INTRODUCTION

As Malaysia was preparing to take over the ASEAN Chairmanship from Burma/Myanmar in 2015 with its chosen theme of “Our People, Our Community, Our Vision,” this off-the-record symposium discussed issues facing that body during a year when the ASEAN Economic Community (AEC) will take institutional form and the Regional Comprehensive Economic Partnership (RCEP) negotiations are expected to be concluded. Participants evaluated ASEAN’s progress to date in realizing the AEC as well as Malaysia’s vision for deepening ASEAN economic integration after 2015. In addition, the symposium examined the impact on the evolving regional economic architecture of the two nascent regional free trade arrangements, the U.S.-led Trans-Pacific Partnership Agreement (TPP) and ASEAN-led, China-supported RCEP. Developments affecting the ASEAN Political-Security Community and ASEAN Socio-Cultural Community were also examined.

The symposium was enriched by the active participation of the Malaysian Embassy in Washington, DC, US government officials and a wide range of private sector experts. Eighty four (84) participants took part in the seminar, many of them staying for most if not all of the day-long proceedings.

OVERVIEW

In addressing the economic and political-security environments within which Malaysia’s 2015 ASEAN Chairmanship will take place, a wide range of informed opinion was expressed about the challenges ahead and how well-prepared Malaysia is to meet them. Comments of senior government officials from both Malaysia and the US, as well as academics and policy analysts from Washington, DC, and Southeast Asia offered valuable information and context for subsequent discussion.
The two Malaysian officials emphasized that Malaysian Prime Minister Datuk Najib Razak has taken a deep personal interest in leading his government’s planning for the responsibilities Malaysia will carry as ASEAN chair in 2015. Malaysia will take the lead in implementing the “action” lines in the existing ASEAN Community blueprints, help complete the RCEP negotiations, and put forward a viable post-2015 vision for ASEAN. The representative from the Malaysian Embassy identified five major priorities to be emphasized during 2015:

1. Deeper and wider economic integration, to help ASEAN more effectively compete within the developing regional architecture
2. Higher standards of living and social progress for ASEAN’s people
3. Increased trade as a core element in fostering regional peace and stability in ASEAN
4. Wider private sector involvement of its people, ASEAN’s greatest asset, in issues related to good governance, transparency, and democracy
5. A constructive role for ASEAN in global affairs, including dealing with issues such as terrorism and transnational crime, through Malaysia’s presence on the United Nations Security Council during 2015 and 2016

Referring to the people-centered theme of “Our People, Our Community, Our Vision,” he said that Malaysia hopes to encourage greater public recognition of what ASEAN means for their lives and encourage deeper participation in ASEAN’s activities by all sectors of society.

By reaching its near-term aims for the AEC by the end of 2015, ASEAN will have taken major steps forward in achieving a single market and production base, freer movement of goods and services as well as capital, a more competitive economic region, and closer integration into the global economy. An important long-term goal will be to narrow the large income gap between the affluent and less developed ASEAN states. Because of the differing economic development and political systems in member countries, ASEAN has taken an open economic integration approach that allows countries to move forward at their own speeds. Though ASEAN has made great strides to break down trade barriers, much more progress is needed in financial integration, strengthening key institutions, legal harmonization and tax administration. In short, achievement of ASEAN’s AEC goals in 2015 is not to be considered as reaching an end point, but rather a significant milestone in a long and continuous process.

The Malaysian speakers welcomed the US pivot (or rebalancing) toward Asia, considering it an affirmation of both ASEAN’s past successes and its bright prospects for receiving continued strong support from the US in all areas of major concern to it.

The US senior officials returned the compliment, stressing US appreciation for ASEAN’s warm welcome of American engagement in ASEAN institutions, such as the ASEAN Regional Forum (ARF), the ASEAN-US Summit, the East Asia Summit (EAS) and the ASEAN Defense Ministers Meeting Plus (ADMM+). They also affirmed support for ASEAN centrality, and enthusiasm for exploring new avenues of cooperation in all fields.

The Department of State speaker expressed satisfaction that during Burma/Myanmar’s Chairmanship of ASEAN, the recently-concluded EAS Leaders Summit in Naypyidaw had focused on substantive, strategic level issues, with strong joint statements on the grave challenge posed by the Islamic State in Iraq and Syria (ISIS/ISIL), Ebola, wildlife trafficking and the broad
area of humanitarian assistance and disaster relief (HADR). The increased focus on these problem areas will help ASEAN tackle other global and regional issues.

The South China Sea (SCS) featured prominently both in the US-ASEAN and EAS Leaders Summits where President Obama delivered strong statements reinforcing the US position calling for a freezing of unilateral action by China and other claimant states. Now that the EAS has reached its ten-year mark, the US would like it to enhance its strategic focus and develop the capacity to tackle issues at the substantive level. While the substantive attention to security issues at the EAS was most welcome, President Obama expressed the hope that the format of future gatherings will allow more time for informal exchanges among the leaders present. Also, the first joint US-ASEAN statement on climate change was a welcome development in the light of increased UN attention to this issue and the major conference on the subject to be held in Paris in 2015.

Turning to economic matters, the State Department official said the US hopes to deepen its economic engagement with Malaysia and the rest of the region in 2015 and beyond. It hopes to work with ASEAN to give greater attention to small and medium enterprises, deemed central to ASEAN’s growth, a subject addressed in detail at the recent US-ASEAN Business Summit and one that continues to be a centerpiece of the Trans-Pacific Partnership negotiations. Concluding his remarks, the official said that the US encourages efforts to promote a people-centered ASEAN through building ASEAN identity among its young people, promoting ASEAN entrepreneurship and participating with US partners in people-to-people exchanges.

A Department of Defense (DoD) official discussed the US strategic posture in East Asia and the efforts it is making to maintain regional peace and security by addressing not only issues like weapons of mass destruction and North Korea’s aggressive behavior, but also non-traditional areas like climate change, communicable diseases and HADR. All such issues require attention by multiple countries and multilateral institutions like ASEAN and the EAS.

The US is working hard on improving military-to-military relations with China by deepening cooperation where possible and managing competition through substantive and sustained dialogue, with a near-term objective of raising the levels of transparency and communication. Examples of progress in this area are the confidence-building measures announced by President Obama and President Xi Jinping that include notification of major military movements and agreement to develop rules of engagement that will reduce the possibility of unintended incidents in the air on the high seas.

The US supports ASEAN centrality, because it knows that a strong and unified ASEAN is in the interest of peace and stability for the entire region. It also respects ASEAN’s goals of peaceful resolution of disputes, respect for all large and small states, open commerce, and free use of shared domains. Until recently the ASEAN Regional Forum (ARF) was the primary way that the DoD played a role in East Asian multilateral institutions, but now the biannual defense ministers gathering (ADMM+) has become much more important as a mechanism for practical defense-oriented cooperation in such areas as counterterrorism, maritime security and HADR. It is also an important pillar of defense engagement, because it ensures a great deal of senior-level engagement with other regional defense ministers. Several US Secretaries of Defense have gone
to Southeast Asia to participate in the ministerial level meetings, and Secretary Hagel invited all ten ASEAN Defense Ministers to attend the first US-ASEAN Defense Forum in Hawaii in April 2014, at which emphasis was given to describing the wide range of ways that DoD can partner with ASEAN.

The US is looking forward to 2015 with Malaysia being ASEAN chair. As one of the South China Sea claimant countries, it has a particularly important role in advancing ASEAN principles and building ASEAN unity on SCS issues.

The discussion period after the formal opening and the three panel sessions that addressed economic, political-security and socio-cultural matters is summarized below:

**AEC, RCEP and Trade Liberalization**

Many of the panel sessions assessed Malaysia’s priorities and capacities for handling the challenges on its plate. All participants agreed that Malaysia, as a founding member of ASEAN and successful modern state, will certainly be able to smoothly handle the complex logistics of serving as the 2015 chair, including maximizing the potential for establishment of the AEC by year’s end, along with completion of the RCEP negotiations and production of a far-reaching vision statement for ASEAN post-2015.

Malaysia’s leadership on economic matters is likely to be vigorous. Highly trade-dependent and FDI-oriented, Malaysia seeks to become an investment hub of ASEAN and so will actively promote all integration initiatives, especially those related to tariffs and commodity trading. Although non-tariff, beyond-the-border barriers and impediments to labor mobility and trade in services also deserve priority treatment, Malaysia’s attention to those issues may prove to be less productive. Several panelists lamented the lack of optimistic prospects for ASEAN moving toward rules-based agreements with mechanisms for ensuring compliance and expressed a desire that Malaysia try to move this agenda item forward, if only by addressing the long-understood institutional weakness of the already-overburdened ASEAN Secretariat. However, the panelists were not encouraged to expect substantial progress on that front.

**South China Sea Territorial Disputes**

Questions were raised as to how able Malaysia would be able to work out an ASEAN consensus on dealing with China to reach a code of conduct agreement on the South China Sea. It was generally agreed that this question remains open. Though Malaysia has consistently been very careful in carrying out bilateral relations with China, it is expected that Malaysia is in a position to push the issue as well as any other ASEAN state with a territorial claim in the disputed area.

**EAS-US Cooperation**

Prime Minister Najib is expected to support, or even propose, measures along the lines that the US favors to make EAS more robust by establishing some sort of permanent body, such as a secretariat, that will deal with agreed action items and also be equipped to assist in rapid response to natural disasters.
Realizing an ASEAN Community and Building a People-Centered ASEAN

It is still not clear what Malaysia actually has in mind for promoting a people-centered ASEAN, the panelists agreed. Though Malaysia has announced an intention to spread more publicity about ASEAN, to encourage entrepreneurship among youth, to promote early childhood education and to bring mid- and junior-level civil servants together at conferences and training programs, the details of even these initiatives remain unclear. Given its own internal security regulations and its wariness about civil society institutions, Malaysia cannot be expected to promote policies that open up ASEAN deliberations and decision-making to widespread private sector inputs, except in areas of commercial activity.

In the background of panel discussions was implicit, if not explicit, questioning about ASEAN’s future. A commentator in the brief discussion period after the initial formal remarks posed four provocative “concerns” to which panelists referred throughout the symposium. They can be summarized as follows:

1. Is ASEAN over-exposed in global affairs, unable to keep up with all the diplomatic issues on its agenda and also exposed to strategic manipulation by great powers?
2. Is ASEAN essentially an “arena” (or convening body) or an active actor in regional and global affairs?
3. How can one give credibility to US claims that it supports “ASEAN centrality” when at the same time it seeks to make the EAS the premier regional forum for addressing political and strategic issues?
4. What relative weight will be given to regional versus global issues, recognizing that at the recent EAS meeting, the US focused unprecedented attention on climate change and Ebola?

The answer to all these questions seemed to be that despite ASEAN’s undoubted success in serving as a moderate regional body capable of bringing together representatives of all regional players, including great powers China and the US, it is struggling to carve out an active-player role for itself when it comes to complex and contentious international issues.

