



*The Habibie Center*

## **Talking ASEAN**

**“U.S. Rebalancing to Asia and Chinese  
New Leadership: Challenges for ASEAN Centrality and  
its Implications on Neighboring Countries”**



***Presentation and Discussion Report***

Tuesday, 17 September 2013 at 14.00 - 16.00  
The Habibie Center Building  
Jl. Kemang Selatan no. 98, Jakarta 12560



*The Habibie Center*

DISCUSSION REPORT

# **Talking ASEAN: “U.S. Rebalancing to Asia and Chinese New Leadership: Challenges for ASEAN Centrality and its Implications on Neighboring Countries”**

**The Habibie Center, Jakarta, Tuesday September 17, 2013**

## **Introduction**

On Tuesday September 17, 2013, The Habibie Center held Talking ASEAN on “U.S. Rebalancing to Asia and Chinese New Leadership: Challenges for ASEAN Centrality and its Implications on Neighboring Countries” at The Habibie Center Building, Jakarta. The Talking ASEAN featured Prof. Dr. Dewi Fortuna Anwar (Chair of Institute for Democracy and Human Rights, The Habibie Center), Dr. Tsai Ming-Yen (Professor, Graduate School of International Politics, National Chung-Hsing University), Drs. Makmur Keliat Ph.D. (Lecturer, Faculty of Social and Political Science, University of Indonesia) and Dr. Santo Darmosumarto (Assistant Special Staff on International Relations for the President of Indonesia) as speakers with Dr. Alexander C. Chandra (Trade Knowledge Network - IISD) as moderator. The main objective of this Talking ASEAN was to examine the implications, opportunities, challenges, projection, and ways forward as ASEAN attempts to position itself as the driving force in charting the evolving regional architecture in the midst of the U.S. rebalancing and China’s rise.

This discussion report summarizes the key points of each speaker as well as the question and answer session that followed.

## **Drs. Makmur Keliat Ph.D. (Faculty of Social and Political Science, University of Indonesia)**

Drs. Makmur Keliat began by highlighting the key questions he wished to address in his presentation, namely: What is the US rebalancing strategy? What would its impact be on ASEAN Centrality? How Indonesia and ASEAN should respond to the US rebalancing strategy and its likely impact? Drs. Makmur Keliat explained that it was not entirely clear what the US meant by its rebalancing strategy. What was known was President Obama’s remarks in Canberra on November 2011 when he stated that the U.S. had always remained a Pacific nation and that the U.S. should not and could not be excluded from any regional cooperation in the Asia-Pacific. The U.S. viewed Asia-Pacific as instrumental for providing jobs and opportunities for the American people and that the future of the American economy laid in the Asia-Pacific. Drs. Makmur Keliat made note of President Obama’s statement that maintaining freedom of navigation was an integral security interest of the U.S. – possibly implying that the U.S. would not tolerate any regional hegemonic power threatening maritime security and instead preferred for states in the region to actively pursue security cooperation.



*The Habibie Center*

Drs. Makmur Keliat went on to say that the U.S. rebalancing to Asia was an attempt to restore balance to past U.S. geopolitical interventions which had been more “over weighted” to the Middle East and “underweight” to the Asia-Pacific. In addition, U.S. rebalancing to Asia was an attempt to rebalance Chinese influence in the region. Drs. Makmur Keliat elaborated more on the concept of regional hegemonic powers, explaining it was in the U.S. security interest to promote multilateralism in order to counter unilateral acts by regional hegemonic powers. For many, this had been interpreted as targeting China whose influence in ASEAN was increasingly strong and furthermore Beijing had been a source of friction due to its human rights violations and territorial disputes with ASEAN countries. Thus the U.S. strategic rebalancing strategy that was designed to balance China was focused on the following five pillars: (1) strengthening alliances; (2) deepening partnership with emerging powers; (3) building a stable, productive, and constructive relations with China; (4) empowering regional institution; and (5) helping to build a regional economic architecture that can sustain shared prosperity. Drs. Makmur Keliat took the view that the second and fifth pillars were problematic. The U.S. was seeking to cooperate and compete with China but there are question marks on how cooperation and competition could avoid confrontation. Similarly, while the U.S. has taken initiatives to enlarge the Trans-Pacific Partnership (TPP), ASEAN is moving ahead with its Regional Comprehensive Economic Partnership (RCEP). Adding to the confusion was the fact some ASEAN members were part of both regional economic architectures.

