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## The Future of Multilateralism Amidst Global Uncertainties



*Multilateralism is challenged by complexities in the current geopolitical and economic environment. The survival of the existing multilateral order will depend on how institutions successfully respond to today's global uncertainties. Will they succeed? Photo by Jason Leung on Unsplash.*

## FEATURED COMMENTARY

**The Outlook for Multilateralism**

By Kaewkamol Pitakdumrongkit



*The UN Summit for the Future (SOTF) will be convened in 2024 with the aim of enacting a Pact for the Future. In this article, Dr Kaewkamol Pitakdumrongkit explains how the SOTF can help strengthen a multilateral order that is otherwise facing a myriad of obstacles. Photo by Jonathan Ansel Moy de Vitry on Unsplash.*

*Multilateralism today is being seriously challenged by three structural changes in the international system. Amid an environment that is less than conducive to multilateral cooperation, the UN Summit for the Future (SOTF) will be convened this year to advance global governance. With active participation from small and middle powers, the summit and the Pact for the Future that it plans to establish can help prepare the multilateral system for tackling future challenges and weathering future crises.*

**Commentary**

Different people have different views regarding the outlook for multilateralism. To some, multilateralism is simply not functioning.

Those who hold this view cite as evidence the rise of protectionism during the COVID-19 pandemic and the global community's inability to prevent Russia's invasion of Ukraine. Others contend, however, that multilateralism is advancing but in a new way, compared with the past.

To better gauge the outlook for multilateralism, one should take into account three major structural factors. The first one is the power distribution between states. Previously, it was the United Nations and Western institutions, namely, the Bretton Woods system, that largely shaped the post-World War II order. Today, power is more diffuse, and great power rivalries, namely the

US- China competition, can hinder the development of global governance. China's Cross-Border Interbank Payment System (CIPS), which offers clearing services for cross-border renminbi transactions, has partly cushioned Russia from the impact of the Western sanctions imposed following its invasion of Ukraine. Alternatives to the West-centric governance architectures are also gaining traction. The recent expansion of the Group of 20 and the BRICS bloc demonstrates the Global South's growing significance in multilateral collaboration. Emerging markets such as Brazil, China and India have been emboldened into calling for greater representation and voice in international or-

ganisations.

The second factor is the power distribution between states and markets. The dynamic differs greatly from the past. Rapid digitalisation and technological advancements not only cause economic disruption but also raise the question of who governs the global system. Take cyberspace as an example. While technologies allow businesses not only to operate beyond borders but in some cases to wield global influence, governments' jurisdictions end at their state borders. Thus, there is a pressing need for multilateralism to address governance gaps. Given the swift pace at which new technologies

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(e.g., generative artificial intelligence) evolve, governments are grappling with the problem of regulating them for societal benefit. Most governments are playing catch-up as technology advances. Various standards and regulations are being introduced by different countries. These diverse approaches cause disagreement over how to foster multilateral governance and consequently complicate the process of achieving rule harmonisation.

Finally, the future of multilateralism is being shaped by the changing relationship between the economy and security. Unlike the post-Cold War period, which was fuelled by the free-market principles of the Washington Consensus, today, the growing nexus between the economy and security is affecting state policymaking. Geopolitics prevails over market efficiency. Interdependence is viewed more through the geopolitical lens – it is seen as breeding vulnerabilities and having the potential to be weaponised. Unsurprisingly, concepts such as reshoring, near-shoring and “friend-shoring” are not only altering individual countries’ policies but also the ways in which they engage other countries.

Against the above backdrop, for small states like Singapore, concerns over the future of multilateralism loom large. For one thing, contestation between major powers can result in system governance fragmentation. As a result, small and medium powers are eventually forced to choose sides against their will. Also, disagreements over norms and rules to regulate markets and technologies can exacerbate system fragmentation, reducing the opportu-

nities for these nations to prosper and achieve their interests.