It should be noted that the US is essentially satisfied with ASEAN as it is now and the direction it is likely to take in 2015 under Prime Minister Najib’s cautious but steady leadership. It is pleased to be with ASEAN in the EAS (though that body is still more informal and inchoate than desired), appreciates the benefits it derives from ASEAN’s convening arena role, anticipates more vibrant security cooperation on HADR and other non-controversial matters under the auspices of the ADMM+ process, recognizes the great benefits to the American business sector of ASEAN’s welcome of US trade and investment, and fully supports ASEAN’s vigorous efforts to achieve greater regional economic integration.

Remedies offered by panelists to concerns that ASEAN may not be able to adjust quickly enough to the changing East Asia institutional environment ranged from calls to strengthen the ASEAN Secretariat to recommendations that outside powers devote more attention and resources to helping ASEAN develop greater capacity for effective engagement in international forums. One panelist noted that ASEAN—formed in 1967 to address common economic issues and explicitly avoid those related to security—was being drawn, mainly by the US, into dangerous territory far removed from both its original purposes and its present capabilities. Others suggested that until
ASEAN makes substantial progress toward enforceable rules-based economic integration, it will not be taken seriously as a major player in addressing broad regional, much less global, issues.

A similarly cautionary assessment was given of ASEAN’s potential to be a force in promoting human rights and democratic evolution. Though the demonstration effect of positive—even dramatic—developments in individual countries like Indonesia can be powerful, national sovereignty sensitivities are so powerful and the political systems so varied within ASEAN that the institution itself cannot adopt positions critical of any of its members (as was demonstrated by the virtual ignoring of the plight of Myanmar’s Rohingya minority during that country’s year as ASEAN chair). One panelist suggested that in view of this situation, which involves “us versus them” preaching by outsiders, perhaps rhetoric aimed at ASEAN as an institution should shift to an emphasis on simply encouraging respectful connectivity among the members.

**Policy Notes**

The following “policy notes” or recommendations emerged explicitly or implicitly from the symposium:

1. The ASEAN Secretariat should be strengthened with more funding and staffing, clearer authority to act within broad guidelines, and relief from the excessive burden of meetings for which it is now responsible.
2. ASEAN should give high priority to economic objectives such as establishment of a “single window” for trade facilitation, agreement on rules of origin, expand protections for trade in services, allow cross-registration of legal investment entities and agree to a formal declaration on the rights of migrant workers.
3. ASEAN should set its sights on ambitious objectives that will be necessary for long-term success, such as adopting a rigorous, rules-based approach that ensures compliance with regulations and sets measurably attainable goals. ASEAN should use success in that endeavor as a stepping stone for establishing a customs union that might initially include only a few of the member countries.
4. ASEAN should pay more attention to (1) internal tensions arising from water management disputes in the Lower Mekong Basin and (2) the emerging issue of unregulated maritime/fisheries competition between China, India and Indonesia in waters off and within the Indonesian archipelago.
5. Malaysia should encourage ASEAN to call on all member countries to establish national human rights commissions.
6. Outside official and private sector specialists on ASEAN should consider focusing their human rights expectations and rhetoric on feasible objectives such as encouraging a regional civic discourse about mutual respect, exchanges of views and connectivity promotion.
7. The US and ASEAN should continue to urge the EAS to establish a permanent body—such as a secretariat—to follow up on action items and serve as a focal point for facilitating quick response to natural disasters and other regional emergencies.
8. The US should help ASEAN countries strengthen their capacities to engage effectively in policy deliberations on pressing global issues like climate change and infectious diseases as well as dealing with the ISIS/ISIL threat both in Southeast Asia and the Middle East.

CONFERENCE PROCEEDINGS

WELCOME AND OPENING REMARKS

In welcoming the honored guests, speakers and participants, the chair said the symposium sought to raise awareness of issues Malaysia is expected to address as ASEAN’s lead country during 2015. Having chosen the theme “Our Community, Our People, Our Vision,” Malaysia intends to build on progress during Myanmar’s Chairmanship and introduce new initiatives of its own. The symposium will also explore the benefits of US-ASEAN cooperation not only in the economic sphere but also the ASEAN Political-Security Community and the ASEAN Socio-Cultural Community in the coming target year for realization of the ASEAN Economic Community (AEC).

The following speaker made welcoming remarks representing School of International Service Dean James Goldgeier. He said that Malaysia being the chair of ASEAN has special significance for two reasons: Malaysia is a founding member of ASEAN, and it is also the country that proposed the first regional security framework of ASEAN. People think of Indonesia as an ASEAN leader in this regard, but it was actually Malaysia in 1971 that proposed the Southeast Asia Nuclear Weapon Free Zone (SEANFWZ) to safeguard the region from great power rivalry and the ongoing war in Indochina.

The second major influence that Malaysia has had on ASEAN is suggesting the idea of the East Asian Community. Former Malaysian Prime Minister Mahathir Mohamad proposed the idea of an East Asia Grouping in 1990, asserting that if North America is going to have its own trade bloc (NAFTA) and Europe is going to have its European Community, then so should East Asia. He first advanced the idea of an East Asia Grouping, but in order to overcome US opposition to Japanese and South Korean membership, the concept was watered down and renamed the “East Asia Caucus” to facilitate the inclusion of these two countries as well as China. The concept became an institutional reality in 2005, when the first meeting of the East Asia Summit (EAS) was held. However, there is a major difference in Mahathir’s idea and the current reality. Mahathir did not want any non-Asian countries in the East Asian Grouping but the EAS currently includes the US, Australia, New Zealand and Russia (in addition to India).

OPENING REMARKS BY MALAYSIAN OFFICIAL

A representative of the Malaysian Embassy offered opening remarks that began with thanks for the sponsors for organizing such a timely and important symposium, just two weeks after Myanmar hosted the ASEAN-US and EAS Leaders Summits.

He emphasized that 2015 will be a momentous year for ASEAN, as the ASEAN Community will be established. As ASEAN chair, Malaysia hopes to achieve success in implementing the action
lines in the ASEAN Community blueprints and to develop a post-2015 vision for ASEAN. Malaysia’s five specific action plans entail: (1) Deeper and wider integration to help ASEAN more effectively compete within the developing regional architecture; (2) Higher standards of living and social progress for ASEAN’s people; (3) Increased trade as an essential element in fostering regional peace and stability; (4) Wider public and private sector involvement of its people, ASEAN’s greatest asset, in issues pertaining to good governance, transparency, and democracy; and (5) A more constructive role for ASEAN in global affairs and regional issues, such as combatting terrorism and transnational crime, through Malaysia’s presence on the United Nations Security Council for 2015 and 2016.

Drawing on Malaysia’s people-centered theme of “Our People, Our Community, Our Vision,” the speaker said that Malaysia’s aim is to bring greater ASEAN unity through promoting the benefits of integration and building a greater sense of ownership through what he called “the ASEAN Communication Master Plan.” ASEAN’s success should be measured not in the number of milestones that have been reached, but by the impact and benefits of ASEAN’s policies and projects on the lives of its people. In this context Malaysia envisages four positive outcomes: (1) Southeast Asians using ASEAN as a powerful vehicle to realize their aspirations; (2) deeper involvement of all sectors of society in ASEAN; (3) an ASEAN that is no longer the exclusive sphere of politicians and bureaucrats; and (4) recognition that ASEAN exists for the benefit of all within its ten member countries.

In addition to successfully realizing the AEC by the end of the year, Malaysia will also play a key role in concluding by year’s end the negotiations on RCEP, which will be the world’s largest Free Trade Agreement. In addition, because 2015 will mark the tenth anniversary of the establishment of the EAS, Malaysia will review the performance of that institution over the past decade. The review will doubtless emphasize ASEAN’s centrality while at the same time recognizing the initiatives taken by ASEAN’s partner governments and the impact of those initiatives on ASEAN’s and EAS’s evolution.

In conclusion, the speaker noted that ASEAN has had a colorful history, with many ups and downs, since its inception almost half a century ago on August 8, 1967. From being a mere spectator during the Cold War, ASEAN and its members are now forging ahead in a resolute manner to become a unified political and economic bloc that contributes to peace and security for its people and the region. To assure ASEAN’s continued success, continued dialogue with its principal partners, especially the United States, is a prerequisite.

OPENING REMARKS BY AMERICAN OFFICIAL

The next speaker, a senior State Department official, provided a read-out on the recently concluded East Asia Summit in Naypyidaw and addressed US priorities for Malaysia as ASEAN chair. Regarding the first point he congratulated Myanmar on having presided so effectively as ASEAN chair and hosting an outstanding Leaders Summit. The discussions at the EAS were substantive and focused on the strategic level, which is how the US envisions these meetings should work. Especially noteworthy were the ground-breaking joint statements on ISIS/ISIL and Ebola. They demonstrated the EAS’s ability to address pressing global issues. Progress was
made in other areas as well, such as wildlife trafficking and rapid disaster response. Successfully focusing on these less contentious problem areas will help the EAS tackle other issues.

The South China Sea featured prominently both in the US-ASEAN Summit and the EAS. President Obama delivered strong statements at both summits that reinforced the US position calling for a freezing of unilateral actions. Concerns about the SCS were raised by most other leaders at both meetings, with a consensus calling for self-restraint along the lines of the proposed Code of Conduct and asserting that the rule of law should prevail in maritime disputes.

Now that the EAS has reached its ten-year mark, the US would like it to enhance its strategic focus and develop greater capacity to tackle issues at the substantive level. The first joint US-ASEAN statement on climate change was a welcome development in light of increased UN attention to this issue as the international community prepares for the 2015 climate conference in Paris. ASEAN putting out its own statement on climate change represented an important step in its increasing focus on global issues. Regarding procedural matters at the EAS, the US believes the meetings would be more effective if scripted presentations can be kept shorter and more time was allowed for informal back-and-forth on major issues.

The US is looking forward to Malaysia’s chairmanship. From the US perspective, he stressed the key issues for Malaysia will be: (1) successfully launching the ASEAN Economic Community; (2) using the tenth anniversary of EAS as a milestone for discussing what it should be and how it should function in the coming years; and (3) leading ASEAN’s discussion of a post-2015 vision.

In 2012 ASEAN-US trade amounted to some $200 billion in goods and $400 billion in services, and the US stock of foreign direct investments totaled $190 billion in ASEAN countries. These activities, primarily in the private sector, create jobs in the US as well as in ASEAN, and the US hopes to deepen its economic engagement with Malaysia and the rest of the region in 2015 and beyond, notably by focusing attention on small and medium enterprises (SMEs), the heart of ASEAN’s growth. This subject was addressed in detail at the recent US-ASEAN Business Summit, a forum for SMEs and ASEAN companies to discuss improving access to the global supply chain and to expand SME engagement. Attention to this growth area will be a centerpiece of the Trans-Pacific Partnership, which, when realized as a high-standards agreement, will set the standard that other regional trade agreements will seek to follow. Concluding his remarks the official said the US encourages efforts to promote a people-centered ASEAN through building ASEAN identity among its young people, promoting ASEAN entrepreneurship and participating with US partners in people-to-people exchanges, such as the recently launched Young Southeast Asian Leaders Initiative (YSEALI).

