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## ASEAN & India: Up the River of Geopolitics



*ASEAN's focus on maritime issues has left riparian geopolitics somewhat overlooked. Is it time for closer ties with India-- an emerging, alternative power-- on sub-regional cooperation, considering how the Mekong is increasingly become a theatre for US-China competition? Photo by Tomas Malik on Unsplash.*

## FEATURED COMMENTARY

**Mekong-Ganga in Indo-Pacific: Boosting Sub-Regional Ties?**

By Nazia Hussain



ASEAN members should work together with India under the auspices of the BIMSTEC connectivity Master Plan and the Master Plan on ASEAN Connectivity 2025 to extend the India-Myanmar Thailand Trilateral Highway through Southeast Asia until its terminus of Danang (pictured). Photo taken by Daderot on Wikimedia Commons.

*In a crowded field of sub-regional frameworks operating in the Mekong, the Mekong-Ganga Cooperation (MGC) initiative continues to remain strategically relevant. It might benefit from exploring synergies with existing sub-regional cooperation initiatives and ASEAN.*

**Commentary**

THE 11TH Mekong-Ganga Cooperation (MGC) Foreign Ministers' Meeting took place earlier this year with high level officials of the five Mekong countries – Cambodia, Laos, Myanmar, Thailand and Vietnam – and India convening virtually to chart out the future course of the oldest sub-regional

cooperation framework between Mekong countries and an external partner. Key issues on the agenda were medical cooperation in COVID-19 prevention and control; post-pandemic economic recovery through connectivity, infrastructure and manpower development; and sustainable management of water resources.

As one of the many sub-regional frameworks to crop up in the geo-strategically important Mekong region, the MGC could have gone down the road to obscurity in a crowded field of 13 Mekong-related inter-governmental coopera-

tion frameworks. However, what makes the MGC initiative particularly relevant now for all parties involved is the geopolitical reality of an evolving Indo-Pacific regional order where both India and the Mekong countries feature as prominent actors amid intensifying major power competition.

**Convergence of Strategic Interests**

Growing convergence of strategic interests in the Indo-Pacific and jostling for influence by external partners in the Mekong sub-region has provided New Delhi an impetus for adopting a tangible results-oriented approach towards

MGC initiatives. India has launched 68 community-oriented projects worth US\$3.4 million under the Quick Impact Projects (QIP) scheme during 2016-2020 — of which 38 projects have been completed and 30 other projects are under implementation.

These short-term community-oriented QIPs aim to directly benefit the locals and are geared towards upgrading the physical infrastructure as well as address social issues such as sanitation, water resource management, elementary education and women empowerment.

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The MGC's active presence and implementation of projects in the Mekong thus far has fared better compared to other sub-regional groupings such as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) which failed to generate interest and visibility in the first 20 years of its establishment.

Climate change and hydrological conditions leading to unpredictable droughts and floods remain pressing challenges for the lower riparian Mekong states and for India along the Ganges basin. The MGC could consider cooperation between the Mekong River Commission and the National Ganga River Basin Authority for improved capacity in early forecasting and disaster management.

Prioritising cooperation to address climate change and water resource management will go a long way for the MGC, particularly when Mekong countries have been lamenting the neglect of Mekong issues at regional-level forums owing to geopolitical considerations. India has agreed to fund seven water management projects at a cost of approximately US\$350,000 in four Mekong Delta provinces which have long been facing severe saltwater intrusion and the consequent lack of freshwater for irrigation and drinking.

### Geopolitical Considerations

There remains enough political will from MGC member countries to ensure the grouping's continued relevance in the sub-region.

From a foreign policy perspective, India aims to cultivate deeper relations with Mekong countries to advance its key foreign policy initiatives — the “Act East” and “neighbourhood first” policies.

Drawing attention to India's priorities vis-à-vis its eastern neighbours, Indian External Affairs Minister S Jaishankar tweeted: “Much of India's interests and relationships now lie to its East, a testimony of its ties with ASEAN.”

From a domestic viewpoint, development and connectivity of India's frontier north-eastern region requires transnational cooperation with ASEAN countries, particularly with its Mekong neighbours which share geographical and cultural proximity to India's northeast. For example, the Kaladan Multi-modal Transit Transport Project jointly developed by India and Myanmar will enable sea access for India's landlocked northeastern states via the Kaladan river in Myanmar.

As the sub-region becomes a theatre of US-China rivalry, Mekong countries would want to effectively engage all external partners rather than face further consequences of being overly reliant on either of the big powers. India provides an alternative infrastructure development model as well as access to markets, and has extended a US\$2 billion loan towards projects on developing water resources, infrastructure, digitalisation, rural electrification, irrigation, and education.

