Includes harmonisation of ASEAN capital markets standards in the areas of debt securities, disclosure requirements, distribution rules and the tax withholding structure.</td>
<td>Facilitates the issue of visas and employment for ASEAN professionals.</td>
</tr>
</tbody>
</table>

Source: Kalloe (2014).
The second pillar is the ASEAN Political-Security Community (APSC), the overarching goal of which is to ensure that the peoples and member states of ASEAN live in peace with one another and the rest of the world in a just and harmonious environment. It aims to promote adherence to the principles of good governance, democracy, the rule of law, and respect for and the protection of human rights and fundamental freedoms as articulated in the ASEAN Charter. The APSC envisages three inter-related and mutually reinforcing characteristics for Southeast Asia: a rules-based community of shared values and norms; a cohesive, peaceful, stable and resilient geographical area with shared responsibility for comprehensive security; and a dynamic, outward-looking region in an increasingly integrated and interdependent world (ASEAN 2009a:1-2; see also Munir Majid, Tan Sri 2014).

The third pillar is the ASEAN Socio-Cultural Community (ASCC), which aims to contribute to the realisation of the wider ASEAN Community by building a region that is people-oriented and socially responsible and in which enduring solidarity and unity are a hallmark of relations between individual member states. It also seeks to alter the traditional top-down nature of ASEAN by giving civil society groups a greater say in the day-to-day running of the Association. Above all, the ASCC envisages a community that gives precedence to human development, social welfare, respect for and protection of fundamental rights, environmental sustainability, a common ASEAN identity and equitable wealth distribution within and between member states (ASEAN 2009b:1).

Besides creating this trifold communitarian structure, the ASEAN Charter introduces a number of institutional changes to streamline and better coordinate the Association’s hitherto cumbersome structure. The biannual ASEAN summit has now become the group’s supreme policymaking body. It will oversee an ASEAN Coordinating Council—which essentially comprises member states’ foreign ministers working in the ASEAN Ministerial Meeting—and three separate councils responsible for the AEC, APSC and ASCC. In addition, more tasks are to be delegated to the ASEAN Secretariat and the Secretary-General, particularly facilitating and monitoring ASEAN’s commitments and agreements (Sukma 2014:11–12).

The essential purpose of these changes is to better situate ASEAN to achieve its core strategic goals in Southeast Asia, which have been defined as:

• promoting community-building as a means of facilitating deeper economic integration and furthering more effectual conflict prevention and resolution
• sustaining and, to the extent possible, augmenting ASEAN’s relevance in the emerging regional order
• articulating and transmitting a cohesive voice on the international stage.

Together, these objectives are now commonly referred to as ‘ASEAN centrality’—a term coined to emphasise how internal cohesion can be leveraged both to advance economic progress and to manage the Association’s relations with external partners by ensuring that it’s not sidelined by the initiatives of others (Petri and Plummer 2013:6–7, Acharya 2013:20). The member states have come to appreciate that to achieve centrality they’ll need to build an assertive organisation that doesn’t merely default to the lowest common denominator but where decisions about sensitive and complex issues can be made and, more importantly, acted on.

ASEAN’s decision to guide the collaborative interactions of its members through more formal institutional structures carries significant implications for the future economic, political, cultural and security environment in Southeast Asia. If realised even in a nascent form (and it’s important to note that this remains an open question), the ASEAN Community will for the first time provide the states of the region with a potential regime of intergovernmental collaboration that can be used to draft, implement and refine joint policies and courses of action. This would greatly facilitate future proactive planning and aid the development of comprehensive and codified forms of supranational cooperation and governance.

One factor that could bear heavily on the future trajectory of the proposed ASEAN Community, however, is the influence of a rapidly rising and increasingly assertive PRC.
CHAPTER 3

China and ASEAN

The PRC is now the pre-eminent power in Southeast Asia, one of the largest markets for the region’s goods and the prime source of foreign direct investment for emerging, developing and mature markets, including Cambodia, Laos, Thailand, Indonesia, the Philippines and Australia. While the pace of China’s economic boom is slowing, projected growth rates for the foreseeable future are expected to remain at or around 7.75% per year, the highest of any OECD state.11

Beijing has used its wealth to steadily increase its national defence budget (Figure 1), investing considerable amounts in enhancing the country’s anti-access/area denial (A2/AD) platforms. The government has committed to upgrading and expanding China’s space and C4ISR (command, control, communications, computers, intelligence, surveillance and reconnaissance) technologies in addition to constructing advanced combat aircraft, amphibious assault vessels,12 submarines, modern surface warships, and land-attack and anti-ship ballistic and cruise missiles (Thayer 2012). These platforms, together with the increasing use of ‘soft’ power (diplomatic, educational, economic and cultural), very much reflect a country that’s consciously seeking to both flex and entrench its new-found hegemonic status in the wider Asia-Pacific.

Figure 1: Chinese defence spending, 2009 to 2014

Source: China’s defence budget, GlobalSecurity.org, online.
Core PRC objectives in Southeast Asia

The PRC has several core objectives in Southeast Asia. The first and arguably foremost is to ensure the continued economic growth of the region, which Beijing clearly understands is integral to its own future prosperity and development as well as the wider stability of this part of the world. During the August 2013 ASEAN–China Summit in Brunei, the PRC enunciated a two-point political consensus for Southeast Asia that explicitly stated that the key to deepening cooperation and strategic trust was through the expansion of economic ties for mutual benefit. At the same meeting, Beijing unveiled several proposals for boosting growth and development in Southeast Asia. Prominent suggestions included increasing two-way trade to US$1 trillion by 2020; creating an Asian infrastructure bank to finance the burgeoning network of transport and communications connectivity projects across the region; and building a 21st century maritime equivalent of the ancient Silk Road (Parameswaran 2013).

A second prominent goal is to prevent American strategic encirclement by extending the PRC’s own military influence in Southeast Asia. While Washington has repeatedly stated that it has no interest in pursuing a Sino-oriented containment policy, Beijing has clearly baulked at Obama’s ‘Asian pivot’—a reorientation that was first enunciated in 2009 and that has since seen the conclusion of high-profile defence arrangements with close regional allies, such as Australia and the Philippines. At best, those agreements have been viewed with suspicion; at worst, they’ve been interpreted as an explicit effort to shut the PRC out of its own geostrategic ‘backyard’. Most commentators generally agree that a primary factor driving China’s investment in A2/AD capability upgrades is its self-perceived need to further project the country’s influence in Southeast (and East) Asia while simultaneously increasing the difficulty of the US’s efforts to do the same (Chalk 2013a:15).

A third and very much related objective is to gain assured access to key energy resources in the South China Sea, which stretches from the Taiwan Strait to Singapore and contains more than 250 small islands, atolls, cays, shoals and reefs. China has asserted ownership of over 90% of this maritime space, justifying its claim on the basis of initial discovery and historical disputes that date back to the 2nd century BC. A map drawn up by the Kuomintang in 1947 that depicts nine unconnected dotted lines covering the vast majority of the South China Sea has also been taken as further support to vindicate Beijing’s jurisdiction over the area and all land and submarine features within it (Figure 2) (Glaser 2011:3).

