Comparative Connections
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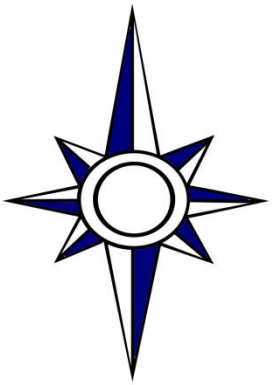

Special Assessment: Asian Regionalism

Multilateralism in the Asia-Pacific

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In recent years, Asia-Pacific regionalism has been spurred by increasing economic integration but pulled apart by territorial tensions. For the most part, these two trends have proceeded on separate paths with only occasional intersection. However, security dynamics are likely to increasingly influence regionalism as China rises and the US attempts to "pivot" more of its foreign policy to Asia, and that could exert a greater impact on economic cooperation. ASEAN continues to serve as a base for regional organizations, but in 2012, under Cambodia's chairmanship, questions were raised about whether that center could hold. The group seems to have steadied this year with Bruneian leadership, but 2014 will present new challenges when Myanmar makes its debut as ASEAN chair. ASEAN's goal to complete the blueprint for the ASEAN Free Trade Area in 2015 puts additional pressure on the group. On a broader regional plane, the Trans-Pacific Partnership (TPP) has expanded in recent months with the addition of Japan, Mexico, and Canada but their entry into negotiations may push the completion date further back. Meanwhile, the launch of negotiations for the ASEAN-based Regional Comprehensive Economic Partnership (RCEP) in late 2012 raises fears of a bifurcated landscape for the Asia-Pacific region into US and Chinese economic "spheres of influence."

Regional integration

Since 1970, when South Korea called for an Asian Common Market, economic integration has been an episodic but elusive goal in the Asia-Pacific region. For most of these four decades, Cold War political divisions and territorial disputes, as well as serious discrepancies in levels and structures in the region's economies, rendered that goal all but impossible. These problems continue to hamper regional economic integration – and Asia-Pacific regionalism in general – but the overall political will to address them has strengthened in recent years. This new determination has brought with it awareness that if regional integration is to succeed it must go beyond economic cooperation and include political and security cooperation, although these areas lag significantly behind economic arrangements. However, as the number of regional institutions and actors increases, tensions among the regional powers and even among ASEAN member states threaten this new-found regional unity.

One hallmark of this new era of regionalism is an emerging, if tacit, consensus that the region is defined as Asia-Pacific, rather than solely East Asia. This sets aside, for the time being, the debate launched in 1993 when then-Malaysian Prime Minister Mahathir proposed an East Asian Economic Caucus that would exclude the United States and Australia. In contrast, the East Asia Summit (EAS), the ASEAN-based annual leadership forum, now includes the US, Russia,

Australia and India. Ironically, Malaysia is currently negotiating entry into the Trans-Pacific Partnership (TPP) based in the Asia Pacific Economic Cooperation (APEC) group.

This shift can be attributed to new concern over rising regional powers, which has renewed support for a US security presence in some quarters, and to the Obama administration's more forward-leaning position on the region. While the administration of George W. Bush was more inclined to leave resolution of this debate to Asia, Obama did not hesitate in declaring US interest in participating in, and helping to shape, Asia-Pacific regional organizations. Whether Beijing embraces this view of a broader Asia-Pacific region is open to questions.

Expanding multilateralism in the Asia-Pacific region can also be attributed to ASEAN's continued role as a regional anchor. The group continues to foster broader regional structures, such as the EAS, the ASEAN Regional Forum (ARF), and the ASEAN Defense Ministers Meeting-Plus-Eight (ADMM+). But ASEAN's internal structures are also evolving, with the blueprint for the ASEAN Free Trade Area (AFTA) and the adoption of the ASEAN Declaration on Human Rights. Moreover, Myanmar's reform process and opening to the international community have stimulated multilateralism; prior to these shifts, the country was an obstacle to expanding ASEAN's relations with the United States and the European Union.

South China Sea challenges to ASEAN unity

The first ASEAN Summit for 2013, held in Brunei April 25-26, was a studied attempt to shore up ASEAN unity after a tumultuous year for the group in 2012 when Phnom Penh, that year's chair, resisted putting Southeast Asia's disputes with China over the South China Sea onto meeting agendas. Even though Brunei put maritime security at the top of the summit agenda, it only marginally improved ASEAN internal cohesion on this issue and did little to move the group toward a Code of Conduct (CoC) with Beijing on the South China Sea. Nevertheless, Brunei has declared that the negotiation of a Code is a goal of its chairmanship this year.