In fact, the 11th MGC Foreign Ministers' Meeting co-chaired by Cambodia, which was the most recent, was seen as a multilateral mechanism towards diversification of Cambodian foreign policy. Meanwhile, Mekong countries look to enhance security ties with India. Vietnam has been cultivating closer ties with New Delhi — the two countries conducted a joint naval exercise in the South China Sea earlier this year.

Moreover, Thailand, Myanmar and India participated in a military exercise under the ambit of BIMSTEC that aimed to boost interoperability among forces and exchange best practices in counter-terrorism.

### Exploring Synergies

Amid calls for ASEAN to elevate Mekong issues on its agenda, sub-regional frameworks such as the MGC, BIMSTEC and the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) could consider consolidating their often overlapping initiatives in the Mekong by exploring synergies with one another and with ASEAN. The ACMECS is a cooperation framework linking five ASEAN economies — Cambodia, Laos, Myanmar, Thailand and Vietnam.

For example, the proposed plan to extend the India-Myanmar-Thailand trilateral highway to Cambodia, Laos and Vietnam might be better served through collaborative efforts under the BIMSTEC Connectivity Master Plan and the Master Plan on ASEAN Connectivity

2025. The project has lagged behind deadlines for years.

Moreover, the ASEAN Outlook on the Indo-Pacific (AOIP) encourages potential synergies with sub-regional frameworks since it does not intend to create new mechanisms or replace existing ones.

In any case, geopolitics of the Mekong is only getting more heated with the involvement of major powers and as the premier regional organisation in Southeast Asia, ASEAN might want to be more proactive in representing Mekong issues. Maybe ASEAN could start with paying attention to the impending 12th MGC Ministerial Meeting set to take place on the sidelines of the ASEAN Foreign Ministers' Meeting in 2022. ■

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## RSIS-CIER Virtual Workshop: Indo-Pacific Geopolitics and Political Economy

On October 1, 2021, the Chung-Hua Institution for Economic Research (CIER) and Centre for Multilateralism Studies, RSIS, co-hosted a closed-door webinar on changing geopolitical and political-economy dynamics in the Indo-Pacific.

Following opening remarks by Professor Ralf Emmers, Dean, RSIS, and Dr Roy Lee, Executive Senior Deputy Director of CIER's WTO and RTA Centre, the first panel delved into geopolitical implications of Sino-US rivalry on the region and Taiwan respectively. Asst Prof Hoo Tiang Boon, China Programme Coordinator at RSIS, discussed how Southeast Asia will see more China-containment security arrangements. These new arrangements could change regional security dynamics and present dilemmas for ASEAN, if more extra-regional powers insert themselves into the region in ways that undermine and challenge ASEAN centrality. Further, the forces pulling ASEAN into different strategic directions will intensify.

Dr Roy Liu, Director of CIER's Regional Development Study Centre, then spoke on the US-China trade war effects on Taiwan. Despite increased exports to the US, Taiwan remains heavily dependent on both the US and Chinese export markets; dependence on the latter is especially problematic, as this economic vulnerability strains Strait relations and incentivises Taiwan to further resist unification.

The second panel continued the theme of trade and geopolitics.

Ms Margareth Sembiring, Associate Research Fellow, Centre for Non-Traditional Studies, RSIS, spoke on how the European Union's regulatory power influences regional and global green economies. The EU's introduction of a carbon border adjustment measure (CBAM) will effectively bar high-emission exports. Yet without helping Indo-Pacific economies to adopt greener technologies, such as by reducing the price of renewables, the CBAM will be a trade barrier that fails to meet its larger goal of spreading sustainability.

Dr Lee discussed how a greater emphasis on mitigating geographic and competitor concentration-related vulnerabilities is leading to production location diversification, a search for new suppliers, and reshoring of supply chains especially for critical goods such as semiconductors. Re-shoring will, however, be limited. Hence, he stressed the importance of tackling deep integration issues such as free flow of human capital.

Dr Chun Pu Lin, Assistant Research Fellow, CIER, meanwhile elaborated on how Taiwan could improve bilateral cooperation on new issues such as supply chain resilience under its New Southbound Policy. In particular, dialogue platforms between domestic and international businesses, governments and research institutes should be strengthened. Further, Taiwan should actively promote itself as a new hub in the restructuring of Indo-Pacific supply chains.

Finally, Dr Kaewkamol Pitakdum-

rongkit, Head of CMS, presented on the issues and prospects of further regional economic integration in a post-pandemic era. COVID-19 introduced new demand shocks— via declining household income and changing consumer habits— that exacerbated tariff shocks caused by the US-China trade war. Regional trade agreements (RTAs) are good for boosting economic and supply chain resilience, however, and non-members such as Taiwan could lose out on competitiveness without joining them.