The PRC has moved steadily to enforce its self-defined hold in the South China Sea. Several amphibious landing exercises have been conducted in the region, and in 2012 Beijing announced that the Paracel and Spratly island groups as well as the Macclesfield Bank had become a Chinese administrative area known as Sansha City, complete with its own governing officials (Kurlantzick J 2012; Perlez 2012a, 2012b; Pal 2013). These actions have brought the PRC into direct conflict with a number of ASEAN states that have also staked claims in the South China Sea: Malaysia, Brunei and especially the Philippines and Vietnam.

Finally, China has conspicuously sought to expand its influence throughout the Asia–Pacific on the back of non-military ‘soft power,’ viewing instruments such as education, diplomacy and culture as effective apolitical tools for consolidating its social hold in the region while simultaneously limiting the appeal of the US. Although this effort hasn’t squared particularly well with the PRC’s aggressive policy on the South China Sea, it’s clear that Beijing has sought to foster an image of China as a constructive and benign state that’s fully committed to ‘peaceful development’ and the consolidation of shared Asian values. To that end, the government has sought to increase people-to-people links through tourism, study grants and fellowships, cultural visits and events, and the opening of language schools. In addition, the PRC has made a concerted push to enhance understanding of Chinese history, literature, music, intellectual achievement and philosophy through the establishment of Confucius Institutes in major Asian cities and capitals (Chachavalpongum 2013). It has also made concerted moves to professionalise its diplomatic corps and expand Chinese-owned media institutions to promote a positive view of the PRC and offset lingering perceptions that Beijing poses a threat to the region.
China–ASEAN relations

ASEAN–PRC relations have historically been marked by a high degree of mutual suspicion, mistrust and animosity, largely because of Chinese backing for communist parties and insurgencies operating on member states’ territories as well as the backing that Beijing gave to the genocidal Khmer Rouge regime in Cambodia in the 1970s. However, the normalisation of ties in 1990, first by Indonesia and then Singapore and Brunei, paved the way for the formal establishment of ties between the two actors in 1991, China’s admission into ARF three years later and eventually the institution of a full dialogue partnership in 1994 (Ong 2004). Since then, bilateral ties have continued to grow and now encompass agreements in the economic, political, security, social and cultural realms.

Some of the more important dialogue and cooperation accords that have been concluded include:

- the Memorandum of Understanding (MoU) on Non-Traditional Security Issues (2002), which provides for cooperative action against terrorism, drug trafficking, maritime piracy and people smuggling
- the Declaration on the Conduct (DoC) of Parties in the South China Sea (2002)
- the Framework Agreement on Comprehensive Economic Cooperation (2002), which laid the groundwork for the creation of the China–ASEAN Free Trade Area in 2010 (the long-term aim is to link this zone with Australia, New Zealand, South Korea and India to establish a single Asian-oriented trading bloc—an initiative that’s currently being fleshed out in negotiations to conclude a 21-member Regional Comprehensive Economic Partnership Agreement [RCEPA])
the agreement on accession to ASEAN’s Treaty of Amity and Cooperation (2003)
the Joint Declaration on the Strategic Partnership for Peace and Prosperity (2003)\textsuperscript{21}
the China–ASEAN Expo (held every year since 2004)
the MoU on Transportation Infrastructure (2004)
the ASEAN–China Maritime Transport Agreement (2007)
the ASEAN–China Information Communication Technology (ICT) Cooperation Partnership for Common Development (2007)
the creation of a China–ASEAN Investment Cooperation Fund (2009)\textsuperscript{22}
the ASEAN–China Air Transport Agreement (2010)
the creation of the China–ASEAN Maritime Cooperation Fund (2011)\textsuperscript{23}
the China–ASEAN Environmental Cooperation Agreement (2011)

The growing number of ties between the PRC and ASEAN means that Beijing will almost certainly play a major role in shaping the future development of ASEAN’s three-pillar community.

The ASEAN Economic Community

Beijing’s influence on the AEC is likely to be largely positive. Since the signing of a strategic partnership agreement on 29 August 2003, bilateral economic relations have boomed. Over the past decade, the two-way flow of goods and services has increased more than sixfold, topping $400 million in 2013. ASEAN has surpassed Australia, the US and Russia to become the PRC’s principal global destination for foreign direct investment, which reached roughly $92 billion in 2013 (Parameswaran 2013, Lohman 2014). A snapshot of these financial and economic activities is provided in Appendix 1 of this report.

Significantly, Chinese investment, trade and development deals are generally recognised to have garnered appreciation disproportionate to the size of the benefits they have delivered. This is because they’re concluded without the conditions that other (Western) donors often place on external assistance (human rights, environmental conservation, market opening)—something that sits well with ASEAN’s own policy of non-interference in internal affairs. Just as importantly, Beijing consistently emphasises that its economic agreements are deals among equals, reinforcing this message by inking deals at lavish, well-organised receptions at which recipient governments are not only treated with respect but accorded full equality with the donor. As one China specialist at the Australian National University noted, these events convey exceptionally strong symbolism, imparting an impression of inclusiveness that the West simply does not appreciate.\textsuperscript{24}

There’s little doubt that ASEAN views economic ties with the PRC in a positive light and as essential to the group’s own prosperity, especially given the fiscal downturn currently afflicting the bloc’s other major trading partner—the US. Therefore, one can expect that a primary focus of ASEAN will be on consolidating an ever more intricate set of trade and investment relationships. As George Yeo, the former foreign minister of Singapore, has observed: “Historically in East and Southeast Asia … there has really only been one major power rising and ebbing: China. When it rises, it is best to accord it some respect in return for which one derives considerable economic advantage.”\textsuperscript{25}

It is important to note, however, that while ASEAN as a whole may want to entrench a mutually beneficial economic partnership with China, differences of opinion about how quickly and on what scale that should occur could well arise among its members. Some may begin to view overdependence on PRC trade as, at least, a limiting factor for overall foreign policy autonomy and, at most, a threat to national security—Myanmar is one potential case in point (see, for example, Lintner 2013, ICG 2009). Equally, the perceived economic benefit of working with Beijing is likely to be far more pronounced for less developed continental Southeast Asian states (for example, Cambodia and Laos) than for advanced or growing maritime polities that don’t have as pressing a need for Chinese investment dollars,
such as Malaysia, Indonesia, Singapore and the Philippines. Many of the latter countries have also expressed vocal concerns over certain negative consequences that have flowed from bilateral economic agreements with Beijing, notably adverse environmental impacts arising out of large-scale infrastructure projects, increasingly visible corrupt business or bureaucratic practices to win investment tenders, and the loss of local competitiveness due to the importation of cheap goods from the PRC.\textsuperscript{26}

