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As the Indo-Pacific concept gains ground, more actors, including ASEAN, are attempting to define and flesh out corresponding strategies. Above, a congregation of leaders from across the Indo-Pacific region at the recent 26th ASEAN Regional Forum meeting in Bangkok, Thailand. Photo courtesy of the US Department of State Flickr account and tagged under the public domain.

ASEAN and the Indo-Pacific

FEATURED COMMENTARY

ASEAN's Indo-Pacific Dilemma: Where to from Here?

By Frederick Kliem



US Secretary of State Mike Pompeo meets with Thai Prime Minister Prayut Chan-o-cha on 2 August 2019 in Bangkok, roughly one month after the release of the ASEAN Outlook on the Indo-Pacific. Photo courtesy of the US Department of State Flickr account and tagged under the public domain.

ASEAN has now added to the ongoing Indo-Pacific debate. The question is, where to go from here? Is ASEAN's Outlook an end in itself or a constructive roadmap for the future of regional cooperation?

Commentary

AT THE just-concluded 34th ASEAN Summit in Bangkok, the regional bloc filled a void in the ongoing international Indo-Pacific debate. Various regional actors had previously released their own Indo-Pacific strategies and concepts, suggesting a re-definition of geo-strategic Asia.

Yet, ASEAN, the organisation that is supposedly the fulcrum of Asian regionalism, had remained silent. Eventually, ASEAN released its own document on the continuing "Indo-Pacific" debate: the [ASEAN Outlook on the](#)

[Indo-Pacific](#) (AOIP). What does this mean for the ongoing regional debate on the strategic future of the Indo-Pacific?

Southeast Asian Soul Searching

Notwithstanding continuous reassurances by ASEAN leaders regarding ASEAN's role in the region, ASEAN centrality has come under severe stress, internally and externally. In that light, it was sensible and timely for ASEAN to speak with one voice on geopolitical shifts in the wider region and, heeding Indonesia's initiative, produce the AOIP.

But what is AOIP supposed to be?

Is it ASEAN's own independent vision of a new regionalism, broadening the Asia-Pacific by strategically incorporating the Indian-Ocean and India specifically, following other

actors' lead?

Or is the AOIP much rather an attempt to converge existing visions and reconcile those with ASEAN's own interests? The eventual content of the AOIP suggests it may be the latter.

The content also suggests that the deliberation process involved considerable soul-searching for ASEAN, reflective of ASEAN's Indo-Pacific ambivalence.

AOIP does not once directly address strategic competition among major powers in the region. And yet, the entire document seeks to distance ASEAN from precisely this strategic competition.

Divergences Within ASEAN

Intra-ASEAN differences are complicated by lingering uncertainty as to AOIP's conceptual priors,

such as Washington's Free and Open Indo-Pacific: are they pragmatic updates on the geopolitical status quo including an acceptance of the increasing significance of India as well as China's deeper reach into the Indian Ocean; or are they barely concealed containment strategies by the Quad countries and others against China?

Many in ASEAN think it is predominantly the latter, and – prudently – believe that ASEAN should not play a role in any overt containment, complicating China's relations with ASEAN, and thus, remain neutral.

At the same time, if ASEAN leaders intend to retain ASEAN Centrality, they must stay on top of the discourse as well as actively shape the embryonic and evolving order.

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This is ASEAN's Indo-Pacific dilemma.

ASEAN Striking a Balance

Considering this dilemma, AOIP is a remarkable document for ASEAN and reflective of a fine balance struck internally between the necessary and the possible.

With AOIP, ASEAN pursues three predominant objectives: to retain ASEAN's central role in regional multilateralism; to influence existing Indo-Pacific priors so as to maximise benefits for ASEAN and uphold its principles; and to maintain an entrance door for China by pacifying potential anti-China elements within those Indo-Pacific priors.

It does so by reinforcing ASEAN's core principles of sovereignty, inclusivity, and a regional order anchored in international law, multilateralism, and peaceful cooperation.

Primarily, AOIP reiterates ASEAN's position that ASEAN-led mechanisms must be preserved, and further, henceforth utilised as platforms for implementation of Indo-Pacific cooperation.

Accordingly, it distances ASEAN from strategic competition and seeks to create synergies among existing

frameworks and mechanisms in order to maximise cooperation and advance strategic trust. In other words, AOIP insists on the perpetuation of the multilateral status quo.

Secondly, AOIP specifically invites functional cooperation on several key areas. It encourages ASEAN's partners to support and cooperate with ASEAN within e.g. the East Asia Summit (EAS), and issue specific inter-institutional cooperation, also anchored in ASEAN-led mechanisms. AOIP, therefore, prescribes inclusiveness through the backdoor, rather than signing up to binary US-China competition.