But one should not lose hope in this environment that is less than conducive to fostering multilateral cooperation. A silver lining does exist. The United Nations will host a two-day “Summit of the Future: Multilateral Solutions for a Better Tomorrow” (SOTF) in September 2024. This meeting will convene UN member states, the various UN entities, academic institutions, civil society players, non-government organisations and youth delegates to jointly cultivate a new global consensus to address the issues of the future. UN Secretary General Antonio Guterres regards this effort as a “once-in-a-generation opportunity to reinvigorate global action, recommit to fundamental principles, and further develop the frameworks of multilateralism so they are fit for the future.” One of the gathering’s deliverables will be the “Pact for the Future”. The document will comprise five chapters: (1) sustainable development and financing for development; (2) international peace and security; (3) science, technology and innovation and digital cooperation; (4) youth and future generations; and (5) transforming global governance. It will also contain actionable policy measures. The pact is expected to be endorsed by all UN members at the summit. A “Global Digital Compact and Declaration on Future Generations” will be annexed to the text.

Accomplishing multilateral governance can be a daunting task, but it is not impossible. History teaches us that it is within the stakeholders’ reach. The UN’s World Summit in September 2005 is a case in point.

This meeting witnessed activism by UN member states to bolster concrete global cooperation. For example, the leaders attending the summit pledged to provide US\$50 billion annually by 2010 to fight poverty and marshal additional resources to tackle development and debt sustainability problems in order to realise the Millennium Development Goals (MDGs) first outlined in the Millennium Summit of 2000. The World Summit adopted the Responsibility to Protect (R2P) principle to safeguard populations from genocide, war crimes, ethnic cleansing and crimes against humanity. Moreover, the meeting agreed to create the UN Peacebuilding Commission and UN Human Rights Council as well as to establish a worldwide early warning system for natural hazards.

Preparations for the 2024 SOTF are forging ahead. Contributions from non-major powers are laudable. The UN General Assembly in June 2019 adopted Resolution 73/299, co-facilitated by Singapore and Iceland. This document determined that the theme of the 75th UN Anniversary gathering in September 2020 would be “The Future We Want, the United Nations We Need: Reaffirming our Collective Commitment to Multilateralism”, which defined all UN activities and meetings for that year. Sweden and Qatar co-chaired the negotiations on the Declaration on the Commemoration of the 75th Anniversary of the United Nations, which was endorsed at the commemorative conference. The document identified 12 commitments to multilateralism, such as leaving no one behind, protecting the planet, promoting peace, upholding international law, enhanc-

ing digital cooperation and upgrading the United Nations.

After intense negotiations, the UN General Assembly on 1 September 2023 endorsed the scope of the SOTF and agreed on the elements that will appear in the Pact for the Future. Two annexes to this document will be co-facilitated by small states — the Global Digital Compact will be co-facilitated by Rwanda and Sweden and the Declaration on Future Generations by Jamaica and the Netherlands.

Active participation from non-major powers is imperative to keep up this positive momentum and effectively steer the SOTF and the Pact for the Future towards managing the global commons. These nations must realise that they have agency to shape the international rules-based order. For one thing, they can play a role in preventing great power contestation from hampering the development of multilateral governance. They can help convince different parties to prioritise the pursuit of shared goals. In addition, they can proactively offer new ways to interpret global norms, decide on global standards and set global rules governing different issue areas. Their roles can be crucial in preparing the multilateral system for tackling future challenges and weathering future crises. ■

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# The Return of Autarkic Thought



*In this seminar, Dr Heribert Dieter explained how autarky and economic protectionism gained renewed interest in recent years and appraised the prospects for reinvigorating global trade in the future.*

With recent renewed interest in protectionist economic policies, how could autarkic thought be attractive to political leaders around the world? Could multilateral free trade ebb the tide of contemporary autarkic thinking? That was the focus of a seminar held on 29 January 2024. The seminar featured Prof Heribert Dieter, Senior Fellow at the Global Issues Research Unit of the German Institute for International and Security Affairs, and was chaired by Dr Kaewkamol Pitakdumrongkit, Senior Fellow and Head of the Centre of Multilateralism Studies at RSIS.

Prof Dieter spoke on how economic sanctions and autarkic thinking complement and reinforce each other. He argued that the costs of sanctions will far exceed the benefits envisioned by

those who impose it, particularly by Western countries.

Prof Dieter concluded the seminar by mapping possible ways forward for global trade and currency payments. He argued that today, even with China's increased global influence, the renminbi cannot mount a credible challenge to the dollar's dominance in trade because of China's restrictive monetary policy. Moreover, invigorating trade regimes like the CPTPP with the participation of the US, EU, India, and other like-minded economies will be more effective than to force a return to the WTO's centrality in world trade.