**Discussion, Questions and Answers**

In response to a multi-faceted question regarding the US positions on the South China Sea and prospects for successful conclusion of the TPP, the State Department official explained that the US does not take sides on specific SCS territorial claims and how this issue moving forward is less contingent on the US than on the claimant states and China. In simply calling for a freeze on unilateral action the US hopes the claimant states can cooperatively work out the details with China. To date this process has been disappointingly slow, he added. As for the TPP the US is
optimistic it can be completed in 2015, though opposition to Japan’s participation from its farmers and agricultural interests remains a big issue.

The next questioner asked the Malaysian government official if Malaysia might be uniquely able to play a role in working out a consensus on the SCS among ASEAN actors and dealing on their behalf with China. The Malaysian official commented that the question relates to a very delicate issue, but pointed to the fact that his country was the first ASEAN country to establish relations with China (in 1974) and has ever since exercised great care and caution in its relations with that country. ASEAN’s principal goal is peaceful resolution of disputes and in 2002 reached agreement to establish an SCS Code of Conduct. Though some critics ask, “When will ASEAN do something?” the ASEAN Way is to proceed at a measured pace. Malaysia cannot promise anything as ASEAN chair, but will certainly work closely with its fellow members of ASEAN and China to find ways to make the Code of Conduct work.

At this point one of the originally scheduled participants, who had to be called away for another important engagement, asked for and was given the floor to raise four “concerns” he hoped would be addressed during the symposium:

1. ASEAN has successfully engaged internationally through having 81 accredited ambassadors, but may have exposed itself to strategic manipulation by outside powers, because the climate of diplomatic engagement has become more contestational.
2. Is ASEAN an arena or an actor? ASEAN in the last decade has tried to present itself as an actor in regional and global affairs, and has impressed the world with its economic advancement, its charter and its community building under the three pillars. However, to many both within and outside of ASEAN, its major contribution to the international system has been as an “arena” that offers institutions within which outside countries can more comfortably deal with the region and with one another. In the context of a larger gathering such as the EAS, it may be very hard for ASEAN to be an active “actor” when great powers are directly contesting one another, even over issues directly affecting the region itself. If the geopolitics heat up, today’s environment may be seen as having been the high point for ASEAN as an actor.
3. It is hard to reconcile the constant affirmation of “ASEAN centrality” by the US and others with the US call for the EAS to become the premiere regional forum for addressing major political and strategic issues on a real-time basis.
4. What will be the relative weight given to regional issues versus a global focus? The recent US-ASEAN and EAS meetings were notable for how much attention was given to climate change and how muted the SCS discussions were. Perhaps we can posit that there is a current pause on addressing the South China Sea, but if so, it is surely very temporary, as it is increasingly a litmus test for US-China, US-Japan and to some extent US-Southeast Asia relations. And if ASEAN cannot address the SCS issue, we have to wonder what that means for its capacity to take on other global and extra-regional issues.
SESSION I: US-MALAYSIA-ASEAN OUTLOOKS ON MALAYSIA AS ASEAN CHAIR AND REALIZATION OF THE AEC AND RCEP

The chair opened Session I by mentioning a social media initiative by the East-West Center and the US-ASEAN Business Council to stress to the American public how much the US matters to ASEAN and why ASEAN matters to US. ASEAN is the fourth largest export market and the biggest destination for US FDI, he added. That total amount eclipses US FDI in all the BRIC (Brazil, Russia, India and China) countries combined. The $190 billion of US investment in Southeast Asia cited earlier may be lower than the actual number, as US companies frequently invest through subsidiaries. He went on to emphasize that during Malaysia’s Chairmanship year the economic focus will be on SME development as well as the realization of the AEC. Prime Minister Najib has called for a more people-centered focus for the AEC and expressed a desire to improve Malaysia’s capacity for working with SMEs for ICT (information and communication technology) development.

The first panelist, offering a Malaysian perspective, pointed to three reasons why 2015 will be particularly historic during Malaysia’s Chairmanship: (1) the establishment of the ASEAN Community 48 years after the formation of ASEAN; (2) realization of ASEAN as a single market (established in an ASEAN-appropriate manner and not a replica of the EU); and (3) development of a plan to guide ASEAN through the years from 2015 to 2025. These three events will be implemented and formally announced by ASEAN’s leaders in November 2015. Not only does Malaysia want to declare the establishment of the AEC and develop the post-2015 vision, it also intends to strengthen the development of SMEs in the region and expand intra-ASEAN trade, bring ASEAN closer to the people, strengthen ASEAN institutions, and promote peace and security side by side with ASEAN’s growth and development. These will be the key deliverables of 2015.

What can we expect for 2015? A single market and production base, with free movement of goods and services and freer movement of capital; a competitive economic region; and closer integration into the global economy. The main goal, he asserted is to remove, to the maximum extent possible, barriers within the region that inhibit commerce, thereby to encourage businesses to interact more closely and achieve economies of scale. Today, ASEAN-wide, 78.1% of measures proposed for the AEC have been implemented, and Malaysia has implemented at least 80% of them. As the chair for next year, Malaysia will try to make sure that 100%, or at least 99.99%, of the integration measures will be implemented by all 10 ASEAN members.

What concrete progress has been made in achieving ASEAN economic integration? The ASEAN Free Trade Area is now in existence, and by January 2015 the CMLV countries (i.e., Cambodia, Myanmar, Laos, Vietnam) will have achieved more than 60% of their targets. A new investment agreement is in place, and another for free movement of skilled workers among states. Under the AEC there are also important IPR (intellectual property rights) measures that will promote competition and protect both producers and consumers of such products. An important long-term goal is to narrow the large income gap between ASEAN states, recognizing that each nation is at a different level of development. To be sure, at its outset the AEC is not intended to move toward establishing a customs union like the EU. Because of its differing economic development and political systems, ASEAN developed an open economic integration approach. In other words,
economic integration is not imposed from above, but operates on a rising tide principle. This approach so far has worked successfully and contributed positively to the region’s economic growth. The fact that the US is currently pivoting towards the Asia-Pacific is a reflection of this new and positive reality. Further evidence of greater economic integration is seen in the involvement of ASEAN companies in the global economy. ASEAN has made great strides to break down trade barriers, but there is much more to do. The to-do list still includes improving financial integration, strengthening key institutions, legal harmonization, and improvement in tax administration. For ASEAN’s leaders, achieving the AEC in 2015 is not seen as reaching a stopping point, but rather as representing an important achievement within a continuous process.

The next speaker began by asking the audience to forgive him for delivering a somewhat more pessimistic assessment than offered by the preceding panelist. Though not disagreeing entirely, he chose to address the many “challenges along the way.” He first mentioned several positive and encouraging developments. To begin with, he said, the AEC obviously has tremendous value and utility for Malaysia as well as for other ASEAN states. All of them recognize that it contributes to ASEAN centrality and will attract greater investment from the rest of the world. ASEAN is tremendously valuable to Malaysia, so having the region get stronger and more integrated brings direct benefits to it. However, taking the lead in the negotiations for building a viable ASEAN community while it is the ASEAN chair will produce its own set of difficult challenges for Malaysia. Still, whether the AEC achieves 99% or some lower level of success, many very important initiatives have already been undertaken. These include the very useful ACIA (ASEAN Comprehensive Investment Agreement), greater collaboration in transport services, the ASEAN Open Skies Agreement, accords on facilitation of goods in transit, and liberalization of services in 12 sectors. The latter is both an important step for ASEAN and also one that is very favorable to Malaysia, because of its already existing strength in the areas of construction, finance and health. Collaboration in ICT, as seen in the ASEAN broadband corridor, and energy collaboration initiatives, are other measures beneficial for Malaysia.

While the above examples are quite encouraging, he went on, there are other areas where progress is unlikely to proceed as swiftly and the road ahead may prove bumpy, especially in the realm of non-trade barrier removals. In addition, given the diversity and different levels of development in ASEAN, it will take some time before one can expect to have hard-and-fast regulations that apply consistently to all member states. Such an outcome would require modification of domestic legal arrangements in the individual countries. Specifically, although the right initial steps have been taken, financial liberalization may be slow to arrive, as shown by the experience of the recent economic crisis. If one looks at the country-by-country gaps in expected and achieved outcomes, there is, as expected, a big differential. On one end of the spectrum is Singapore, which has probably already achieved 100% of the AEC goals. Malaysia follows in second place (although there is a big gap between those two). At the other end are the CLM countries (Cambodia, Laos and Myanmar), which have serious issues to work with, and have insufficient priority to developing a competition policy. It may also not be so easy to achieve mutual recognition agreements (MRAs) on the free movement of skilled labor, especially in the area of professional services such as architecture, accounting and legal services, given that ASEAN countries have quite different legal traditions and accounting conventions. Another broad area with great variation covers healthcare, nursing and the movement of medical practitioners. While Singapore and Malaysia have achieved tremendous progress in
implementing the single window concept for facilitating trade, one cannot say the same of the CLM countries. One has to be cognizant of their domestic priorities and their levels of development. Beyond the economic numbers, political considerations behind building the ASEAN Community always must take into account questions of domestic social equity and narrowing the intra-ASEAN development gap.

Highly trade-dependent and FDI-oriented, Malaysia sees itself as a key ASEAN investment hub. That is why it approaches the AEC timelines with a great sense of urgency. At the same time, Malaysia has its own priorities as it deals with the domestic challenge of giving effective leadership to an ethnically diverse community. Then there is the challenge of the RCEP. While it is consistent with the idea of ASEAN centrality and aims to strengthen existing FTAs that ASEAN has with six dialogue partners – China, Japan, South Korea, India, Australia, and New Zealand – these countries have their own concerns, sensitivities and different positions on a number of issues. For example, while Australia and New Zealand want to bring government procurement within the ambit of RCEP, India does not feel the same way. Trying to unify within RCEP trade rules that were part of individual FTAs is not going to be easy. Aside from those problems, individual ASEAN member states are responding in different ways to the RCEP concept. For instance, Indonesia, responding to its own domestic concerns, is taking a more nationalistic stance than other ASEAN member states feel is desirable. Complicating this scenario is the troubling perception that ASEAN has only marginal influence in shaping the evolving FTA architecture based on the US-led TPP and the China-supported RCEP. Malaysia will not want to get drawn into having to align itself with one at the expense of the other. Instead, it will follow its traditionally pragmatic approach that focuses on promoting its own economic growth. However, that posture may be hard to sustain when it assumes the ASEAN chairmanship, because the TPP clearly ranks high on Malaysia’s agenda. The Malaysian Prime Minister and Minister of International Trade and Industry (MITI) wish to bring Malaysia into the TPP, and strongly espouse the position that the TPP and RCEP are complementary institutions offering different routes to strengthening trade and investment. Some countries within ASEAN do not have the TPP on their agendas (and probably never will) and may be lukewarm if not hostile toward it, a position taken by many powerful interests within Malaysia itself. Despite such domestic opposition, MITI believes that the country could reap many benefits from belonging to the TPP and has been actively sharing information about those potential advantageous outcomes with key domestic constituencies. In any event the TPP issue is unlikely to dilute or pose a threat of any sort to Malaysia’s leadership of ASEAN, especially since, besides Singapore and Brunei, other ASEAN countries, such as the Philippines and Thailand, have evinced interest in joining the TPP.