The Q&A for both panels mainly addressed how small and middle powers can navigate US-China tensions and bolster economic resilience. For countries with significant links to both major powers, it is best to conduct diplomacy according to core principles— such as rule of law— rather than aligning with any side. Panellists reiterated that joining the CPTPP would benefit Taiwan's economic resilience, but acknowledged the possibility that China will pressure other states to delay Taiwan's admission. ■

# Geopolitical Dynamics and Its Implications for Post-COVID Economic Recovery



Associate Professor Shiro Armstrong, Australian National University, elaborates on how small and middle powers can navigate trade complications stemming from the US-China trade war.

On November 9, 2021, as part of a webinar series on Economic Multilateralism for Post-COVID Recovery, the Centre for Multilateralism organised a panel webinar on the effects of major power tensions on the global economy.

Associate Professor Shiro Armstrong, Australian National University, stressed that small and middle powers must devise and endorse a proactive agenda to protect and strengthen the multilateral rules-based trading system, which militates against protectionism and managed trade in lieu of free trade. Reforming the World Trade Organization (WTO), as well as the expansion of forward-looking plurilaterals and RTAs such as the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) are key.

Mr Eduardo Pedrosa, Secretary General, Pacific Economic Cooperation Council, meanwhile discussed the role the Asia-Pacific Economic Cooperation (APEC) forum can play in

dialling down regulatory fragmentation by bridging gaps in membership and content across the Regional Comprehensive Economic Partnership (RCEP) and CPTPP towards a Free Trade Area of the Asia-Pacific. Currently, the US and China are not linked by any RTAs; APEC as a non-binding forum could socialise members into further economic cooperation.

Besides exacerbating pandemic-induced supply chain disruptions, Peking University's Professor Wang Yong noted that major power competition is diverting attention from domestic policy failures to compensate the losers of globalization, as well as changing perspectives on the benefits of economic interdependence. In his view, the Biden administration's value-based alliances are more harmful to the global economy than Trump's China policy.

The final presentation by Ms Anita Prakash, Senior Policy Advisor for International Economic Cooperation, Economic Research Institute for

ASEAN and East Asia, discussed how trade tensions have normalized economic coercion and managed trade, though she stressed that not all political interventions into supply chains are negative. The EU, for example, is designing new rules for the issue areas such as the digital economy, which counteracts slow multilateral progress on these fronts. Overall, however, there is increasing fragmentation taking place surrounding supply chains and the economic architecture with no clear path towards multilateral integration.

During the Q&A, the panellists pointed to some low-hanging fruit that could set a more cooperative tone between the US and China. Both powers should agree to a crisis management system; this could be housed within the APEC or East Asia Summit (EAS) framework. Importantly, talks between major powers among themselves, or with other countries experiencing conflict with them, should focus on re-identifying common interests rather than on entrenching differences. ■

# The Future of Multilateralism and the Role of Plurilaterals



*Mr Alan Wolff, Former Deputy Director-General for the WTO, argues that the WTO must embrace plurilaterals or risk being sidelined due to irrelevance.*

The second instalment of the Economic Multilateralism for Post-COVID Recovery webinar series on 16 November, 2021, delved into the ways in which plurilaterals can improve economic multilateralism.

To begin, Mr Alan Wolff, Former Deputy Director-General for the WTO, discussed the pressing need to integrate plurilaterals into the WTO given slow rule-making at the multilateral institution. Like-minded countries may seek solutions among themselves— independently from the WTO, without full transparency, while excluding interested countries from participating— if no progress can be made at the WTO for rulemaking. As this piecemeal approach is less effective to address global challenges, the WTO must grow more flexibly by embracing open plurilateral mechanisms or risk being side-lined due to becoming irrelevant.

Mr Hamid Mamdouh, Former Di-

rector of the WTO Trade in Services and Investment Division, agreed that plurilaterals can further rulemaking. However, plurilaterals cannot solve systemic challenges to the WTO negotiating function. WTO members have different development levels, and different capacities in negotiating and implementing rules. Without traction on these challenges, plurilateral rulemaking may fall victim to these same issues.

To improve plurilateral processes, Associate Professor Mehmet Akman, Director of G20 Studies Centre, The Economic Policy Research Foundation of Turkey, made several suggestions. Among them, the legal status of plurilaterals should be clarified at the WTO. The Director-General should also be empowered to streamline overlapping agreements, convene an ad hoc Working Group on plurilaterals, and potentially conduct ex ante or ex post assessments on plurilaterals.

