



SOUTHEAST ASIA AND THE UNITED STATES: A STABLE FOUNDATION IN AN UNCERTAIN ENVIRONMENT?

Event Report
19 OCTOBER 2015

Event Report

SOUTHEAST ASIA AND THE UNITED STATES: A STABLE FOUNDATION IN AN UNCERTAIN ENVIRONMENT?

REPORT OF THE RSIS-BROOKINGS CONFERENCE

JOINTLY ORGANISED BY:

S. RAJARATNAM SCHOOL OF INTERNATIONAL STUDIES; AND
THE BROOKINGS INSTITUTION OF WASHINGTON D.C.

19 OCTOBER 2015
THE FULLERTON HOTEL
SINGAPORE

TABLE OF CONTENTS

Executive Summary	3
Keynote Address by Deputy Prime Minister Teo Chee Hean	4
Panel 1: Uncertainties of the Changing Global Order	6
Distinguished Lecture by General (Ret.) Luhut Binsar Pandjaitan, Coordinating Minister for Political, Legal and Security Affairs, Republic of Indonesia, on “President Joko Widodo’s First Year in Office: An Assessment”	9
Panel 2: United States Engagement with East Asia	13
Panel 3: Southeast Asia and the Great Powers	16
Conference Programme	18
Speakers, Moderators and Panellists	19
About the S. Rajaratnam School of International Studies	20
About the Brookings Institution	20

This report summarises the proceedings of the conference as interpreted by assigned rapporteurs and editor of the S. Rajaratnam School of International Studies. Participants neither reviewed nor approved this report.

The conference adheres to a variation of the Chatham House Rule. Accordingly, beyond the points expressed in the prepared papers, no attributions have been included in this conference report.

Terms of use

This publication may be reproduced electronically or in print, and used in discussions on radio, television or fora, with prior written permission obtained from RSIS and due credit given to the author(s) and RSIS.

Please email RSISPublications@ntu.edu.sg for further editorial queries.

EXECUTIVE SUMMARY



Ambassador Ong Keng Yong

The S. Rajaratnam School of International Studies (RSIS) and The Brookings Institution of Washington, D.C., co-hosted a conference on "Southeast Asia and the United States: A Stable Foundation in an Uncertain Environment". The conference took place at The Fullerton Hotel, Singapore on 19 October 2015. The Brookings Institution was represented by its President, Mr Strobe Talbott, and a team from the Center for East Asia Policy Studies. The latter hosts the Lee Kuan Yew Chair in Southeast Asia Studies. The objective of the conference was to recognise the strength of Southeast Asia-U.S. relations and to enhance intellectual exchange on key regional security issues of mutual interest.

In his opening remarks, Ambassador Ong Keng Yong, Executive Deputy Chairman of RSIS, described the United States (U.S.) role in Asia as indispensable. Not only in military terms with the presence of the US Navy's 7th Fleet and forward-deployed forces in Northeast Asia, but also in economic terms with the opening up of the U.S. economy to emerging Asian economies. Amb Ong shared that the Association of Southeast Asian Nations (ASEAN) had been a capable partner of the U.S., with whom it has shared a long history of cooperation. He explained how uncertainty is currently the most common descriptor of the global environment and highlighted the need for collective action from the international community.

Brookings President Mr Talbott followed with his opening remarks, highlighting that the timing of the conference coincided with Singapore and

the U.S.' preparations to mark 50 years of formal diplomatic relations next year. He acknowledged the challenge of searching for indicators of future U.S. engagement in the region amidst the current presidential campaign, but assured that the U.S. shares ASEAN's goals of ensuring a stable regional security architecture, as well as respect for international law and norms to support peaceful growth. He recognised that many nations, including the U.S., have political systems that are underperforming. He closed by asking the audience if the upside of globalisation was giving way to its downside.



Mr Strobe Talbott

The conference keynote address was delivered by Deputy Prime Minister Teo Chee Hean. Besides the three panel sessions, the conference also included a distinguished public lecture by General (Ret.) Luhut Binsar Pandjaitan, Coordinating Minister for Political, Legal and Security Affairs, Republic of Indonesia. RSIS associates and members of the public were invited to this lecture.

KEYNOTE ADDRESS



Mr Teo Chee Hean

KEYNOTE ADDRESS BY DEPUTY PRIME MINISTER TEO CHEE HEAN

Deputy Prime Minister Teo Chee Hean opened the conference by highlighting the longstanding, multi-faceted, and evolving nature of U.S. - Southeast Asia relations; he reported that ASEAN is currently the fourth largest trading partner of the U.S., behind Canada, China, and Mexico and likewise, the U.S. is ASEAN's fourth biggest trading partner. The U.S. and ASEAN share common goals in that both desire a common architecture for stability, peace and growth. The desired architecture is a multi-dimensional one based on international law and mutual respect and reflecting enduring interactions.

Mr Teo went on to elaborate on three areas of the U.S.-ASEAN partnership: trade and economic matters, security, as well as people-to-people exchanges. Trade and economic interaction is the key pillar of the regional architecture. While China has grown and is the largest trading partner of many U.S. allies today, it is imperative not to lose the bigger picture: that of the current interdependence between states. From the 1990s to present, the number of global Free Trade Agreements (FTAs) has increased from 70 to 270. The Trans-Pacific Partnership (TPP) is set to be a game changer, capturing one-third of global trade. What is significant about the TPP is that it

establishes rules and regulations for global trade amidst the web of interdependencies. As such, it is critical that the U.S. ratifies the TPP and that trading agreements continue to be inclusive and open. Mr Teo expressed that he looked forward to China's involvement in the TPP. Meanwhile, on-going negotiations on ASEAN-China FTAs will continue.

On defence and security cooperation, Mr Teo emphasised that a breakdown in dialogue or accidents could precipitate a crisis in Southeast Asia. He then gave recognition to the existing avenues for confidence and capacity building in the region:

- 1) ASEAN Defence Ministers' Meeting (ADMM) established in 2006;
- 2) ASEAN Defence Ministers' Meeting Plus (ADMM-Plus) established in 2010; and
- 3) the ASEAN Regional Forum (ARF) where issues like maritime security that are of common concern can be discussed.