The following panelist focused on the role of private sector industry and prospects for the RCEP, first stressing that it is undeniable that private sector industry has been the primary driver of ASEAN integration to date. Many of ASEAN’s member countries have been used as production platforms and/or form part of the supply chain (regional and global) that began in the 1980s and 1990s. At that time Japan was the center of the chain, using Singapore and Malaysia to get value-added inputs. By 2010 that schematic has changed rather dramatically, and now there are multiple concentric rings and circles that focus largely on China. The US is also part of those supply chains, but China is a central part, and ASEAN countries are adding significant added value. Evidence of this latter point is seen by FDI flows into ASEAN, which since 2005 have
gone up from $55 to $122 billion. In 2005 much of that investment was claimed by Japan, China, Korea and Hong Kong, although their share has since decreased to 33%. Industry is still a very strong driver of ASEAN integration, and one could say that integration in the manufacturing sector is happening because of industry.

In 1993 ASEAN established its free trade agreement, which was unusual in providing not only broad tariff reductions but also for bilateral tariff reductions to serve specific industry interests. For example, the ASEAN Industry Investment Scheme allowed industries to move semi-processed goods from one ASEAN state to another to add further value. Since the 1990s the scene has changed. With the ASEAN Charter stating that all ASEAN agreements should be legally binding, the contour of economic agreements in ASEAN has shifted. The ASEAN Comprehensive Investment Agreement (ACIA) upgraded the trade and services agreement for ASEAN. Mutual Agreement on labor questions, however, still lags far behind and will take more time. Still, getting professionals around the table and talking about how labor goals could be achieved is important. The Malaysian chair has endorsed the Qualifications Reference Framework, which is important because it allows for comparing the value of a worker from one market to another. Now there is a document that can actually be used for informed comparisons, and that will help promote labor mobility.

There are three criteria for determining whether industry and policy-driven approaches are working:

1. Cost reduction. That is working well as the cost of tariffs between ASEAN countries is now virtually zero. The World Bank has pointed out that non-tariff costs have also come down in the last decade.

2. More open policies than had there been no ASEAN. Even though there are reservations about transparency on the investment side, trade policies are clearly much more open than they otherwise would be. The ASEAN Framework Agreement on Services (AFAS) provides for more transparency than what ASEAN has submitted to the WTO, and the general openness of services is on par with other East Asian countries.

3. Harmonization of policies. Here there is plenty of room for improvement, and ASEAN could really make a concerted effort to achieve it.

With regard to the RCEP: it is curious that the common belief holds that this concept is being pushed by China, when it was actually originally conceptualized by Japan. China only joined later and now they are enthusiastic about it. Negotiations to complete the agreement have languished, but there have been recent encouraging developments, notably with ASEAN and China agreeing to update their FTA. That FTA, the first ASEAN signed with a dialogue partner, now lags in comparison with those ASEAN has with Australia and New Zealand. With Hong Kong pushing China to become more open, and China and Korea working on improving their bilateral FTA, China is now more open to the idea of higher quality FTAs.

The speaker wrapped up his presentation by offering the following “wish list” particulars:
Short term wishes:
1. Full realization of the ASEAN Single Window, plus self-certification provisions.
2. Creation of the ASEAN Trade Repository and National Trade Repository and Notification Procedures under the ASEAN Trade in Goods Agreement (ATIGA) to harmonize regional disciplines on transparency.
3. Agreement on rules of origin. The two existing pilot programs should be brought together.
4. Application of provisions regarding services in the ASEAN Framework Agreement on Services (AFAS) be accorded the same protections now given to manufacturing industries in the ASEAN Comprehensive Investment Agreement (ACIA).
5. Assertion by Malaysia that any legal investment entity registered in any ASEAN country should be able to avail itself of the investment clauses of AFAS.

Other, perhaps longer term, wishes include the following:
1. Agreement by Malaysia to a formal declaration on the rights of migrant workers. An instrument of this nature would ensure there are stable and predictable ways of people to move about and thereby allow middle and lower skilled laborers to enjoy the benefits of the ASEAN Economic Community.
2. Evolution of the RCEP, along with the TPP, in ways that would help realize the APEC goal of a Free Trade Area of the Asia Pacific (FTAAP).
3. Agreement within ASEAN on the long-term goal of establishing a customs union. Even if the concept initially only applied to a few sectors, such an announcement would truly galvanize the business and policy communities.
4. Elevation of finance ministers in ASEAN’s negotiating processes.

The next speaker emphasized the legal significance of the ASEAN Charter, including its role in formalizing the relationship between ASEAN and member governments, and, to a lesser extent, ASEAN and its people. For example, it clearly defines the AEC as a single market and a single production base. Actually, he added, despite all the hoopla heard about 2015 being the implementation date for the AEC, there has been an ASEAN economic community, as far as a production base is concerned, for the last 10 or 12 years. To a large extent, the creation of an export-driven production base for goods to go to the US, EU and Japan has already existed. The problem in the AEC is not a lack of rules. There are plenty of rules, but what is lacking are regulating mechanisms for what happens to people, goods, services, capital and investment when borders are crossed. What happens when you go beyond the border? A lot of the issues ASEAN has addressed involve the trading of goods within borders or what happens as goods are brought to borders.

The problem is that there is no single market and one is unlikely to exist for quite some time. An effective single market like what you see in Europe or the US requires that there be some sort of institutional authority to deal with what happens when goods, people and investments after they cross borders. For example, he said, I may take my goods across from Singapore to Malaysia without needing to pay a tariff, but then may run into significant non-tariff barriers. Malaysia’s state of Johore, just across the Causeway, may require some sort of permission to bring or sell my goods, though the state of Pahang may have no such requirement. How do you prevent the states and provinces of individual ASEAN member states from imposing non-tariff barriers?
Looking at industries such as steel and textiles that are not well integrated, one finds a multiplicity of national standards. For example, the Thai industrial standard for steel (which is basically the Japan industrial standard) makes it possible for Thai customs to regulate border crossings of steel shipments from other ASEAN countries that have different standards.

Dealing with non-tariff barrier requires that there be viable institutions in place to handle them. For countries in the EU, barriers to trade are dealt with by its own institutions such as the EU Commission, Council and Parliament. NAFTA handles these issues through reference to the detailed provisions of its agreement and the use of a strong and robust dispute resolution system that includes the NAFTA Arbitration Panel. The AEC does not resemble either pattern. Instead it relies only on loosely worded text. Moreover, the ASEAN Secretariat, the only regional institution, is not at all comparable to the EU Commission. Instead its only power is naming and shaming, and it is reluctant to use even that power.

The real issue with the AEC is to expand its utility beyond what now exists. What ASEAN has now is primarily a production base model in which the benefits mainly go to the ASEAN nations involved in the production base, but not to SMEs or indigenous industries outside that process. Something needs to be done to improve access, and deal with compliance and market access beyond the border. The solution lies in either increasing the authority of ASEAN institutions or improving dispute resolution mechanisms so that countries can seek remedies for their grievances.

A lot of what is taken for granted in a single market like the EU or the US does not exist in ASEAN. The most controversial aspect of Mode 4 (dealing with international migration of temporary workers) is the movement of service providers across borders. Once unskilled workers are allowed by ASEAN to cross national borders, they implicitly have the right to work, but how will such rights be defended? What is going to protect Burmese workers in Thailand, or others crossing borders elsewhere? These issues with workers can only be dealt with by strengthening ASEAN’s institutions.

As one of ASEAN’s founders and a net foreign investor, it is good that Malaysia is the chair in 2015. Most importantly, with its strong trading background, Malaysia will have a stronger hand through the Secretariat on economic affairs and 2015 will offer opportunities for it to continue to have a strong influence on economics and trade issues in ASEAN. As Laos serves as chair in 2016 and Philippines does so in 2017, it is important to look at the process going forward beyond 2015, including what happens with the RCEP. One often overlooked aspect of RCEP is that its supporters intend it to help clean up internal contradictions and inconsistencies within the AEC itself and between ASEAN and other countries, a very useful exercise. That is why Japan pushed for it in the first place. It is fortunate that the “Razak brothers” (i.e., current Malaysian Prime Minister Najib Abdul Razak and CIMB chairman Nazir Abdul Razak), sons of former Malaysian Prime Minister Tun Abdul Razak, occupy the positions they currently hold at this important juncture. Ultimately, the ASEAN Economic Community depends on business. Who else is going to spend money and invest? Without companies like Air Asia and CIMB and those at the SME level, the AEC will not bring substantial improvement to the people. Unless ASEAN institutions become stronger and provide a more robust foundation for the AEC, these deliverables will not materialize, and people will ask what the AEC has accomplished other than hold a few meetings.
a year. Malaysia can certainly rise to the occasion, but those expecting ASEAN to move forward like a through train will be disappointed. Think instead of ASEAN moving like a water buffalo (ASEAN’s “spirit animal”) trying to plow a field. It may not always follow your instructions, he concluded, but at the end of the day, it is going to get the job done.

The next speaker began by stressing that ASEAN is already a remarkably open region. The trade to GDP ratio is about 150%, the highest of any developing region in the world. This openness does not discriminate between ASEAN and non-ASEAN states. The countries remain open to trading partners from anywhere in the world. Moreover, the growth of trade in ASEAN has been about 10% per year on average, while ASEAN-China trade has increased by 20% a year on average, and growth with other countries has been larger than the growth rate within ASEAN. One of the reasons for slow growth of intra-ASEAN trade is that many ASEAN countries are too similar to one another, unless one considers the value chains that have been developing within ASEAN. Interestingly, ASEAN-Eastern Europe connections are increasing, too. ASEAN has been non-discriminatory not just in trade, but also in investment, but unlike for trade, a relatively strong share of its FDI comes from other ASEAN countries.

The previous speaker was correct in commenting that many barriers to trade are not at the border, but within the border. If one looks at ATIGA (the ASEAN Trade in Goods Agreement), we see that it requires all countries to report to ASEAN their non-tariff measures. But this is a self-reporting mechanism and there is no verification process. A task force has been established to suggest ways to overcome this weakness, but its report is still being kept under wraps. If one actually audits the reports submitted by the member countries, the reality will be much different from what is reported. Barriers to trade are often implemented for good purposes, but also are often introduced solely for protectionist purposes. Indonesia’s requirement that all foodstuffs can enter the country through only five ports was a protectionist measure put in place to satisfy the demands of domestic farmers.

The same conditions apply to the services industry. The AFAS (ASEAN Framework Agreement on Services) has much stronger services commitments than the GATS (General Agreement on Trade in Services, under the WTO), but there has been absolutely no change in the regulatory environment. Actually, in recent years there have been even greater barriers added.