Drs. Makmur Keliat then turned his attention to ASEAN, asking how it could deal with the two giants of U.S. and China. Should ASEAN cooperate with China or the U.S.? If it took one side, does it mean it was in confrontation with the other? He noted that historically, China and ASEAN have cooperated on numerous occasions to develop regional frameworks, institution and norms. Examples include ASEAN+1, ASEAN+3, ARF, EAS, ADMM-Plus, etc. He also noted that when it came to the notion of ASEAN Centrality, the current development of rival trade agreements being negotiated within the region was a problem for ASEAN. This raised questions on how ASEAN should respond. Should ASEAN conduct friendship based on business or business based on friendship? Focusing on Indonesia, Drs. Makmur Keliat raised some provoking questions to be discussed later on. Namely, would it be better for Indonesia (and ASEAN too) if cooperation between China and the US became stronger? Or alternatively, would it be better for Indonesia and ASEAN if competition between China and U.S. turned into confrontation? He ended by noting that while both countries were friends of Indonesia, it was important to remember Aristotle’s quote that “a friend to all is a friend to none.” Thus, whatever Indonesia’s decision was, it should be based on her national interest.

**Dr. Tsai Ming-Yen (Graduate School of International Politics, National Chung-Hsing University)**

Dr. Tsai Ming-Yen began by stating his intention to talk more on the concept of ASEAN Centrality. In his presentation, he wished to outline the achievements of ASEAN Centrality, to discuss how it could survive from the dynamics of big powers, and to examine consultative issues that should be pursued in order to raise ASEAN Centrality. Outlining the achievements of ASEAN Centrality, Dr. Tsai Ming-Yen observed how Asia had historically been impacted by big powers – for example most of Asia has experienced being colonized. However while Northeast Asia had experienced a different perspective, no strong unity existed. In contrast, Southeast Asia has ASEAN which was driving economic cooperation, holding many forums and platforms, and was drawing the world’s attention to the region’s group of small countries. Dr. Tsai Ming-Yen credited ASEAN with making big contributions in the economic and security fields and had



*The Habibie Center*

successfully introduced the concept of “cooperative security” and “comprehensive security” through dialogue.

Nevertheless, Dr. Tsai Min-Yen warned that if one was to look to the future, there is a sense of uncertainty as to what the region will encounter. He noted, for example, how competition between U.S. and China was rising and suggested that economic policies should be directed into three key areas. Namely: (1) demanding U.S. to stabilize its macroeconomic performance; (2) preventing a crisis of superpowers; and (3) to offer a strategic insurance of US alliance in Asia. In order to achieve these, Dr. Tsai Min-Yen highlighted four pillars needed. The first pillar is to deepen relations with the U.S. alliance. Second is to have more partnership between countries in the region. The third pillar is to increase U.S. economic capacity with its relations. Fourth is to actively participate in cooperation/partnership with other ASEAN countries.

Dr. Tsai Min-Yen argued that ASEAN Centrality should mean that ASEAN ensures its platform and that it makes strategic choices with that platform. He argued that the first objective of ASEAN policy should be to maintain its neutrality. He suggested that ASEAN member-states should think for the next agenda of economic and political cooperation and look into enhancing the competence of the ASEAN Secretariat. Non-traditional security issues were highlighted as an important area for further partnership. These include issues such as energy and environmental security. At the same time, Dr. Tsai Min-Yen stressed the importance of consensus, arguing ASEAN should strive to achieve a political consensus on disputes affecting the region through an open regionalism manner. He expanded on this point by urging ASEAN to build relations based on mutual recognition and remarked that economic cooperation among ASEAN member-states and its neighbors should be made stronger to build a more peaceful Asia-Pacific. In this sense, ASEAN should give considerations also to smaller countries in the region. The final point by Dr. Tsai Min-Yen was on the issue of terrorism which he felt was a threat for ASEAN and he remarked that how ASEAN viewed terrorism would also be important for ASEAN Centrality.