No country can protect freedom of navigation on its own and this duty requires the participation of all. Mr Teo cited the cooperation of navies including those of the U.S. and Singapore in countering piracy in the Gulf of Aden as an example of security cooperation. Singapore has

also hosted the Information Fusion Centre while the U.S. is one of the contracting parties to the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP). Counter-terrorism is another area where cooperation is needed and at the East Asia Summit (EAS) in April 2015, the region held a symposium on religion, de-radicalisation, and religious rehabilitation. Besides, Humanitarian Assistance and Disaster Relief (HADR) is an area for enhanced cooperation between militaries. Partner militaries have shown capability and willingness to step forward in responding to crisis situations such as in the 2004 Indian Ocean tsunami. The HADR centre set up in Changi is one of Singapore's contributions to enhancing HADR collaboration and the U.S. would be a welcome partner in the coordination effort.

Economics and security merge when looking at the South China Sea situation, where disputes need to be carefully managed. Mr Teo shared that the situation would be even more difficult if parties go for a zero-sum outcome as this would likely lead to negative results. Conflict would cut off resources for all, but resources can be shared even if sovereignty cannot be. Mr Teo urged countries to consider how disputes had been resolved in the Gulf of Thailand.

On people-to-people (P2P) exchange, Mr Teo acknowledged U.S. efforts in providing assistance

at many levels to help countries in the region meet practical human development outcomes such as in protection against epidemics, water conservation, and sustainable agriculture. The Asia Pacific Programme for Senior National Security Officers (APPSNO) was cited as a successful platform through which the U.S. has enhanced the building of networks among senior security personnel in the region. Additionally, Mr Teo affirmed that many young people remain attracted to the U.S., and educational exchanges between students facilitate civic engagement and help train the young to think about and tackle global issues. Strong P2P generational links are a valuable means through which countries can project soft power, ideas, and culture. However, it remains important that states respect differences in historical experiences and cultural values, keeping focus on practical approaches.

Finally, Mr Teo declared that ASEAN has been a successful platform through which major powers can talk about issues that would have been difficult to discuss bilaterally. The history of Southeast Asia has shown that unity brings about peace. Divided, Southeast Asian countries become pawns in the bigger game. Engagement between U.S. and Southeast Asia needs to remain multi-dimensional, adaptive, persistent, sustainable and respectable. And the U.S. needs to continue its presence in the region.

PANEL 1 : UNCERTAINTIES OF THE CHANGING GLOBAL ORDER



Ambassador Chan Heng Chee

Ambassador Chan Heng Chee moderated the first panel session and led the group to discuss the lack of consensus on how best to describe the present world order. She also urged the speakers to give their views on which are the most important issues facing the world currently.

Ambassador Bilahari Kausikan commented that the global order during the Cold War had been an extremely dangerous one, but it at least offered the clarity of structure. Without a global structure, global leadership would be difficult and issues harder to manage. He assessed that even as the U.S. remains dominant now, there is no country able to provide it the help it needs as Europe faces internal issues and China remains erratic as a free-rider. At the global level, Beijing has no strong imperative to kick over the table and impose itself. However, at the regional level, things are different. China in East Asia wants its historical role to be revived, as evident in the South China Sea.

Amb Kausikan was of the idea that what is happening in East Asia is a microcosm of what could happen in the world. As of now, he sees that the U.S. and China are unsure of what they want from each other, and small countries are coping by trying to hedge. Further, the problems in the region are compounded by leadership deficits and governance is becoming difficult everywhere. This is regardless of the political systems as there are structural problems hindering governments in the light of global uncertainties. Amb Kausikan further shared that he foresees that these problems will continue for many years to come.

Dr Richard Bush was of the view that current uncertainties stemmed from doubts about the future role of the U.S. in the region with China as a greater factor of concern at the regional level. Dr Bush opined that the biggest problem is that the U.S. has not been able to maintain and build its own strength partly due to domestic political shortcomings. Nonetheless, the Obama Administration's successes through diplomacy are evident in Cuba and Iran. Dr Bush stated that the U.S. needs partners to share the burden and is frustrated with governments not trying to help themselves such as those in Afghanistan and Iraq.

Further, Dr Bush mentioned concerns about the increase in Chinese power and the way China has applied its power; some of it should be of no surprise given China's economic centrality and imperial identity. Dr Bush acknowledged that China has taken some initiative to provide public goods, but is not doing anything new, only adapting old approaches to new circumstances.



Dr Richard Bush

Dr Bush explained that U.S. rebalance to Asia includes cooperation with China, such as the issue of North Korea. However, he observed that the rhetoric about rebalance did not address:

1. Whether the U.S. Executive Branch and Congress can reach a consensus about how to move the U.S. forward and whether the U.S. has enough resources to sustain its actions; and
2. How to cope with China's regional and strategic initiatives particularly in the maritime domain.

Dr Bush was of the view that China has been pushing its capabilities out, and has been skilful at pursuing its interests, but the lack of certainty on where and when its expansion will stop makes it hard for the U.S. to respond adequately. He used the analogy of a silkworm chewing up the mulberry leaves to describe Chinese tactics. And while diplomatic solutions can be found, China has not been keen to take up such solutions. Dr Bush said that the responsibility falls on the U.S. to take the lead, but he is unsure if the U.S. can do so skilfully. The most dangerous element would be how allies view U.S.-China interactions and American capability and credibility. On that note, the world would increasingly have to deal with contests of reputation and status.



Professor C. Raja Mohan

Professor C. Raja Mohan reminded the audience that it was important not to see the uncertainties from a European narrative. He elaborated that Asia was blessed not by the end of the Cold War, but by the normalisation of U.S.-China relations in 1979. The collapse of the Soviet Union had been a footnote for Asia and the simplicity of Cold War frameworks needs to be broken down. Three factors today still perpetuate uncertainties: (i) reassertion of Russian power at its peripheries matched with weak, half-hearted attempts by the U.S. to counter it; (ii) China's geopolitical objectives; and (iii) America's relative decline.

