



# **Southeast Asia** in an **Evolving** **Global** **Landscape**

**Prospects for an Integrated Region  
and Implications for Canada**



THE UNIVERSITY  
OF BRITISH COLUMBIA



ASEAN-CANADA  
40 Years of Dialogue Relations



# **Southeast Asia in an Evolving Global Landscape: Prospects for an integrated region and implications for Canada**

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# Preface

## Keynote Speech by The Right Honorable Joe Clark

When I served as Minister of External Affairs, I was privileged to participate in six Post-Ministerial Conferences of the Association of Southeast Asian Nations (ASEAN). I also traveled to Southeast Asia on numerous other occasions. This is one reason why I was pleased to join the conversation on May 30, 2017, on Canada's future relationship with Southeast Asia and ASEAN. To divine the future, we sometimes have to look at the past. In the extraordinary decades since the end of the Second World War, our world has become accustomed to connection – multilateralism, trade, treaties, travel. In that period, Canada played an outsized role, in part because we chose to mobilise and apply our capacity to draw differences together. Canada could have been just another trading nation, just another mid-size economy, just a small military power. Yet, we chose to build a community, within and among nations.

The contrasting threat and trend today is of things coming apart: an age of walls and Brexits, of artificial islands, ISIS and insularity. Most significantly, there is a growing sense that our vaunted institutions of connection – multilateralism, market forces, the unifying power of hope, or of optimism – have lost their edge, and appear to be failing and in crisis. Nostalgia is no answer to those challenges of our time; indeed, nostalgia merely helps blind our eye. Instead, we need to remember how those post-war instruments of connection came into existence. They were themselves built gradually, opportunity by opportunity, over time, and by many different actors sharing dissimilar agendas. Citizens and nations recognized the dangers of the then-status quo and sought new ways to connect interests that were, or could become, common or acceptable to us all.

In my view, that is the story of the twentieth century. In its time, that is also how ASEAN began: step-by-step, with relatively weak states connecting to gain strength, build cooperation, and ultimately influence. Historically, that is the way Canada began too, first as a nation out of colonies, and later as a “middle power” larger than its size. How do nations – Canada, the members of ASEAN, individually and together – reverse this disheartening trend of disconnection?

One response to disconnection is to forge new and deep connections. In viable institutions which still can still be effective, and can renew themselves, we must work creatively at reforming the multilateral, market and related institutions which transformed the twentieth century. But we must also look beyond the past or the familiar to existing and potential connections that have been under-developed so far, but can materially shape the future. For me, the Canada-ASEAN connection is an obvious case in point.

A related response to “what can we do?” could prove to be more challenging, both for private actors and for public policy practitioners. But it is a challenge which we – together – are uniquely equipped to meet. That is to build reliable partnerships across belief systems

– religious, cultural, historic – which often inspire suspicions, and are sometimes actually hostile. That has never been easy and it may be that, today, to do so is more difficult than in times past. But it is a challenge which we – together – are uniquely equipped to meet; we have done it before, overcoming profound suspicions and doubts. We should not assume that reconciliation, and working arrangements, are suddenly impossible. Fatalism, after all, is only one step away from nihilism.

To revert to the sophisticated language of “us” and “them”, there are potential partnerships that do not require any of us to change who we are, but rather to accept the other. We are talking about partnerships, not conversions. Trade, technology, frank and frequent talk are all essential tools to connect, but each is too narrow on its own. The challenge is not to make a deal – it is to apply, in threatening times, a will to reconnect, and a practice of determined cooperation. A quarter century ago, multilateral and regional initiatives in the Asia-Pacific region were relatively rare outside of ASEAN. Today, trade and other agreements, and multilateral cooperation, have been catalysts of unparalleled economic growth and integration in the Asia-Pacific region. But they are approached cautiously, even in ASEAN, in this age of inwardness. The road away from that dangerous trend must be led by nations and citizens with experience of the benefits of respect and cooperation. The ASEAN idea. The Canada idea. The respectful relations among us.

Canadians have to look at ASEAN beyond the looming and beguiling shadows of China, India and Japan. And ASEAN has to look beyond the caricature of Canada as a mere proxy of the United States. Canada is, of course and proudly, a close ally to the United States. But not being the United States has also been a critical asset in establishing our own worth and reputation. That is what enabled Canada to be the developed country which earned trust and practiced partnership with the developing world, including as an active partner of ASEAN. It also enabled Canada to be the reasonable consensus-builder which does not need to be at the head of the table to influence decisions.

What has set us apart has been our earned reputation as a respectful partner – and that could well be a more important asset in this contentious world than it was in the past. There are cynical definitions of both politics and diplomacy. Let me put an activist tinge to an old phrase: politics is the art of making things possible. Diplomacy is about going abroad to tell enough truth about your country to find common interests and build on them. We have not been consistent enough in identifying the common interests of Canada and ASEAN, and that is the opportunity which awaits us now. This volume, which I am proud to introduce, is merely one out of a myriad of opportunities.

The Right Honorable Joe Clark  
*Former Prime Minister of Canada*

## Foreword by the Conference Organizers at Global Affairs Canada

In 2017, we celebrate the 50th anniversary of the Association of Southeast Asian Nations (ASEAN) as well as the 40<sup>th</sup> anniversary of Canada’s status as an ASEAN Dialogue Partner. To celebrate those important milestones and to engage in a deep stock-taking exercise, Global Affairs Canada hosted a special day-long conference entitled “Southeast Asia in an Evolving Global Landscape: Prospects for an Integrated Region and Implications for Canada” on May 30, 2017. The event featured a number of renowned Canadian and international experts as well as interventions from the Minister of Foreign Affairs, the Honorable Chrystia Freeland, the Secretary-General of ASEAN, His Excellency Le Luong Minh, and former Prime Minister, The Right Honorable Joe Clark.

