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This Policy Bulletin
summarizes the primary
findings of the conference as
interpreted by the rapporteur
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its recommendations, observa-
tions, and conclusions.

New Glue or New Gloss? Southeast Asia Regionalism and US Policy

Since the end of the Cold War, Asia has seen a proliferation of new groups and proposed economic communities that crisscross the region, binding together former allies and enemies alike. Many of these nascent arrangements are built upon the regional scaffolding provided by the Association of Southeast Asian Nations (ASEAN). At the same time, the association has expanded to incorporate four new members—Vietnam, Laos, Cambodia, and Myanmar (Burma)—making ASEAN now synonymous with Southeast Asia itself.

In this new era of heady regionalism, China, Japan, India, Pakistan, and Russia have rushed to sign the Treaty of Amity and Cooperation (TAC) with ASEAN. As one of ASEAN's founding agreements, the TAC underscores the association's principal code of conduct: noninterference in the internal affairs of member nations, peaceful settlement of disputes, and rule by consensus. Although the external powers' accession to the TAC is broadly viewed as symbolic, its meaning is different to each side. To Southeast Asians, it is a vote of confidence in ASEAN's aspirations and its very legitimacy. For the regional powers, it is a means of competing with one another for influence, markets, and even security in Southeast Asia.

These trends put growing pressure on the United States to move away from its longstanding bilateral approach to

Southeast Asia toward more extensive and concrete cooperation with ASEAN. For the most part, Washington is reluctant to do so. US policymakers often view ASEAN as turgid and captive to the least common denominator. Moreover, political differences with some member states, particularly Myanmar, make a closer embrace with ASEAN difficult in the near term. At this juncture, however, a review of US policy toward ASEAN, and more generally toward regionalism in Asia, is needed. Are US priorities in Southeast Asia compatible with a more regional approach? Would Washington reap policy benefits in the greater Asia region with increased attention to ASEAN? How proactive should the United States be in promoting a stronger regional framework in Southeast Asia?

To address these issues in US-ASEAN relations, the Stanley Foundation organized a roundtable on Southeast Asian regionalism in September 2004. The meeting, cosponsored with the Asia-Pacific Research Center at Stanford University, was the third in a series of roundtables in the Stanley Foundation's 18-month program on "Southeast Asia in the Twenty-First Century: Issues and Options for US Policy." In formulating recommendations for US policy on Southeast Asian regionalism, it was necessary for American and Southeast Asian participants to compare their visions of ASEAN's purpose and their evaluations of its performance.

ASEAN: Operational or Aspirational?

Americans and Southeast Asians often disagree on ASEAN's basic rationale. Americans are inclined to judge the group by its tangible achievements, and from this operational view give it low marks. They point out that ASEAN has not played a central role in resolving disputes among its member states and that lofty plans for regional frameworks, such as Indonesia's proposal for an ASEAN Security Community in 2004, usually lack a concrete starting point. ASEAN's two most recent crises as a region—the Asian financial crisis of 1997 and the war against terrorism—have been managed along bilateral lines.

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Moreover, ASEAN expansion has become a source of internal division. The irony of Myanmar's entry into ASEAN may be that offering admission to Rangoon reduced, rather than enhanced, the leverage of other Southeast Asian governments on the ruling regime. As Western pressure mounts to discourage Rangoon's chairmanship of the association in 2006, ASEAN is splintering on Myanmar. More broadly, expansion has introduced a two-tier, and possibly a three-tier, economic system into ASEAN. Rather than a group of nations moving together toward economic development, the association has become a dichotomy of haves and have-nots.

Some American roundtable participants admitted, however, that the United States probably holds ASEAN to an unreasonably high standard. They stressed that Southeast Asia has done well to establish a permanent forum in a region with sharp political and economic differences.