Moreover, even for ASEAN as a single entity, the long-term appeal of working with Beijing will be highly dependent on the future course of the PRC’s domestic economy (as it has with regard to the US). This is an important consideration, as in many ways China remains a ‘fragile’ fiscal superpower. Its annual per capita income is around A$6,000, which is smaller than that of the Dominican Republic, a fifth that of Taiwan and only slightly more than a seventh that of the US (Ranasinghe 2011). China’s now also heavily dependent on imports of energy and raw materials, while a key driver of the country’s development — export-led growth — is inherently limited due to its inability to stimulate domestic consumption (a problem that largely accounted for Japan’s stagnation after 2000). Shifting China away from this model will be difficult because of the country’s extreme inequalities of wealth\textsuperscript{27} and a rapidly ageing population that lacks a social safety net — both factors that tend to encourage saving over buying.\textsuperscript{28}

**The ASEAN Political-Security Community**

In the political and security realm, ASEAN perceptions of China are far less certain, particularly in relation to Beijing’s medium-to-long term regional strategic intentions. The PRC defence budget has increased significantly over the past five years, and most of the spending has been on augmenting the country’s A2/AD capabilities. Concerns that these platforms could be used to restrict freedom of movement through the South China Sea or to institute a Southeast Asian order that’s determined in Beijing have the potential to encourage ASEAN member states — particularly the maritime states — to look to Washington as the ultimate guarantor of their national and wider regional defence. That would not only dilute the relevance of the APSC as a security mechanism in its own right, but could also cause the ASEAN Community to take on a US-centric focus precisely of the sort that China is so opposed to.

Perhaps more fundamentally, the PRC’s A2/AD platforms and its claims in the South China Sea carry important implications for collective ASEAN conflict resolution. Beijing’s assertive stance on the South China Sea (as noted, the country has declared de facto sovereignty over 90% of this maritime space and has initiated a number of contentious policies to enforce that jurisdiction) has brought it into direct conflict with several ASEAN member states that have similarly staked claims to islands and shoals in those waters, particularly Vietnam (which claims the Paracel Islands) and the Philippines (which maintains ownership of the Spratly Islands and the Macclesfield Bank).

The official ASEAN policy is that these territorial disputes should be dealt with peacefully through multilateral dialogue. Despite signing the 2002 DoC, which reafﬁrms the primacy of reaching a solution with ASEAN members as a whole, China has consistently argued that it will only deal with each of the claimants on an individual basis and has rejected the involvement of any outside parties (Parameswaran 2013). Beijing’s insistence on such an approach threatens to create a schism between those ASEAN states that regard this as a fundamental issue of importance (the four claimants — particularly Vietnam and the Philippines — Singapore, which is concerned about ensuring unrestricted access to sea lanes through the South China Sea and Indonesia, which has traditionally argued that a multilateral approach is essential to maintain ASEAN’s political and diplomatic cohesion); those that have no major stake in the matter (Myanmar, Laos); and those that are prepared to acquiesce for the sake of preserving highly beneﬁcial economic ties with China (Thailand, Cambodia).

Potential fissures have already become apparent and were reﬂected perhaps most glaringly in 2012 when ASEAN member states were unable to agree on the wording of a ﬁnal joint communiqué following their biannual meeting in Phnom Penh. The failure to reach consensus, which was a ﬁrst for ASEAN, was largely due to Cambodian reluctance to include any reference to the South China Sea disputes—even though they were a major topic of discussion on the agenda—following pressure from its largest trading partner, China (Perlez 2012c, Puy Kea 2012, Bower 2012).
A similar pattern occurred two years later in Myanmar, where, despite strong protestations from Vietnam, the final summit statement contained no criticism of Chinese actions in the South China Sea and merely called on all parties involved ‘to refrain from taking actions that would escalate tension’ (Tiezzi 2014). These actions raise the question of whether ASEAN is able or willing to take a rigorous collective security stance or will merely default to the traditional remedy of sweeping sensitive geo-political issues under the carpet (Acharya 2013:8–9).

The ASEAN Socio-Cultural Community

The PRC has increasingly come to appreciate the importance of soft power to offset concerns about a ‘China threat’, and its employment of the concept has direct relevance to the ASCC. However, the extent to which Beijing’s application of soft power will influence the workings of the third pillar is difficult to determine. On the one hand, China’s official emphasis on peaceful development and shared Asian values would seem to fit well with ASEAN’s own commitment to stability and unity. Certainly, this appears to have been the intent of a two-day high-level people-to-people dialogue conference that the PRC convened in Nanning during June 2013. In his opening remarks, Liu Qibao, the minister in charge of the Political Bureau’s Publicity Department, pointedly declared that Beijing was committed to cooperating with Southeast Asia and its people to establish a region of sustainable peace and common prosperity, and then went on to position the so-called ‘China Dream’ as the most viable means of achieving such an outcome.

The PRC has also done a relatively good job of professionalising its diplomatic corps to transmit effective and credible messages of peace and harmony, and Mandarin and Cantonese newspaper and media outlets are now beginning to appear across Southeast Asia to reinforce those missives. Moreover, there’s little doubt that Beijing’s vocal support for the cardinal principle of non-interference in internal affairs rings loud in a region that in many ways remains sensitive to the prerogatives of national sovereignty (Lum et al. 2008:4–5).

However, the Chinese effort to forge closer social, cultural and diplomatic understanding has fallen foul to a central administration that in many ways lacks real self-awareness—something that’s been especially true in Beijing’s aggressive (and patronising) stance on the South China Sea. Sinologists and other observers generally agree that the PRC’s uncompromising position on its sovereignty claims is working against diplomatic efforts to showcase the country as one that’s responsible, non-threatening and ready to play by established and accepted ‘rules of the game’. This is seen not only as coming at the direct expense of bilateral relations with Vietnam and the Philippines, but as one that could well engender a perception of China as a regional bully among ASEAN’s wider membership.

A further difficulty has to do with the nature of the PRC polity, which Beijing describes as ‘socialism with Chinese characteristics’. Resting on four key cardinal principles, of which one-party rule is the most important, this model has questionable appeal within ASEAN, given the deepening appreciation for political rights and freedoms in a growing number of key member states. Indeed, only Laos, Vietnam and Brunei would conceivably have any real affinity for such a closed arrangement, with most others moving more to open, competitive, multiparty systems.

Finally, the various Confucius Institutes that China has set up suffer from two main problems that have hindered their overall influence within ASEAN. First, most teachings and events are conducted in Cantonese or Mandarin, which are still not widely spoken in Southeast Asia despite the effort to promote them. Second, and more importantly, the emphasis on Confucianism is largely irrelevant to a regional population that’s more than 50% Muslim and mostly looks to the Islamic world for guidance on religious, social and cultural development (Lum et al. 2008:3).