This conference was a unique occasion to generate new insights to help inform Canadian foreign policy in Southeast Asia and an attempt to bridge the divide that sometimes exists between the academic and policy worlds. But it was also an opportunity to draw on each other’s strength to come up with creative new ideas. A key outcome was a series of position papers prepared by experts who presented at the conference – you can find them in this volume. Their aim is to support and sustain an ongoing public debate in Canada about our country’s foreign policy with regards to Southeast Asia and ASEAN. It is also our hope that this series will encourage a new generation of scholars to explore new paths of research tied to Southeast Asia, a region of growing importance and one in which Canada is increasingly present and active. There is much food for thought in the excellent papers found in this volume, but it is important to point out these are not the views or position of the Government of Canada and are not official documents.

We would like to thank the many partners which worked with Global Affairs Canada to put together this conference, including our ASEAN diplomatic friends in Ottawa who contributed to making this event a success, but also the team at the University of British Columbia which helped edit the papers and assembled them into a coherent and thought-provoking collection of essays. In particular, we would like to recognize the hard work of Nhu Truong, Stéphanie Martel and Emily Mann who worked tirelessly during the summer on this project. Organizing and delivering a major international conference is not an easy feat. Without the close collaboration of the Southeast Asia and Foreign Policy Research Bureaus at Global Affairs Canada, it would not have been possible to organize such a high-quality event. Therefore, we would like to extend our sincere appreciation for the work of Pamela Isfeld, Jasmin Cheung-Gertler, Nicole Favreau and Martin Laflamme. Last, but not least, we want to underline the extraordinary efforts of Grégoire Legault in putting together this conference and his support on this special volume.

J. Ian Burchett  
*Director-General, Southeast Asia Bureau*

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# Introduction

## Southeast Asia in an Evolving Global Landscape: What Role for Canada?

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After years of fleeting attention towards the Asia-Pacific, the time finally seems ripe for a tangible re-engagement of Canada in this part of the world, allowing the country to position itself more credibly as a “Pacific nation”.<sup>1</sup> Southeast Asia in particular, a primary hub of Asian regionalism, has imposed itself as the unavoidable focus of Canada’s hints at a potential revitalization of its ties with the wider region. As the 40<sup>th</sup> anniversary of Canada’s dialogue partnership with the Association of Southeast Asian Nations (ASEAN) is celebrated this year, and coincides with the golden jubilee of ASEAN itself, the context is indeed favourable for this relationship to be brought to the next level.

There are indications of the Trudeau government’s desire to devise a comprehensive strategy towards ASEAN and Southeast Asia, beyond another re-enactment of aspirational intentions without substance and following through. The ASEAN-Canada Plan of Action for an Enhanced Partnership (2016-2020) is one of them.<sup>2</sup> The conference *Southeast Asia in an Evolving Global Landscape: Prospects for an Integrated Region and Implications for Canada*, hosted on May 30, 2017 by Global Affairs Canada, is another. Accordingly, contributors to this conference volume all provide concrete, innovative, yet realistic recommendations for developing a sound and effective Canadian foreign policy towards Southeast Asia and the wider Asia-Pacific region. This will help Canada find its niche, and make a distinctive, noticeable mark in a region where an array of players already vie for attention.

The Canadian government has recognized the importance of developing relations with Southeast Asia in a more systematic way in recent years, particularly in the aftermath of the 2008 financial crisis. This dynamic region obviously has a lot going for it, and is increasingly difficult to ignore. With a combined GDP of more than US\$2.5 trillion, a population of over 625 million, and the presence of fast growing economies in Indonesia, Vietnam, and the Philippines, Southeast Asia has much to offer in terms of trade and investment opportunities

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<sup>1</sup> Justin Trudeau, “Statement by the Prime Minister of Canada celebrating 40 years of partnership with the Association of Southeast Asian Nations.” 2017, <http://pm.gc.ca/eng/news/2017/02/03/statement-prime-minister-canada-celebrating-40-years-partnership-association>. Accessed 11 August 2017.

<sup>2</sup> ASEAN, “Plan of Action to Implement the Joint Declaration on ASEAN-Canada Enhanced Partnership (2016-2020).” 2016, [http://asean.org/wp-content/uploads/images/2015/August/POA\\_canada/ASEAN-Canada%20PoA%20adopted.pdf](http://asean.org/wp-content/uploads/images/2015/August/POA_canada/ASEAN-Canada%20PoA%20adopted.pdf). Accessed 22 August 2017.

alone,<sup>3</sup> as Mairead Lavery's paper shows in more detail. It also faces many challenges that, according to Brian Harding and Sidney Jones, also bear on Canada's security, such as terrorism, climate change, or pandemics. Therefore, Southeast Asia is fast becoming an obvious focus of Canadian attention. However, it remains less evident for regional states what "cold, far away and [as of now] uninvolved"<sup>4</sup> Canada can actually bring to an already crowded table in its attempt to prove that it belongs to an increasingly selective Asia-Pacific club of nations.

