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Multilateral Matters

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WTO Bali Declaration: What Does It Mean?

By Yurendra Basnett

The World Trade Organization (WTO) Ministerial Conference in Bali reached a deal on some of the following areas of negotiations: a package for least developed countries (LDCs), trade facilitation and agriculture. But what does it all mean for developing countries in general, and for LDCs in particular? The Bali Ministerial Conference was preceded by intense negotiations in Geneva on the Doha Round. By the evening of 2 December, when officials were rushing to catch their flights to Bali, no “Bali package” was in sight—the result of continued disagreements on trade facilitation and agriculture. The goal for Bali was, therefore, to find a “safe landing zone” on all three areas of negotiations. The outcome of Bali should be measured not just on whether such a landing zone was found but, more importantly, whether it will allow the negotiations to take-off again and reach their final destination: the conclusion of the Doha Development Round.

The LDC package has been the least controversial of the three negotiation areas, largely because the contents of the package are best endeavours rather than binding commitments. WTO members reaffirmed their commitment to duty free, quota free (DFQF) market access for LDCs. But the actual developmental benefits remain questionable. The limited export baskets of LDCs mean anything less than 100 per cent coverage is of little practical use. Tariffs are falling rapidly, so the incremental benefits of DFQF are eroding rapidly. Improvements in rules of origin and non-tariff barriers would have been more beneficial to LDCs as these are the barriers that really block market access.

Negotiations on trade facilitation to reduce the cost of trading entailed making binding commitments to simplify customs procedures and regulations. Improvements in this area are a no-brainer but we need to distinguish between “improvements” and “commitments”. Commitments made in the WTO are binding and subject to legal action if they are not adhered to. Meeting trade facilitation commitments will require investment, and many will be capital intensive. Developing countries, and in particular LDCs, will need financial and technological assistance to upgrade and improve trade facilitation. The Bali Declaration provides assurance that developing countries and LDCs will be



Source: WTO/ANTARA

supported in building capacities to implement the agreement. The reaffirmation of commitments on Aid for Trade (Aft) is also to be welcomed. The new Aft work programme in the WTO is to be framed by the post-2015 global development agenda—a shift from the Hong Kong Ministerial declaration on Aft that will have implications for the 2006 Aft Task Force recommendations on Aft operationalisation. Bali has presented an opportunity for the future of Aft to be more streamlined and more focused on addressing the high cost of trading in LDCs.

Negotiations on agriculture, more specifically on food stockpiles, presented the main action in Bali. There were two viewpoints on the price benchmark for the valuation of the volume of food stocks countries can legally hold. India’s position was to use current prices, which would mean amending the agriculture agreement of the Uruguay Round and would not be acceptable to other members. A final deal was struck to have an interim mechanism until a permanent solution is found, which means that more negotiation is still required to find a permanent solution.

So where do we go from Bali? When WTO negotiations stalled in 2008 it looked as if the Doha Round had gone into a coma. One positive turn of events in Bali is that members are now actively negotiating. So while the Doha Round is coming out of

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its coma, it is still very much in the intensive care unit. The rise of regional and mega-regionals is being pointed to as a challenge to the future of the multilateral trading system. But ministers in the plenary sessions in Bali were quick to put this down and present arguments on why WTO still remains important for global economic governance.

A deal in Bali has certainly helped to breathe life into the Doha Development Round. The symbolism of the Bali declaration is perhaps more important than the outcome as it covers only a small portion of the Doha Development Agenda and much ground still needs to be covered. A number of

country delegation members in Bali expressed that the conclusion of the Doha Round is now in sight. But there was also a sober realisation that, whatever the final agreement is, it will not encompass the ambitious Doha Development Agenda in its entirety. It will be a leaner version that is already being referred to as "Doha lite".

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An expanded version of this article was posted on the [ODI website](#) on 6 December 2013.

Expert Talk: Myanmar as 2014 ASEAN Chair

2014 marks a watershed year for Myanmar as it becomes the ASEAN chair for the first time since it was admitted as a member in 1997. This year, the government will be given the opportunity to lead ASEAN at a critical time and showcase the progress Myanmar has made towards democratic and economic liberalisation. Likewise, ASEAN has much at stake in Myanmar's success as it deals with the South China Sea dispute and the looming deadline of the ASEAN Community in 2015.