Conversely, Professor Jane Kelsey, University of Auckland, ar-

gued that it is unclear whether prior successes in plurilateral dealmaking— such as in GATT schedules to remove tariffs— are transposable to issues of general rulemaking which require the consensus of all members. Plurilateralism in the WTO will, in her view, further marginalize LDCs and much of the Global South in future negotiating processes. Rather than making plurilateral adoption a cornerstone of WTO reform, she stressed the need to identify and address the issues raised by the most vulnerable economies.

Other recommendations to address development divides in WTO negotiations surfaced during the Q&A. More transparency in sharing texts could be useful, in so far as publicising the potential power asymmetries during negotiations. Capacity building in negotiating is likewise pivotal. This would enable developing countries to better understand the complexities of new issues, and participate more as rule-makers rather than rule-takers. ■

## Economic Resilience and Security in Southeast Asia and ASEAN



*Ms Sunny Park, Assistant General Counsel and APAC Regional Director, Corporate, External and Legal Affairs, Microsoft APAC, discusses how ASEAN members should improve regulatory clarity, which is the biggest concern for businesses in the digital economy.*

On November 23, 2021, the Centre for Multilateralism Studies organised a final panel for the Economic Multilateralism for Post-COVID Recovery webinar series. Ms Sunny Park, Assistant General Counsel and APAC Regional Director, Corporate, External and Legal Affairs, Microsoft APAC, kicked off the discussion by highlighting four factors that will be crucial to the region's economic resilience in the digital age: improving digital infrastructure, ensuring free flows of cross-border data, strengthening cybersecurity capacity and multilateral rules, and equipping populations with the necessary digital skills.

Dr Jayant Menon, Visiting Senior Fellow, ISEAS-Yusof Ishak Institute, meanwhile discussed why regional supply chains have relocated, or not, following risks such as the US-China trade war. Supply chains were quick

to shift when businesses saw the trade war as long-running thanks to broader geopolitical competition and when small tariffs magnified the costs of manufacturing a certain share of value-added production within, in this case, China. These risks notwithstanding, supply chain restructuring and relocation have been relatively limited. Other trends are more concerning: specifically, a rise in non-tariff barriers and inward-looking policies which might persist even after the pandemic.

Professor Kai He, Griffith University, elaborated on how ASEAN can protect national economic interests. This included strengthening ASEAN's internal unity, not choosing sides between the US and China, and revitalizing its institutional leadership in regional affairs by wisely sharing institutional leadership with external powers to address regional challeng-

es. He also recommended that ASEAN-led institutions deliver more concrete outcomes in a timely fashion— such as expediting the Code of Conduct on the South China Sea— to bolster its leadership credentials.

During the Q&A, panelists discussed how further liberalization in services could bolster the region's economic resilience, though they cautioned that the true impact of removing barriers to services is uncertain due to difficulties in obtaining data. Services also tend to be immobile and country-specific, hence it could be tricky to attract service providers from other countries. Nonetheless, upgrading RCEP into a more ambitious agreement— as regards, for instance, data flows— would further increase the resilience of supply chains and act as an insurance policy against the ongoing trade war. ■

## Multilateral Matters: News Roundup

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*The Economist* | 8 January 2022 | [Full Report](#)

### ASEAN and the new geopolitics of the Indo-Pacific

*East Asia Forum* | 29 December 2021 | [Full Report](#)

### ASEAN and the Group of 7: same bed, different dreams

*Fulcrum* | 14 December 2021 | [Full Report](#)

The Group of 7 is courting ASEAN in a bid to increase its profile in the Indo-Pacific. It is easy to list the convergences in approaches between the two groupings. But the divergences are more significant.

### In Asia, China's long game beats America's short game

*Foreign Policy* | 12 December 2021 | [Full Report](#)

### AUKUS is not just about subs: it's about advanced technology

*Centre for International Governance Innovation* | 10 December 2021 | [Full Report](#)

The three partners indicated from the outset that their agreement would expand to deeper collaboration on high-tech initiatives such as cybersecurity and quantum cryptography.

### The global COVID-19 contract conundrum

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### COVID in Asia: the immediate payoff of donating vaccines

*Lowy Institute* | 6 December 2021 | [Full Report](#)

### Southeast Asian nations should tell the US what they want on the digital economy

*Hinrich Foundation* | 16 November 2021 | [Full Report](#)

The economic benefits of US-ASEAN partnership through the Digital Economy Partnership Agreement (DEPA) are clear. The pact would be a useful addition to the region's policy toolkit, while enhancing its extra-regional connectivity. Now is a good time for Southeast Asian leaders to voice their aspirations to Washington and join the US as equal partners in shaping the future of digital trade.

## SELECTED PUBLICATIONS

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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.

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