In terms of alliances, Prof Mohan raised the issue that Japan now questions American involvement, which South Korea does not know if it wants to be so close to the U.S., and that it is uncertain if ASEAN would be able to maintain its centrality with China's rise. He urged everyone not to view Europe and Asia as segregated; China-Russia collaboration and the Silk Road initiatives have shown that they are not. Prof Mohan also argued that U.S.' occupation with teaching Russia a lesson has brought Russia closer to China and

Asia. As such, he suggested that America must set priorities and choose where best to place resources to meet its objectives. Meanwhile, Asia has to adjust to the changes, but he questions if Asia would be willing to pitch in more, for example, by pooling resources to support offshore maritime balancing. Prof Mohan ended by saying that there was much more to be done in terms of Asian agency, beyond complaining about U.S.-China issues.

Professor Ann Florini broadened the discussion to a planetary scope and sought to bring in the issue of climate and ecological changes to highlight how these interact with interstate systems. She explained that natural cycles are now being disrupted and the world now faces a sixth period of mass extinction. Asia is now faced with extreme water constraints and in terms of energy issues, two-thirds of the problem is linked to the climate. For instance, she explained that technology depends on water, and water depended on food. Prof Florini thought there was a dire need to look into the decision-making processes at national water ministries and to consider not only how to deal with, but even how to begin talking about these issues. Restrictions on energy options, land use, and sea level rise have caused major problems in Southeast Asia. She felt it was thus imperative to give careful thought to how climate issues fit in with the global order and what governments are doing.



Professor Ann Florini

Prof Florini noticed that the U.S.-China climate deal was made possible by the gracious moves of both countries to reach a consensus. She then discussed how financial systems and non-state actors could help promote greater sustainability. Accordingly, the People's Bank of China had been most involved in regulating finance and channelling funds to more environmentally friendly companies. She informed that there are



Ambassador Bilahari Kausikan

thousands of experimental initiatives including businesses and non-governmental organisations governing themselves. The Marine Sustainability Council is such an actor. Problems and society are now too complex for governments alone to manage and solve, and Prof Florini emphasised the need for collaborative governance, such as via public-private partnership.

Amb Chan directed the panellists to describe their views of the changing global order. The panellists mostly agreed that at the global level, the current order was a messy one, while at the regional level, the order was a bipolar one with U.S. and China shaping the approach of individual states. On whether conflict between the two largest economies was inevitable, all panellists were optimistic in that they did not foresee any conflict between the two major powers. Further, on the role of ASEAN in dealing with uncertainties in this region, two panellists emphasised that ASEAN's role as an effective organisation and platform would depend on its ability to uphold its centrality as well as preserve its unity. Lastly, on how the region would evolve, Amb Kausikan opined that it would no longer be a question of socialising China but a question of the degree to which ASEAN can be socialised by China.

An academic from RSIS asked the panel if they had been unnecessarily kind in their comments

on China given that regional countries were strengthening security ties with Washington and running away from Beijing. Amb Kausikan replied that they were "not unhappy, just resigned to the U.S. China is a geopolitical fact; the U.S. is a geopolitical concept." Dr Bush commented that he has been pessimistic and worried because he had observed that the U.S. had benefited from Chinese missteps and still needs to strengthen itself as well as its partnerships. Prof Mohan said the biggest problem now was how to even assess the situation and Prof Florini stated that the more pressing question was how the U.S. and China are coping as power diffuses to a broader range of actors.

An academic from NUS asked the panel why, despite best efforts, U.S.-China relations are a lot tenser today and regional powers bandwagoning. To this, Ambassador Bilahari replied that the situation is not tenser, just more complex. Further, Amb Chan commented that in politics, situations evolve, and solutions that are implemented may not bring about an end.

A member of the diplomatic corp asked Dr Bush if he thought that President Obama has adequately followed his advice (from a 2013 Brookings Paper) and how the U.S. could protect freedom of navigation. Dr Bush answered that President Obama needed his own space to talk with President Xi Jinping on specific issues and that there were some mechanisms that made problems persist. This led to progress on issues such as encounters between maritime vessels. What is needed is for China to negotiate similarly with Japan and then to realise the code of conduct covering these vital seas lanes. With regard to asserting Freedom of Navigation in South China Sea, Dr Bush said that the U.S. would have to "do it but don't talk about it" and ensure it does not become an issue of face.

DISTINGUISHED LECTURE BY

General (Ret.) Luhut Binsar Pandjaitan, Coordinating Minister for Political, Legal and Security Affairs, Republic of Indonesia, on “President Joko Widodo’s First Year in Office: An Assessment”



General (Ret.) Luhut Binsar Pandjaitan

Dealing first with politics, GEN (Ret.) Luhut Binsar Pandjaitan spoke about how President Widodo had progressed from being mayor in Solo, to earning governorship in Jakarta, and finally the Indonesian Presidency. He said that President Widodo has succeeded by being able to build good relations and earning the respect of the opposition. His effective communication style and that of his senior staff had helped to sustain his political standing. President Widodo had overcome the initial scepticism that stemmed from a Parliamentary majority being held by the Red and White coalition with his budget revision of 2015 reducing costly fuel subsidies and reallocating funding to infrastructure, education and health.

On security, GEN (Ret.) Pandjaitan said that there were four areas of concern for Indonesia: (i) radicalisation; (ii) illegal mining, fishing, human trafficking; (iii) drugs (which GEN (Ret.) Pandjaitan considered more pressing than the problem of terrorism); and (iv) the South China Sea situation and stability in Asia.