After his remarks, Prof Dieter engaged in an insightful discussion with the attendees, where he was asked to differentiate the current

resurgence of autarky with previous waves of protectionism, and how multilateral approaches to trade can be revitalized despite domestic political polarisation.

Prof Dieter opined that the return of autarky can be traced to governments' sudden responsibility to urgently provide essential goods during the COVID pandemic but argued that such thinking should dissipate now because governments alone cannot decide what "essential" components are in the post-pandemic era. Moreover, while Prof Dieter agreed that domestic polarisation will make it difficult to reinvigorate multilateral trade in the short term, trade regimes must remain open to any economy that want to follow the rules, and that entry requirements should not be excessively restrictive. ■

## Hedging by Multiple Means? Middlepowership and the Bilateral-Multilateral Nexus in Indo-Pacific



*Dr Cheng-Chwee Kuik, Head of the Centre for Asian Studies at the Institute of Malaysian and International Studies at the National University of Malaysia (UKM), discussed how states exercise hedging behavior on multiple levels through bilateral, unilateral, and multilateral means.*

The Centre for Multilateralism Studies (CMS) hosted Dr Cheng-Chwee Kuik, Professor of International Relations and Head of Centre for Asian Studies, Institute of Malaysian and International Studies, National University of Malaysia; on 5 February, when he spoke on “Hedging by Multiple Means? Middlepowership and the Bilateral-Multilateral Nexus in Indo-Pacific”.

Dr Kuik highlighted conceptual distinctions between the strategies of balancing, bandwagoning, and hedging, discussing the defining elements of each. It is crucial to outline the distinctions in order to understand how rational states would act under the conditions of high stakes and high uncertainty. He noted that “balancing” involves fully siding with one power against another; “bandwagoning” is fully siding with one power (a rising power or a growing threat); and “hedging” involves not taking sides or non-alignment via

multi-alignments.

Elaborating on hedging, Dr Kuik noted that hedging is an insurance-seeking behaviour aimed at mitigating and offsetting risks while cultivating fallback options. Hedging is carried out through multi-layered partnerships that utilises all available tools and instruments, some bilateral and some multilateral — including unilateral mechanisms — pursued in a mutually counteractive manner.

Dr Kuik argued that under the conditions of high stakes and high uncertainty, rational states tend to pursue the following: (1) active neutrality of not taking sides vis-à-vis competing powers; (2) inclusive diversification of strategic and developmental links (multilayered partnerships) with all players that matter; (3) prudent fallback cultivation or a “just in case” contingency that aims to keep options open by pursuing strategic offset (mutually-counteracting measures).

Middle powers, whose aspirations, anxieties, and abilities push them to acquire as many means as possible to mitigate risks and maximise benefits under uncertainties, are especially inclined to strengthening the bilateral-multilateral nexus and synergising multi-layered partnerships. Dr Kuik identified three clusters of bilateral-multilateral nexuses in the Indo-Pacific era including those among the US and its allies and partners, such as the Quad and AUKUS; the inter and intra-spoke circles, such as Australia-Japan, Australia-Japan-India, etc; and those centered on the Southeast Asian states, either among the ASEAN members or between individual ASEAN states and their respective partners in and out of Asia. In conclusion, he noted that Southeast Asia is an increasingly crowded geopolitical region where adopting multi-dimensional diplomacy will present more opportunities for economic and strategic diversification. ■

## Navigating Global Challenges: ASEAN's Responses to the Changing Strategic and Economic Landscape



(L-R) Dr Ming Tan, Founding Executive Director of the Tech for Good Institute, Dr Maria Monica Wihardja, Visiting Senior Fellow at the ISEAS-Yusof Ishak Institute, Dr Ibrahim Kholilul Rohman, Senior Research Associate at Indonesia Financial Group Progress, and Dr Joel Ng, Research Fellow and Deputy Head of the Centre for Multilateralism Studies of the S Rajaratnam School of International Studies, discussed the future of the ASEAN Digital Community.

How can ASEAN's regional cooperation initiatives thrive amid an uncertain and dynamic geopolitical environment? The Centre for Multilateralism Studies (CMS) of RSIS explored this question in its annual workshop held on 29 February 2024. This year's workshop consisted of three panel discussions that aimed to evaluate the prospects for multilateralism in today's challenging climate, that is further complicated by trends in industrial policy, digitalisation, and sustainable economic development.