Navigating Small Power Dilemmas

AOIP is an overdue united ASEAN voice; it is ASEAN's attempt to recoup the discourse initiative amidst competing geopolitical narratives. In consequence, ASEAN has permanently redefined its geopolitical perspective, making its "Indo-Pacific-isation" path-dependent and, for the time being, irreversible.

Nonetheless, many questions remain. What is AOIP's endgame and whether ASEAN had promulgated its own perspective simply for the sake of it? What to do with this docu-

ment henceforth?

AOIP has at least three immediate outcomes:

AOIP is a direct invitation to use ASEAN-based mechanisms as facilitators for Indo-Pacific cooperation, putting pressure on ASEAN's partners to respond.

Second, AOIP provides ASEAN members henceforth with a common compass regarding the Indo-Pacific debate and offers some breathing space. It was timely that ASEAN took a stance on a debate, which is essentially one about reconstructing a region, whose geographical centre is Southeast Asia, and whose institutional hinge is supposedly ASEAN.

Buying Breathing Space

Arguably, this follows a long-led ASEAN tradition: formulating positions and treaties, astutely formulated so as to buy breathing space from all external parties: reassure all, side with none.

Even if the immediate impact on major power rivalry may be marginal, it has shown that ASEAN can speak with one voice and seeks to define the region as an arena for positive-sum cooperation rather

than security competition. It strengthens ASEAN unity and attempts to retain ASEAN at the heart of the regional multilateral architecture.

Thirdly, by inviting ASEAN partners to inclusive cooperation and peaceful and sustainable management of resources and the regional commons in multiple areas, including the maritime domain, AOIP pacifies the Indo-Pacific discourse, hitherto biased towards containment.

This is how ASEAN navigates its dilemmas.

ASEAN should repeat this invitation at coming opportunities, such as the ASEAN Defence Ministers Meeting Plus (ADMM+), ASEAN Regional Forum (ARF), and EAS. Going further, ASEAN should capitalise on this momentum and propose concrete projects.

Some of these can be with existing regional and sub-regional mechanisms, such as in the Mekong subregion, the Indian Ocean Rim Association (IORA), and BIMSTEC, and explore potential synergies.

ASEAN should also try to connect various initiatives for infrastructure development, connected to the various Indo-Pacific concepts.

ASEAN has skilfully navigated its dilemma once again. How it uses this momentum determines the future of ASEAN centrality. ■

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The ASEAN Indo-Pacific Outlook

- *The ASEAN Outlook on the Indo-Pacific (AOIP) was officially released at the 34th ASEAN Summit in Bangkok in June 2019.*
- *The AOIP envisages ASEAN Centrality and ASEAN-led mechanisms as the underlying principle for promoting cooperation in the Indo-Pacific region.*
- *Other previous Indo-Pacific strategies include the US' Indo-Pacific Economic Vision and Japan's Free and Open Indo-Pacific concept.*

RSIS Seminar Series on Multilateralism Studies: “Cambodia’s 20-year ASEAN Membership: A marriage of love or convenience?”

On 31 July, Dr Chheang Vannarith, President of the Asian Vision Institute (AVI), spoke at the RSIS Seminar Series on Multilateralism Studies organised by the Centre for Multilateralism Studies. Speaking on the 20th anniversary of Cambodia’s accession to become the tenth and, for the time being, final member of ASEAN, Dr Vannarith explained what this meant for both parties.

For ASEAN, Cambodia’s membership was a delayed completion of the ASEAN-10 vision. For Cambodia, joining ASEAN was an opportunity and a symbol that the country would irrevocably leave behind isolationism. Accession had im-

mense political, societal and economic implications for both the country and the region.

Dr Vannarith outlined the 4 pillars of Cambodia’s foreign policy—Peace Diplomacy; Cultural Diplomacy; Economic Diplomacy; and Cyber Diplomacy. As peace and security is one of the tenets of Cambodia’s foreign policy objectives, Cambodia regards ASEAN and its Treaty of Amity and Cooperation (TAC) as a security shield. Cambodia has been promoting an open and inclusive international economic multilateral system that is based on international laws and norms.