On the threat of terrorism, it was reported that approximately 800 Indonesians have joined ISIS in Iraq and Syria. 284 have been identified, and 516 remain to be investigated. GEN (Ret.) Pandjaitan expressed that Indonesia deems dialogue and prosperity essential for finding solutions to these problems; he does not believe a military response can solve them. In countering terrorism, Indonesia practises both the hard approach (intelligence/military/law enforcement) and soft approach (rehabilitation/de-radicalisation/media campaign/synergy). GEN (Ret.) Pandjaitan

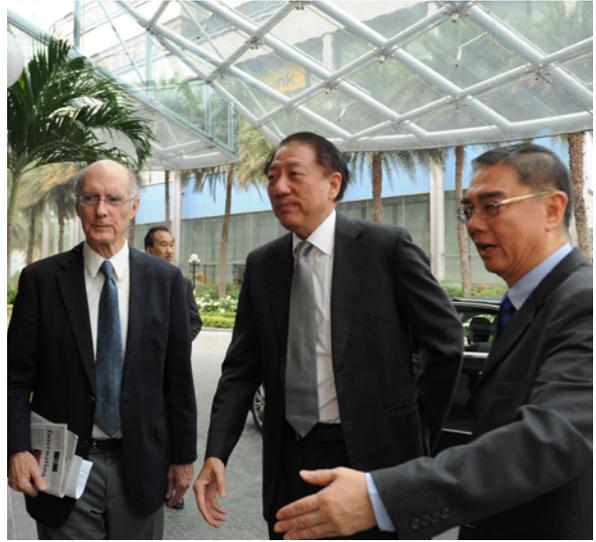
emphasised that no one is immune to the ISIS threat as a result of social media’s extensive reach. He declared that there was a need for greater cooperation amongst countries in areas of information sharing to counter terrorism.

Indonesia also faces a serious drug problem: the country has about 5.1-5.6 million drug users in 2015, and remains the main market in Asia for drugs. Authorities find it difficult to manage the problem due to the geographical structure of the nation as it has become a transit country for traffickers. In view of the drug problem, the Indonesian government implements rehabilitation for drug users and harsh punishment/death penalty for those who distribute the narcotics.

Law enforcement for illegal fishing is a recent practice. There has been a 14.43 per cent increase in the volume of production in the fishery business and an 8 per cent growth of fisheries as a percentage of Indonesia’s GDP.

On the South China Sea, GEN (Ret.) Pandjaitan was of the view that China has been aggressive and that it has no basis for its “nine-dash line” claim. On this, Indonesia hopes for dialogue to resolve disputes. He added that Indonesia plans to increase its military budget from 0.8 per cent of GDP to 1.5 per cent of its GDP by 2017/2018. This is in line with its economic growth.

On economics, GEN (Ret.) Pandjaitan said that Indonesia has a 4.9-5 per cent growth objective for its economy in 2015. The country aims to narrow the increasing income gap between Java and non-Java, addressing high





transport and logistics costs. Focus areas include affordable food and increasing job opportunities so as to reduce the income gap; a matter he sees as crucial to ensure security and stability in the nation. Based on this, the country is pursuing important tasks of more evenly distributing development outside Java, improving competitiveness, and transforming the economy from having a focus on commodities to that of industry (for instance, transiting from producing nickel to producing stainless steel). He stressed that Indonesia is open to foreign direct investment which is sorely needed for development. The nation plans to reduce fuel subsidies from US\$30 billion to US\$9 billion. GEN (Ret.) Pandjaitan also briefed the audience on the construction of the Trans-Sumatran Toll Road in Banda Aceh and the Trans-Java Toll Road that is scheduled for completion in 2018. He declared that President Widodo had intervened in the Batang Power Plant Project and once the land acquisition was upheld, construction was restarted.

On the agricultural sector, GEN (Ret.) Pandjaitan spoke about the Indonesian government's priority to increase the country's level of self-sufficiency in rice production. He also spoke about efforts to set up a one stop service to simplify permit/licence approval. He presented slides displaying the Indonesian smart card through which citizens receive their financial assistance, the Indonesian health card, and Indonesian education card. He acknowledged that confidence in the Indonesian government was declining, but assured that it remained higher than in the case of the previous government.

Under its tax amnesty programme, Indonesia is keen to increase its tax ratio which is currently 11.9 per cent to about 17-20 per cent. It also aims to increase the number of tax payers from about 1 to 2-3 million in the coming years. Concerning the forest fire problems in the country which has been compounded by the El Niño climate cycle, the government is focused on long-term preventive measures and plans to annul the regulations which allow farmers to set peat land on fire.

During the discussion that followed the lecture, a questioner asked GEN (Ret.) Pandjaitan if he would accept a proposal from students in Kalimantan to deal with the haze problem, i.e., by digging of wells. Others asked if Indonesia would take a lead role in the management of the South China Sea, whether there would be a firm timetable for identifying companies responsible for

the haze, and what Indonesia meant by the term "economic crime"?

GEN (Ret.) Pandjaitan answered that the Indonesian government would be open to proposals as suggested. He explained that the government is staffed with many young officers, ranging from 30 to 35 years old and that public servants have been going to the ground near the hotspots to understand the peatlands and get to know the owners. He affirmed that the administration wishes for a calm, but firm solution. On the South China Sea, Indonesia believes dialogue is the best solution for peaceful resolution. He explained that the Indonesian Foreign Minister and President Widodo would be discussing issues on a code of conduct for the South China Sea during the next meeting with President Obama. As for economic crime, he reiterated that Indonesia would deal firmly with companies that commit such crimes, as he considered the carelessness of these companies to be the main reason for the haze and the resulting impact on people's lives. Further, the government hopes to recover land that has been burnt.

Others at the lecture asked GEN (Ret.) Pandjaitan what kind of reforms are yet to be done and which he hoped the President would perform; another enquired about details of policies related to national education/service; and the final questioner asked how Indonesia would shift from being a commodity-based to an industrial-based economy.