As a way to demonstrate its value, especially to its Southeast Asian partners, Canada has made an important and much-needed correction to previous neglect by appointing a dedicated ambassador to the Association of Southeast Asian Nations (ASEAN) in 2009. It also acceded to ASEAN's Treaty of Amity and Cooperation in 2010, a precondition for joining the East Asia Summit, and has been working actively towards the establishment of diplomatic representation in all ten member states. This was completed with the opening of a Canadian Embassy in Myanmar (2014), as well as offices in Cambodia (2015) and Laos (2016). At recent ARF and ASEAN Post-Ministerial Meetings in Manila in August 2017, a series of announcements have been made that highlight Canada's commitment in supporting counterterrorism, combatting human trafficking, responding to infectious diseases, and providing humanitarian assistance throughout the region.<sup>5</sup> But Canada is still lagging behind in comparison to other, like-minded dialogue partners of ASEAN that have more successfully claimed their affiliation to a region that is at the same time increasingly falling back to a more circumspect, East Asian definition of its geographical boundaries.

Canada's previous contributions to regional peace, stability and prosperity are widely remembered in a positive light, particularly its direct support to the South China Sea Dialogues in the 1990s. As Lindsey Ford, Elina Noor, and Brian Harding's papers emphasize, Canada still has a lot to offer in terms of helping out in the peaceful management of these disputes, albeit through softer means than other powers. Bringing value-added through innovative initiatives that distinguish Canada's contribution from that of other players is crucially important, despite having unfortunately been forgotten over the years. But as Rt Hon. Joe Clark remarked during the conference in Ottawa, nostalgia of Canada's former standing and reputation in the region will not be a sufficient driver for designing current policy. Nowadays, Canada's commitment will necessarily be evaluated against a relatively poor track record of engagement since the turn of the 21<sup>st</sup> century, which has certainly not gone unnoticed. It needs to be ramped up accordingly, and infused with more imagination, if the government's wish to join new diplomatic fora, such as the highly coveted East Asia

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<sup>3</sup> Joshua Brown and Wayne Farmer, "Canada must look beyond China toward a broader Asian trade deal." *The Globe and Mail* (19 April 2017), <https://www.theglobeandmail.com/report-on-business/rob-commentary/canada-must-look-beyond-china-toward-a-broader-asian-trade-deal/article34752224/>. Accessed 11 August 2017.

<sup>4</sup> James Boutilier, "Reflections on Canada's Engagement with Asia", paper presented at the 30<sup>th</sup> Asia-Pacific Roundtable, Kuala Lumpur (31 May 2016).

<sup>5</sup> Global Affairs Canada, "New Canadian assistance in Southeast Asia." 7 August 2017, [https://www.canada.ca/en/global-affairs/news/2017/08/new\\_canadian\\_assistanceinsoutheastasia.html](https://www.canada.ca/en/global-affairs/news/2017/08/new_canadian_assistanceinsoutheastasia.html). Accessed 22 August 2017.

Summit, is to be made reality.<sup>6</sup> The extension of an invitation to Primer Minister Trudeau to attend the next EAS as Guest of the Chair is a good opportunity for Canada to try and reverse the ongoing doubts about the value of making room for it more systematically. The fact that the recent ASEAN Post-Ministerial Meeting with Canada, held in Manila, “took note,” in typical ASEAN-speak, of its desire to join the EAS and the ADMM-Plus should in no way be interpreted as more than polite scepticism.<sup>7</sup>

Securing a foothold in Southeast Asia, especially in the case of high-level ASEAN-led meetings, will not happen overnight, and while more active engagement would indeed be welcome, Canada has to be realistic. It first needs to put in the work in order to prove to its East Asian partners that this interest is not sporadic, and can withstand electoral cycles and adjustments in foreign policy priorities. Also, this must first be done through proactive, constructive and sustained leadership within mechanisms, both official and less formal, where it is already represented. Contributions by Elina Noor, Jonathan Miller, Brian Harding, and Paul Evans all provide indications in this regard, as a way to send out more persuasive signals that Canada, indeed, “is back”<sup>8</sup> in the Asia-Pacific. Canada’s co-hosting of ARF inter-sessional meetings and workshops, such as the recently announced workshop on Peacekeeping<sup>9</sup>, is appreciated, and must continue. To make sure that previously missed opportunities<sup>10</sup> were just temporary setbacks, Canada will also crucially have to actively seek the advice of its Southeast Asian partners, and direct appropriate resources to the replenishment of Canadian expertise on the region, therefore tapping on its proven ability<sup>11</sup> to increase the country’s visibility and standing across the Pacific. The reasons behind ASEAN’s reticence to expand the current membership of the EAS and ADMM-Plus are understandable, and need to be taken into account. If Canada wishes to make a convincing case, it has to alleviate fears that including it would further undermine the already brittle ability of ASEAN to retain the initiative in these fora. Currently, ASEAN benefits from little more than power in numbers to exert its so-called “centrality,” i.e. having more member states than external partners at the table. It won’t be open to expand membership unless there is hard proof that it would gain from it enough to counterbalance the risk of seeing its influence further diluted.

<sup>6</sup> ASEAN, “Canada seeks to join EAS,” 24 March 2011, <http://asean.org/canada-seeks-to-join-eas/>. Accessed 11 August 2017.

<sup>7</sup> ASEAN, “Chairman Statement of the ASEAN Post-Ministerial Conference (PMC) 10+1 sessions with dialogue partners.” Manila (6 August 2017), <http://asean.org/storage/2017/08/ASEAN-PMC-Chairmans-Statement-FINAL1.pdf>. Accessed 18 August 2017.