The AFAS provides broad guidelines for four modes of services delivery:

• MODE 1: Cross border supply – service delivered within the country from another country;
• MODE 2: Consumption abroad – service delivered outside the country (e.g., medical services);
• MODE 3: Commercial presence of a service in the country;
• MODE 4: Presence of a natural person – movement of people across borders to work.

Modes 3 and 4 have innumerable barriers, notably licensing requirements and other impediments. It is very difficult to cross borders and provide service in ASEAN. That is particularly unfortunate, because the real driver of economic growth in the future is going to be the rapidly growing sector of trade in services. Yet the sector has not developed in ASEAN by taking advantage of opportunities for economies of scale or development of specializations.
The panelist concluded his presentation to offering his own “wish list”:

1. Malaysia should strengthen the ASEAN Secretariat so that it has the capacity not just to accept reports but also to verify them. Naming and shaming alone is meaningless in an environment of self-reporting. Without verification, nothing is going to happen.
2. The ASEAN Secretariat needs to more than double its budget.
3. Develop real measures of liberalization. The scorecard currently being used by ASEAN does not contain a good set of data on non-tariff barriers or the effective rates of protection. Ticking off boxes on a report sent to the ASEAN Secretariat accomplishes little. The ASEAN Secretariat staff would have achieved more substantive accomplishments if it held fewer meetings (currently at the level of about 1,400 a year) and engaged in serious prioritization of what the Secretariat should be doing or can set aside.

Questions and answers

Q: With Indonesia taking a more protectionist stance on trade issues, how can that country be encouraged to adopt a more cooperative relationship with its ASEAN partners?

A: The point is well taken. Additionally, some of the problems with agriculture-related trade barriers may have resulted from corruption within the relevant ministry. Interestingly, in a few cases trade barriers were lifted or ignored when they produced protests from consumers over the sharply rising prices of meats and agricultural products. Trade is certainly one area where Indonesia can improve its record and produce a positive impact on regional growth. (Another panelist) It is very much in Indonesia’s interest to have a broader domestic market. A recent study points out that half of the skilled workers who left the country to work abroad would have proven great assets to Indonesia. We can hope that Indonesia will progress to the “tipping point” where industry goes from protecting its own to understanding the benefits of regional participation. In short, for its own good Indonesia should step up and participate more seriously in regional integration.

Q: What would ASEAN’s future be like if both the RCEP and TPP are successfully put in place?

A: It is far from the truth to suggest that RCEP and TPP are incompatible (and thus will divide ASEAN). The RCEP is essentially a means of rationalizing of trade arrangements that already exist. Many issues, labor rights and environmental protection, will be mentioned in RCEP but not have any binding obligations. On the other hand, because of the countries involved, the TPP requires such issues to be discussed more seriously. Supporting both RCEP and TPP is like walking and chewing gum at the same time. Singapore can do it. Malaysia can do it, too. The two are not incompatible, but rather offer countries the best of both worlds. The TPP lets you into a big club with the US, Japan, Mexico, and Canada. RCEP brings the benefits of including China and India and also being part of the great supply chain.

Q: What plans does the government of Malaysia have to increase the effectiveness of the ASEAN Secretariat?
A: (Malaysian official) The government recognizes the inadequacies of the Secretariat, which faces serious resource constraints. Though it will be difficult to increase monetary contributions by member countries, the Malaysian government currently funds some technical assistance programs, such as by hosting ASEAN-related seminars and symposiums with its own money.

**LUNCHEON KEYNOTE ADDRESS**

A senior Department of Defense official delivered the keynote speech at the symposium luncheon. They began by noting that Southeast Asia sits aside key global trade routes, is home to diverse ethnic and religious populations, and is increasingly stepping forward on global and security challenges such as WMD (weapons of mass destruction), North Korea’s continued belligerence, climate change, communicable diseases, and unresolved land and maritime border disputes. As is evident in South China Sea developments, Southeast Asia is the locale for one of the world’s most contentious flashpoints. The foregoing security issues cannot be addressed by one country alone, but instead require the strong multi-country focus that Asia’s multilateral institutions seek to foster. Notably the EAS offers opportunities to create a web of networked partners who can work cooperatively with each other, and with the US when appropriate.

The US strategy, also known as the rebalance or pivot, focuses on strengthening the existing rules-based order, modernizing US alliances, and strengthening key partnerships that serve as anchors for regional stability. Key initiatives for Southeast Asia include enhanced security cooperation with the Philippines to better enable the US to support continued development of the Philippines armed forces. The US also has important partnerships with countries like India, where President Obama will be traveling in January 2015. India has been “Looking East” for decades and now talks about “Acting East.” The convergence between “Act East” and the US rebalance is very promising. As it focuses on deepening bilateral relationships across the board, the US is promoting a significant increase and greater regularity of exchanges with India, high-level dialogue between defense bureaucracies and implementation the DTTI (Defense Trade and Technology Initiative). Indonesia has a strong and dynamic partnership with the US, and the US wants to tailor its engagement to support President Jokowi’s push to increase its maritime capabilities. Singapore hosts US ships on a rotating basis, and allows the US to respond to humanitarian assistance and disaster relief emergencies. Currently, the US is at a strategic moment with Vietnam, in part due to their South China Sea issues, but also because 2015 is the 20th anniversary of the normalizing of US-Vietnam bilateral relations. The defense relationship with Malaysia is as strong as it has ever been, and US has been helping Malaysia improve its capabilities. For example, the two countries recently held their first ever bilateral amphibian exercise.

In addition, the US is working hard on improving military-to-military relations between China and the US by deepening cooperation where possible and managing competition through substantive and sustained dialogue, while also making a sustained effort to increase transparency and communication. Examples of progress in this area are the confidence-building measures recently announced by Xi Jinping and Obama that include notification of major military movements and agreement to develop rules of engagement that will reduce the possibility of unintended incidents in the air or on the high seas.
The US is increasingly moving away from the hub-and-spoke model and toward greater multilateral cooperation with allies and partners. For example, it is playing an important facilitating and convening role in fostering both Japan-Australia and Japan-India cooperation. It also encourages partners to work closely together even when the US is not in the room. Though strengthened bilateral relationships continue to be very important, strong multilateral institutions are needed to confront the region’s most important security issues, and to build habits of cooperation founded on shared interests, greater trust and mutual understanding. For its part, the US is doing a much better job at showing up and listening. It recognizes that multilateral institutions are becoming forums for action in which the US and its partners can actually do things together in a multilateral session.

How does DoD engage the region multilaterally? It supports ASEAN centrality, because it knows that a strong and unified ASEAN is in the interest of peace and stability for the entire region. It also respects ASEAN’s goals of peaceful resolution of disputes, respect for all large and small states, open commerce, and free use of shared domains. Within the regional architecture, from the inception of the ARF until a few years ago, the ARF was the primary way that the DoD played a role in multilateral institutions, even though the State Department had the lead in formal discussions. The ARF worked well by engaging ASEAN with some twenty countries throughout the year and offered venues for addressing numerous transnational issues. However, now we have the expanded version of the biannual defense ministers gathering in the ASEAN Defence Ministers Meeting Plus (ADMM+). From the DoD’s perspective, the creation of this institution in 2010 has taken multilateral defense cooperation to a whole new level. In addition to being a forum that meets on a regular basis, it is a mechanism for practical defense-oriented cooperation. ADMM+ held three big meetings last year - on counterterrorism, maritime security, and HADR and medicine. ADMM+ helps countries come together to address a range of common threats. This year, the co-chairs developed substantive concrete proposals for building on the success of the last four years. The US is as excited as ASEAN about ADMM+, because it gets things done. Moreover, ADMM+ is an important pillar of our defense engagement, because it ensures a great deal of senior-level engagement with other regional defense ministers. All US Secretaries of Defense secretaries have gone to Southeast Asia to participate in the ministerial level meetings. Secretary Hagel invited all ten ASEAN Defense Ministers to the first US-ASEAN Defense Forum in Hawaii in April 2014, at which emphasis was given to describing the wide range of cooperation between the DoD and ASEAN. The accompanying HADR roundtable hosted by USAID included a number of civilian organizations with expertise in management of natural disasters.

The US is looking forward to 2015 with Malaysia as ASEAN chair. As one of the South China Sea claimant countries, it has a particularly important role in advancing ASEAN principles and building ASEAN unity on this important set of issues. Under Malaysia’s leadership, ASEAN can be expected to continue convening regional militaries, continue to stand up for the principles they are known for, and continue to improve intra-ASEAN cooperation among themselves on major regional issues. Regarding the South China Sea, though the US does not take a stance on specific sovereignty claims, it strongly believes these disputes should be resolved through dialogue and peaceful means in accordance with international law.
In conclusion, Malaysia and the other ASEAN nations should be commended for the tremendous work they have done to create a strong regional architecture, one that allows them to share challenges and solutions through norms of mutual respect and cooperation. The US looks forward to close future collaboration, because a strong ASEAN is in the interest of the region and the interests of the US.

Questions and answers

Q: What has happened since the US partially lifted its arms ban on Vietnam? Are they interested in greater military cooperation with the US?

A: We do have a good robust discussion about expanding areas of cooperation and activity, and they were very happy we lifted those banned items. We have recently reached an agreement to use Da Nang airfield as a place to use to land US planes in cases of HADR emergencies. They want to increase HADR cooperation and peacekeeping efforts, and our Coast Guard has been sharing its expertise with them. The next few trips we are going out there will expand the dialogue.

Q: How about Vietnam’s human rights?

A: It is important that Vietnam continue to make significant improvements in their human rights record. It still has a long way to go before we can lift the whole arms ban. We will be watching what happens at Vietnam’s forthcoming Party Congress. Vietnam has a very important role to play in terms of maritime security, particularly with respect to South China Sea issues, and we encourage them to continue talking to Malaysia, Philippines, and Brunei.

Q: Regarding the South China Sea, which is in everyone’s strategic interest, where China is changing the facts on the ground with its construction activities and runways being built, how does the US respond to such encroachments, in which not every action leads to a reaction, but taken in sum, a response is warranted?

A: When Secretary Hagel went out to the Shangri-La Dialogue meeting, he pointed out the pattern of Chinese SCS developments, which we find disturbing. One part of the problem is that we don’t know China’s intentions. We have to look at what they are doing and draw conclusions based on what we see and can learn from information and intelligence-sharing with key partners. We recognize this issue cannot be solved by the United States alone. ASEAN, or key ASEAN states, have to play a role, which is why we have spent so much time discussing with ASEAN a collective strategy that may impose enough cost to China that they will reconsider the path they have been taking – if their intentions are what we fear. In bilateral channels, we take every opportunity to encourage constructive dialogue, increase transparency, and the socialization of norms that may help reshape Chinese conceptions of our intentions. We want to be as transparent as possible so that they know what we’re doing.