GEN (Ret.) Pandjaitan replied that the government is looking at improving Indonesian seaports by reducing current inefficiencies which have added significant costs. Projected plans would save US\$30 billion if the five-year target is met on reducing that as a supply chokepoint. The government now goes for simple, practical solutions. He explained that Indonesia is not implementing national service yet; instead, it is re-instituting training designed to boost the spirit of nationalism. Indonesia at this point is not too concerned about external threats and more worried about domestic ones. On economic reforms and transitioning, the government is looking at building new power plants every year, which will be more environmentally friendly, and focusing on hi-tech growth which he compared to that of Brazil. He explained that people are also a part of "local content" and as such, the leaders believe in training people with respect to incentivising foreign firms to operate in Indonesia.

PANEL 2 : UNITED STATES ENGAGEMENT WITH EAST ASIA



Professor Pascal Vennesson

Professor Pascal Vennesson moderated the second panel session and urged the panellists to bring in China, India and Japan into the discussion on U.S. engagement with East Asia.

Professor Richard W. Hu commenced by stating that he would discuss three factors/variables: (i) the role of U.S., (ii) rising Chinese influence; and (iii) how other countries respond to U.S.-China competition. First, Prof Hu stated that there were uncertainties on the role that the U.S. would play in the region. The U.S.' recent rebalance is another significant strategic shift since the proxy wars and World War II. Prof Hu was of the view that there has been a rebalance within the rebalancing policy. The TPP as well as the expanded presence of U.S. forces are ways the U.S. is rebalancing to Asia and increasing its level of engagement in the region. The U.S. is also increasing its participation in institutional building. Prof Hu posed the following questions: How deep is the engagement? What kind of leadership role will the U.S. take?

Second, on China's role in the region, Prof Hu said it was important to understand how China views its diplomatic position and how the U.S. and China view the position each other holds. China under President Xi wishes to safeguard its national interests and is playing hardball in maritime security. On the other hand, it takes a more flexible approach in statecraft. The Silk Road is China's response to President Obama's pivot. China is enlarging the scope of its strategy; with the U.S. pivot to Asia, China is now pivoting to the West. President Xi has also just promoted a new type of great power relations that the U.S. has been reluctant to sign onto, seen in the differing factsheets from the recent summit.

Third, regional countries are taking the middle path in reacting to U.S.-China ties. Small countries are engaging and hedging, jumping on the bandwagon of China's economic growth and engaging with the U.S. on security matters. The region remains divided. Uncertainty and the lack of a clear strategy are only natural. There is now a bifocal perspective on regionalisation where China is the driver of economic integration and the U.S. is the main security partner. The TPP still has yet to gain full approval, domestic reforms are imperative, and political leaders need motivation to drive this forward.

Dr Tang Siew Mun observed that there has been no serious mention of Japan in the conference and sought to delve into this country's role. Dr Tang said that Japan is still a very important country and strategic actor. It is the second largest economy in the region and the third largest in the world. Japanese FDI in Southeast Asia has been substantial especially in Myanmar, Malaysia and Singapore. Japan is deeply involved in the region and shares the same interest with regional countries in being concerned about U.S.-China ties. Japan is concerned that it will be bypassed or threatened in the event of a warming in U.S.-China ties, and wonders how far the U.S. will go to protect Japan. All these impact Japanese thinking on security policy.



Dr Tang Siew Mun

Japan is in the middle if U.S.-China ties become conflictual and is worried about the impact of a rising China that wants more strategic space. Japan is also surrounded by less friendly neighbours; the more friendly ones are further away. In Southeast Asia, Japan is playing catch up. Japanese politicians have also been playing

musical chairs in the Prime Minister's Office and have neglected their foreign policy and strategic profiling tasks (while China has dominated these areas in the last decades). Japan still plays a role in burden sharing and provides the strategic reach for the U.S. to remain committed to the region. While Japan is still seen as cool and has some soft power, its strategic power and economic reach now depends on how well its economy does, or else it will decline in relation to South Korea and China. Dr Tang summed up by reiterating that Japan is now very serious about increasing its strategic profile in Southeast Asia and wants to have engagement in supporting the regional security architecture.



Dr Li Mingjiang

Dr Li Mingjiang talked about China's counter-hedging strategy which he considers a crucial factor for the prospect of U.S. engagement with East Asia. China's counter-hedging strategy is two-pronged; it practises strategic reassurance and an assertive regional security strategy. These strategies are combined and a balance of the two is applied in different proportions to respective countries. Under strategic reassurance, China focuses on stability and peace in the region, consolidate relations with countries, reassures countries of its peaceful rise through policy statements, practises economic integration policy (by participating in regional multilateral institutions), and respects overall status quo. Under its assertive regional security strategy, China believes it must always be assertive. While the term is applied to more recent actions, it has long been its approach. China practised this is in the 1995 Mischief Reef Incident and in its assertion of military power in the Western Pacific. This strategy evolves and is not static.

The results of China's strategies are an increase in its influence in the region and an increase in China's status in East Asia at the expense of the U.S. China's dual strategies (economic and security) have been effective, as China has

been able to cement the ties of regional states through economic links. This places constraints on countries' security priorities and perpetuates regional states' hedging strategies although the situation now is better than it was in the 1990s. There are new trends. China is stepping up efforts in economic integration through initiatives such as 1B1R and the AIIB, as well as renewed interest in an Asia-Pacific FTA. However, China aims to amend the economic-security architecture, not overhaul it. This is evident in President Xi's statement that Asian security should be tackled by Asians. This new security architecture that China is trying to create should be able to absorb U.S. bilateral security alliances. China takes a non-confrontational approach to security, has no immediate plan to use military might, and makes tactical concessions from time to time.

The implications for U.S. engagement in East Asia is that China's influence in the region will continue to increase, but the assertive aspects of its policies will actually help the U.S. as it would push regional countries closer to the U.S. In the longer-term, there is a need to watch the domestic situation (nationalism) and progress on domestic reforms in China.