To be sure, ASEAN’s outlook as a more mature, rules-based community is likely to be heavily influenced by China. Overall, Beijing’s likely to be a positive force in the economic realm, a potential spoiler in the political and security sphere and an ambivalent player in the social and cultural domain.
CHAPTER 4

US–ASEAN relations

It’s not just China that will have a bearing on the future trajectory of the proposed ASEAN Community. To be successful, this emerging supranational body will also require considerable support from the US—the other major power in Southeast Asia.

Southeast Asia and its importance to the US

The US has been involved in Southeast Asia for a long time. It fought a prolonged war in Vietnam, has concluded major defence agreements with the Philippines and Thailand and instituted a wide variety of bilateral agreements that have spanned the social, political and economic realms. However, American interest in the region waned after the end of the Cold War as other more pressing hotspots in Europe, the Middle East and Northeast Asia began to claim Washington’s attention. Only fairly recently has it sought to re-engage the region as part of a wider effort to ‘pivot’ back to the Asia–Pacific, which became official policy in 2012 with the release of the Obama administration’s new defence strategic guidance.34 Diplomatically, the US has sought to give concrete expression to its reorientation by creating a dedicated Southeast Asian financial post in the Treasury Department and, more importantly, by appointing an ambassador to ASEAN as a group—a position currently held by Nina Hachigan (Simon 2006, Plummer 2008).

The US return to Southeast Asia is indicative of ASEAN’s growing significance to Washington. The Association has strategic import, as it contains two of Washington’s major non-NATO allies—the Philippines and Thailand—as well as the world’s largest Muslim nation, Indonesia, which has been a key partner in the global war against terrorism. As a region, ASEAN straddles some of the world’s busiest shipping lanes connecting China, Japan, South Korea, the Middle East, Europe and Australia, (which currently ranks as one of Washington’s closest military partners). The bloc is also highly relevant as a potential conflict flashpoint, given that four of its members are direct parties to conflicting national claims in the South China Sea (US CoC, n.d.).

Fiscally, ASEAN is rapidly emerging as a major powerhouse in its own right. The region has a consumer base of 620 million people, a combined GDP that exceeds A$2.29 trillion (3% of global GDP) and a healthy foreign direct investment to GDP ratio of 52%, which brought investment inflows to a record A$87 billion in 2010. Moreover, thanks to the unusually open economies of many of its member states, ASEAN remains a central component in global supply chains.35

Finally, ASEAN is a major economic partner of the US with two-way trade exceeding US$233 billion in 2010 (Tables 4 and 5). Principal American exports (US$81 billion) to the bloc included wheat, agricultural products, chemicals, electrical equipment, machinery, transport components and private services; the main US imports (US$152 billion) were rice, other foodstuffs, textiles, apparel, footwear, electronic goods, chemicals and transport and communications services (Petri and Plummer 2013:5).
Table 4: US exports to ASEAN, 2010 (US$ million)

<table>
<thead>
<tr>
<th>ASEAN</th>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Philippines</th>
<th>Thailand</th>
<th>Singapore</th>
<th>Vietnam</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary products</td>
<td>4,253</td>
<td>1,950</td>
<td>446</td>
<td>467</td>
<td>782</td>
<td>153</td>
<td>443</td>
</tr>
<tr>
<td>Manufactured goods</td>
<td>55,765</td>
<td>5,016</td>
<td>9,033</td>
<td>8,236</td>
<td>8,903</td>
<td>22,292</td>
<td>1,945</td>
</tr>
<tr>
<td>Services</td>
<td>21,465</td>
<td>3,195</td>
<td>3,121</td>
<td>1,105</td>
<td>4,369</td>
<td>8,041</td>
<td>1,286</td>
</tr>
<tr>
<td>Total</td>
<td>81,484</td>
<td>10,161</td>
<td>12,600</td>
<td>14,054</td>
<td>30,486</td>
<td>3,674</td>
<td>699</td>
</tr>
</tbody>
</table>

Note: Some columns may not sum because of rounding. A correction has been made to this table, 19 May 2015. The table had ‘billion’ instead of ‘million’.

Table 5: US imports from ASEAN, 2010 (US$ million)

<table>
<thead>
<tr>
<th>ASEAN</th>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Philippines</th>
<th>Thailand</th>
<th>Singapore</th>
<th>Vietnam</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary products</td>
<td>2,137</td>
<td>304</td>
<td>68</td>
<td>64</td>
<td>404</td>
<td>9</td>
<td>1,177</td>
</tr>
<tr>
<td>Manufactured goods</td>
<td>140,026</td>
<td>23,876</td>
<td>34,730</td>
<td>14,093</td>
<td>26,019</td>
<td>22,602</td>
<td>15,603</td>
</tr>
<tr>
<td>Services</td>
<td>10,817</td>
<td>1,126</td>
<td>1,483</td>
<td>542</td>
<td>2,332</td>
<td>4,650</td>
<td>366</td>
</tr>
<tr>
<td>Total</td>
<td>152,981</td>
<td>25,306</td>
<td>36,281</td>
<td>28,755</td>
<td>27,260</td>
<td>17,146</td>
<td>3,533</td>
</tr>
</tbody>
</table>

Note: Some columns may not sum because of rounding. A correction has been made to this table, 19 May 2015. The table had ‘billion’ instead of ‘million’.

In its economic and security dealings with Southeast Asia, the US has traditionally emphasised bilateral engagements, working through a ‘hubs and spokes’ arrangement that addresses the individual needs and concerns of allies and partners in this part of the world. To a large extent, this was the only practical way for Washington to advance its interests in the region, given ASEAN’s procedural principles of unanimity in decision-making and non-interference in internal affairs, which significantly hindered the development of an effective, rules-based structure of multilateral institutional collaboration. Just as pertinent have been the vast cultural and political differences that exist in Southeast Asia and ongoing sources of inter-state tension, both of which ingrained a zero-sum mindset that historically limited the development of robust collective action norms. Exacerbating these factors has been the issue of ‘face’, which has caused many Southeast Asian states to shy away from multilateral cooperation for fear that it would expose gaps and weaknesses in their security sectors.

However, ASEAN’s commitment to a more formal communitarian structure provides the US with a unique opportunity to build on existing bilateral engagements and institute a more multilateral approach to future cooperation in the region. There are at least three reasons why Washington should want to support such a process. First, the AEC will help to enhance US–ASEAN trade and investment ties, which are both significant and rising. The Association is the US’s fourth largest overseas market, supporting an estimated 800,000 American jobs and generating exports that are worth roughly the same as those of China and nearly four times those of India (Plummer 2008, Allurentis 2013:9). Moreover, Southeast Asia as a whole is a favoured business location for American multinational companies, and currently hosts more than US$150 billion in foreign direct investment (the largest US commitment in Asia).