Southeast Asian participants agreed with American critics that the association is

more a state of mind than an operational unit, but they saw ASEAN's aspirational character as a strength rather than a weakness. ASEAN's existence enables the member governments to take risks they would otherwise avoid. Indonesia's agreement to allow international peacekeepers into East Timor was due largely to ASEAN's backing. More broadly, ASEAN's loose bloc arrangement has enabled it to deal with China and Japan with greater confidence than it would on a bilateral basis. Indeed, recent strides in Asian regionalism in general—epitomized by the ASEAN Plus Three arrangement (with China, Japan, and South Korea)—are due in large part to ASEAN's initiative.

Leadership à la Carte

Some American criticism is based on nostalgia for the ASEAN of the 1970s and 1980s. In those decades, despite the fact that ASEAN chairmanship rotates among members on an annual basis, Indonesian President Suharto (with strong support from foreign ministers such as Ali Alatas) was widely held to be the de facto rudder for the association. This dynamic (or its perception) began to fray in the late 1980s and early 1990s as ASEAN governments developed closer relations with their former enemies in Southeast Asia and as the association prepared to admit the four new states. It collapsed altogether with the 1997 economic crisis.

Some Southeast Asian participants questioned whether Indonesia ever played such a leadership role—in fact, ASEAN's consensus structure was adopted for the very purpose of discouraging the emergence of a clear leader. Regardless, the consensus requirement does not prevent Southeast Asian leaders from attempting to lead ASEAN. However, ASEAN has become too large and complex

for any country to play the role ascribed to Indonesia in the 1970s.

Instead, ASEAN is more likely to follow a model of à la carte leadership, in which one country may lead a subgroup of member states, or may emerge on top to manage a specific situation. Vietnam is clearly becoming the leader and spokesman for the second-generation (and poorer) ASEAN members. Hanoi is not without rivals in this regard, since Thailand has long aspired to be the economic, if not political, linchpin for mainland Southeast Asia. Among the original members, Indonesia and Thailand are likely to compete more overtly for leadership, while Singapore will endeavor to provide low-key intellectual direction.

The more fluid nature of leadership in today's ASEAN contributes to the outside perception that it is formless, even incoherent. This makes ambitious plans for greater regional cooperation, even integration, more difficult. In this environment, a closer US-ASEAN relationship will require closer bilateral relations to keep tabs on the region's shifting leadership dynamics.

ASEAN in the Broader Asia Region

Trends and events in Asia over the past two decades have combined to blur the boundaries between Southeast and Northeast Asia, as well as with South Asia. China's rise and its increasing penetration of Southeast Asia, India's "Look East" policy, and a financial crisis that encompassed the entire region have removed many obstacles to cooperation, in theory if not yet in reality. On an everyday basis, trade is gradually changing dynamics with major powers. For example, in 2005 China will overtake the United States as ASEAN's largest trading partner.

At the same time, ASEAN has become more aware that, as the distance between the subregions narrows, Southeast Asia will be increasingly affected by conflict in the North. Until recently, ASEAN assumed it was immune to fallout from hostilities on the Korean peninsula. In the past year, however, North Koreans have attempted to defect in Southeast Asian capitals. More alarming, it has recently been revealed that North Korean Taepodong missiles have the range to reach Bangkok. Notwithstanding these developments, conflict in the Taiwan Strait is of greater concern to ASEAN, because it stands to lose more if dynamics in the Strait deteriorate dramatically. Although ASEAN governments adhere to a "One China" policy, Taiwan is a major investor in the most labor-intensive sectors in Southeast Asia.

Despite China's considerable "charm offensive" in Southeast Asia, ASEAN also harbors some suspicions of Beijing's intentions in the region. After seizing Mischief Reef in the South China Sea in 1995, China rapidly shifted gears to a more outwardly friendly policy. However, this softer approach has not resulted in Beijing's relinquishment of territories it had seized. China's sudden turn to dialogue on the South China Sea has left some ASEAN leaders uneasy as a result. Beijing's approach, as one Southeast Asian participant characterized it, appears to be, "What's mine is mine, and what's yours will be negotiated."