Dr Tanvi Madan reported that Prime Minister Narendra Modi has been visiting and talking to the U.S. not only at the official level, but also at summit levels and at meetings in Europe. There have been frequent military and people-to-people exchanges between the two countries, including a recent week where there were four different engagements in New Delhi and Washington. A few factors drive U.S.-India ties. First, there is a strategic imperative in the context of a rising China. Second is the economic imperative as India is seen as a market for the U.S. and India sees U.S. engagement as bringing skills and technology to India. There is also a pillar based on shared democratic values and the large Indian



Dr Tanvi Madan

diaspora in the U.S. Lastly, there are the political imperatives. PM Modi has to deliver what he promised in principle as a partner of the U.S. last year. Thus, his follow-up will be scrutinised. PM Modi has said that when he looks east, he sees the western shores of the U.S. For an Indian Government under PM Modi, they seek a continued U.S. presence in Asia.

The U.S.-India partnership is “indispensable”. And recently, the U.S. and India signed a joint-strategic vision on the Indian Ocean; this is unprecedented as India has in the past been cautious about signing such documents for fear that they appear to be taking sides. The most recent is the formal addition of Japan to the previously bilateral India-U.S. naval exercise known as Malabar. The U.S. and India are also working together in the South China Sea to protect the freedom of navigation as both disapprove of any form of unilateral actions that threaten it. India has been clearer in articulating this support, including working with Vietnam. PM Modi is aware that he needs to overcome past Indian neglect and lack of connectivity in both Southeast Asia and Northeast Asia. China is a strategic challenge, but one that also offers tremendous economic potential. The uncertainty about China comes from the country sending mixed messages and its counter-hedging approach. The U.S. and India are also balancing their responses, applying a Goldilocks policy that is not too hot or cold. There are two potential disconnects. One is functional in that India is missing out on regional initiatives like the TPP, and is not part of important supply chains in the region. The other is geographical/geopolitical in that India is not on the same page as the U.S. on Pakistan and the Middle East; there is still the North-South divide, and the issue of India-Russia relations.

The panellists were asked: with social movements on the increase in the region, how much do domestic developments and subnational organisations matter, including the issue of Okinawan protests and their impact on U.S. engagement in the region?

To this, Dr Li replied that in China, domestic groups play a role in shaping China’s policy. At the recent Xiangshan forum, the Chinese military pledged it would not use military power to resolve disputes and was subsequently criticised in both the English and Chinese language media. Dr Li elaborated that there is a saying that when one deals with Beijing, one does not deal with Beijing

alone but “many Chinas.” Regional governments, such as the one in Yunnan, have been active in pushing regional policies to Beijing.

Dr Tang commented that President Abe is different than his grandfather. He has a stronger sense of conviction, idealism, and is less dependent upon consensus which contrasts with the Liberal Democratic Party (LDP) of 1954. Japan is a society that has succeeded in its socialisation/indoctrination strategies. The idea that Japan is a peaceful country has been so successfully indoctrinated in the minds of the Japanese through education that now, they are unable to have a proper dialogue on the changes in security policy. The Japanese society does not trust the government to decide on a good security policy. There is a fear and dislike of China by the stronger right wing which hinders reconciliation.

Professor Hu opined that there are both opportunities and challenges with a rising civil society and its increased activism. Pressures on national governments have increased; the environmental and food issues faced are challenging as they are transnational in nature. The TPP is less about tariffs and more about regulation. There is a rise in cross border cybercrime and challenges with the rising nationalism between China and Japan. Dr Madan said that social movements and domestic developments matter greatly. Aside from the image aspect, these movements affect trade and increase the number of actors.

Beyond that, the panellists were asked what drives China’s counter-hedging strategy and why is it not succeeding; whether there was a changing approach to risk by leaders like President Xi, President Abe, and PM Modi, and what were their thoughts on the Indo-Pacific initiatives, especially the maritime activities.

Dr Madan was of the opinion that for PM Modi, he has practised a modified risk approach and Professor Hu likewise thought Northeast Asian leaders were taking more risks now than their predecessors in light of current issues. Dr Tang observed that Japan’s modern technology and its Official Development Assistance are essential tools for pursuing its security aims. Dr Li was of the view that for decades, strong U.S. presence had not been positive for China, and that China, through its economic engagement, is now seeking to undermine U.S. influence.

PANEL 3 : SOUTHEAST ASIA AND THE GREAT POWERS



Professor Joseph Liow

Professor Joseph Liow moderated the third session and led the panellists to discuss any of the following seven issues: (i) issue of eroding military dominance of the U.S. in the region; (ii) China's push to become a maritime power; (iii) the implications on U.S.-Japan relations and the concerns of regional countries arising from the resurgence of Japan; (iv) China's challenge to ASEAN centrality; (v) the rise of India and its sustainability; (vi) strains in U.S.-China ties; and (vii) how major territorial disputes impact minor ones.

Associate Professor Simon Tay started off by mentioning that leaders today are not afraid to shake up the order, giving a note of caution that economic crises and domestic developments have precipitated past wars. On ASEAN centrality, he said that the matter should be taken seriously. He did not think there was division in ASEAN and thought labels such as "bandwagoning" were not sufficient in describing the efforts of Southeast Asian countries. He also thought it was not ASEAN itself that is failing but more the fact that the geopolitical context that is changing.



Professor Simon Tay

On unity in ASEAN, Prof Tay said that the following should be considered: (i) external centrality whereby ASEAN is central because others want it to be so; (ii) the tilt of ASEAN's platform for different purposes; and (iii) ASEAN's internal centrality. Assoc Prof Tay said the ASEAN Economic Community 2015 would be a continuous journey. There is a need for a stronger secretariat to sustain efforts when domestic politics limit the engagement of member countries. Assoc Prof Tay lauded Malaysia for having done a good job as ASEAN chair in 2015 despite its domestic politics; he proposed for a common voice and attitude in ASEAN.