Second, facilitating the phased institution of a comprehensive ASEAN Community would further the strategic interests of the US. Promoting multilateralism as the preferred approach to security cooperation would help to reduce perceptions that American policymakers are interested in pursuing defence goals that are based solely on calculations of self-interest; it would also allow Washington to buttress indigenous capabilities in areas where operating purely bilaterally could be problematic for political or logistical reasons (Chalk et al. 2009:191). Moreover, being able to rely on an effective regional bloc would directly contribute to burden sharing—a mantra of the security community, given current concerns about overstretch.

Third, a more integrated ASEAN would help to give greater collective ‘voice’ to the states of Southeast Asia. Individually, the member states lack the ability to be truly important players in the emerging Asian order. However, as a grouping of more than 600 million people, the ASEAN Community would have a genuine potential to play a decisive role in effectively managing the region’s political, security and economic affairs (Plummer 2008). This would
be highly advantageous to the US, particularly in balancing China and India, assuring access to critical shipping lanes in the South China Sea and generally bringing greater symmetry to important groupings that involve Washington, such as the East Asia Summit, the Asia-Pacific Economic Cooperation forum, ARF and the ADMM+8.

**US support to the ASEAN Community**

How, then, could the US support the institutional development of the ASEAN Community? In many ways, the underpinnings for rigorous engagement are already in place. Economically, Washington could help to deepen integration through the Trans-Pacific Partnership (TPP). This US-led initiative aims to promote trade and investment through the establishment of marketplaces that are open, transparent and accountable. It currently involves Canada, Chile, Peru, Mexico, Japan, New Zealand and Australia and four ASEAN members—Vietnam, Brunei, Malaysia and Singapore (Allurentis 2013:7). Expanding the TPP to include other dynamic, reform-minded Southeast Asian economies would both buttress the liberalisation that’s part and parcel of high-quality trading regimes of the type envisioned in the AEC and offset perceptions that the treaty poses a challenge to ASEAN centrality (Petri and Plummer 2013:31).

Logical candidates for incorporation into the TPP include Indonesia, Thailand and the Philippines. To ensure that less developed economies are not economically disadvantaged—which would create wealth divisions precisely of the sort that the AEC is intended to mitigate—Washington might usefully consider a broader program of economic support that’s aimed at ASEAN as a whole but is specifically geared to facilitating capacity building in Laos, Cambodia and even Myanmar, now that it’s courting outside investment. In addition, Washington should stress that ASEAN members don’t necessarily need to choose between the American-centric TPP and the Chinese-backed RCEPA. Rather, the emphasis should be on complementary participation in the expectation that combining the two schemes would be likely to generate significant economic gains that would substantially reinforce the AEC’s foundation (Petri and Plummer 2013:27–32).

On the political and security front, the ADMM+8 is a logical mechanism for Washington to foster normative values of collaboration that can be applied to augment the overall efficacy of the APSC in coping with the various challenges that are likely to confront Southeast Asia in coming years. The ADMM+8 not only includes all ASEAN member states (which means that they have automatic ‘buy-in’), it is also a forum in which the US Army plays a prominent role in its discussions by contributing to six expert working groups: counterterrorism, humanitarian relief and disaster assistance (HA/DR), peacekeeping, military medicine, maritime security and humanitarian mine action. Most importantly, however, ADMM+8 debates feed directly into the meetings of the ADMM—the highest security policy mechanism within ASEAN—which is specifically looking at how concerted regional defence cooperation can best support the objectives of the APSC.

The US could leverage and provide input to the ADMM’s current deliberations by suggesting joint endeavours that support interoperability in a mission planning and execution capacity, such as non-combatant evacuation operations, HA/DR, counter-piracy exercises, and training to disarm improvised explosive devices. The purpose of these activities would be twofold; first, to demonstrate empirically how ASEAN militaries are able to work constructively for the good of regional peace and stability (both enshrined as key objectives of the APSC); second, to revise traditional threat perceptions and associated (ad hoc, hesitant) force postures so that more focused attention can be given to the collective security imperatives that are demanded by new and re-emerging issues of mutual concern (Tan 2012).
Finally, added support could be rendered to the ASCC through initiatives that are aimed at consolidating relationships built on peace and trust. The US has developed an extremely sophisticated understanding of soft power⁴⁰ (and far more so than China’s) and has at its disposal a diverse portfolio of tools to apply the concept, including diplomacy, trade, investment, humanitarian aid, education, culture and branding. At the same time, aspects of the American model resonate widely in Southeast Asia (despite Beijing’s pointed efforts to limit the appeal of Western-centric ideas in Asia), especially in the areas of vocational training (secondary and tertiary) and pop culture (movies, television programming, video games and music). Just as importantly, the US has been able to garner considerable goodwill by virtue of the prominent role it has played in responding to major natural disasters in the region, such as the tsunami that struck Aceh in 2004 and Typhoon Haiyan, which devastated the Philippines in 2013. As one noted Filipino journalist commented following the latter catastrophe: ‘The rapid response of the US in deploying its air and naval assets/hardware at the quickest time possible is sending a clear message to all, particularly China, that the US can flex its muscles in the Asia–Pacific region at short notice [and that] “disaster diplomacy” is doing [a great deal] more to promote US interests in the region’ (Romualdez 2013).⁴¹

Washington should leverage its experience with soft power as well as the general resonance it has in Southeast Asia to promote a wide array of programs and projects that are designed to fully engage civil society across the region.

Washington should leverage its experience with soft power as well as the general resonance it has in Southeast Asia to promote a wide array of programs and projects that are designed to fully engage civil society across the region. To ensure that these activities are consistent with the notion of ASEAN centrality, they should be executed in total accord with the member states. One viable channel for achieving this is the ASEAN–US Enhanced Partnership Plan of Action. Concluded in 2006, the agreement affirms a commitment to foster cooperation in science, interfaith dialogues, educational exchanges, and information and communications technology (ASEAN 2014c). Each of these areas falls squarely within the ambit of the ASCC, and they could all be usefully expanded to include other societal elements, such as music, literature, art and sporting activities (see, for example, Plummer 2008).
Conclusion

ASEAN’s commitment to a more formal communitarian structure has significant implications for the future economic, political and security climate in Southeast Asia. The PRC and the US are both in a position to influence the future direction of this integrative process. With the notable exception of the AEC, China’s overall impact is likely to be either negative or ambivalent. While there’s as yet no concrete evidence that Beijing is pursuing an explicit policy of divide and rule towards the regional bloc and its member countries, it may be tempted to do so in the future, especially if core Chinese interests are seen to be at stake (Acharya 2013:21). Such an outcome could have a highly deleterious impact on ASEAN’s vision for effective institutionalised multilateralism.

To avoid such a fate, ASEAN’s leaders need to resist temptations such as seeking to ink a ‘special relationship’ with the PRC and remain united and steadfast in their commitment to strengthening regional mechanisms for cooperation. The US can and certainly should assist in this effort. A vibrant and integrated ASEAN Community will make for a stronger economic partner and a more reliable and robust political ally (Petri and Plummer 2013:ii).