In view of these new dynamics with regional powers, ASEAN has proactively sought to bind Southeast Asia together with China, Japan, and South Korea in the APT grouping. Combined with India's admission to the ASEAN Regional Forum (ARF), ASEAN is attempting to balance powers against one another, as well as to

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keep Japan engaged in the region as China rises rapidly. US officials note signs that ASEAN is becoming more inclined to deal with these powers through the APT than through ARF, which also includes the United States and Australia. And despite ASEAN's reservations about a voracious China, some Southeast Asian governments appear to be leaning closer to Beijing.

The United States and ASEAN

In a zero-sum atmosphere, this developing regional relationship would make substantial parts of Southeast Asia appear to be leaning away from the United States. Some of this should be attributed to a wide-scale drop in public approval of the United States in Southeast Asia because of the war in Iraq, as revealed in public opinion surveys. Comparatively, however, the United States is also perceived as losing the regional race in Southeast Asia. Despite urging from ASEAN, Washington is unlikely to sign the Treaty of Amity and Cooperation, if only because Congress would not approve a treaty that had Rangoon as a signatory.

On a more concrete level, ASEAN is also likely to be disappointed in its hope that the United States will offer the association a regional free trade agreement (FTA). Beijing has moved rapidly to negotiate an FTA framework with ASEAN, and Tokyo has followed suit, albeit on a more incremental basis. New Delhi is discussing a similar arrangement with ASEAN. In this arena, Washington is viewed as losing points not only on substance but also on style. Beijing's approach was to offer approval for an FTA as an opening gambit and to deal with concerns as they arise. In contrast, Washington will not discuss a regional FTA even in principle, pointing to numerous short-term obstacles.

However, ASEAN is not seeking to deal with its major partners on an either-or basis. On the contrary, Southeast Asians seek balance in their external relations as a hedge against aggression or abandonment from any one power. In an atmosphere of increasing regionalism, however, the United States appears to be falling behind. Closing the gap will not be a matter of emulating China but of increasing attention to ASEAN and other regional groups in a manner that supports both US and Asian interests.

Recommendations for US Policy

Underlying virtually all of the recommendations made at the roundtable was the assumption that it would be advantageous for the United States and ASEAN to forge a closer relationship. This will not, however, be easy or instantaneous. Some preliminary steps include:

- 1. Develop an overarching strategic framework for US-ASEAN relations over the next decade.** A necessary prelude to any expansion of relations is tighter coordination on ASEAN policy within the US government. This exercise should begin with an interagency inventory of all aspects of relations with ASEAN (economic, trade, diplomatic, security, and public diplomacy). This should be matched with a "listening tour" by US officials in the region, in tandem with American businessmen and scholars, to mark out the parameters for an informal and ongoing US-ASEAN dialogue. Officials should then triage issues, separating those that could be resolved with immediate handling from more long-term problems that should be the subject of continued discussion.
- 2. Consider establishing the position of a US ambassador-at-large to ASEAN.** Just

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as the United States has an ambassador to other regional and multilateral institutions (APEC, OECD, OAS, etc.), an envoy for ASEAN would signal the association's importance to the United States and help distinguish US policy on ASEAN from individual bilateral relations. Equally important, it would provide a permanent channel for dialogue with Southeast Asia.