In the socio-cultural realm, Cambodia engages in academic exchanges, youth associations and propping up young entrepreneurs. Therefore, public awareness about ASEAN is relatively high in Cambodia as compared to other ASEAN member states. While the general public is divided in its perception of ASEAN with students having a more favourable view, within the Cambodian parliament, the ruling party has a more positive view of ASEAN than the sceptical opposition

Dr Vannarith underscored that ASEAN Centrality and Unity must be the future outlook for the region. Cambodia’s accession to be-

coming an ASEAN member state strengthened the legitimacy of the government as the inter-governmental regional organisation was seen as a source of political legitimacy for the ruling party. Going forward, Cambodia is preparing to chair ASEAN in 2022. Cambodia has a lot to contribute to ASEAN as the new foreign policy objectives emphasises support for multilateralism and rules-based international order. ■

RSIS Seminar Series on Multilateralism Studies: “Myanmar and ASEAN: The Past, Present and Future Membership of a Nation in Transition”

On 7 August, Ms Moe Thuzar, Coordinator of the Myanmar Studies Programme at the ISEAS-Yusof Ishak Institute, spoke at the RSIS Seminar Series on Multilateralism Studies organised by the Centre for Multilateralism Studies.

Then junta-ruled Myanmar joined ASEAN to become the 9th member of the Association (together with Laos) on 23 July 1997. Decades of military rule had put Myanmar in an isolated and internationally passive position, and ASEAN membership offered a way out. ASEAN was equally hoping that

accepting Myanmar would progressively liberalise the country and integrate it into the eventual ASEAN-10.

Ms Thuzar highlighted the ramifications of Myanmar’s ASEAN membership: society and economy have certainly benefitted from being part of ASEAN, with increasing connectivity and increasing intra-regional trade. However, she also underscored that with China having a large footprint in the country, Myanmar is also pulled in different directions. Ms Thuzar argued that Myanmar is possibly the one ASEAN member state that

has experienced the most external interference, such as after the 2008 Cyclone Nargis, or the more recent Rohingya issue which has stalled interest of potential investors to come into Myanmar. The ruling NLD government has indicated that it prefers ASEAN to manage the Rohingya issue.

Ms Thuzar explained that the return of civilian rule in recent years marks a new chapter in the country’s history and when it is set to chair ASEAN in 2024, Myanmar can hopefully push the ASEAN agenda in its own right. Highlighting Myanmar’s potential,

she stressed that manufacturing features prominently in Myanmar’s economy. Singapore overtook China as of last year as the top trading partner.

Ms Thuzar then outlined three challenges to Myanmar’s potential development. These are its infrastructure and capacity deficit; communal and ethnic violence; and the sustainability of the new political system in terms of civilian-military relations. ■

RSIS Seminar Series on Multilateralism Studies: “What does the future hold for Africa? A critical review of eight key indicators”

On 14 August, Professor Theo Neethling, Head of the Political Studies and Governance Department, University of the Free State, outlined Africa’s challenges in realising greater future economic growth. Various studies have identified several indicators pointing towards bright economic prospects for the continent moving forward. Prof Neethling’s lecture, however, stressed the need to exercise caution when objectively assessing Africa’s potential.

First, despite the demographic dividend contributed by a young working population, Africa’s population boom outpaces economic growth. This hence leads to the real possibility of widespread poverty, rather than prosperity. Afri-

ca’s middle class, he elaborated, is also relatively small, and thus less enabling of consumption-driven growth. Exacerbating matters is Africa’s struggle to boost literacy rates and relatively weak education system.

Second, technology uptake is on the rise, but adoption is uneven across the continent. Third, though Africa is making strides towards greater economic interconnectedness, recently inking the African Continental Free Trade Area, onerous customs procedures, tariffs and non-tariff barriers remain. Overcoming these hurdles to doing business will require significant political will, as well as infrastructure and technical expertise.

Fourth, several countries grapple with debt distress borne due to infrastructural plans to stimulate growth. This debt is owed to international institutions or to bilateral creditors such as China vis-à-vis the Belt and Road Initiative.

Fifth, high-quality urbanisation-based growth, a popular economic projection, will also depend on the ability to create employment, generate higher incomes, and practice good governance and urban planning for better implementation. Sixth and relatedly, Africa’s economic growth will be challenged by climate change. Already, the continent struggles vis-à-vis several issues, such as an absence of irrigation for agricultural production which

then impinges upon food security.

Seventh, Africa has been harnessing multilateral efforts to reduce conflict and improve security. Further strategic partnerships remain necessary, however, the continent lacks financial and material resources to foster greater levels of peacekeeping in a sustainable manner.