The first panel mapped the current state of the global political and economic environment. Panellists discussed how the intensifying strategic competition between the United States and China has become a hurdle to ASEAN's centrality to regional affairs. This has been felt in both the security and economic domains, where the US's pursuit of unilateral

security arrangements and industrial policy has affected ASEAN's confidence-building measures as well as its trade activities and investment flows.

The second panel tackled the future of the ASEAN digital community. As ASEAN's digital economy continues to grow, a need to address inequities in digital infrastructure, digital literacy, and cybersecurity vulnerabilities has emerged. Panellists agreed that the proposed ASEAN Digital Economy Framework Agreement (DEFA) will help address these concerns. Furthermore, DEFA could be a springboard for ASEAN to become a rule-maker rather than a rule-taker in the global digital trade regime. The need to improve the capacity of micro, small, and medium enterprises (MSMEs) in adopting digital solutions was also extensively discussed.

The final panel covered ASEAN's progress in its environmental sustainability goals. Representatives from both small business and large firms shared their insights and feedback on their respective sustainability journeys. While significant progress has already been made, government support to facilitate innovation in green industries, encourage environmental, social, and governance (ESG) reporting; and assist small businesses in easing financial burdens will help hasten the progress of ASEAN's green transition.

The panellists' presentations and the engaging Q&A sessions with the audience that followed demonstrated that there is significant interest in exploring ASEAN's possible pathways to improve its regional resilience despite the persisting uncertainty in the geopolitical and economic landscape. ■

## Multilateral Matters: News Roundup

### ASEAN-EU Partnership Remains Vital to Sustain Multilateralism in a Shifting Global Order

*Fulcrum* | 01 February 2024 | [Full Report](#)

### ASEAN Launches Guide for Governing AI, But Experts Say There Are Challenges

*CNBC* | 02 February 2024 | [Full Report](#)

### Multilateralism and China's Hedging Strategy

*The Diplomat* | 07 February 2024 | [Full Report](#)

This article explores how the Belt and Road Initiative and fostering cooperation in issue areas like digitalisation reflects on China's philosophy for seeking multilateral engagement.

### Brazil Calls for Reform of United Nations as It Starts Its G20 Presidency

*South China Morning Post* | 22 February 2024 | [Full Report](#)

### ASEAN-Australia Relations: Working Out Hard Issues for Regional Stability

*Fulcrum* | 13 March 2024 | [Full Report](#)

The ASEAN-Australia Special Summit held in March celebrated 50 years of relations between ASEAN and Australia. How will this partnership in defense and trade issues evolve in the coming years?

### The EU's New AI Act Could Have Global Impact

*Chatham House* | 13 March 2024 | [Full Report](#)

Now that the European Union has passed its landmark legislation regulating Artificial Intelligence, will there be another so-called Brussels Effect in global AI regulation?

### The Indo-Pacific Economic Framework's Uncertain Future

*East Asia Forum* | 24 March 2024 | [Full Report](#)

### East Asia Can't Rely on the Indo-Pacific Economic Framework

*East Asia Forum* | 25 March 2024 | [Full Report](#)

The limited success of negotiations and Joe Biden's prospects for reelection portends a difficult path for IPEF in the coming months. Now, the responsibility to maintain a rules-based economic order in the Indo-Pacific falls on East Asia.

## SELECTED PUBLICATIONS

### A New Bretton Woods Architecture and Global Governance

Pradumna Bickram Rana | *RSIS Commentaries* | 5 January 2024

### Armed Naval Multilateralism in the Red Sea

Alan Chong | *RSIS Commentaries* | 18 January 2024

### Singapore's Proposal on Global Generative AI Governance

Jose Miguelito Enriquez | *RSIS Commentaries* | 30 January 2024

### What the 2024 US Presidential Election Portends for the IPEF Supply Chain Agreement

Kaewkamol Pitakdumrongkit | *RSIS Commentaries* | 4 March 2024

### Taylor Swift's Singapore Shows Reveal Stiff Competition for Live Concerts by A-List Stars

Alan Chong | *The Straits Times* | 6 March 2024

### Failure of WTO Ministerial Highlights Systemic Issues

Evan Rogerson | *RSIS Commentaries* | 6 March 2024

### Remembering K.J. Ratnam: Indigenising Political Solutions and Structural Challenges in Postcolonial Southeast Asia

Alan Chong and Bilveer Singh | *RSIS Commentaries* | 15 March 2024

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

**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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