Beijing's responses to ASEAN overtures on a CoC have been uneven. Although China generally prefers to approach territorial disputes with Southeast Asia on a bilateral rather than multilateral basis, Chinese officials have offered more accommodating rhetoric at times. In particular, in recent months when tensions between China and Japan over the Senkaku/Diaoyu Islands have flared, Beijing has turned a cooperative face toward ASEAN on South China Sea issues. In January 2013, Indonesia Foreign Minister Marty Natalegawa announced that ASEAN and China would meet informally to advance negotiations on a COC; Philippines Foreign Minister Alberto del Rosario made a similar announcement in April. To date, the meeting has not been held but as the July ARF approaches, Beijing may attempt to deflect direct discussion on the South China Sea at that larger forum by holding a pre-emptive meeting with ASEAN.

The divisions within ASEAN laid bare by the South China Sea disputes with China are increasingly apparent. Vietnam and the Philippines are the most active claimant countries, while Malaysia's geographic position makes it less likely to engage in skirmishes with Chinese vessels. Brunei, the other Southeast Asian claimant, is resource rich itself and is not actively pressing its claim. Of non-claimant maritime countries, Indonesia and Singapore have broader concerns about maritime security that increasingly include the South China Sea. ASEAN states with more

distant coastlines – Thailand, Cambodia, and Myanmar – are agnostic at best about confronting China over the South China Sea as, not surprisingly, is landlocked Laos. Although other ASEAN claimant countries are reassured by the priority Brunei has given SCS issues, they are likely to keep the upper hand on this issue. Beyond negotiating a COC, Manila is moving ahead with its claims against China is a Law of the Sea Tribunal.

Nor are South China Sea disputes the only pressure on ASEAN unity. Two bilateral conflicts have emerged in recent years: tensions between the Philippines and Malaysia over Filipino Muslim insurgents in Sabah, and the continued disagreement between Thailand and Cambodia over the Preah Vihear temple on their shared border. A decision on territorial issues surrounding Preah Vihear is expected from the International Court of Justice in October. An outright ruling for one country over the other could restart military conflict on the border and create internal instability in the loser, particularly if the Court rules against Thailand.

The ASEAN Human Rights Declaration: setting regional norms

The adoption of the ASEAN Human Rights Declaration in November 2012 also raised doubts about the ability of the inter-governmental group to establish an effective human rights regime. Not surprisingly, Western governments and watchdog groups were quick to express disappointment, over both the manner in which the declaration had been crafted and in its content. The ASEAN Inter-Governmental Human Rights Commission did seek some limited civil society input, and three of the region's democracies – Indonesia, the Philippines, and Thailand – conducted their own informal public consultations in advance of its release. However, Asian NGO's joined Western voices in finding this vetting insufficient.

Not surprisingly, the declaration gives equal weight to economic, social, and cultural rights, as well as political and civil rights, an echo of the "Asian values debate" of the 1990s. Stronger reservations were entered about the lack of enforcement mechanisms. ASEAN officials stress that the declaration is intended to be a "living document," and maintain that developing strategies for the protection and promotion of rights is a separate and sequential process. They also point out that the declaration is an indication of the current state of regional human rights norms in Southeast Asia, rather than a statement of the categorical ideal. These issues notwithstanding, the ASEAN Human Rights Declaration stands as the first and only regional, inter-governmental agreement on human rights and a potential step beyond the ASEAN principle of non-interference in the internal affairs of member states. In the near-term, however, the jury remains out on the declaration with low expectations of its impact.

ASEAN's incremental economic integration

The first 2013 ASEAN Summit approved the results of the Economic Ministers Meeting, which immediately preceded it and included reports indicating that region-wide compliance with the blueprint for the ASEAN Economic Community (AEC) was up slightly, to 77 percent. In recent months, considerable progress has been made in coordinating air transport and financial services in particular. However, ASEAN leaders worry that a year and half will not be sufficient time to complete the remaining 23 percent.

The AEC aims to create a single market and production base for ASEAN; harmonize services in four priority areas (air transport, internet connectivity, healthcare, and tourism); coordinate capital flows; facilitate the movement of skilled labor; create a common investment code; and reduce the development gap between ASEAN's wealthier and poorer members. The economic community proposal was launched in 1997 and was originally targeted for completion in 2020. However, in 2007 ASEAN leaders moved the deadline up to 2015, fearing that ASEAN would be left behind in the region's drive toward economic integration. Although ASEAN will not formally push back the completion date, there is tacit consensus that it will slip by one or more years. For less-developed economies such as Myanmar, Laos, and Cambodia, the challenge is in establishing new economic structures and regulations for the first time before they can harmonize them with the more prosperous ASEAN members under the AEC.