- 3. Field a broader range of high-profile US officials to Southeast Asia for visits and consultations.** Typically, only crises—currency crashes, terrorist incidents, natural disasters—cause high-ranking US officials (other than those from the State Department) to visit Southeast Asia. This perpetuates the US “fire engine” approach to the region. The United States should broaden its diplomatic repertoire in Southeast Asia by sending out officials whose portfolios cover areas of mutual interest and concern in US-Southeast Asian relations such as education and the environment.
- 4. Step up efforts to develop a patchwork of trade arrangements with Southeast Asian economies in place of a regional free trade agreement.** US political will and processes mitigate against a regional FTA with Southeast Asia. However, considerable progress can be made short of an omnibus FTA. Because of the volume of trade at stake, pursuing bilateral FTAs where possible (with Thailand, Malaysia, and possibly Indonesia and the Philippines) will have a significant impact, not only with these countries but also on overall movement toward free trade in the region. Supporting Vietnam's and Laos' entry into the World Trade Organization will put trade (and broader) relations with those countries on stronger footing.

- 5. Help Southeast Asia avoid or minimize the next economic crisis by working to strengthen regional financial infrastructure.** Some new regional Asian trends toward exclusion of the United States are rooted in the 1997-98 Asian economic crisis and resentment by regional leaders, in Southeast Asia in particular, over their treatment by the United States and the International Monetary Fund. Plans such as the Chiang Mai Initiative, which includes a regional currency swap to stabilize capital flows, are aimed at preventing future financial crises. The United States should help to build a regional financial framework in Southeast Asia, perhaps by offering a line of “second defense” if signs of an impending crisis appear. Apart from the benefit to the US economic stake in the region, such cooperation could soften lingering bitterness toward the United States over the 1997 crisis. On a more fundamental level, the US should be cognizant that Southeast Asia's next economic crisis could originate from the American economy and factor that into its economic policies.
- 6. Enter into dialogue with Southeast Asian nations to reconcile US support for nuclear nonproliferation with ASEAN nuclear-free zone initiatives.** The Bush administration's Proliferation Security Initiative is presently the flagship US initiative to prevent nuclear proliferation. Its objectives overlap with many of those in ASEAN's proposal for a Southeast Asian “nuclear-free zone” under its 1984 Zone of Peace, Freedom, and Neutrality (ZOPFAN) initiative. The United States has reflexively opposed ZOPFAN since its inception, because of its potential constraints upon US policy. The current focus on counterterrorism gives Washington an extra incentive to

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enter into dialogue with ASEAN on common proliferation concerns and potential areas of cooperation.

7. **Discuss with Southeast Asian leaders the possibility of giving the ASEAN Regional Forum (ARF) an identity separate from ASEAN itself.** Although ARF is likely to remain a “talk shop” for the foreseeable future, the United States could make greater use of it as a security forum, particularly on maritime issues, where sovereignty is of particular concern to Southeast Asians. However, as “dialogue partners,” external powers have little convening power and less input into the issue agenda than ASEAN itself. ASEAN should retain leadership of ARF but give the dialogue partners a more active role in the process. In time, ARF should consider establishing a separate secretariat.

8. **Cultivate relations with the younger ASEAN generation through educational initiatives and leadership exchange.** In several Southeast Asian countries, particularly the new members, more than half the population was born after ASEAN was established. This younger generation will be key to making ASEAN more effective. The United States should make a deliberate effort to reach out to this younger tier in two directions. First,

educational ties should be strengthened with less restrictive visa policies and aid initiatives to provide scholarships to promising students from the poorer ASEAN countries. In this regard, it may be useful to establish a US-ASEAN educational council. Second, US public diplomacy programs and American NGOs should establish ongoing exchange programs with the younger generation of ASEAN leaders and their American counterparts.

9. **Encourage Southeast Asian nations to extend and coordinate their outreach to the US Congress.** Compared to other regions in the developing world, Southeast Asia receives less attention from Congress, which translates into lower aid levels and fewer trade preferences. Some ASEAN governments are building effective communication ties with the US legislature, while others have little or no contact. Moreover, ASEAN has no group identity on the Hill. Stronger relations with Congress will be an important element of expanded US-ASEAN ties. Southeast Asian governments should view congressional outreach as an ongoing task and assemble coalitions of supporters issue by issue, rather than relying upon fixed country or regional “caucuses.” ■

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The Stanley Foundation

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