Ultimately, however, it will be up to ASEAN itself to achieve centrality and thereby remain a relevant player in the emerging Asian order. In this respect uncertainties remain, as in many ways the Association continues to follow the age-old defining normative principles that have traditionally shaped the manner in which it acts and conducts business. Component governments still show a preference for the twin cardinal principles of unanimity and non-interference in each other’s internal affairs. The favoured approach to problem solving remains one that is incremental and informal. There’s no specific mechanism to penalise noncompliance with formal policies, and adherence is largely a matter for individual member states to consider. Regional integration continues to be a state-driven (as opposed to people-oriented) process. And the ASEAN Secretariat has yet to be given the necessary resources to allow it to act as a truly or even partially effective supranational governing body. Although this doesn’t bode well for concerted action on tough political, economic and security issues, maintaining the norms of consensus and non-interference may well be necessary if ASEAN is going to stay unified as a regional bloc, especially given the high diversity of its member states’ economic development and strategic interests.42

These realities necessarily raise the question of whether ASEAN will be able to truly transform itself from a group that has until now been relatively weak and informal to a more rules-based community that’s able to systematically take on and tackle tough policy issues. Now in its sixties, ASEAN sits at a critical juncture that could see it either occupying the driver’s seat in future regional cooperation or being marginalised as a relic of the past (Acharya 2013:21).
## Import, export and investment data for selected Asian countries

### Table A1: Imports (US$ billion)

<table>
<thead>
<tr>
<th></th>
<th>Myanmar</th>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Philippines</th>
<th>Singapore</th>
<th>Thailand</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>11.0</td>
<td>29.4</td>
<td>29.7</td>
<td>US—7.6</td>
<td>Malaysia—40.4</td>
<td>Japan—49.6</td>
<td>China—24.9</td>
</tr>
<tr>
<td>Singapore</td>
<td>1.1</td>
<td>Singapore—26.1</td>
<td>Singapore—26</td>
<td>China—7.1</td>
<td>China—39.2</td>
<td>China—37.0</td>
<td>South Korea—13.2</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.5</td>
<td>Japan—22.8</td>
<td>Japan—20.2</td>
<td>Japan—7.0</td>
<td>US—38.7</td>
<td>UAE—15.6</td>
<td>Japan—10.4</td>
</tr>
<tr>
<td>South Korea</td>
<td>0.3</td>
<td>Malaysia—12.2</td>
<td>US—15.9</td>
<td>South Korea—4.7</td>
<td>South Korea—25.6</td>
<td>Malaysia—13.1</td>
<td>Singapore—6.4</td>
</tr>
<tr>
<td>Japan</td>
<td>0.2</td>
<td>South Korea—12</td>
<td>Thailand—11.7</td>
<td>Other Asia—5.1</td>
<td>Other Asia—25.3</td>
<td>US—13</td>
<td>Other Asia—8.6</td>
</tr>
<tr>
<td>Other</td>
<td>1.0</td>
<td>Other—89.2</td>
<td>Other—92.9</td>
<td>Other—33.9</td>
<td>Other—210.5</td>
<td>Other—119</td>
<td>Other—43.4</td>
</tr>
</tbody>
</table>

Source: UN Comtrade database

### Table A2: Exports (US$ billion)

<table>
<thead>
<tr>
<th></th>
<th>Myanmar</th>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Philippines</th>
<th>Singapore</th>
<th>Thailand</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>13.2</td>
<td>Japan—30.1</td>
<td>Singapore—30.9</td>
<td>Japan—9.9</td>
<td>Malaysia—50.3</td>
<td>China—26.9</td>
<td>US—17.0</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1.6</td>
<td>China—21.7</td>
<td>China—28.7</td>
<td>US—7.4</td>
<td>Hong Kong—44.7</td>
<td>Japan—23.5</td>
<td>China—11.6</td>
</tr>
<tr>
<td>India</td>
<td>1.0</td>
<td>Singapore—17.1</td>
<td>Japan—26.8</td>
<td>China—6.2</td>
<td>China—43.9</td>
<td>US—22.8</td>
<td>Japan—11.1</td>
</tr>
<tr>
<td>China</td>
<td>0.5</td>
<td>South Korea—15.0</td>
<td>US—19.7</td>
<td>Singapore—4.9</td>
<td>Indonesia—43.3</td>
<td>Hong Kong—13.1</td>
<td>South Korea—4.9</td>
</tr>
<tr>
<td>Singapore</td>
<td>0.3</td>
<td>US—14.9</td>
<td>Thailand—12.2</td>
<td>Hong Kong—4.8</td>
<td>US—22.6</td>
<td>Malaysia—12.4</td>
<td>Germany—3.4</td>
</tr>
<tr>
<td>Other</td>
<td>1.1</td>
<td>Other—91.1</td>
<td>Other—108.9</td>
<td>Other—18.9</td>
<td>Other—203.5</td>
<td>Other—130.8</td>
<td>Other—49</td>
</tr>
</tbody>
</table>

Source: UN Comtrade database

### Table A3: Chinese investment in selected ASEAN countries (US$ billion)

<table>
<thead>
<tr>
<th></th>
<th>Myanmar</th>
<th>Indonesia</th>
<th>Malaysia</th>
<th>Philippines</th>
<th>Singapore</th>
<th>Thailand</th>
<th>Vietnam</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metals</td>
<td>3.00</td>
<td>8.30</td>
<td>3.20</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>0.81</td>
</tr>
<tr>
<td>Technology</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transport</td>
<td>0.86</td>
<td>5.30</td>
<td>0.61</td>
<td>-</td>
<td>1.80</td>
<td>0.44</td>
<td>1.50</td>
</tr>
<tr>
<td>Real estate</td>
<td>-</td>
<td>1.10</td>
<td>2.30</td>
<td>-</td>
<td>0.78</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Agriculture</td>
<td>-</td>
<td>-</td>
<td>1.50</td>
<td>-</td>
<td>0.20</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Finance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.58</td>
<td>-</td>
</tr>
<tr>
<td>Energy</td>
<td>1.50</td>
<td>11.30</td>
<td>1.40</td>
<td>2.80</td>
<td>5.20</td>
<td>0.10</td>
<td>8.90</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3.80</td>
<td>-</td>
<td>1.60</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>5.36</td>
<td>26.00</td>
<td>9.01</td>
<td>7.60</td>
<td>7.98</td>
<td>2.72</td>
<td>11.21</td>
</tr>
</tbody>
</table>

Source: Heritage Foundation.
REFERENCES


ASEAN 2008. The ASEAN Charter, ASEAN Secretariat, Jakarta, online.

ASEAN 2009a. The ASEAN Political-Security Community Blueprint, ASEAN Secretariat, Jakarta.

ASEAN 2009b. The ASEAN Socio-Cultural Community Blueprint, ASEAN Secretariat, Jakarta.

ASEAN 2014a. ASEAN–China dialogue relations, ASEAN Secretariat, Jakarta, online.

ASEAN 2014b. ASEAN–China Free Trade Area, ASEAN Secretariat, Jakarta, online.