Although ASEAN could well miss its 2015 target date, economists urge the international community not to make the perfect the enemy of the good. Incremental progress toward the AEC will show benefits along the way. However, ASEAN is clearly challenged to get as much internal economic integration in place before broader regional trade regimes – such as the RCEP and TPP become operational.

Trade and investment

Indeed, the pace of regional economic integration in the Asia-Pacific has accelerated in recent years, although few of the new frameworks have reached completion. In 2012 and early 2013 the TPP expanded exponentially with the entry of Canada, Mexico, and Japan into the negotiations. Washington has urged other US treaty allies in Asia – South Korea, Thailand, and the Philippines – to consider entry as well. With a US-South Korea Free Trade Agreement already in operation, Seoul could presumably join the TPP in the near future. However, Manila and Bangkok are less likely candidates. The Philippines would be required to make constitutional changes to its investment law on foreign ownership, and there is little indication that President Benigno Aquino III is willing to launch a domestic dialogue on this issue. Thailand is still bruised by an unsuccessful attempt to negotiate a bilateral free trade agreement (FTA) with the United States in the mid-2000s. Although the Thai minister of Commerce indicated that Thailand would consider joining the TPP when President Barack Obama visited Bangkok in November 2012, even this level of interest seems to have abated.

Nor is it clear that the TPP will meet its current deadlines with the existing group of negotiators. The Obama administration hopes to have a final agreement in place by October 2013, at the APEC meeting in Bali. The entry this year of Japan, the world's third-largest economy, will make that more difficult. In addition, the administration must settle with Congress the renewal of the president's Trade Promotion Authority (TPA), which lapsed in 2008. Without TPA in place, which would require Congress to vote on a TPP bill within 90 days without amendment, a signed agreement could languish in the US legislature for some time.

But two new regional trade regimes are emerging, neither of which includes the US at present. China, Japan, and South Korea have agreed in principle to commence discussions on a trilateral free trade agreement, but no concrete steps have been taken toward that objective. Given security tensions among these three countries, progress on this economic front will most likely

stall for the time being. A broader and more promising framework is the ASEAN-based RCEP, unveiled in Phnom Penh in November 2013. In addition to the 10 ASEAN member states, it will include China, Japan, South Korea, Australia, New Zealand, and India. RCEP would comprise the largest economic agreement in the world with $19.7 trillion in combined GDP.

Apart from the obvious benefits of membership in this economic behemoth, RCEP is more inclusive and appeals to the smaller and poorer economies of the region. In contrast to the TPP, often described as a "high standards" agreement, RCEP would require less reform of the member countries' financial, legal, and administrative structures. For example, Myanmar, Laos, and Cambodia have little hope of entering the TPP in the near term due to their low economic levels and because the APEC moratorium on new membership prevents their entry.

Partly because of these differences, the TPP and RCEP are increasingly viewed in the region as dueling trade agreements. The presence of the US and the absence of China in the TPP, and the mirror opposite in RCEP, also invite perceptions of US-China rivalry in the regional economic arena. Beijing has occasionally encouraged this view by charging the TPP with splitting the region and hinting that Southeast Asian TPP members and candidates (Singapore, Brunei, Vietnam, and Malaysia) are attempting to undermine ASEAN.

But if a TPP/RCEP rivalry exists, it is more likely political than economic. Although the security community is inclined to see the two economic frameworks as zero-sum, business – particularly big business – is not. If, for example, RCEP is able to develop common rules of origin or standardized Customs procedures across its membership, US corporations with multinational reach are likely to benefit.

However, the TPP/RCEP divides presents a diplomatic problem for the United States in its relations with ASEAN. In tacit acknowledgement of this, the US and ASEAN established the US-ASEAN Expanded Economic Engagement ("E-3") Initiative at the US-ASEAN Leaders Meeting in Phnom Penh last November. Although the E-3 falls short of the US-ASEAN Free Trade Agreement often advocated by Southeast Asians, the E-3 is intended to prepare ASEAN countries that are not presently candidates for the TPP to seek entry at a future time. The initiative focuses on simplified Customs procedures and joint investment principles.

The longer road to multilateral security

When the Obama administration announced the US "pivot" to Asia in the fall of 2011, this foreign policy shift was intended to be comprehensive and include a new economic as well as security orientation to the Asia-Pacific region. However, international attention has focused more on the security aspects, to the exclusion of the economic and diplomatic ones. The rotation of a small contingent of US Marines through the Darwin base in Australia; the arrival of the first of our US littoral combat ships on rotation in Singapore in 2013; and ongoing discussions about an enhanced US presence in the Philippines have largely defined the "pivot" for many Asians.