Multilateral Matters invited three eminent analysts to share their views on the following questions: Is Myanmar ready to lead ASEAN? What are the most critical challenges (both internal and external) that Myanmar will face as the ASEAN chair in 2014?

Pavin Chachavalpongpun

*Associate Professor, Centre for Southeast Asian Studies
Kyoto University*

Myanmar has undergone a series of serious political reforms and sought to engage with the opposition, as seen in the release of Aung San Suu Kyi and other political prisoners. This suggests that the Myanmar regime needs some kind of legitimacy and the ASEAN chairmanship could offer a platform to achieve it. Now that the sanctions have almost been lifted and the local economy has improved, Myanmar may be ready to lead this organisation. One domestic challenge lies in the fact that ethnic conflicts between central government and minorities could derail Myanmar's plan. Another key question must be asked: does Myanmar have a specific vision to fulfil ASEAN community building by 2015?

Donald Emmerson

*Director, Southeast Asia Forum
Stanford University*

It is conventional to think of Myanmar as being "tested" by the need to prepare in 2014 for the declaration of the existence of an ASEAN Community by the end of 2015. And that of course is a plausible focus for anyone who would reply to the given questions. But it might also be interesting to think beyond ASEAN's schedule and ask what "black swans" could be swimming, e.g. in the South China Sea. Beijing has stated that its declaration of an Air Defense Identification Zone (ADIZ) over contested parts of

the East China Sea could be repeated for other airspaces, including presumably the huge block of air above the South China Sea.

So far ASEAN has managed to keep a low (and divided) profile on the imbroglio over who owns what in the South China Sea. Myanmar, if it is chairing ASEAN when China announces its South China Sea ADIZ, will face pressure from inside ASEAN to do more than merely reassert faith in the delayed segue from a Declaration of Conduct to a Code of Conduct.

Various scenarios are of course possible, including a decision in Beijing not to pivot southward, at least not until the anger over its eastward ADIZ has subsided. But one should not assume that the success of Myanmar-in-the-chair in 2014 will be a function solely of its ability to help welcome a "white swan," i.e. to oversee preparations for celebrating the inauguration of a regional community to which no one really objects.

Tin Tin Htwe

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As a citizen of Myanmar, I proudly would like to say that Myanmar is ready for ASEAN chairmanship in 2014. This is the first experience for Myanmar to assume the role of chair after 17 years since her accession into ASEAN. On becoming ASEAN chair in 2014, Myanmar has the opportunity to show her reforms and ability towards more democratisation. Myanmar could strengthen relationships with western countries, E.U. countries and all dialogue partners of ASEAN. Not only that, it could also show the natural beauty and heritage of the country.

Where there are opportunities, there are also challenges. Lack of infrastructure is one major issue. There still are some internal issues and conflicts, such as those involving Muslims and Kachin tribes.

We know this and yet, far too often, we face a multitude of challenges in taking the ASEAN chair, for the chairmanship is a task easier said than done and could make an enormous difference to the lives of our people. Anyway, Myanmar's assumption of the ASEAN chair will surely be high-profile and eagerly awaited.

RSIS and ISEAS Consult Key Stakeholders on Vision for the ASEAN Economic Community beyond 2015

ASEAN economic cooperation and integration have come a long way since ASEAN's founding and the ASEAN Economic Community (AEC) will be yet another milestone. The 2015 deadline for the realisation of the AEC is fast approaching; however, work on forming a competitive, connected and inclusive regional economic community will take time and will have to be continued beyond 2015.

RSIS and the Institute of Southeast Asian Studies (ISEAS) were tasked by the High-Level Task Force on ASEAN Economic



(L-R) Assoc Prof Pradumna B Rana, Assoc Prof Mely Caballero-Anthony, Prof Joseph Liow and Mr Rodolfo Severino

Integration (HLTF-EI) to draft a vision paper to provide inputs for a possible framework and policy agenda on what ASEAN should do beyond 2015. The "Vision Paper on AEC beyond 2015" aims to: (i) assess the progress in AEC 2015; (ii) identify and analyse the regional and global challenges confronting the region and (iii) recommend policies for the AEC beyond 2015.

