

ASEAN – IN OR OUT? NO WAY...NOT YET?

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While the close British decision to get out of the European Union was made in a referendum a while ago on 23 June, there is still the feeling in the UK: What have we done? Where do we go? How do we get there?

Questions that should have been asked at the referendum, rather than after it. But there you are. When raw emotion and shallow argument reign, profound decisions are made without proper reflection or preparation.

Since then the question has also been raised whether or not such a thing could occur in ASEAN, the Association of Southeast Asian Nations. It won't but then again it may.

First of all, let's be clear. It is not likely there will ever be such a surplus of democracy in ASEAN, whether among individual member states or as a group, that there could be an 'In or Out' referendum like the one which resulted in Brexit.

Such democracy as there is in ASEAN is a pale reflection of the European model. Perhaps five ASEAN states, at a pinch, could be called democracies. They are, at most, mixed democracies, with varying control-freak tendencies. In one of them there is new leadership with Trump-like populism, perhaps a precursor of what a President Donald Trump would be like in America - a loose cannon.

Maybe in that member state, the Philippines, there could be a 'Phixit' referendum in a state of pique although, as shown in the careful Filipino handling of the 12 July Law of the Sea Arbitration Tribunal award on the South China Sea dispute against an irate China, there can be underlying realism after hyperbolic madness. (Mr. Duterte had once proposed to ride a jet ski into the Chinese navy.)

Then again President Duterte's threat in August to leave the United Nations, like tempestuous Indonesian President Sukarno did in the 1960s, after heavy criticism of extrajudicial killings in his no-holds-barred drug war points to some uncertainty over what the Philippines under Duterte might do. And next year the Philippines takes the chair of ASEAN in its 50th year. Given his nocturnal tendencies, perhaps he might tell other ASEAN leaders in the dead of night they had better buck up as the regional body was more inclined towards form rather than substance, something Duterte is impatient with.

But he would have to deal, apart from the flawed democracies, with one ASEAN state which is an absolute monarchy, two communist states, and one other worse than a flawed democracy - a dictatorial one (if that is not a contradiction in terms). Making an imperfect ten is a state, through a referendum no less, which is set to become a democracy managed by the military, as the referendum indeed was.

The political systems in ASEAN are so fragmented and diverse. There is not a democratic tradition anywhere that any major decision would be brought to the people. There will not be in ASEAN a 'In or Out' referendum of the UK kind - free, open and all too easy. Certainly with none of the regimes in ASEAN is there likely to be such a reckless gamble as to leave an existential decision with the people.

Not that there is everywhere in ASEAN always a high degree of leadership responsibility. It is just that the people are not invited to make too many decisions once governments are in power. So, from very different starting points, ASEAN will not be so people-centric - a refrain of the ASEAN community declaration last November - as to give its citizens such a choice.

The UK - specifically David Cameron - screwed up. There was a rather careless Oxford Union debate approach by him in the referendum campaign. This was quite irresponsible when Brexit is a highly complicated matter. Even Brexiteers - like Boris Johnson - looked numb in the morning after the night before, like theirs was a Pyrrhic victory.

Some experts are now saying divorcing the EU may take 10 years. The UK will have to negotiate at least six major deals to re-establish its place in the world after Brexit. For instance, among the six deals, Britain has to regain full membership of the WTO, not necessarily a straightforward thing, where the EU is the representative body.

UK-ASEAN Relations After Brexit

UK - ASEAN economic relations are likely to become more active. They may very well grow.

One of the ironies of the Brexit decision is that the UK, insofar as much of ASEAN is concerned, was never an exclusive EU entity. So its getting out of Europe does not present to ASEAN major issues of dissociation that it does between the EU and the UK.

The UK has long had strong solo relationships with a number of ASEAN states. While Commonwealth countries such as Malaysia, Singapore and Brunei immediately come to mind, former Prime Minister David Cameron was quite committed to developing UK-ASEAN economic links with other states. His official trip to a number of ASEAN countries last year included an important stop in Jakarta, both to underline the importance of Indonesia and of the regional body's secretariat which is located there.

Indeed the UK-ASEAN Business Council operates outside the EU-ASEAN Business Council, although without disavowing it. In other words, at the organised private sector level, the UK has been pursuing its own agenda as well. These business councils are important trade and investment lobbying bodies in ASEAN. The involved business executives prepare position papers on matters such as trade facilitation, investment and tax policies. They get to have dialogues and meetings with ASEAN leaders, ministers and officials to push their case.

It is not too fanciful to expect the UK to be more proactive, now that it is leaving the EU, in the pursuit of a Free Trade Agreement (FTA) with ASEAN, well ahead of the stalled EU-ASEAN FTA negotiations. As perhaps it might be more proactive on a FTA with the United States even as Germany and France have poured cold water on TTIP (the Trans-Atlantic Trade and Investment Partnership), although no major economy has committed itself to strengthening links with a post-EU Britain—indeed the wish was expressed in the G20 joint communique in Hangzhou that the UK would continue with its close association with the EU.

The ASEAN economy as a whole is already the seventh largest in the world, with some extrapolations making it the fourth largest in 2030. It has the third largest population in the world after China and India, with 60 per cent under the age of 35. A couple of years ago it overtook China in FDI. It is an economic region whose growth prospects are attracting the UK.

However, with respect to the attraction in the future of the UK market to ASEAN as a trade and investment destination, much depends on how the British economy performs outside and is linked to the EU. Outward ASEAN investment and distribution centres particularly will be based on close-to-market and cost-of-operations considerations. Market size and access will matter as well as operating costs.

So, while ASEAN is quite used to the UK as a standalone semi-detached member country, the resilience and performance of its economy outside the EU will be watched closely. The future of the UK economy is not a matter only of concern to the British. ASEAN political and business leaders - as those of the rest of the world - are bothered as well.