Less attention has been paid to efforts to expand regional security cooperation. Although US-China faultlines can be traced in some of these new arrangements as well, they are less obvious than in the TPP/RCEP division. However, regional security regimes are likely to proceed at a far

slower pace than economic ones. To date, the only broad generalization to emerge from these tentative experiments in regional security is that cooperation on non-traditional security threats – particularly disaster relief and the delivery of humanitarian assistance – is more acceptable in the region than attempts to broaden more traditional patterns of military cooperation.

The most notable evidence of this is demonstrated by the emergence of the ARF Voluntary Disaster Response Exercises, inaugurated in 2009 by the Philippines and the US. Although the exercises have been intermittent at the discretion of the serving ASEAN chair (Vietnam chose not to conduct them in 2010), a third round will be held in Thailand later this month. Humanitarian and disaster components are now requisite elements of the annual *Cobra Gold* exercises, which include participants from Thailand, the US, South Korea, Indonesia, Japan, and Malaysia.

The acceptable landscape in regional security cooperation is also seen in the ASEAN Defense Ministers Meeting (ADMM) and ADMM+ structure (which includes China, Japan, Australia, New Zealand, India, South Korea, the US, and Russia). The ADMM process, launched in 2006, is the flagship element of the ASEAN Security Community. The ADMM+ process is an extension of the ASEAN structure and was inaugurated in Hanoi in 2010. ADMM meetings within ASEAN are held annually, while ADMM+ meets every three years (following the 2013 meeting, the ADMM+ will meet biannually). The potential inherent in the ADMM-process was demonstrated when then-US Secretary of Defense Robert Gates and Chinese Minister of Defense Liang Guanglie attended the first ADMM+ meeting in Hanoi in 2010. The next ADMM+ meeting will be held in Brunei this year.

Although the core value of the ADMM+ process is in security dialogue and confidence-building among the region's defense establishments, it is developing an operational arm through five Expert Working Groups, each co-chaired by an ASEAN state and a "Plus" partner. The groups cover counter-terrorism, maritime security, military medicine, disaster management, and peacekeeping operations. These groups not only signify broader regional interest in security cooperation but also growing consensus within ASEAN on the need for such cooperation. When Jakarta, as ASEAN chair, introduced the elements of a new ASEAN Security Community in 2002 they met with tacit opposition among the other member states.

Defense "talk shops" in the region did not originate with the ADMM+. Although the ARF has acted as a broad security dialogue since 1994, the annual Shangri-La Dialogue in Singapore draws 16 Asia-Pacific defense ministries and serves as the base for bilateral meetings on the sidelines. Although there were initial fears that the ADMM+ process would make Shangri-La redundant, there are few signs that the Dialogue, which is convened by the independent International Institute for Security Studies, is waning.

The *Cobra Gold* exercises, the largest and longest-standing military exercises in the world, have also emerged as a diplomatic as well as a security instrument. In the 2013 exercises, Thailand invited Myanmar to participate as an observer, which gave Naypyidaw greater access to several of the region's defense establishments, not least the United States.

The only common security organization to have emerged independently in the region is arguably the Shanghai Cooperation Organization (SCO), established in 2002 in the wake of the Sept. 11 attacks on the US. The SCO brought together China, Russia, and four Central Asian Republics (Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan) to coordinate counterterrorism strategies. Since then, the SCO has added regional development objectives to its mandate and has projects in transportation, energy, and telecommunications. Like other regional security organizations, the SCO also functions as a dialogue group. In 2012, it accepted Turkey, a NATO member, as a "dialogue partner" and also invites India, Pakistan, Afghanistan, Mongolia, and Iran as observers.

The SCO stands as an example of Chinese leadership in the security framework of Asia. However, its geographic range gives it little overlap with the Asia-Pacific security structures that are slowly emerging. Whether China emerges as a rival leader in such organizations as the ADMM+, or whether this ASEAN-based framework can blunt the edge of security rivalries in the region is unclear. However, current maritime tensions in the East China and South China Seas will eclipse these nascent efforts to build cooperative security regimes in the Asia-Pacific region for the time being.

Chronology on Asian Regionalism
November 2011-May 2013

Nov. 12-13, 2011: APEC Leaders Meeting is held in Honolulu, where they pledge to curb rising protectionism. To set a more austere tone at a time of economic crisis, President Obama ends the APEC tradition of wearing identical costumes in the leaders' "family photo."

Nov. 18, 2011: ASEAN and China mark 20th anniversary of ASEAN-China dialogue relations.