Q: Is extremism gaining ground in Southeast Asia? Does ISIS/ISIL have links to the region? How are Filipino efforts to fight Abu Sayyaf going?
A: Abu-Sayyaf joint efforts with the Philippines are winding down right now, but we are still working with the Philippines through the bilateral Enhanced Defense Cooperation Agreement (EDCA) to have a rotational presence on the ground there to carry out certain types of efforts when terrorist threats emerge. On the broader picture of ISIS in the region, we keep hearing from our partners in the region that they have real concerns about foreign fighters going from Indonesia, Malaysia, the Philippines and Australia to the Middle East. We are talking with them about what we can do bilaterally and multilaterally. ADMM+ has a counterterrorism group, and we are working together to increase information-sharing and counterterrorism capabilities. Global communication channels and media are drawing support for ISIS/ISIL. However, we have seen few cases of foreign fighters coming back and linking up with terrorist groups at home. This area of focus will be an increasingly important one. There is an ongoing conversation within the region to try to talk about ISIS/ISIL and the problematic values it promotes – and to try to delegitimize it. Singapore is holding a conference and Malaysia will engage moderate imams to talk about the current situation. We support these initiatives, but we think it best they be entirely ASEAN-led.

Q: Is there scope for a greater US presence in Malaysia, whether informal or formal?

A: We are in a very good place with Malaysia right now and have several areas where we are looking to achieve progress. If Malaysia is interested in hosting our littoral combat ships on a regular basis, as Singapore does, we would certainly consider it, but that would be entirely up to them. We want to follow up on initiatives like the first joint amphibian exercise. Some of our efforts may focus on helping Malaysia deal with its security concerns in East Malaysia.

Q: What contribution can the US Coast Guard make? How do you avoid duplication of forums and activities? What about quadrilateral cooperation?

A: The Coast Guard offers many opportunities for cooperation, but is also stretched a little thin. It generally operates at the bilateral level, as it is doing in the Philippines and Vietnam, to build up Coast Guard capabilities. These countries understand that the future of the region is very much tied in not only with maritime security but also with fishery interests, HADR and other coastal concerns. The more we can get the Coast Guard out there and cooperating and engaging multilaterally and bilaterally, the better. They’re doing a lot, but I wish we could do more. We are internally trying to increase our linkages with the Coast Guard so that both sides have a better sense of what the other is doing. As for the duplication issue, one that has been around for many years, it seems very unlikely one can create a fully rational regional architecture that would be a significant improvement over what we have today, the disadvantages of current duplication notwithstanding. It is not worth it to try to force everything into neat boxes.

DoD used to have the ARF as its entry into regional security discussions, but now is focused on ADMM+. There is certainly plenty of duplication in terms of what is discussed. Both are still very valuable, but DoD gets more “bang for the buck” from ADMM+. As for quadrilateral efforts, the US experience has been that trilateral approaches are more productive and seen as less threatening than quadrilateral ones. Although there was a time we went toward quadrilateral integration, and we can imagine going back in that direction, there’s something magic about trilaterals and the power of three. You can really do a lot and talk about interesting matters that
don’t appear too threatening to others in the region. It’s sometimes uncomfortable bureaucratically, but the conversations are different.

Q: Are you going to institutionalize the US-ASEAN defense dialogue?

A: There has emerged a sort of soft institutionalized practice of our being invited to the Defense Ministers’ retreat every year when they’re not having the biannual ADMM+ sessions. Secretary Hagel and his predecessors have regularly been at the ADMM+ meetings. To institutionalize those contacts will require getting the new Secretary of Defense to be on board. The US needs ASEAN to be on board, too, though we recognize ASEAN’s understandable concern that there has been an excessive proliferation of the ASEAN+1 sessions. ASEAN has been inviting China in the spring and the US in the fall, and Japan also got an invitation, but everyone else – including India and South Korea – wants invitations, too. ASEAN is uncertain how to manage all of these requests. For the US that Hawaii meeting with ASEAN Defense Ministers proved a particularly productive two days of discussions.

Q: How about US-Thailand relations?

A: The US still maintains a very important alliance with Thailand, but unfortunately, since the military coup there, the US has (by US law covering such situations) had to scale back some of its cooperative activities. Some of our policies and high-level engagements were deemed inappropriate, but many lower level areas of cooperation have not been directly affected. The main question was whether to go forward with the annual Cobra Gold exercise. The US decided that it could be held, though in a modified form emphasizing its multilateral dimensions related to our policy of regional engagement. Anything with a regional flavor is easier for us to do and justify. For example, the US invited Burma/Myanmar to participate as an observer in the humanitarian dimension of Cobra Gold, because by law the US has authority to engage it only in certain types of human rights-related military-to-military cooperation. In the near future DoD will be joining State and the government of Burma/Myanmar to talk about human rights, what we want the military to do and not do, and how we can offer more military-to-military engagement if they are willing to take certain steps along those lines.

SESSION II: ASSESSING ASEAN’S POLITICAL-SECURITY COOPERATION

In launching Session II the chair commented that unlike ASEAN’s well developed, consensus-driven economic pillar, its political-security pillar has received relatively less attention. Its key concerns, essentially transnational in nature, include counterterrorism, maritime security, transnational crime, HADR, energy and food security. There are real challenges for ASEAN leaders to consider themselves part of a united “community” when addressing the national security dimension of these issues. It is not just maritime security issues, such as those related to the South China Sea. There are also those related to food security and current developments in the Lower Mekong region, where for example Cambodia and Vietnam are opposed to dams being built in Laos. Meanwhile, the maritime Southeast Asia nations are not concerning themselves with that issue. The task for ASEAN is to create a political-security pillar that is at least somewhat unified.
The first panelist spoke about what Malaysia might end up doing in terms of strengthening the institutions of ASEAN and responding to political and security challenges. Prime Minister Najib has talked about strengthening the ASEAN Secretariat, which only has an allocation of $17 million to run its operations. The ASEAN members should increase their contributions to it and also agree on a common agenda satisfactory to all. Najib has also talked about the need to address the gap between the slow-moving ASEAN Way and what could be accomplished through a rules-based approach that sets measurable, attainable goals. He might not garner much support for this thinking, but it is interesting that he is talking about it.

Malaysia will want to focus on the EAS, too. At the EAS this year, there was talk of establishing a permanent body, such as a secretariat, to deal with implementation of agreed action items and to help handle natural disasters requiring quick international response. We can expect PM Najib to desire to strengthen the EAS, particularly because after the disappearance of MH370, he offered the opinion that the EAS could usefully develop a capacity for emergency search and rescue operations to deal with future crises of a similar nature. At the moment there are different ideas for how one can have ongoing US engagement with the EAS process, perhaps through the ARF or through a secretariat with a coordinating function. Many are frustrated that all that seems to happen at the EAS is that the leaders meet, read papers containing their talking points, and go home, with no follow through. There is no mechanism for addressing issues like the haze in Indonesia and the region, human trafficking, proliferation of drug resistant malaria or the spread of terrorism. Though Malaysia prefers to take a low-key role in the South China Sea disputes, that issue would seem to be ripe for opening ways for the US and Malaysia to cooperate next year.

To be credible as an ASEAN leader in 2015, Malaysia needs to show success in managing its relationship with a China that has of late stepped up its assertiveness. China has been quiet since moving the oil rig from Vietnam’s claimed waters last July. Earlier this year, however, it moved an aircraft carrier and destroyer near James Shoal, close to Sarawak, where sailors pledged to defend the (Chinese) motherland. This action made Malaysia feel uneasy, like it can’t escape China. Malaysia was not enthusiastic about a proposal for a freeze on any new activities in the SCS made at the ARF in July, because it feared such a step might have a negative impact on what Petronas is doing in that area. Malaysia may declare 2015 as a year for cooperating with China on its maritime Silk Road initiative and co-hosting with China a joint HADR exercise. These activities, plus the ADMM+ with China, may provide important opportunities for increased cooperation.

The one security area not yet talked about in depth is the Rohingya situation. The Rohingya have not been treated well in Myanmar, particularly since 2012 when Buddhist against Muslim violence broke out. 140,000 Rohingya were rounded up and put into camps. They had trouble getting out, getting jobs and getting food. Currently, some 30,000 Rohingyas are living in Malaysia - all are illegal. There may be opportunities for Malaysia and the US to cooperate on this issue. Some say the US should consider resettling the Rohingyas, but that would let Myanmar off the hook. The recent summits also talked about Ebola, climate change, and ISIS. We can expect Najib to want to talk about the ISIS fighter issue by stressing the Global Movement of Moderates that Malaysia is championing.
The next panelist spoke about the growing maritime capabilities and ambitions of states other than the US. The Indo-Pacific maritime momentum includes multiple trade initiatives, China’s Maritime Silk Road and other projects, India’s new Look East/Act East policy and Indonesia’s global maritime nexus initiative. This increased activity is driven not just by territorial disputes, but can be viewed as an outgrowth of greater connectivity, commercial opportunity and related factors. China’s Maritime Silk Road initiative, first put forward in October 2013, is a very large undertaking, part of China's $40 billion plan to promote businesses along the land and sea corridors of the old Silk Road to Europe. It comes just before the start of 2015, a year for China-ASEAN Maritime cooperation. China is also developing infrastructure in Sri Lanka and the Maldives. The is recent news of a Chinese submarine docking in Colombo, Sri Lanka, a development perhaps presaging rising power tension between India and China. What resources does India have to respond with? India’s increased activity under its Look East/Act East initiative is based on a historical tradition of maritime traders following wind patterns in the Indian Ocean. The details of this initiative have not been spelled out yet.

Indonesian President Joko “Jokowi” Widodo has described his country’s global maritime nexus initiative as having five pillars:

1. Revival of Indonesia’s maritime culture, recognizing the interlacing network of its geography, identity, and livelihood;
2. Improved management of Indonesia’s oceans and fisheries through the development of the country’s fishing industry, and building maritime “food sovereignty” and security;
3. Boosting Indonesia’s maritime economy by improving the country’s port infrastructure, shipping industry, and maritime tourism;
4. Maritime diplomacy that encourages Indonesia’s partners to work together to eliminate conflict arising over illegal fishing, breaches of sovereignty, territorial disputes, piracy, and environmental concerns like marine pollution; and
5. Bolstering Indonesia’s maritime defenses, both to support the country’s maritime sovereignty and wealth, and to fulfill its role in maintaining safety of navigation and maritime security.