To ensure that the Vision Paper reflects the concerns and needs of the broader ASEAN community, RSIS and ISEAS organised a consultation workshop on 22 October 2013 at the NTU One-North Campus. Over 30 participants from regional institutions, the private sector, academe and think tanks representing each ASEAN member state attended the workshop where they expressed their support for the initiative and provided comments on the draft Vision Paper. Feedback from the participants focused on political (e.g. ratification of domestic legislation to support regional arrangements) and institutional (e.g. resource and capability constraints faced by the ASEAN Secretariat) limitations and the evolving regional and global strategic landscape and related trends. Discussions also stressed the importance of having a shared vision—both across and within ASEAN member states—for the AEC post-2015. Beyond the usual state and private sector actors, the participants believed that the success of the AEC beyond 2015 will also depend on stronger public buy-in and awareness of initiatives under the AEC agenda.

Professor Evelyn Goh Discusses Order Transition in Post-Cold War East Asia

On 23 October 2013, Professor Evelyn Goh, Shedden Professor of Strategic Policy Studies at the Australian National University, gave a seminar at RSIS on the topic "Hegemony, Hierarchy and Order Transition in Post-Cold War East Asia."

Goh made four observations about the evolving regional order. First, regional institutions are not just about norms—they are also used to tame and harness power. Second, regionalism poses a limited challenge due to Sino-Japanese competition for regional influence and the difficulty of distinguishing the regional from the global. Third, great power authority, particularly from the United States, continues to be emphasised in regional conflict management. Fourth, the East Asian fractured order stems from the different interpretations of history and collective memory in Northeast Asia.

Goh proposed a new framework comprising three tenets for understanding the East Asian strategic order. First, the post-Cold War era is witnessing a parallel strategic resurgence of the United States and China. In this regard, Southeast Asia handles

its relations with the United States and China differently—regional institutions are used to harness and channel U.S. power, while at the same time constrain and socialise China. The second element of the new framework involves a transition in the regional order in terms of conflict management, social norms and institutional bargains. Finally, East Asia is currently governed by a layered hierarchy. U.S. hegemonic authority persists, China is a second-ranked regional power, and the other regional states are ranked below China.

Stress points in the regional hierarchy include Sino-U.S. power sharing, Sino-Japanese competition for regional influence, and the linkage between security and economic issues. Goh added that strategic choices for East Asian states were not confined to balancing, bandwagoning or hedging. The real challenges for the region were: (i) how to perpetuate the preferred U.S. led regional order even as the gap narrows between U.S. primacy and a rising China; and (ii) how to help China become a satisfied power with adjustments that are acceptable to other states.

For a more comprehensive report on the content of Professor Evelyn Goh's presentation, please refer to Evelyn Goh, ["Ringling in a New Order? Hegemony, Hierarchy, and Transition in East Asia,"](#) The Centre of Gravity Series, October 2013. Her book, ["The Struggle for Order: Hegemony, Hierarchy, and Order Transition in Post-Cold War East Asia,"](#) was published in August 2013.

IE Singapore CEO Speaks on Prospects of Singapore's External Economy

As the global economy continues to undergo dramatic changes, Singapore must take the necessary action to manage risks and capitalise on opportunities to strengthen its external economy. Mr Teo Eng Cheong, Chief Executive Officer of International Enterprise (IE) Singapore, gave a seminar on "Enhancing the External Economy of Singapore" on 13 November 2013 to discuss Singapore's strategy and how it can stay relevant in the evolving global economy.

Teo focused on overseas investment opportunities for Singapore and listed a number of key trends that will drive growth in this area. These include rising urbanisation in Asia, increasing consumption power and demand for products of higher value and quality, ongoing transformation of the energy sector, structural changes in global manufacturing and strong growth in certain Sub-Saharan African economies. While these trends present a number of promising prospects for Singapore, it also has to deal with several internal challenges such as productivity concerns, manpower constraints and limited land area.

During the open discussion, participants raised the topic of Singapore's ties with Africa and Myanmar. On the former, it was observed that the country's interest in Africa has been growing and China's involvement in the region has created opportunities for Singapore to work together with China in Africa. Discussions also covered Singapore's deepening links with Myanmar, particularly its potential as a new market and



Mr Teo Eng Cheong (CEO, IE Singapore) and Mr Tan Seng Chye (Senior Fellow, RSIS, and seminar chair)

the country's abundant natural resources. However, while government policies in Myanmar are encouraging, institutions continue to be weak so next steps must be viewed with cautious optimism. Participants also shared their opinions on the ASEAN Economic Community (AEC) and what its realisation would mean for Singapore. Achieving the AEC will require more time and strong political will as it involves very ambitious goals. At the very least, harmonisation of standards and procedures will happen and Singapore stands to benefit significantly from a more homogenous ASEAN market.