Jan 15-Feb 17, 2012: The 31st annual *Cobra Gold* exercises held in Thailand with partners US, Thailand, Japan, South Korea, Singapore, and Malaysia, along with several observer countries.

Dec. 5-9, 2011: The 10th round of TPP negotiations are held in Kuala Lumpur.

June 1-3, 2012: Shangri-La Dialogue is held in Singapore. Twenty-seven high-level delegations and 16 defense ministers participate, but not Chinese Defense Minister Liang Guanglie.

June 6-7, 2012: Shanghai Cooperation Organization holds its 10th annual Summit in Beijing.

July 13, 2012: The 45th ASEAN Foreign Ministers Meeting ends in disarray without a joint statement, reportedly because of internal dissension over mention of disputes with China in the South China Sea.

Aug. 18, 2012: ASEAN Foreign Ministers issue a carefully worded statement of concern over conflict in Myanmar's Rakhine state and offer humanitarian assistance. Although fulsome in its praise of Myanmar's reform movement, the statement indicates a further erosion of the ASEAN principle of non-interference in the internal affairs of a member state.

Sept. 8-9. 2012: The 20th APEC Leaders Meeting is held in Vladivostok.

Oct, 8, 2012: Canada and Mexico announce that they will seek entry into the Trans-Pacific Partnership (TPP).

Nov. 19, 2012: ASEAN states formally adopt the ASEAN Human Rights Declaration.

Nov. 19, 2012: US and ASEAN hold the fourth ASEAN-US Leaders Meeting and commemorate 35 years of US-ASEAN relations. They announce the launch of the US-ASEAN Expanded Economic Engagement (E-3) Initiative.

Nov. 19, 2012: ASEAN Plus Three Summit in Phnom Penh commemorates 15 years of cooperation. The joint statement cites strengthening of the Chiang Mai Initiative Multilateralization Scheme and vows to boost food security but is silent on territorial issues within the group.

Nov. 20, 2012: East Asia Summit in Phnom Penh caps five days of meetings among ASEAN and its dialogue partners. President Obama's announcement of a US-Asia Pacific Comprehensive Partnership for a Sustainable Energy Future introduces a new regional initiative.

Nov. 20, 2012: ASEAN and its six external partners – China, Japan, South Korea, India, Australia and New Zealand – announce the launch of the Regional Comprehensive Economic Partnership (RCEP), which ASEAN hails as "the world's biggest free trade deal."

Dec. 3-12, 2012: The 15th round of TPP negotiations are held in Auckland, New Zealand. Previous 2012 rounds include Sept. 6-15 (Leesburg, Virginia); July 2-10 (San Diego); May 8-18 (Dallas); and March 2-8 (Melbourne).

Dec. 20-21, 2012: ASEAN and India hold a Commemorative Summit to mark the 20th anniversary of ASEAN-India relations.

Feb. 11-28, 2013: *Cobra Gold* exercises are held in Thailand. For the first time, Myanmar participates as an observer.

Feb. 13, 2013: ASEAN states release a joint statement of concern for regional stability because of North Korea's underground nuclear test. Although Hun Sen, as ASEAN chair, offered to convene an ASEAN Troika to conduct shuttle diplomacy on the Korean Peninsula in 2003, the Northeast Asian parties have generally ignored such ASEAN gestures of concern.

March 4-13, 2013: The 16th round of TPP negotiations are held in Singapore.

March 13, 2013: ASEAN and the European Union complete their 12th round of consultations in Hanoi. The parties note that ASEAN-EU trade and investment are increasing by 12.6 percent and 7.6 percent respectively in 2011, despite the world economic downturn.

March 15, 2013: Japanese Prime Minister Abe Shinzo announces that Japan will enter into formal negotiations to join the TPP.

April 25-26, 2013: ASEAN completes the first of two summits for 2013, in Brunei. In contrast to 2012, maritime security issues are at the top of the agenda, although this only marginally improves ASEAN's internal cohesion on this issue.

May 2-3, 2013: The 26th annual ASEAN-US Dialogue is convened in Washington participants agree to move from an annual US-ASEAN Leaders Meeting to a US-ASEAN summit, to be held in Brunei in conjunction with the East Asia Summit this fall.

May 3, 2013: Finance Ministers from China and South Korea skip the ASEAN Plus Three consultation scheduled on the margins of an Asian Development Bank meeting held in India. A former Japanese official attributes the ministers' absence to "deterioration" in Japanese-Chinese and Japanese-South Korean relations.

May 6-7, 2013: The seventh ASEAN Defense Ministers Meeting is held in Brunei. Top agenda items include planning for the ASEAN Humanitarian and Disaster Relief Exercise and the ADMM+ version of this exercise.