While the ASEAN association is no way as close and intricate as the EU's and, in the instance of the WTO, ASEAN countries are individual members of the trade organisation, the important point is the need to think through any decision to break away from any association or organisation. It is not a simple in or out matter to be decided on the basis of emotion alone. There are a lot of knotty issues, especially relating to the economy, trade and FTAs. There can be unintended consequences.

With respect to ASEAN, it will not be lost on member states there is no need to make any grand gesture of walking out, or threatening to do so, especially as commitment to ASEAN's so-called rules-based regime is not so onerous anyway.

So why rock the boat when there is promise of great potential benefit and any present problems can be treated in a 'let sleeping dogs lie' fashion?

South China Sea

We have noted also the wide divergence in the political models in the EU and ASEAN. Indeed ASEAN may think its democratic deficit is a blessing in disguise.

Such parsimony however should not be represented as wisdom among ASEAN leaders. Cynicism and realism are two different things that might yet come out of the ASEAN bag. If leadership and wisdom are required, for instance, to hold the association together against present and future challenges, ASEAN leaders could equally blunder.

The most critical test of ASEAN unity today is over what position to take on Beijing's South China Sea claims and assertive behaviour. Again and again ASEAN - including its four South China Sea claimant states - fails to take a collective stand as China, through land reclamation and militarisation, as well as naval support of its fishing fleets, achieves de facto control over almost all of the disputed atolls and waters. The Law of the Sea Tribunal ruling on 12 July that there is no basis in international law for most of China's assertions and actions has only accentuated the division rather than help form a common front. The cracks have become clearer.

Yet China is able to entice ASEAN Member States with possibilities, over which it would be up to ASEAN to keep united or not. On 17 August the China Daily reported there is agreement to negotiate the code of conduct in the South China Sea by mid-2017. There is also a deal in the making on a code of unplanned encounters at sea (CUES). All this to go to the ASEAN-China summit on 6-8 September. All very good news indeed, substantiated at the ASEAN-China summit in Vientiane in early September.

On the other hand, Singapore, the ASEAN coordinator of relations with China until 2018 when the island republic takes the chair of ASEAN, has been receiving some stick on Chinese social media. The Global Times castigates it as the "little red dot". As with all ASEAN countries, but more so with Singapore, the tricky test is how to navigate the Sino-US rivalry in Southeast Asia. China can blow hot and cold, and keep ASEAN states responding every which way.

At the heart of this lack of unity is not just that not all ASEAN members are claimant states in the South China Sea, but rather more so their economic dependence on China. All ASEAN states have significant interest in the economic relationship with the rising giant that has grown tremendously in the last couple of decades which, to a greater or lesser extent, they do not wish to disturb. Indeed which they wish, with many Chinese blandishments, to see grow.

A couple of ASEAN member states depend on China for their economic life. They will never cross Beijing. There is a 'soft middle' which are careful not to antagonise China even if they feel they are being dragged to the limit. Only one among them appears to have drawn a line in the sand and is clear on the equal sovereign rights of all states big or small. And then there is a sharp and hard outer edge comprising two ASEAN members although the hardest, now with new leadership, is softening its stand.

ASEAN, in other words, is totally disunited over the South China Sea and China's absolute claim to it. It needs to show unity to negotiate effectively with China but different economic and national interests are pulling it apart.

On a more general plane, while the EU has been wedded to principles - like the free movement of people - ASEAN has always been flexible and diverse about these things. With immigration and the deluge of refugees being identified as the prime reason leading to Brexit, ASEAN may feel it has bragging rights with its flexible and realistic approach to integration and human rights issues.

But there is no cause for celebration in ASEAN. Certainly, in respect of not taking a principled stand on China's assertive sovereign - and suzerain - claims in the South China Sea, the future could come to haunt ASEAN in some unintended ways.

Even if the calculation is that China's regional dominance is inevitable, the nature of ASEAN state relationship with Beijing is still something that can be fashioned short of total subservience. Full capitulation now will guarantee a future as vassal states.

There is value in principles. There are options that can be exercised.

In the very first year of the so-called ASEAN community the path to greater integration, including in the economic field, could get even slower as divergence on the South China Sea issue sours political relationships among member states.

There are also dangers of total dependence on economic expansion without sufficient attention being given to the social issues of growth.

Social services, better distribution of income and wealth are critical if ASEAN countries are not to be confronted by the ferment and discord of economic denial - which could then so easily be attributed to ASEAN integration rather than to bad and unjust national governance.

More than immigration, which was the symptom, the underlying cause of the Brexit vote was the anger of the social underclass denied economic justice who attributed their condition to foreigners. Jingoism is something politically easy to whip up when there is such anger. It is something ASEAN should anticipate.

So beneath the tranquillity of the ASEAN way, the smiles and linking of arms, are many issues that cannot always be kept there. They should be addressed. They could cause discord, disunity and tumult. If not exactly the break-up of ASEAN, they could make ASEAN meaningless and lead to the regional organisation not being taken seriously. ■

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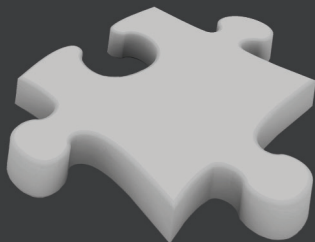
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The UK voted to leave the European Union on a wave of populist anger. Does the Association of Southeast Asian Nations (ASEAN) face a similar threat to regional integration?

In this Strategic Update, Tan Sri Munir Majid assesses the prospect of a member state leaving ASEAN, the future of UK-ASEAN relations after Brexit, and the greatest threat to ASEAN - the South China Sea.