**Dr. Santo Darmosumarto (Assistant Special Staff on International Relations for the President of Indonesia)**

The focus of Dr. Santo Darmosumarto’s presentation was on how China viewed the notion of ASEAN Centrality. He noted that in official documents, Beijing had expressed its support for ASEAN Centrality and this was recently reaffirmed by China’s Prime Minister who stated Beijing’s support for ASEAN Centrality as part of East Asia cooperation. Despite China’s support, Dr. Santo Darmosumarto reminded that ASEAN Centrality would be dependent on how ASEAN itself perceived the notion. Dr. Santo Darmosumarto went on to explain how China’s support for ASEAN Centrality was based on its discomfort in engaging with multilateralism. Thus, China engaged with ASEAN the way it is and moreover supported ASEAN to be as neutral as possible. Based on this fact, he argued that China had shown itself to be one of ASEAN’s youngest Dialogue Partner. Due to this, its relation with ASEAN was often left behind that of ASEAN’s other Dialogue Partnership.

Dr. Santo Darmosumarto observed that ASEAN-China trade was now more than USD 211 billion and made up 10-25% of the growth in China’s foreign trade. Indeed ASEAN was China’s fourth largest trading partner. As such, Dr. Santo Darmosumarto suggested that China wished to see a more united and central role for ASEAN for further benefits. He highlighted the announcement by China’s Prime Minister that Beijing wished to upgrade its relationship with ASEAN by being a more active and positive player. This was seen to be important, as Dr. Santo Darmosumarto brought up how since the late 1990s, China had contributed to ASEAN’s recovery from the Asian



*The Habibie Center*

Financial Crisis of 1998 by helping to reboot ASEAN's economies. It was also noted how Chinese investment continued to grow in the ASEAN region. For example, Chinese investment into Indonesia resulted in a growing trade value.

Dr. Santo Darmosumarto indicated that supporting ASEAN Centrality was seen as the best way for Beijing to ensure ASEAN retained its neutrality. He suggested that China wished to prevent the U.S. rebalancing from gaining too much of a foothold in the ASEAN region and thus China was seeking to engage with ASEAN in order to help raise the regional organization's profile in the face of external parties, including the U.S. Closely related to the issue of ASEAN Centrality was that of ASEAN unity. In order for ASEAN Centrality to be achieved, there must also be recognition that ASEAN unity be achieved as well. On this point, Dr. Santo Darmosumarto raised the issue of China's perceived involvement with Cambodia's chairmanship of ASEAN which demonstrated Beijing's capabilities to disturb ASEAN Centrality. Turning to Indonesia, he wondered how Indonesia should respond and whether it should fully take China's appraisal of ASEAN Centrality at face value or be more cautious and wary. Dr. Santo Darmosumarto took the view that he would like to convey a more positive approach. Namely, that Indonesia will always need to emphasize the significance of ASEAN Centrality and to push all parties to support the centrality of ASEAN.

**Prof. Dr. Dewi Fortuna Anwar (Chair of Institute for Democracy and Human Rights, The Habibie Center)**

Prof. Dr. Dewi Fortuna Anwar began by suggesting the essence of the days' discussion could be framed as: "ASEAN Centrality versus the reality and its challenges." She highlighted three aspects to ASEAN Centrality. First, that ASEAN Centrality was a state of mind before it could become a reality. Second, ASEAN Centrality was about maintaining strategic relevance. Third, ASEAN Centrality was about capacity, or developing capacity. Elaborating on ASEAN Centrality as a state of mind, she warned against taking the concept as a given and instead wished to speak about the perspective of Indonesia and other member-states (i.e. taking a bottom-up approach). Prof. Dr. Dewi Fortuna Anwar argued that ASEAN Centrality has both an internal and external dimension. The most important progress seen in ASEAN, according to her, was the belief that ASEAN was central. This was seen in the wide acceptance of trying to develop ASEAN as a region by transforming ten different countries of Southeast Asia into one regional united ASEAN.

Picking up on the idiom of "when two elephants fight, it is the grass that suffers", Prof. Dr. Dewi Fortuna Anwar suggested that Jakarta should not take the classical view of taking one side of the two elephants, but should instead play its own different game. In other words, Jakarta should not be reactive to U.S. and China but create another game. Prof. Dr. Dewi Fortuna Anwar noted how Southeast Asia had always been very fragmented, having been the objects of colonialism and great power competitions, (e.g. the Cold War). Southeast Asia was thus divided from one another, traditionally been used as proxies during the era of colonialism. In essence, Southeast Asia had never been active in international politics, let alone regional politics. Thus, it was important for the notion of ASEAN Centrality to be transformed into something of relevance so that ASEAN is not simply an externally driven regionalism. Instead, ASEAN member-states should be the ones that decide what's best for the ASEAN region. Prof. Dr. Dewi Fortuna Anwar stated that first and foremost in Indonesia's foreign policy with ASEAN is to ensure the



*The Habibie Center*

autonomous policy of ASEAN – ASEAN Centrality. She observed that this had been set in motion back in 2003 when Indonesia introduced the ASEAN Political and Security Pillar. It was important to transform the state of mind of ASEAN member-countries to prioritize ASEAN Centrality.