<sup>8</sup> The Canadian Press, “‘We’re back,’ Justin Trudeau says in message to Canada’s allies abroad.” *The National Post* (20 October 2015), <http://nationalpost.com/news/politics/were-back-justin-trudeau-says-in-message-to-canadas-allies-abroad/wcm/919c5f99-29ba-4082-a060-c341d0d2ff21> Accessed. 11 August 2017.

<sup>9</sup> Global Affairs Canada, “New Canadian assistance in Southeast Asia.” 7 August 2017, [https://www.canada.ca/en/global-affairs/news/2017/08/new\\_canadian\\_assistanceinsoutheastasia.html](https://www.canada.ca/en/global-affairs/news/2017/08/new_canadian_assistanceinsoutheastasia.html). Accessed 22 August 2017.

<sup>10</sup> Amitav Acharya, “Canada and Asia-Pacific: Time to Make Up for Lost Time,” Asia Pacific Foundation of Canada (18 May 2011), <https://www.asiapacific.ca/op-eds/canada-and-asia-pacific-time-make-lost-time> Accessed 11 August 2017.

<sup>11</sup> Paul Evans, “Canada and Asia Pacific’s Track-Two Diplomacy,” *International Journal* 64(4): 1027-1038.

In more general terms, Canada's policy towards Southeast Asia needs to be both pragmatic and comprehensive, therefore going beyond, as Jonathan Miller also notes, the trade-focused approach that continues to be favoured, but is perceived as overly opportunistic, self-interested, and therefore short-sighted in the region. To find secure footing in the region, Canada needs to actively seek –to borrow a famous Indonesian foreign policy concept for the region– its own “dynamic equilibrium” in Southeast Asia. This means finding a delicate, flexible balance between economic and security cooperation, and between regular participation in wider diplomatic fora and targeted contributions to functional initiatives. It also means balancing between the cultivation of stable, lasting relations with individual countries with diverse political regimes and levels of development, as well as diverging priorities –as emphasized by Kai Ostwald in his chapter, and in Nhu Truong's conclusion to this volume–, and consistent support to the ASEAN-centric regional architecture. The importance of this latter combination, and the need to differentiate between ASEAN as an institution that is more than the sum of its parts, and the Southeast Asian region and its individual countries, cannot be over-emphasized. A comprehensive approach to the region has to be two-pronged in this way. It also, of course, means giving Southeast Asia the space –and budgetary and staff resources– it deserves within a broader foreign policy that has to juggle with different priorities and cover other geographical areas, including other Asian “subregions,” with limited room for manoeuvre.

This is no small feat, but the papers comprised here share the important advantage of taking these constraints directly into account when formulating recommendations that are creative, selective, and build on Canada's expertise and specificity. These areas include disaster relief, gender equality, the sustainable management of fish stocks, human rights, and naval diplomacy, among others. Sometimes, as pointed out by Sidney Jones with regards to counter-terrorism, or Deborah Elms and Barath Haritas on negotiating an FTA with ASEAN, playing it smart may also mean to avoid blindly following paths initiated by others, which intuitively seem as obvious win-wins but may not be that cost-effective. Elina Noor and Jonathan Miller also highlight opportunities for Canada to take up the torch in stalled initiatives, especially the revival of the Trans-Pacific Partnership with its remaining 11 members.

In the midst of fluctuating, revisionist behaviour on the part of great powers, there is increasing demand for middle powers to effectively “step up”<sup>12</sup> on the international arena, assume a “helpful-fixer”<sup>13</sup> role, and exert a more benevolent, stabilizing form of global leadership. One that goes beyond posturing and self-image projection. One that both upholds the current rules-based order and its multilateral institutions, yet is also aware, and respectful, of the desire of non-Western players to be more fairly represented. As Christopher Goscha and Kai Ostwald make clear in their essays, Canada, more so than

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<sup>12</sup> Global Affairs Canada, “Address by Minister Freeland on Canada's foreign policy priorities,” 6 June 2017, [https://www.canada.ca/en/global-affairs/news/2017/06/address\\_by\\_ministerfreelandoncanadasforeignpolicypriorities.html](https://www.canada.ca/en/global-affairs/news/2017/06/address_by_ministerfreelandoncanadasforeignpolicypriorities.html). Accessed 11 August 2011.

<sup>13</sup> David Welch, “Asia-Pacific Security: Will Canada Re-Engage?” in *ISIS-Malaysia Focus* 2 (2016): 16-17.

its French and German counterparts –which for obvious reasons will continue to direct more of their energy towards the Atlantic front– is well-positioned to seize the opportunity to undertake this role in the Asia-Pacific, particularly through enhanced relations with its Southeast Asian core. The primary focus of this volume’s contributions is to light the path for Canada to succeed in this endeavour, therefore also identifying what its partners could gain from it. The formal acknowledgment of the conference that led to this volume in the Chairman Statement of the last ASEAN Post-Ministerial Conference in Manila shows that ASEAN and Southeast Asia are indeed open to listen to what Canada has to say for itself.<sup>14</sup>

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<sup>14</sup> ASEAN, “Chairman Statement of the ASEAN Post-Ministerial Conference (PMC) 10+1 sessions with dialogue partners,” Manila (6 August 2017), <http://asean.org/storage/2017/08/ASEAN-PMC-Chairmans-Statement-FINAL1.pdf>. Accessed 18 August 2017.