What's Next for Asia Pacific Economic Integration: APEC Executive Director Shares Views at RSIS Seminar

Dr Alan Bollard, Executive Director of the APEC Secretariat, gave a talk entitled "A Tale of Three Meetings: Some Important Steps in Asia Pacific Economic Integration" on 4 December 2013 at the RSIS Lecture Theatre. Bollard used three cases to illustrate the direction, process and prospects of Asia Pacific economic integration, namely: (i) the APEC Economic Leaders' Meeting (Bali, 7-8 October 2013); (ii) the World Trade Organization (WTO) Ministerial Conference (Bali, 4-6 December 2013) and (iii) the Trans-Pacific Partnership (TPP) Ministerial Meeting (Singapore, 7-10 December 2013).



Dr Alan Bollard

On the APEC meeting, Bollard noted how the agenda has shifted from traditional trade liberalisation to greater focus on facilitation. He highlighted APEC's role in fostering regional economic integration as an incubator (e.g. IT agreement), initiator (e.g. connectivity issues) and integrator (e.g. possible merging of the TPP and Regional Comprehensive Economic Partnership [RCEP] to a Free Trade Area of the Asia Pacific).

Bollard shared his insights on the negotiations leading to the WTO meeting and discussed the agreements and roadblocks concerning the Bali Deliverables on agriculture, concessions for the least developed countries and trade facilitation measures. On the WTO's future role in global trade governance, he felt that the WTO would be more successful in sectoral areas (e.g. IT and services) and in an enforcement function.

On the TPP meeting, Bollard cited the significant progress in the negotiations as TPP member countries remain committed to meeting the 2013 deadline. However, major issues still need to be resolved in the areas of agriculture, intellectual property and the role of state-owned enterprises.

While economic objectives clearly drive the agenda of these meetings, the open discussion touched on the political context including ASEAN centrality and perceptions of conflict between the TPP and the RCEP and the expansion of APEC membership.

JIIA-RSIS Roundtable on Maritime Security in East Asia

On 10 December 2013, RSIS and the Japan Institute of International Affairs (JIIA) co-organised a roundtable on “Maritime Security in East Asia.” Held at the Four Seasons Hotel Singapore, over 20 participants from Track I and Track II engaged in dynamic discussions about maritime issues in both Northeast and Southeast Asia. The roundtable focused on three issues: (i) the shifting military balance in the East and South China Seas; (ii) the legal dimensions of the territorial disputes; and (iii) actions for stability and the Japan-ASEAN security relationship.

In both the East and South China Seas, China’s maritime expansion was a critical element in defining the naval balance. As such, participants agreed that China must be included in the conversation on regional maritime affairs. It was also important

to enhance regional confidence building measures, even as Southeast Asian naval cooperation remained hindered by the trust deficit among states and capability mismatches.

Participants were not optimistic about international law as a tool for resolving the territorial disputes, given the varying interpretations by different states of the provisions under the United Nations Convention on the Law of the Sea (UNCLOS). However, it was opined that UNCLOS provisions could help to clarify certain issues and prevent the situation from escalating.

As Japan and ASEAN members shared several common interests, there was scope for both sides to cooperate to maintain regional peace and stability. These common interests included ensuring the freedom of navigation, engaging China, as well as maintaining ASEAN neutrality and unity.

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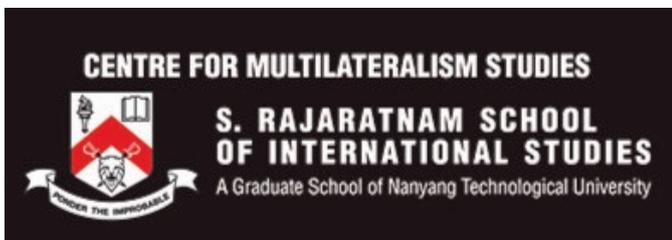
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The Centre for Multilateralism Studies (CMS) is a research entity within the S. Rajaratnam School of International Studies at Nanyang Technological University, Singapore. The CMS team conducts cutting-edge research, teaching/training and networking on cooperative multilateralism in the Asia Pacific region. The Centre aims to contribute to international academic and public discourses on regional architecture and order in the Asia Pacific. It aspires to be an international knowledge hub for multilateral cooperation and regional integration.

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