The idea is to enhance Indonesia’s infrastructure and make the country a global hub for maritime commerce. It also focuses on maritime security, emphasizing both internal challenges and possible external threats. The initiative could create discomfort with ASEAN neighbors, especially Malaysia. Just as China is reaching out toward the Indian Ocean and India toward the Pacific, Indonesia is asserting itself in between them. Thus, the three initiatives, expressions of three rising powers of Asia, can be said to be creating “integrative space.” Though these maritime connectivity ideas fit into the ASEAN master plan of ASEAN connectivity, some aspects of these initiative will very likely cause discomfort in the region (e.g., through competition among large and small scale fishing enterprises). What we may be seeing, he concluded, is a new Indo-Pacific maritime order taking shape, but discussion of these developments has remained disconnected and deserves much more attention than it has heretofore received by ASEAN or the EAS. Continuance of ASEAN centrality hinges on ASEAN leaders showing vision in addressing situations like this one, so Malaysia should use its Chairmanship opportunity to draw greater attention to these maritime issues.
The next speaker gave a Japanese perspective on the above issues, noting first that Japan’s policy focus in Southeast Asia has been one of emphasizing economic cooperation, rather than concerning itself with political-security issues. However, a new development has been Japan’s cooperation with the Philippines in the security realm by providing that country with 10 patrol boats (worth $12 million) and supporting its maritime capacity building in other ways. With Vietnam, Japan has announced it will provide six new patrol boats in the form of ODA (overseas development assistance). Due to constitutional restrictions, Japan could not give the vessels directly to the military. Back in 2006 and 2008 Japan had transferred three coast guard cutters (worth $20 million) to Indonesia for anti-piracy purposes. Though there have not been patrol boat transfers to Malaysia, Japan has provided coast guard capacity building resources and provided increased non-military aid supporting other maritime security objectives. On the diplomatic front, Japan has held a number of bilateral security meetings and dialogue sessions with ASEAN countries, with priority being given to the Philippines, in addition to taking part in bilateral maritime security cooperation dialogue. It has had an annual strategic partnership dialogue with Vietnam since 2010, an annual maritime dialogue with Singapore since 2011, regular political meetings with Indonesia since 2011, and political military consultations with Cambodia since 2013. Though maritime dialogue with Thailand has languished during the last two years, the two countries have set up a counterterrorism, transnational crime dialogue.

Japan was an early and ardent promoter of the RCEP and more recently has become an active proponent of the ADMM+ process. This attention to multilateral institutions is a departure from Japan’s earlier emphasis solely on bilateral ties with ASEAN countries. Some Japanese observers tend to attribute this development to Prime Minister Abe, but many of the first steps had already been made under previous governments. The bilateral arrangements are likely to continue as they have before. The driving force for all this activity is the Chinese rise factor. In addition to security concerns, Japanese business sectors are urging the government to become more active in Southeast Asia through traditional economic means, including ODA.

**Questions and answers**

Q: What does the Japanese public think about the increased activity in Southeast Asia, or is it taking place “under the radar”?

A: The Japanese public is divided on the subject of patrol boats being sent to Vietnam and the Philippines. Newspaper commentators tend to be supportive, but social activists prefer that Japan not actively engage in Southeast Asia, particularly by using ODA funding for security-related purposes. The former voice is louder than the latter. A new Japanese ODA charter, amending the one promulgated in 2003, will soon be introduced in the Diet. It will include a clause to allow the Japanese government to channel ODA money to security-related assistance. Public support for this government policy is becoming stronger.

Q: What can we expect from Japan in terms of next steps with ASEAN countries? Regarding Indonesia, what can the Jokowi government do to address the wide gap between its big aspirations and the reality that its capacity to police its own waters is limited and coordination between ministries is poor? It doesn’t even have a maritime ministry.
A: (The Japan specialist) Japan will probably listen to Southeast Asian counterparts before deciding on further steps. A serious concern is that currently it is focusing so much on bilateral relationships there may be negative consequences ahead for such a policy. (The Indonesia specialist) The challenge for Indonesia is that it is starting from a very low base: a large number of the 17,000 islands remain unconnected. To connect them is a grand idea, but would require a huge amount of resources. Through its proposed Indo-Pacific Treaty of Friendship and Cooperation, Indonesia desires to focus attention beyond ASEAN and the EAS to the entire Indo-Pacific region.

Q: Any comments about the “arena versus actor” question earlier raised by a speaker?

A: ASEAN is both an arena/convenor and an actor. To be more effective as an institution, ASEAN suffers from the lack of resources for its Secretariat. How is it to be funded? Do all member countries need to contribute equally to expanding its budget? Regarding the earlier discussion about Indonesia’s new maritime initiative, it should be noted that only about a third of its ships are operational at any one time. How are they going to be able to increase resources for port infrastructure? Port workers are paid very poorly. Piracy problems are exacerbated by weak governance and corruption. It will be a real challenge for Indonesia to compete with China through building a stronger infrastructure. (Another panelist) The ASEAN concept of promoting dialogue partnerships started out well and led to awesome, well-integrated discussions. However, lately that concept is less viable than before. ASEAN, through the EAS, is now less of an actor than it is an arena for great power politics. Those big powers should apply more resources to increase ASEAN’s capacity as a regional and global actor.

Q: Relations between Malaysia and Indonesia seem to be rocky. Does Prime Minister Najib have a good enough relationship with President Jokowi that they can together keep small crises from becoming big ones?

A: We don’t know for sure, but it is hard to imagine that the two would not get along. Both are fairly entrepreneurial. In any case, their personal relationship is not a big factor right now. The bigger issue for Malaysia is the Philippines, with supporters of the Sultan of Sulu sending boats and fighters from Mindanao to attack Sabah. Malaysia has had to address this issue in its current defense budgetary planning.

Q: If Abe gets a new mandate in the Japanese general election in mid-December, will he be able to push ahead with his intention to revise the constitution so Japan can engage ASEAN on security issues? Will this affect the TPP negotiations? Or will it continue to be business as usual? Regarding Malaysia, have the guidelines for comprehensive partnership between Malaysia and the US been worked out? Will it be similar to the one the US has with Indonesia? What can Malaysia do to promote this idea while it is ASEAN chair?

A: Abe is not likely to get a stronger mandate, but he will still try to revise the constitution. Whether he will have enough seats is still a big question. On TPP, it will really depend on his margin of victory. Getting into the TPP is very important for the Japan agenda vis-a-vis China. (Another panelist) Steps toward a Malaysia-US Comprehensive Partnership are proceeding
slowly, but that is not a big concern to either country. The bilateral relationship has been pretty healthy, with military and intelligence cooperation particularly vibrant. Malaysia is certainly open to ideas and more cooperation with the US, but Malaysia does not need as much capacity-building for handling its ASEAN chair duties as Myanmar did. Currently, they are consulting closely with US officials, including US Ambassador Joe Yun, as they move toward the final year of trying to get the ASEAN Economic Community in place.

Q: Are the Chinese engaging in imperial overreach with all their new initiatives, including promoting maritime as well as land-based Silk Road connectivity?

A: Everyone in Asia is looking at that question. $40 billion is China’s Silk Road connectivity budget amount but that does not seem like enough. There has been a lot of regional verbal enthusiasm about the Chinese proposal. At least some of what we hear may be hyperbole. We have to see how much that is promised actually translates into real inputs on the ground. Sri Lanka, however, has already received a substantial dividend. China has already invested some $1 billion for urban development, enough to generate enough enthusiasm for Sri Lanka to allow the Chinese submarine to dock at the Colombo port.

SESSION III: BUILDING A PEOPLE-CENTERED ASEAN SOCIO-CULTURAL COMMUNITY

The chair began this session by noting that Prime Minister Najib said that Malaysia’s main task during its ASEAN Chairmanship would be to bring ASEAN as close to its people as possible. This people-centered ASEAN is to include environmental protection, more political representation for women and greater opportunity for all. Najib has cited four challenges and four measures that ASEAN should address during the ten-year span from 2016 to 2025:

The four challenges:
1. Addressing the gap between the ASEAN Way and a rules-based approach
2. Achieving ASEAN goals in concrete ways
3. Publicizing ASEAN achievements more widely
4. Strengthening intra-ASEAN cooperation to promote efficiency (e.g., in the Secretariat)

The four measures:
1. Spreading early childhood education
2. Developing youth entrepreneurship, leadership, volunteerism (an ASEAN youth summit will be held with Malaysia as chair)
3. Promoting better health through adequate and sufficient supply of nutrition
4. Connecting ASEAN country civil servants through training, games, discussion sessions, conferences

The first speaker offered thoughts on “undercurrents” that will be visible during the time Malaysia is ASEAN chair. Najib’s articulation of a people-centered ASEAN is not something new. The idea has been discussed at length for a long time by the ASEAN People’s Assembly.
and at many civil society seminars and conferences. What has been achieved with these earlier initiatives? Whatever the results to date, Malaysia wants to push this agenda.

Malaysia will face three challenges in 2015:

1. **An overstretched Foreign Ministry (Wisma Putra)**
   a. Holding a seat on the UN Security Council, chairing ASEAN, crafting vision statements for the EAS 10th anniversary and the ASEAN Economic Community post-2015.
   b. Trying to have a policy impact when Wisma Putra has little impact on foreign policy making in Malaysia, which is tightly controlled within the Prime Minister’s office.
   c. Coordinating all the different meetings and policy positions that will be in play throughout the year and preventing negative publicity.

2. **Domestic politics and economic jitters**
   a. PM Najib will be preoccupied with maintaining his position within UMNO, Malaysia’s dominant political party. Najib and UMNO have a laundry list of issues that will keep the party up at night, including fallout from the trial and imprisonment of former Deputy PM Anwar Ibrahim, controversies surrounding the TPP negotiations and economic policy infighting. The economy is suffering the effects of falling crude oil prices at a time that 30% of the government’s budget comes from Petronas. It appears likely Malaysia will become increasingly reliant on palm oil.

3. **Credibility**
   a. Malaysia, a founding member of ASEAN, is widely perceived as competent and credible. Trumpeting a people-centered agenda that implies much wider inclusion of private stakeholders may raise difficult credibility issues relating to Malaysia's use of sedition charges and its internal racial tensions.
   b. Earlier last year, at the ASEAN civil society conference, there was a Thai representative who just after the military coup acted as if nothing had happened.

Holding the ASEAN chairmanship will certainly be seen by Malaysians as prestigious, but the challenges will be such that the results to be expected, especially in the socio-cultural, may be largely ceremonious ones.

The next speaker’s focus was on civil society issues on the ASEAN agenda. Does it benefit ASEAN policy makers to have a regional identity? If so, how do you do this? The answer is that concrete, operational and permanent institutions will have to be devised. North America does not have a regional identity. Economic integration does not forge one. It takes more than the free movement of goods and services. Europe has actually tried consciously to forge a regional identity in young people. Why would people want to look to their regional structures? Because they see them as offering economic opportunities they would not otherwise have. Or perhaps because they look on them to help reduce tensions among member states. The true value of people-to-people exchange is that is does both. EU tuition levels, for example, in joint-degree
programs, where the student pays the tuition rate of their own university to go to a foreign university. Concerning employment, perhaps you can have something for movements of skilled labor within a certain age group. ASEAN could consider a work-study program. The value of a regional identity for ASEAN is if you can form a regional identity, then perhaps you are buffered from an external power with a strong cultural influence. For ASEAN, this would be worth doing. Concerning human rights, there is something Malaysia can do. You won’t have an ASEAN court of justice anytime soon, but you can have Malaysia pushing the ASEAN human rights agenda, persuading countries that don’t have national human rights commissions to create them. That would be doable, and one of the ways for advocates of civil society to hold Malaysia's feet to the fire.