## **Part 1**

### **Southeast Asia in a New Strategic Context**

## Democratic Crossroads and Political Transitions in Southeast Asia: Domestic and International Factors

Kai Ostwald, Assistant Professor  
*University of British Columbia*

Southeast Asia's experience with democratization is complex and rich in contradictions. On the one hand, democracy has a deeply seated history in the region, with roots that stretch back into the 19<sup>th</sup> century in the Philippines and early 20<sup>th</sup> century in Thailand. Malaysia and Singapore have consistently held elections for well over a half-century, while Indonesia successfully transitioned from autocracy to democracy nearly 20 years ago. Myanmar is currently in the midst of a similarly monumental transformation. In fact, every country in the region with the exception of Brunei uses some form of elections with more candidates than seats to fill political positions. Yet the quality of the region's elections is often characterized as deeply flawed.<sup>15</sup> The *Electoral Integrity Project*,<sup>16</sup> which assesses electoral quality on criteria like electoral procedures, voter enfranchisement, media neutrality, and neutrality of electoral authorities, ranks Southeast Asia last among the world's regions, including conflict-stricken regions like Sub-Saharan Africa and the Middle East.<sup>17</sup> Ultimately, there is little indication of a general trend towards liberal democracy among its diverse countries. This significantly limits the utility of a one-sized-fits-all policy of promoting liberal democracy as a solution to the region's challenges, and instead calls for a distinct, nuanced, and pragmatic approach towards each country that focuses on realistic and targeted interventions.

### Domestic factors

Most countries in Southeast Asia are best categorized as neither fully autocratic nor fully democratic. It was often held during the 1990s that these kinds of hybrid regimes were intrinsically unstable, and that both domestic and international forces would push the "halfway houses" into an equilibrium state that resembled North American and European liberal democracies. This belief has not borne out in the region, where it is increasingly clear that the equilibrium state consists of myriad regime types, including single-party, hybrid, and competitive but flawed multi-party regimes.<sup>18</sup> There is little evidence,<sup>19</sup> in other words, of the anticipated general movement towards models of multi-party electoral democracy built on the principles of constitutional liberalism; nor is there significant evidence that such a model is even widely held as a goal.

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<sup>15</sup> Max Grömping, "Southeast Asian elections worst in the world," *New Mandala*, 19 February 2015. <http://www.newmandala.org/southeast-asian-elections-worst-in-the-world/>. Accessed 10 August 2017.

<sup>16</sup> The Electoral Integrity Project, <http://www.electoralintegrityproject.com/>.

<sup>17</sup> See for example: Max Grömping, "Southeast Asian elections worst in the world."

<sup>18</sup> I intentionally make no normative claims about regime types. "Flawed" in this context is a reference to procedural matters, not to outcomes. The last few years have made clear that "liberal democracies" do not guarantee ideal outcomes, nor that hybrid regimes necessarily deliver only flawed outcomes.

<sup>19</sup> Joshua Kurlantzick, "The Year in Democracy in Southeast Asia," *The Diplomat* (11 December 2015), <http://thediplomat.com/2015/12/the-year-in-democracy-in-southeast-asia/>. Accessed 10 August 2017.

The table below provides a brief overview of the region, with Canada included as a reference point. “Regime type” is a simple typology where “Single party” denotes a system in which only one party is legally allowed to compete; “Party dominant” denotes a system where multiple parties compete, but one thoroughly dominates; “Competitive democracy” denotes a system where multiple parties compete and alternate power. Brunei is led by a Sultan and does not hold elections of any type. The Electoral Integrity Project (EIP) score comes from the *Year in Elections, 2016-17* report.<sup>20</sup> Note that the scale of Myanmar’s political transition makes it difficult to assess its current regime type. In addition, the score for Thailand reflects the last election, rather than the current political situation, in which elections have been suspended since 2014.<sup>21</sup>

*Table 1: Regime Type and Electoral Quality*

<u>Country</u>	<u>Regime Type</u>	<u>EIP Score</u>	<u>EIP Category</u>
Brunei	Absolute monarchy	N/A	N/A
Cambodia	Dominant party	32	Very low
Indonesia	Competitive democracy	57	Moderate
Laos	Single party	48	Low
Malaysia	Dominant party	35	Low
Myanmar	Competitive democracy*	54	Moderate
Philippines	Competitive democracy	52	Moderate
Singapore	Dominant party	53	Moderate
Thailand	In transition*	52	Moderate
Vietnam	Single party	34	Very low
<b>Canada</b>	<b>Competitive democracy</b>	<b>75</b>	<b>Very high</b>

Note: EIP scores from Electoral Integrity Project *Year in Elections, 2016-2017*.

General explanations of any kind are difficult in a region as diverse as Southeast Asia.<sup>22</sup> In broad terms, nonetheless, it is possible to attribute the region’s poor electoral quality and diversity of regime types to the prevailing nature of politics within its borders. A comparison is instructive. In Canada, as well as in most other liberal democracies, politics ideally takes the form of competition between alternative policy platforms, and occurs within a generally agreed upon political and institutional framework that specifies who participates in the decision-making process and how outcomes are reached. With few exceptions, this does not describe politics in Southeast Asia. Instead, the region’s politics are often a contest over the very nature of the political framework itself, making them disputes about who has the right to participate and which general principles structure decision-making. This fundamental disagreement about the foundation of politics increases the stakes for the competing actors,

<sup>20</sup> Pipa Norris and Max Grömping, “Populist Threats to Electoral Integrity: The Year in Elections, 2016-2017,” The Electoral Integrity Project (May 2017), <https://www.electoralintegrityproject.com/the-year-in-elections-2016>. Accessed 07 August 2017.