Professor James Tang

Professor James Tang spoke about the flipside of the uncertainties, that is, the certainties in the region. He suggested that people should focus on certainties such as the new generation in the region that is shaping domestic agendas. He described the asymmetrical structure of China-ASEAN relations when trying to understand how China is approaching Southeast Asia, but wondered whether the U.S. would be able to find regional allies who would stand fast in a crisis. He expressed just how important China is in regional trade as it seems to be pushing harder in Southeast Asia to change the rules, to see alternative structures and new norms. Ultimately, despite the level of uncertainty, it is clear things are changing in the region and properly responding to new challenges requires an adjustment.

Dr Waheguru Pal Singh Sidhu cemented his discussion on three pillars: political, economic, and security; as well as on two trends: external and internal challenges. Politically, the ARF with 26 members appears overstretched and seems to have run out of steam. The EAS has been more

focused on trying to revive the global village but he wondered what its working level would be. On the economic front, Dr Sidhu said there has been no ASEAN consensus. In the Asia-Pacific Economic Cooperation (APEC), only seven members are from ASEAN, while in the TPP, only four are from ASEAN. ASEAN has become a multi-tiered organisation and he questioned its priorities.



Dr Waheguru Pal Singh Sidhu

On security, Dr Sidhu observed that cooperation in response to non-state threats is the most viable. Cooperative security through the ADMM-Plus approach to underlie the EAS is of key relevance. In terms of the political-military link, he suggested that ASEAN may really need to look at defence postures, nuclear issues and arms control. While the Bangkok Treaty excludes ASEAN from involvement in talks on nuclear deterrence, pillars evolve as does ASEAN. Dr Sidhu summed up by saying that the instability in the geopolitical space is reflected in the instability of the institution.

Professor Dewi Fortuna Anwar made three points from a Southeast Asian/Jakarta perspective: (i) Southeast Asia will always be a region of great power contention, which implies the need to ensure strategic autonomy; (ii) Southeast Asia should aim to develop comprehensive engagement and functional cooperation with great powers; and (iii) ASEAN unity and centrality are vital. Prof Anwar emphasised that Southeast Asians are masters of their own region and there should be no domination by one power or by one concept of power. Technical cooperation between Southeast Asia and great powers should remain inclusive and open; it should be focused on structural, functional cooperation. There is a difference between having a close economic relationship and a distant political one. She recalled that Marty Natalegawa had coined the term “dynamic equilibrium” which she preferred as a descriptor as opposed to “balancing.” Prof Anwar opined that the former better describes

regional strategy as it connotes cooperation and is neutral while the latter connotes hostility. For ASEAN, there can be no centrality without unity. It must get its act together.

On how the emergence of domestic issues (generational change/social movements) affect ASEAN centrality/unity, Prof Tay was of the view that generations and groups are mature enough not to let divisions affect ASEAN centrality. Prof Tang said that ASEAN would have to move its elite driven processes towards deepening the community project. Prof Anwar mentioned that ASEAN has not done a good job in socialising its members on the ASEAN project and should do more.

On whether the major powers are growing tired of ASEAN's inconsistencies especially intra-ASEAN dynamics, Prof Anwar said that great powers would have to accept the ASEAN way, while Dr Sidhu thought there was not much of a choice but a need to take side in political alliances.

On what ASEAN thinks of two extreme scenarios—total disengagement versus total active engagement by the great powers in the South China Sea—Prof Tay said that ASEAN should not just be overly focused on the South China Sea; it is not the only issue ASEAN should be concerned with and he emphasised that ASEAN should not be drawn to take sides. He stressed that further dialogue would be needed on how to respond to China's charms and threats. Prof Anwar observed that it would not be wise for China to continue actions that push countries into the arms of the U.S. She was of the view that ASEAN could look at the cooperative defence arrangements in the EU for solutions and wondered if there could be an ASEAN peacekeeping force. She also mentioned the idea that within ASEAN (at least Indonesia, Malaysia and Singapore) certain countries would have to hold firmly together so that the region could withstand any threats.



Professor Dewi Fortuna Anwar

CONFERENCE PROGRAMME

0840hr	Registration	1430hr	Coffee Break
0910hr	<p>Opening Remarks</p> <p>Ambassador ONG Keng Yong <i>Executive Deputy Chairman, RSIS</i></p> <p>Mr Strobe TALBOTT <i>President, The Brookings Institution</i></p> <p>Keynote Address</p> <p>Mr TEO Chee Hean <i>Deputy Prime Minister and Coordinating Minister for National Security, Singapore</i></p>	1450hr	<p>Panel 2: United States Engagement with East Asia</p> <p>Moderator Professor Pascal VENNESSON <i>Professor of Political Science, RSIS</i></p> <p>Panellists Dr Tanvi MADAN <i>Director, The India Project, The Brookings Institution</i></p> <p>Professor Richard W. HU <i>Professor of Political Science, University of Hong Kong</i></p> <p>Dr TANG Siew Mun <i>Head, ASEAN Studies Centre; and Senior Fellow, ISEAS Yusof Ishak Institute</i></p> <p>Dr LI Mingjiang <i>Associate Professor and Coordinator of China Programme, Institute of Defence and Strategic Studies, RSIS</i></p>
1015hr	Coffee Break	1615hr	<p>Panel 3: Southeast Asia and the Great Powers</p> <p>Moderator Professor Joseph LIOW Chin Yong <i>Dean and Professor of Comparative and International Politics, RSIS; and Lee Kuan Yew Chair in Southeast Asia Studies; and Senior Fellow, Foreign Policy Program, The Brookings Institution</i></p> <p>Panellists Associate Professor Simon TAY <i>Chairman, Singapore Institute of International Affairs; Associate Professor, Faculty of Law, National University of Singapore; and Senior Consultant, WongPartnership</i></p> <p>Professor James TANG <i>Dean and Professor of Political Science, School of Social Sciences, Singapore Management University</i></p> <p>Dr Waheguru Pal Singh SIDHU <i>Senior Fellow, Foreign Policy, Brookings India; and Senior Fellow, Center on International Cooperation, New York University</i></p> <p>Professor Dewi Fortuna ANWAR <i>Deputy for Government Policy Support, Secretariat of the Vice President of the Republic of Indonesia</i></p>
1030hr	<p>Panel 1: Uncertainties of the Changing Global Order</p> <p>Moderator</p> <p>Ambassador CHAN Heng Chee <i>Ambassador-at-Large, Ministry of Foreign Affairs, Singapore; and Chairman, Lee Kuan Yew Centre for Innovative Cities, Singapore University of Technology and Design</i></p> <p>Panellists Ambassador Bilahari KAUSIKAN <i>Ambassador-at-Large and Policy Advisor, Ministry of Foreign Affairs, Singapore</i></p> <p>Dr Richard BUSH <i>Director, Center for East Asia Policy Studies; Senior Fellow, The Brookings Institution; and The Chen-Fu and Cecilia Yen Koo Chair in Taiwan Studies</i></p> <p>Professor C. Raja MOHAN <i>Distinguished Fellow, Observer Research Foundation, India</i></p> <p>Professor Ann FLORINI <i>Non-Resident Senior Fellow, Center for East Asia Policy Studies, The Brookings Institution; and Professor of Public Policy, Singapore Management University</i></p>		
1150hr	Lunch		
1300hr	<p>Distinguished Lecture</p> <p>“President Joko Widodo’s First Year in Office: An Assessment”</p> <p>General (Ret.) Luhut Binsar PANDJAITAN <i>Coordinating Minister for Political, Legal and Security Affairs, Republic of Indonesia</i></p>		