Prof. Dr. Dewi Fortuna Anwar also highlighted Indonesia's theme during its 2011 chairmanship of ASEAN as "ASEAN Community in a Global Community of Nations." In that sense, ASEAN was not like the E.U. which had its own Common Security and Foreign Policy. This was something difficult for ASEAN to achieve as decisions were still made by separate national governments. She also reminded the fact that even without the U.S., there remained many great powers in the region, such as China, India and Japan. Thus it was important to start changing our state of mind. On the other hand, she noted that unity remained fragile and this was the major challenge for ASEAN.

It was also important that ASEAN made itself strategically relevant. Comparing ASEAN to a young woman, she suggested that ASEAN should ensure it remained attractive and interesting to others by not easily getting married to one external partner. Thus ASEAN should work to maintain its desirability to the world. It was also highlighted that in this modern era, the traditional balance of power based on zero sum game was no longer applicable in ASEAN. Confrontations should be avoided and instead a positive sum game in which there is collaborative security and economic cooperation. This could be seen in Indonesia's pursuit of dynamic equilibrium, which unlike the balance of power, assumed that people are willing to share without any one being dominant. Dynamic equilibrium thus meant having a more inclusive participatory forum which would enhance ASEAN's relevance.

Lastly, Prof. Dr. Dewi Fortuna Anwar raised concerns over the capacity of ASEAN to deal with real issues. For the moment, ASEAN Centrality could only be applied for aspirations but when parties wished to talk on real issues, ASEAN Centrality was difficult to implement (e.g. Six Party Talks). She observed that whenever there were political deadlocks, the role of Jakarta (and ASEAN) was indeed important (as a third party that could stand in the middle) but that it was important to develop real capacity so that Jakarta and ASEAN was not simply an event organizer but also a facilitator. At the same time, Jakarta should avoid bullying other parties; otherwise it would be seen as a regional hegemon. Thus, the challenge was to find the balance of providing real backbone to ASEAN but avoiding the dominance of one country.

### **Question and Answer Session**

**Question No.1:** I have a number of concerns with China. They treat foreigners as outsiders and they restrict/protect their economy too much. How much assurance can China give about its good intentions? What are China's priorities in the region? ASEAN should be more assertive with its leadership and play economic games.

**Question No. 2:** China normally adopts confrontations with others and it becomes the last game. They have economic power and ASEAN is closely tied to China. However ASEAN also has strong market potential and is very important. So it should try to be more united. So far, ASEAN



*The Habibie Center*

is doing good job to be more united through ASEAN Economic Community to withstand market pressure from outside. Hopefully this situation will remain so. ASEAN unity is also important for ASEAN Centrality. ASEAN needs to drive ASEAN unity regarding situations such as the South China Sea and other issues that may have dangerous implications.

**Question No. 3:** We want to know further about ASEAN, ASEAN Centrality, economic cooperation of ASEAN, etc. but there is no sufficient information available. Recent surveys show that 40% of university students know about Bali Concord. What should we do about this? The problem is the lack of socialization. Also in ASEAN there is democratic deficit, we have no ASEAN parliament. How can we ensure the accountability of ASEAN?

**Response:**

**Dr. Santo Darmosumarto** responded by stating China's relations in Southeast Asia was natural. ASEAN, with its limited capacity, also wished to declare, "This is not Chinese region." He suggested that ASEAN should play a role in areas such as the South China Sea but it should focus not on settling the disputes but instead on facilitating talks to settle the disputes. **Prof. Dr. Dewi Fortun Anwar** pointed out that missing in the U.S. rebalancing to Asia was the willingness to go down to the lower levels. U.S. tended to only hold meetings with high political leaders. On the issue of ASEAN accountability, it had to be conceded that there were concerns. She suggested that there were inherent dangers when a new power is rising and the geopolitical space is not dominated. This did mean the U.S. was fully declining, but relatively speaking there was now a new emerging power. In such a situation, power becomes asymmetric opening the space for ASEAN to play a role. Also it was important to remember that economic power is not real power. The instruments of foreign policy should therefore be more than economic cooperation. She also agreed that there was a democratic deficit in ASEAN but in spite of this, democratization was taking place in the region as reflected in the ASEAN terminologies of "people oriented" and "people centered". To this **Dr. Santo Darmosumarto** added it was important for the peoples of ASEAN to also be actively interested in knowing about ASEAN and not simply place the blame on governments for not socializing enough about ASEAN.