<sup>21</sup> Aim Sinpeng, “Thailand’s Bleak Future,” OpenCanada.Org (25 March 2014), <https://www.opencanada.org/features/thailands-bleak-future/>. Accessed 07 August 2017.

<sup>22</sup> Donald Emmerson, “Region and recalcitrance: Rethinking democracy through Southeast Asia.” *The Pacific Review*, 8.2 (1995): 223-248.



who often represent social, economic, religious, or regional factions that hold incompatible visions of the ideal political order. The cases of Indonesia, the Philippines, Malaysia, and Myanmar illustrate this dynamic.

Indonesia's Suharto era (1965-1998) is often characterized as authoritarian. While elections were introduced in 1998, they were dominated by a Suharto-era elite until the 2014 election of Joko Widodo (Jokowi), who represents a new and distinct regional elite, and is thus seen as a political outsider at the national level.<sup>23</sup> This watershed transition has sharpened political contestation. Jokowi has been under constant pressure from the Suharto-era elite, who have voiced deep concerns about Indonesia's electoral system and taken steps to alter it, in part to stem the rise of competing factions.<sup>24</sup> The recent mobilization – orchestrated largely by the old elite – of conservative Islamic groups to overthrow Jakarta governor Basuki Tjahaja Purnama (also known as Ahok, a close ally of Jokowi and another political outsider) clearly underscores the extent to which the battle to control and reshape Indonesia's polity extends beyond the bounds of competing policy platforms.

There are parallels in the Philippines, where politics have long been dominated by a relatively small network of Manila-based elite families. The recent election of Rodrigo Duterte, who is the first to come from outside this small network, has likewise fundamentally challenged the country's existing power structure.<sup>25</sup> His radical actions, from the widely publicized “war on drugs”<sup>26</sup> to the discussion of martial law<sup>27</sup> and the suspension of local elections, can be seen as part of the struggle to unseat the country's traditional elite using all available means.

The battle for control of Malaysian politics attracts less international attention, but is no less fierce. Malaysia's politics have been dominated by the United Malay National Organization (UMNO) since the party's founding over 70 years ago. Yet the party has been under unprecedented pressure during the last two elections, in which it lost significant public support to an opposition that, at least initially, advocated a departure from the country's race-based model of politics.<sup>28</sup> As an ethnic party, UMNO's relevance depends on ethnic cleavages remaining extant in the religiously and ethnically diverse country, and so it has

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<sup>23</sup> Kai Ostwald, Krislert Samphantharak, and Yuhki Tajima, “Indonesia's Decentralization Experiment: Motivations, Successes, and Unintended Consequences” *Journal of Southeast Asian Economies*, 32.2 (2016): 139-156.

<sup>24</sup> Marcus Mietzner, “How Jokowi won and democracy survived,” *Journal of Democracy* 25.4 (2014): 111-125.

<sup>25</sup> Barry Desker, “President Duterte: A Different Philippine Leader,” *RSIS Commentary*, no. 145 (14 June 2016).

<sup>26</sup> Mong Palatino, “Duterte's ‘War on Drugs’ in the Philippines: By the Numbers,” *The Diplomat* (9 January 2017), <http://thediplomat.com/2017/01/dutertes-war-on-drugs-in-the-philippines-by-the-numbers/>. Accessed 10 August 2017.

<sup>27</sup> Felipe Villamor, “Philippine Congress Extends Martial Law in Besieged Region,” *New York Times* (22 July 2017), <https://www.nytimes.com/2017/07/22/world/asia/philippines-martial-law-rodrido-duterte.html>. Accessed 10 August 2017.

<sup>28</sup> Kikue Hamayotsu, “Towards a more democratic regime and society? The politics of faith and ethnicity in a transitional multi-ethnic Malaysia,” *Journal of Current Southeast Asian Affairs* 32.2 (2014): 61-88.

taken a strategy of mobilizing those cleavages before the next election (due by mid-2018). This high-stakes manoeuvre requires a tightrope-balancing act between insufficient mobilization on the one hand (which threatens UMNO's relevance) and too much on the other hand (which carries the risk of active ethno-religious conflict).

Myanmar's politics are no less precarious. The generally positive press extended towards the recent transition from decades of military rules betrays its highly complex and incomplete nature. The current constitution reserves significant power for the military; as such, it may be better to conceive of the present arrangement as power-sharing rather than clear civilian rule.<sup>29</sup> In short, the fundamental contestation over how the country's politics will be conducted has not yet been resolved, making it difficult to initiate the ground-level policy reforms necessary to address the myriad developmental needs. With some exceptions, the same can be said for the region's remaining countries, where political outcomes are unclear and the fundamental struggles to shape political contestations remain essentially perpetual.

### **External factors**

Political uncertainty is a long-standing feature of the region. It has not prevented substantial and effective development, both in terms of economic growth and improvements in human wellbeing.<sup>30</sup> Though controversial, this is often attributed at least partially to the stabilizing effect of the United States-led international involvement in terms of trade promotion, catalyzing FDI inflows, and mitigating domestic instability during the post-WWII years (at least in the ASEAN-6).<sup>31</sup> Given this, the clear changes in external influence currently unfolding raise important questions. The narrative describing this change is ubiquitous: the inward orientation of the Trump administration hollows out the traditional role of the United States as a guarantor of stability, including in Southeast Asia. Simultaneously, a "rising China" naturally looks towards its backyard for new economic and security partnerships, finding its ability to assert power facilitated by the vacuum left in the wake of America's departure.