SPEAKERS, MODERATORS AND PANELLISTS

KEYNOTE SPEAKER

Mr TEO Chee Hean

Deputy Prime Minister and Coordinating Minister for National Security, Singapore

OPENING SPEAKERS

Ambassador ONG Keng Yong

Executive Deputy Chairman, S. Rajaratnam School of International Studies

Mr Strobe TALBOTT

President, The Brookings Institution

MODERATORS AND PANELLISTS

(*in alphabetical sequence according to family name)

Professor Dewi Fortuna ANWAR

Deputy for Government Policy Support, Secretariat of the Vice President of the Republic of Indonesia

Dr Richard BUSH

Director, Center for East Asia Policy Studies; Senior Fellow, The Brookings Institution; and The Chen-Fu and Cecilia Yen Koo Chair in Taiwan Studies

Ambassador CHAN Heng Chee

Ambassador-at-Large, Ministry of Foreign Affairs, Singapore; and Chairman, Lee Kuan Yew Centre for Innovative Cities, Singapore University of Technology and Design

Professor Ann FLORINI

Non-Resident Senior Fellow, Center for East Asia Policy Studies, The Brookings Institution; and Professor of Public Policy, Singapore Management University

Professor Richard W. HU

Professor of Political Science, University of Hong Kong

Ambassador Bilahari KAUSIKAN

Ambassador-at-Large and Policy Advisor, Ministry of Foreign Affairs, Singapore

Dr LI Mingjiang

Associate Professor and Coordinator of China Programme, Institute of Defence and Strategic Studies, S. Rajaratnam School of International Studies

Professor Joseph LIOW Chin Yong

Dean and Professor of Comparative and International Politics, S. Rajaratnam School of International Studies; Lee Kuan Yew Chair in Southeast Asia Studies; and Senior Fellow, Foreign Policy Program, The Brookings Institution

Dr Tanvi MADAN

Director, The India Project, The Brookings Institution

Professor C. Raja MOHAN

Distinguished Fellow, Observer Research Foundation, India

General (Ret.) Luhut Binsar PANDJAITAN

Coordinating Minister for Political, Legal and Security Affairs, Republic of Indonesia

Mr Waheguru Pal Singh SIDHU

Senior Fellow, Foreign Policy, Brookings India; and Senior Fellow, Center on International Cooperation, New York University

Professor James TANG

Dean and Professor of Political Science, School of Social Sciences, Singapore Management University

Dr TANG Siew Mun

Head, ASEAN Studies Centre; and Senior Fellow, ISEAS Yusof Ishak Institute

Associate Professor Simon TAY

Chairman, Singapore Institute of International Affairs; Associate Professor, Faculty of Law, National University of Singapore; and Senior Consultant, WongPartnership

Dr Pascal VENNESSON

Professor of Political Science, S. Rajaratnam School of International Studies

ABOUT THE S. RAJARATNAM SCHOOL OF INTERNATIONAL STUDIES

The **S. Rajaratnam School of International Studies (RSIS)** is a professional graduate school of international affairs at the Nanyang Technological University, Singapore. RSIS' mission is to develop a community of scholars and policy analysts at the forefront of security studies and international affairs. Its core functions are research, graduate education and networking. It produces cutting-edge research on Asia Pacific Security, Multilateralism and Regionalism, Conflict Studies, Non-Traditional Security, International Political Economy, and Country and Region Studies. RSIS' activities are aimed at assisting policymakers to develop comprehensive approaches to strategic thinking on issues related to security and stability in the Asia Pacific.

For more information about RSIS, please visit www.rsis.edu.sg.

ABOUT THE BROOKINGS INSTITUTION

The Brookings Institution is a non-profit public policy organisation based in Washington, D.C. Our mission is to conduct high-quality, independent research and, based on that research, to provide innovative, practical recommendations that advance three broad goals: strengthen American democracy; foster the economic and social welfare, security and opportunity of all Americans; and secure a more open, safe, prosperous and cooperative international system.

Established in 1998, the Brookings Center for East Asia Policy Studies (CEAP) conducts research, analysis and exchange to enhance policy development and understanding on the pressing political, security and economic issues facing East Asia and the United States in the region.

For more information about The Brookings Institution, please visit www.brookings.edu.



S. RAJARATNAM
SCHOOL OF
INTERNATIONAL
STUDIES

Nanyang Technological University

Block S4, Level B4, 50 Nanyang Avenue, Singapore 639798

Tel: +65 6790 6982 | Fax: +65 6794 0617 | www.rsis.edu.sg