The following speaker, the last on the three-person panel, noted that Malaysia decided to emphasize a “truly” people-centered ASEAN, which suggests the previous verbiage on the subject may not always have been entirely truthful. The theme that Malaysia has decided on is both interesting and challenging, producing a tension that plagues all pillars of ASEAN, not just the socio-cultural pillar. The tension is most obvious in terms of its implicit challenge to elite interests. If we look at what has been said, the emphasis is actually quite conservative, even constrained. In the AEC blueprint emphasis is given to capacity building, human resources, and strengthening the state. Comments about the AEC by earlier speakers focus on state actors. Despite emphasis on new departures, the people-oriented agenda is relatively limited. This observation raises the question: why be so interested in shifting the focus of past years and start talking about a people-oriented community? This interesting shift in ASEAN’s history makes the current agenda interesting. It emphasizes two important realities: to be credible in this era, an organization needs to be more people-oriented. Second, it has to somehow make itself relevant beyond the current generation. In other words, institutions like ASEAN have become aware of a self-preservation requirement for the cultivation of a constituency beyond the elites who currently are in charge (and in ASEAN’s case, take part in hundreds and hundreds of meetings).

So what can Malaysia do about all this? The agenda has been fairly constrained. It does not talk about a more participatory regionalism. Instead, it prioritizes creating/raising consciousness about the value of ASEAN. This is needed, of course, but there is a missing participatory piece. ASEAN civil society engagement is hand selected, not regularized. So the challenge of this theme for ASEAN in 2015 may be insurmountable, because of ASEAN’s intrinsic elitist culture. It is particularly difficult for a state to chair this organization at a time like this, especially if the state pushing the issue cannot lead by example, because to do so it would have to transform itself first.

The chair suggested that Prime Minister Najib deserves commendation for pushing his people-centered ASEAN agenda, despite setbacks, and speculated that perhaps because he is unable to realize his domestic reforms on his home turf, he is instead using the ASEAN platform to try to advance a progressive agenda within the broader ASEAN community.

**Discussion, questions and answers**

Comment from the floor: PM Najib has to balance domestic priorities and foreign policy concerns, which involves making compromises. Even though there are certain credibility issues,
Malaysia is sincere in its drive to improve the region with the support of other ASEAN nations. Even if progress is slow, that is still progress.

Comment from an earlier panelist: What Najib is doing is quite self-interested. The ASEAN Economic Community is supposed to lead somewhere that will provide more benefits for people. Najib is using the AEC to boost his domestic public support.

Q: What progress can be made on this socio-cultural pillar? And how is ASEAN dealing with cross-sectoral issues and creating infrastructure to deal with those issues?

A: (One panelist) I don't know whether there is the bandwidth to take on peripheral issues. They are trying hard to get Indonesia to ratify the haze agreement, but there are still issues of sovereignty to deal with and those doing the burning may not actually be Indonesia corporations. Regarding this pillar, we will be seeing a lot of initiatives coming out of the ASEAN summit as well as ministerial meetings. Why haven’t the Southeast Asian Games been linked to ASEAN? (Another panelist) I think it depends on what you think you can accomplish in a single year. You can use the “bully pulpit” to advocate big ideas or use your capital to achieve smaller but more attainable outcomes. Something related to weather monitoring should be easy to accomplish. Also an initiative related to HADR, a concept very popular in Southeast Asia, and another dealing with health. We haven’t seen any serious focus on Ebola. I don’t understand why the early childhood education component in the Malaysian government proposal has only a one-year timeframe. (A third panelist) With all its different priorities, Malaysia will be fairly stretched during the year, so much in this part of the agenda is likely to be event-driven.

Comment from the floor: We cannot realistically expect Najib to achieve very much that is new. It is important to retain ASEAN centrality, to realize the EAC goals, to work toward a long-term strengthening of the Secretariat, and to make sure that the institution is in good shape before Laos takes over the chairmanship in 2016. Doing something with HADR would be relatively easy, and more attention could and should be paid to Mekong River issues.

Q: What does the US expect from Malaysia chairing ASEAN and sitting on the UNSC?

A: Washington expects Malaysia to encourage a regional approach to the problem of ISIS/ISIL recruitment of young radicals. Also, as its prospective partner in the TPP, to prevent efforts to emphasize the RCEP in ways that might undercut the TPP negotiations for which 2015 is expected to be a crucial year. Overall, the US is confident that Malaysia will be a very competent ASEAN chair. (Another panelist) There will be no fiasco under Malaysia’s chairmanship. The US hopes that the EAS can be developed even more as the premier forum for addressing regional security issues. Thus far Malaysia has been very diplomatic in its approach to South China Sea questions, but recent Chinese actions may have encouraged it to press a bit harder on seeking to conclude the Code of Conduct agreement. (Third panelist) The US priority will be on how Malaysia handles ASEAN’s collective response to ISIS/ISIL. Najib is a leader of the Global Movement of Moderates (Muslims) and is deeply concerned about ISIS/ISIL, but has no desire to send “boots on the ground” to the area of conflict. Though the US definitely wants to see the EAS upgraded and given a stronger raison d’être. The Chinese will not like the Americans
telling Malaysians what to do with respect to EAS, but may cut Najib some slack just for this coming year.

Q: Will the ASEAN People’s Forum, now grown in size, be a force to help develop the socio-cultural pillar, or will it remain just a talk shop?

A: The ASEAN People’s Forum only works with civil society organizations within a framework set up by the governments. There is considerable space for these civil society groups in Indonesia and the Philippines, and in Thailand it is still growing. Malaysia’s civil society movement is getting stronger, too, but not much progress can be seen in Singapore. More generally, the private sector has done a great job of helping create the ASEAN community as it exists today. Currently, there are a number of serious human rights issues in the region, notably those affecting the Rohingyas in Myanmar and Muslims in Southern Thailand, that will be challenges during Malaysia’s Chairmanship. Though there is a tendency to leave human rights out of discussions about ASEAN, its future is not just a matter of connectivity and economic progress but also about the promotion of the rights of all its peoples. In this respect, the work of private sector organizations more than inter-governmental efforts have proven most effective in spurring progress.

Q: Is Malaysia being singled out for attention on its human rights record because it is the ASEAN chair? Aren’t there more viable approaches for ASEAN to encourage democratic reforms?

A: I am not sure such issues should be on ASEAN’s agenda. Alan Collins has argued that there is merit to reframing how outsiders talk about this question. It often seems like a matter of “us versus them” at a time when the national autonomy principle remains strong in ASEAN member states. Perhaps the argument should be reframed, as Collins suggests, in the direction of promoting a regional civic discourse about mutual respect, exchanges of views and fostering connectivity. Whether approached at the state-to-state or people-to-people level, progress in these areas would promote the socio-cultural pillar.

Q: If Malaysia can’t push socio-cultural issues, is there a country that can? Perhaps the Philippines?

A: People have argued that Indonesia is the country to fill that role. Indonesia, because of its domestic changes, has the capacity to marshal that will and the resources to push that agenda. (Another panelist) ASEAN is not interested in ganging up against the government of any member state. In another region perhaps, one with region-wide democracy, civil society would be doing a lot of this work. In ASEAN you still have the problem of government leading society and inventing or controlling civil society institutions.

WRAP-UP DISCUSSION

The chair opened this discussion by noting that when it was the ASEAN chair in 2013, Brunei was able to deal effectively with the South China Sea question. Myanmar in 2014 basically followed that lead, producing a 57-page foreign minister’s statement that gave space for the
thoughts of all its members. In general, one can say that however much ASEAN underperforms, it still performs – like a water buffalo that slowly and awkwardly ploughs the field, but ultimately gets the job done. ASEAN is now deeply engaged internationally, but may be overextended and has been buffeted by great power tensions in this new environment. With the US pressuring the EAS to serve as the premier regional security forum, what are the implications for “ASEAN centrality”? Will its relevance begin to erode?

A panelist expressed similar concerns about ASEAN becoming strategically overexposed. Perhaps it has “punched above its weight.” Even so, ASEAN will remain an important actor in promoting regional integration.

Another panelist commented that this focus on ASEAN’s political-security agenda in the broader regional context explains why the social-cultural aspect of ASEAN is destined to take a backseat. Under present conditions, putting emphasis on its need to be more people-centric seems to go against the grain. When it came into being in the mid-1960s ASEAN explicitly decided to avoid focusing on political-security issues, but now finds itself for the first time being buffeted by these forces. ASEAN in its formative years had leaders who could grasp the big issues, but its current leadership is underwhelming.

A more positive analysis was offered by the final commentator, who asserted that ASEAN is the most impressive organization of the developing world and provides essential contributions to regional peace and prosperity. With growing big power rivalry in the region, it has a vital role to play in helping minimize tensions while demonstrating a level of usefulness and dynamism warranting continued external engagement by outside actors in all areas to which ASEAN gives highest priority.

RECOMMENDATIONS ARISING FROM THE SESSIONS

The following “policy notes” or recommendations emerged explicitly or implicitly from the symposium:

1. The ASEAN Secretariat should be strengthened with more funding and staffing, clearer authority to act within broad guidelines, and relief from the excessive burden of meetings for which it is now responsible.
2. ASEAN should give high priority to such economic objectives as establishment of a “single window” for trade facilitation, agreement on rules of origin, expand protections for trade in services, allow cross-registration of legal investment entities and agree to a formal declaration on the rights of migrant workers.
3. ASEAN should set its sights on ambitious objectives that will be necessary for long-term success, such as adopting a rigorous, rule-based approach that ensures compliance with regulations and sets measurably-attainable goals and using success in that endeavor as a stepping stone for establishing a customs union that might initially include only a few of the member countries.
4. ASEAN should pay more attention to (1) internal tensions arising from water management disputes in the Lower Mekong Basin and (2) the emerging issue of
unregulated maritime/fisheries competition between China, India and Indonesia in waters off and within the Indonesian archipelago.

5. Malaysia should encourage ASEAN to call on all member countries to establish national human rights commissions.

6. Outside official and private sector specialists on ASEAN should consider focusing their human rights expectations and rhetoric on feasible objectives such as encouraging a regional civic discourse about mutual respect, exchanges of views and connectivity promotion.

7. The US and ASEAN should continue to urge the EAS to establish a permanent body, such as a secretariat, to follow up on action items and serve as a focal point for facilitating quick response to natural disasters and other regional emergencies.

8. The US should help ASEAN countries strengthen their capacities to engage effectively in policy deliberations on emerging global issues like climate change, and infectious diseases as well as dealing with the ISIS/ISIL threat both in Southeast Asia and the Middle East.
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Ms. Alima Joned
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Council for International Exchange of Scholars (CIES)

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Mr. Ian Rinehart  
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Dr. Amy Searight (keynote address)  
Deputy Assistant Secretary of Defense, South and Southeast Asia, Department of Defense

Dr. Vibhanshu Shekhar (presenter)  
ASEAN Studies Center, American University

Ms. Nancy Tung  
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