**Prof. Tsai Ming-Yen** noted that China's strategic intention was somehow more offensive but that ASEAN member states did not have the same intention. He stated that if we were to always think offensively, there would be a security dilemma and so the best way to overcome this security dilemma was through dialogue. In international politics, there were two positions one could take: to attempt to balance or to attempt to be in between. He predicted that China would one day be dominant and that in the case of the South China Sea, he speculated that if ASEAN countries were to unite with the Philippines, for example, China would take offence. Thus ASEAN Centrality may be best to ease relations between ASEAN member-states and China. **Drs. Makmur Keliat** highlighted the challenge of ASEAN Centrality being applied to resolve domestic issues. On the rise of China, he suggested that not enough planning/preparation had been done on worst case scenarios by ASEAN member-states. While it was the nature of international relations that a new balance will develop whenever there are new emerging powers, it did not mean one could not prepare for all eventualities. He cited ASEAN's response to North Korea which was too focused on the diplomatic approach but had little provisions if a real conflict did break out. On ASEAN Centrality, he agreed that Indonesia should be an agenda setter for ASEAN but reminded the fact that ASEAN Centrality was only important because of ASEAN's economic growth. If ASEAN did not continue to grow economically, it would no longer



*The Habibie Center*

be attractive. Thus, he suggested ASEAN needed to discuss how it could handle current economic fears surrounding the region.

**Question No.4:** The problem with ASEAN is that we have too long to live with these external relations and we are too dependent on the U.S. When the U.S. is strong we suffer, when it is weak, we also suffer. The same goes for China. When Condoleezza Rice served as Secretary of State, she missed the ASEAN Regional Forum which upset us very much. In contrast, China comes with the Chiang Mai Initiative which shows China is there for ASEAN and cares for ASEAN. Where are the others? Where are the Europeans?

**Question No. 5:** Will there be something broader to the ideas of ASEAN Centrality and strategic relevance? How about ASEAN's capacity since it now has so many relations with different partners? What does ASEAN do with this relevance given that ASEAN is made up of different peoples from different countries with different cultures, etc.?

**Response:**

**Drs. Makmur Keliat** responded by stating that in a multipolar system, it was important to have scenarios. China is getting stronger, and naturally as its strength increases, so too does its demands. On capacity, he noted that ASEAN had many documents and had set many agendas such as the ASEAN+3, ARF, EAS, etc. However, while it has the capacity to set agendas, ASEAN member-states did not have the capacity to implement these agendas. In this sense, ASEAN should strengthen its financial capacity, among others, as well as the capacity of the ASEAN Secretariat. **Prof. Tsai Ming-Yen** added that if ASEAN is weak in its implementation, we will be restricted to simply ASEAN Plus levels. Thus ASEAN countries need to develop capacity but unfortunately it seems that ASEAN is sometimes competing with itself. **Dr. Santo Darmosumarto** noted that ASEAN's capacity was evolving and that one question mark was how much cooperation was needed. These would be mandated later.

**Prof. Dr. Dewi Fortuna Anwar** suggested that now was an excellent opportunity for the ASEAN and East Asia regions to develop its own school of thoughts. She noted that in international relations, there is the American school of thought: realism, whilst Canadian was more into academics and the E.U. was more into constructivism. She opined that International Relations did not come from theories but via addressing problems. Indeed people tended to be more pragmatic, eschewing legalistic and theoretical orientations. ASEAN, she suggested, used a more cultural approach, and so International Relations theory in Southeast Asia should be different. On China, while it was rising, Prof. Dr. Dewi Fortuna Anwar pointed out that Indonesia was also expected to be one of the biggest economies in 2030 and along with ASEAN would be an important player. Thus, discussions should not focus too much on China's rise alone but also consider the fact ASEAN was also expected to rise. On the E.U., she suggested that it did not want to be part of yesterday's history. Finally she stressed that ASEAN Centrality required transforming the state of mind of ASEAN into reality with trust. This was the major challenge. While ASEAN did lack capacity it could still leverage its capacity through South-South cooperation. This sort of strategic relevance will ensure ASEAN is not too dependent on its external partners.

--End--