The recent changes in foreign influence are undeniable. The Philippines, Malaysia, and Indonesia, for example, have signed massive and high profile economic deals with China during the past year.<sup>32</sup> While less publicized and smaller in scale, there have been

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<sup>29</sup> Kai Ostwald, and Paul Schuler, "Myanmar's Landmark Elections: Unresolved Questions," *ISEAS Perspective*, 8 December, 2015.

<sup>30</sup> Hal Hill, "ASEAN Economic Development: An Analytical Survey—The State of the Field," *The Journal of Asian Studies* 53.3 (1994): 832-866.

<sup>31</sup> The ASEAN 6 refers to the first 6 members of the Association of Southeast Asian Nations: Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand, who all implemented some form of market-based economy.

<sup>32</sup> David Roman, "China Finds New Fans in Southeast Asia as U.S. Turn Inward," *Bloomberg* (12 December 2016), <https://www.bloomberg.com/news/articles/2016-12-11/china-finds-new-fans-in-south-east-asia-as-u-s-turns-inward>. Accessed 10 August 2017.

several unprecedented bilateral military exercises with China, especially by Malaysia<sup>33</sup> and Thailand<sup>34</sup>. But it is important to be nuanced in interpreting these developments, as suggestions that they amount to a rapid replacement in the region's hegemon are almost certainly incorrect. A more realistic assessment is that the United States will continue to play an important role in the region – even if in somewhat diminished capacity – simultaneous to China's growing presence.<sup>35</sup> This creates a complex web of influence (which also includes partners like Japan, Australia, Canada, and the EU) that has significant implications for domestic politics and the democratization process in the region.

The addition of an alternative major partner like China is welcomed by some of the region's governments, even if it reduces predictability.<sup>36</sup> The incredible scale of China's recent investments across Southeast Asia is only part of the reason.<sup>37</sup> Another part involves the conditions for partnership. In the case of the United States (or its traditional allies), they are generally well understood: they begin with market access, but also include demands for concessions – even if sometimes ostensible – in areas like human rights and democratic reforms. It is clear that partnership with China is not unconditional, though the precise terms of the conditions are not yet well understood and are likely still evolving. The terms of partnership do not, in any case, include democratization in any meaningful form. This creates opportunities for the region's governments to strategically collaborate with China in ways that tilt the balance of domestic battles. In Malaysia, for example, the economic deals with China have taken attention away (as well as directly alleviated) the financial scandal around Prime Minister Najib, mitigating that liability significantly and staving off pressure from the opposition. In the Philippines, new economic deals with China give Duterte leverage in the power struggle against the traditional, Manila-based elite, which maintain extensive ties with the United States. In Thailand, the partnership fills some of the void left by the partial contraction of Washington's engagement following the coup and suspension of elections. In short, the growing presence of China has widespread implications for the region's domestic political disputes. These will need to be monitored as the balance between US, Chinese, and other influence in the region evolves, and as the conditions for partnership with China stabilize.

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<sup>33</sup> Prashanth Parameswaran, "Why Are China's Submarines Visiting Malaysia?" *The Diplomat* (4 January 2017), <http://thediplomat.com/2017/01/why-are-china-submarines-visiting-malaysia/>. Accessed 10 August 2017.

<sup>34</sup> Marwaan Macan-Markar, "Thailand and China: Brothers in arms," *Nikkei Asian Review* (2 February 2017), <http://asia.nikkei.com/magazine/20170202/Politics-Economy/Thailand-and-China-Brothers-in-arms>. Accessed 10 August 2017.

<sup>35</sup> Leo Suryadinata, and Siwage Dharma Negara, "US Vice-President Mike Pence's Visit to Indonesia: A US 'Return' to Southeast Asia?" *ISEAS Yusof Ishak Institute Perspective* (19 May 2017), [https://www.iseas.edu.sg/images/pdf/ISEAS\\_Perspective\\_2017\\_32.pdf](https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2017_32.pdf).

<sup>36</sup> Gatra Priyandita and Trissia Wijaya, "China's Southeast Asia Gambit," *The Diplomat* (31 January 2017), <http://thediplomat.com/2017/05/chinas-southeast-asia-gambit/>. Accessed 06 August 2017.

<sup>37</sup> David Roman, "China is Transforming Southeast Asia Faster Than Ever," *Bloomberg* (6 December 2016), <https://www.bloomberg.com/news/articles/2016-12-05/china-transforms-frontier-neighbors-with-cash-for-rails-to-power>. Accessed 10 August 2017.

## Implications for Canada

Both the domestic and international developments discussed have consequences for Canada's engagement with Southeast Asia. First, the region's diversity of political systems and their uncertain trajectories make it nearly impossible to sustain an effective one-size-fits-all policy towards all countries (though this does not preclude a distinct, unified policy towards ASEAN). Rather, engagement will be more meaningful when it reflects the nuanced political environments of each country and is informed by a high degree of country-specific expertise. As politics in Southeast Asia are often very personalized (and frequently operate through informal networks), extensive on-the-ground engagement and credible commitments towards a sustained presence are necessary to be an influential partner in the region's development. In this sense, the expansion of Canada's diplomatic presence following the recent opening of an Embassy in Myanmar and two diplomatic offices (in Cambodia and Laos) is a positive development, even if Canada's footprint in Asia remains thin relative to other regions. This should be complimented with efforts to develop further country-specific expertise within Global Affairs Canada (GAC). Only with sufficient in-house expertise and engagement with expertise beyond the government can GAC effectively respond to the complex and fluid conditions in the region's countries.