Overall, Prof Neethling underscored that Africa’s potential can be maximised, though it will require good governance and political will. Of critical importance is laying down robust foundations, such as rule of law, physical infrastructure, and nurturing skilled populations to capitalise upon Africa’s comparative advantages. ■

The Role of a Central Bank in Enhancing Economic Resilience – A Developing Country Perspective



From left, Dr Duvvuri Subbarao and Dr Soedradjad Djiwandono at the seminar.

On 20 August, Dr Duvvuri Subbarao, RSIS Visiting Senior Fellow and Former Central Bank Governor of the Reserve Bank of India, spoke on the responsibilities of central banks in both advanced and developing

countries, as well as the dilemmas faced in enhancing economic resilience.

To begin, Dr Subbarao outlined the core mandate of central banks. Fundamentally, this entails maintain-

ing appropriate interest rates and macroeconomic stability by providing predictability and reducing uncertainty. Under the latter, central banks ensure financial stability by keeping exchange rates steady, in addition to facilitating the functioning of markets, regulating banks, as well as adjusting policies to foster savings and investment. Considering that political cycles could affect policy impartiality, central bank independence is critical to financial robustness.

The challenge is delivering this mandate with a limited toolkit, specifically with the use of interest rates. An appropriate interest rate is

required to both drive stability and growth: too high an interest rate makes borrowing difficult, whereas too low an interest rate disincentivises lending. In developing countries, hurdles are manifold. Financial markets tend to be underdeveloped and hence, changes in interest rates have lagged effects. Institutions are also weaker: markets react to political interference and influence in developing economies more acutely than in advanced economies.

Dr Subbarao further highlighted the dilemmas faced by central banks. First, managing the inflation-growth balance is a prime

challenge. Second, central banks are confronted with the complexities of managing globalisation, such as cross-border capital flows. This is especially taxing without cooperation from advanced economies: financial stability by identifying and implementing the most optimal regulations, especially in fast-changing markets, is tricky. Fourth, central banks grapple with effective communication, since revealing too much or too little information at the wrong time or place can have adverse effects on financial stability and hence, economic resilience. ■

RSIS Seminar Series on Multilateralism Studies: “The EU in Southeast Asia - Looking Beyond the Standard Narrative in Security, Trade and Belt & Road”



Prof Dosch beginning his lecture with an introduction of his university.

On 28 August, the Centre for Multilateralism Studies hosted a seminar on the interests of the European Union in Southeast Asia and its policies towards ASEAN. Professor Jörn Dosch, Professor/Chair of International Politics and Development Cooperation and Vice-Dean of the Faculty of Economics and Social Sciences, University of Rostock, Germany, presented on the growing gap between EU self-perception of its role in Southeast Asia as opposed to how the EU is actually perceived in Southeast Asia.

The EU is seen mainly as an economic actor in Southeast Asia, but it would like to be seen as a security actor as well. The EU has been determined to become a more proactive actor in the political-

security area, for instance, with regards to maritime security. However, as much as the EU would like to play a more prominent and visible role in Southeast Asia, it remains unclear if such a role is desirable and indeed acceptable to ASEAN.

Prof Dosch underscored that the EU has a clear strategy on what it wants to do in Southeast Asia. The 2 pillars of EU-ASEAN relations include Diplomacy – the EU-ASEAN Action Plan emphasises enhancing strategic dialogue and EU-ASEAN cooperation in the ASEAN-led security architecture; and Official Development Aid (ODA) for improved connectivity, increased resilience to climate change, and convergence on key global

and regional challenges. palm oil as a stumbling block in economic relations.

ASEAN-EU relations are of a special quality in international politics as they Further, the EU is launching together two of the most advanced regional integration mechanisms in the world. Cambodia and Myanmar’s duty-free access to the European Market for exports. Myanmar and Cambodia are both beneficiaries of duty and quota-free access to the EU market through the “Everything But Arms” (EBA) agreement of the Generalised Scheme of Preferences (GSP). ■

Yet, while the partnership is seen as a success story, the ambitious cooperation strategies of recent years are far from being fully implemented. Stalled ASEAN-EU FTA negotiations have not resumed and the EU has focussed on bilateral agreements instead. The Singapore-EU FTA will come into effect later this year followed by the Vietnam-EU FTA.

On the question of opportunity for stronger EU-ASEAN relations, Prof Dosch raised the issue of



The audience at the seminar, listening attentively.

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Multilateral Matters is the quarterly publication of the Centre for Multilateralism Studies (CMS), analysing the most recent developments regarding multilateralism by our team. It covers articles on relevant economic and political issues as well as programmes and latest publications from the research centre. The objective of the newsletter is to promote the research being done by our centre, raising awareness of the many events that we hold on a regular basis.