Chachavalpongum P 2013. ‘China's powerful soft power in Southeast Asia’, Prachatai, 20 July, online.


Chalk P 2013a. The US Army in Southeast Asia: near and long-term roles, RAND, Santa Monica, California.

Chalk P 2013b. On the path of change: political, economic and social challenges for Myanmar, ASPI, Canberra.


Glaser B 2011. ‘Tensions flare in the South China Sea’, draft paper for the Center for Strategic and International Studies Southeast Asia Program, 30 June, online.


Kalloe V 2014. The ASEAN Economic Community 2015: on the road to real business impact, KPMG Asia Pacific Tax Centre, 4–5.
Lintner B 2013. ‘The military’s still in charge’, Foreign Policy, 9 July.
Pal D 2013. ‘A code of conduct for the South China Sea?’ The Diplomat, 25 September.
Puy Kea 2012. ‘S. China Sea row forces ASEAN to forgo communiqué for 1st time in 45 years’, Kyodo News, 13 July.
Tiezzi S 2014. ‘How China won the ASEAN Summit’, The Diplomat, 12 May.
Even though ASEAN member states have pledged to establish a full community by the end of 2015, such an entity will probably develop in a series of phases. The ASEAN Community is likely to be work in progress that will move forward in incremental steps rather than emerging all at once.

The ASEAN Declaration, Bangkok, 8 August 1967.

The Treaty of Amity and Cooperation expressly recognises that in their relations with one another ASEAN states should be guided by the following principles: mutual respect for the independence, sovereignty, equality, territorial integrity and national identity of all member countries; the right of every state to pursue its national existence free from external interference, subversion or coercion; non-interference in internal affairs; settlement of all disputes by peaceful means; renunciation of the threat and/or use of force; and effective cooperation. See the ASEAN Charter (ASEAN 2008).

Following the popular overthrow of Suharto, Indonesia was plunged into a period of domestic turmoil that saw bloody ethnoreligious wars in the Moluccas and the rise of a transnational Islamist network that for a time seriously threatened the stability of states in a geographical arc from Indonesia, across Malaysia and Singapore, to the Philippines.

For more on the secession of East Timor from Indonesia and the bloodshed that eventuated, see Chalk (2001).

Brunei was the first to accede to ASEAN in 1984, followed by Vietnam in 1995 and Laos and Myanmar in 1997.

The ADMM plus eight dialogue partners (Australia, China, India, Japan, New Zealand, South Korea, Russia and the US).


Indonesia had first introduced the idea of a security community in 2002. The notion was rejected at the time, however, due to the necessity of introducing the previously taboo areas of democracy and human rights onto the collective agenda.

Author interview, Australian National University (ANU), July 2013.

In March 2012, the state-run China Shipbuilding Company also revealed a new concept for the construction of a 120,000-ton amphibious assault vessel that will be able to carry more than 1,000 troops and that’s likely to come into service in the near future. See Fisher (2012, 5).

In 2010, Australia and the US signed a strategic defence agreement, which sanctions the initial stationing of 250 US marines to Darwin (they’ll deploy in and out of the country every six months). Troop numbers will ultimately rise to 2,500 in 2015. In 2014, Washington and Manila concluded the Enhanced Defense Cooperation Agreement. The 10-year accord elevates the American–Filipino alliance to a higher plane of bilateral engagement and specifically sanctions US forces to have augmented access to military bases, ports and airfields on a rotational basis. For further details, see Tow (2013); Calmes (2011); and ‘Obama in Asia: military deal tops Philippine agenda’, BBC News, 28 April 2014, online.
14 Bonnie Glaser, ‘Tensions flare in the South China Sea’, draft paper for the Center for Strategic and International Studies Southeast Asia Program, 30 June 2011, 3, online. The nine-dotted line appears to have been expanded to 10 in some of the recent maps put forward by Beijing to support its claims in the South China Sea.

15 The emphasis on language schools reflects a belief that people are more likely to develop a positive view of China if they learn about the country in Mandarin/Cantonese rather than from English-sourced outlets.

16 Author interviews, Lowy Institute and ANU, Sydney and Canberra, July 2013. See also Chachavalpongum (2013).

17 Author interviews, ANU, Lowy Institute and Macquarie University, Canberra and Sydney, June 2013.

18 For further details of these agreements, see ASEAN Secretariat (2014a).

19 The China–ASEAN Free Trade Area, which came into effect in 2010, reduces tariffs on 7,881 product categories (or 90% of imported goods) to zero. It applies to China, the five original ASEAN signatories and Brunei. The remaining four member states will follow suit in 2015. See ASEAN (2014b).

20 Author interviews, Control Risks Group, Shanghai, November 2014. See also Allurentis (2013:7), If it’s established, the RCEPA will be a significant economic boon for the Asia–Pacific, providing an institutional mechanism for stimulating a major increase an inter-state trade across the region. However, negotiations have been difficult both because of the number of parties involved and due to the fact that the grouping contains members whose relations with China have declined significantly in recent years, notably the Philippines and Vietnam.

21 Two specific plans of action have been concluded as part of this agreement, one covering 2005–2010 and one for 2011–2015.

22 This agreement has since been used to underwrite support for more than 50 infrastructure projects in ASEAN member countries.

23 The fund is used to support cooperation in the areas of maritime scientific research, connectivity, navigation and safety.

24 Author interviews, ANU, Canberra, July 2013; Chachavalpongum (2013).

25 George Yeow, cited in ‘For the rest of Asia, America might be a friend, but China cannot be an enemy’, China–US Focus, 26 August 2014.

26 Author interviews, ANU, June 2013.

27 There are around 251 billionaires and 2.7 million millionaires in China, alongside more than 180 million people living on less than $1.25/day. Quite apart from its impact in distorting the parameters of national purchasing power, this chronic imbalance could well pose a major domestic sociopolitical challenge to the PRC as more and more ordinary citizens mobilise to demand a greater share of their country’s wealth. The government understands this and is looking at a number of measures to facilitate more even economic development, including removing the residential permit system (which restricts people to residing in the region that they were born in), ending corruption and overhauling property rights for rural landowners so they can sell their holdings at fair market value.

28 Author interviews, ANU, June 2013 and Control Risks Group, Shanghai, November 2014.


30 The Voice of China, which was launched a few years ago, has been a particular success. The program is broadcast widely across Southeast Asia, even in countries that have politically contentious relations with the PRC, such as the Philippines. Author interview, Control Risks Group, Shanghai, November 2014.

31 Comments made during the 4th East Asia Security Outlook Seminar 2012, Brunei, 2 February 2012. Regional commentators believe that Beijing’s uncompromising stance on the South China Sea disputes is being driven by two main imperatives: to satisfy Chinese nationalist sentiment, and to divert the population’s attention away from the very real domestic problems that are afflicting the country—especially the wide wealth gap between the rich and poor. Author interview, Control Risks Group, Shanghai, November 2014.
32 The other three are public ownership of land, the dominant role of state ownership, and state economic planning. In January 2013, Xi Jinping added a fifth cardinal principle—persisting in the leadership of the party—which essentially reaffirms the ideology of central state control twice.

33 Author interviews, Australian Embassy, Washington DC, June 2013. While there are signs that a nascent debate is starting to take place in Beijing over the wisdom of allowing some sort of grassroots democracy to develop, most serious Sino observers agree there’s virtually no chance that the Chinese Communist Party will jettison one-party rule as a central plank of state ideology any time soon.

34 See US DoD (2012). In its opening statement, the strategy explicitly declares: ‘Our relationships with Asian allies and key partners are critical to the future growth of the region. We will emphasise our existing alliances, which provide a vital foundation for Asia–Pacific security. We will expand our networks of cooperation with emerging partners throughout the Asia–Pacific to ensure collective capability and capacity for securing common interests’. See page 2 of the guidance.


37 For more on economic reforms currently underway in Myanmar, see Chalk (2013b).

38 According to Petri and Plummer, participating in both the RECPA and the TPP would generate benefits that are 90% of the sum of being involved in one program at a time.


40 Joseph Nye developed the original idea of soft power at Harvard University during the 1990s. Writing in the context of the immediate end of the Cold War, he surmised that the cultural, political and economic characteristics of the US system had sufficient attractiveness to exert a significant effect on the international system. More recently, scholars have broadened the concept to include the full range of a nation’s non-military capacities to influence the global environment in a strategically positive way.

41 The reference to China was made in relation to Beijing’s response, which initially amounted to a mere CNY622,694 (A$128,885) in humanitarian aid and was generally seen to have been influenced by disagreements with Manila over territorial claims in the South China Sea. This paltry sum (which was less than that pledged by the Swedish furniture store IKEA) was the subject of considerable international and regional ridicule—providing the US with a perfect no-risk opportunity to score political points at the expense of the PRC.

42 Author interview, Control Risks Group, Shanghai, November 2014. It is important to note that staying together as a regional bloc is a priority for ASEAN, as member states see safety in numbers—particularly to provide greater leverage to resist the competing power plays of China and the US.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2/AD</td>
<td>anti-access/area denial</td>
</tr>
<tr>
<td>ADMM</td>
<td>ASEAN Defence Ministers Meeting</td>
</tr>
<tr>
<td>AEC</td>
<td>ASEAN Economic Community</td>
</tr>
<tr>
<td>APSC</td>
<td>ASEAN Political-Security Community</td>
</tr>
<tr>
<td>ASCC</td>
<td>ASEAN Socio-Cultural Community</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>DoC</td>
<td>declaration on the conduct</td>
</tr>
<tr>
<td>GDP</td>
<td>gross domestic product</td>
</tr>
<tr>
<td>MoU</td>
<td>memorandum of understanding</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PRC</td>
<td>People’s Republic of China</td>
</tr>
<tr>
<td>RCEPA</td>
<td>Regional Comprehensive Economic Partnership Agreement</td>
</tr>
<tr>
<td>TPP</td>
<td>Trans-Pacific Partnership</td>
</tr>
</tbody>
</table>
TELL A FRIEND ABOUT ASPI

Join Australia’s liveliest minds writing today on defence and strategic issues. Each year the Australian Strategic Policy Institute (ASPI) will produce up to six issues of *Strategy* and a number of other publications on issues of critical importance to Australia and the Asia–Pacific.

Thoughtful, ground-breaking and often controversial, ASPI leads the public debate on defence and security issues.

JOIN ASPI

Name
Position
Company/Organisation
Address
City State Postcode
Country
Telephone
Email

SELECT 3 FREE PUBLICATIONS

- Strike from the air: the first 100 days of the campaign against ISIL
- The submarine choice: perspectives on Australia’s most complex defence project
- Joko Widodo’s Indonesia: possible future paths
- A versatile force: The future of Australia’s special operations capability
- Expanding alliance: ANZUS cooperation and Asia–Pacific security
- A rising power looks down under: Chinese perspectives on Australia

INDIVIDUAL
STUDENT
CORPORATE (Oct 06+)

1 year $199
1 year $99
1 year $649

* (STUDENT ID ___________________________)

To join
1) Subscribe online www.aspi.org.au
2) Mail to Level 2, 40 Macquarie St, Barton ACT 2600, or
3) Phone (02) 6270 5100 or fax (02) 6273 9566

Cheque Money Order Visa MasterCard AMEX Diners

Payable to Australian Strategic Policy Institute ABN 77 097 369 045

Name on card
Card no.
Expiry Date / Total Amount $

Signature

This will be a TAX INVOICE for GST purposes when fully completed and payment is made.
Please note specialist publications are not included.
WHAT’S YOUR STRATEGY?

Stay informed via the field’s leading think tank, the Australian Strategic Policy Institute.

BLOG

ASPI’s blog, The Strategist, delivers fresh ideas on Australia’s defence and strategic policy choices as well as encouraging discussion and debate among interested stakeholders in the online strategy community. Visit and subscribe to an email digest at www.aspistrategist.org.au. You can follow on Twitter (@ASPI_org) and like us on Facebook (www.facebook.com/ASPI.org).

To find out more about ASPI and membership go to www.aspi.org.au or contact us on 02 6270 5100 and enquiries@aspi.org.au.
Some previous ASPI publications
ASEAN ascending
Achieving ‘centrality’ in the emerging Asian order

The Association of Southeast Asian Nations (ASEAN) has declared its intent to establish a fully integrated community by the end of 2015. The aim is to institutionalise a regional bloc built on three pillars:

• the ASEAN Economic Community
• the ASEAN Political-Security Community
• the ASEAN Socio-Cultural Community.

An ASEAN Community would, for the first time, provide Southeast Asian countries with a single regime of intergovernmental collaboration that can be used to draft, implement and refine joint policies and courses of action.

The main aim of these changes is to better situate ASEAN to achieve its core goal of ‘centrality’—a term coined to emphasise how internal cohesion can be leveraged to both advance economic progress and manage the Association’s relations with external partners. ASEAN’s member states have come to appreciate that they’ll need to build an assertive regional organisation that doesn’t merely default to the lowest common denominator, but is one in which decisions about sensitive and complex issues can be made and, more importantly, acted on.

One factor that’s likely to bear heavily on the future trajectory of the proposed ASEAN Community is the influence of an increasingly assertive government in Beijing. The People’s Republic of China (PRC) is now the pre-eminent power in Southeast Asia.

To be successful, the ASEAN Community will also require considerable backing from the US—the other major power in Southeast Asia.

Ultimately, it will be up to ASEAN itself to achieve centrality and thereby remain a relevant player in the emerging Asian order. Now in its sixties, ASEAN sits at a critical juncture that could see it either occupying the driver’s seat in future regional cooperation or being marginalised as a relic of the past.