The absence of evidence for a general progression towards democracy, or at least towards forms beyond minimal electoral democracy, should also inform Canada's policies in the region. With no real prospects for widespread democratization in the coming decade, there is little foreseeable payoff for an ideologically driven promotion of liberal democracy as a comprehensive solution to the region's problems, especially if the United States reduces its symbolic and practical efforts towards that end. Rather, targeted interventions that focus on areas like governance, education, gender equality, public health, environmental sustainability, or technical capacity will be better received and have a greater chance of making a meaningful impact. Aside from improving living conditions in the region, those efforts also make incremental contributions towards more stable and better functioning political environments. This targeted approach does not, of course, preclude continued pressure in areas like human rights, which Canada and other countries must maintain.

The rapidly evolving roles of great powers in the region present new opportunities for a middle power like Canada, whose perceived neutrality and high levels of technical capacity make it a welcomed partner. From Canada's perspective, the long-term opportunities of engaging with Southeast Asia are clear: Canada's need to diversify its partnerships, together with Southeast Asia's demographics profile and growth trajectory, create significant potential for mutual benefit over the coming decades. Realizing that requires Canada to demonstrate a credible commitment to the region now, as well as to contribute to the region's needs in a pragmatic manner.

## Southeast Asia's Role in Geopolitics

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Over the past decade, Southeast Asia's economic and geopolitical profile in the world has risen dramatically. Its US\$2.5 trillion economy is a rare bright spot for global growth. In global international relations, it has assumed a remarkable degree of centrality due to the increasingly integrated Association of Southeast Asian Nations' (ASEAN) success in becoming the hub of the emerging regional security architecture of the Asia-Pacific. However, the region has also become a nexus for a range of transnational threats, ranging from trafficking in illicit goods to extreme weather events that are the direct result of climate change. Yet the region's vital sea lanes have only grown more important, with more than half of the world's merchant tonnage and one-third of global maritime traffic transiting the region every day on their journey from the Persian Gulf and Indian Ocean to the economic powerhouses of Northeast Asia.<sup>38</sup>

The world has taken note of the opportunities presented by increased involvement in Southeast Asian affairs, as well as the challenges the region faces. Governments and multinational companies across the world are ramping up engagement with the region bilaterally with individual countries and multilaterally with ASEAN.<sup>39</sup> Southeast Asian countries wholeheartedly welcome this global interest for both economic and strategic reasons.

Economically, despite the region's promise, all but Singapore and Brunei are developing countries, making foreign investment important for continuing their upward trajectories. Most critically, Southeast Asia faces a multitrillion-dollar infrastructure gap that constrains economic growth and perpetuates inequalities, within countries and regionally.<sup>40</sup> With indigenous capital and even the commitments of international development banks unable to meet demand on this scale, investments by outside powers are essential for the region to achieve its potential.

Strategically, Southeast Asian countries welcome engagement by a wide range of outside powers to ensure that the region's partnerships are highly diversified – thereby carefully working to ward off potential challenges such as overwhelming Chinese influence. As a grouping of small countries with modest military and economic power, robust partnerships with a range of actors ensure that no single regional or outside power can dominate regional

<sup>38</sup> Robert D. Kaplan, "Why the South China Sea is So Crucial." *The Business Insider* (20 February 2015), <https://www.businessinsider.com.au/why-the-south-china-sea-is-so-crucial-2015-2> Accessed 11 August 2017.

<sup>39</sup> J.P. Morgan, "ASEAN's Bright Future: Growth Opportunities for Corporates in the ASEAN Region," (2014), <https://www.jpmorgan.com/country/US/EN/cib/investment-banking/trade-asean-future> Accessed 11 August 2017.

<sup>40</sup> Diaan-yi Lin, "How Can Southeast Asia Close its Infrastructure Gap." *World Economic Forum on East Asia* (2015), <https://www.weforum.org/agenda/2015/04/how-can-south-east-asia-close-its-infrastructure-gap/> Accessed 11 August 2017.

affairs. In essence, the region prefers a multipolar balance of power—or in Indonesian parlance, a dynamic equilibrium.<sup>41</sup> However, Southeast Asian states also seek to insulate the region from excessive competition among suiters when possible.

### **ASEAN-centric regionalism**

ASEAN's most important tool for shaping outside powers' engagement with Southeast Asia is through its position as the hub of the broader region's premier political-security forums, principally the East Asia Summit (EAS), the ASEAN Regional Forum (ARF), and the ASEAN Defence Ministers Meeting-Plus (ADMM-Plus). ASEAN has been successful in using this role to set the agenda for regionalism and to inculcate ASEAN norms to its partners, including the principle of ASEAN centrality. And, rather than the region's bodies being dominated by Beijing, Tokyo, Delhi, or Washington, each year the rotating ASEAN Chair assumes leadership in all these fora, with the major powers descending on Southeast Asia, rather than the other way around. It is through these that ASEAN member states play their important roles in the geopolitics of the Asia-Pacific region.

However, despite ASEAN's success in creating structures that bring the entire region together on its terms, these institutions have not achieved their potential, which poses a risk for their future relevance. One of the major built-in weaknesses of ASEAN-based institutions is their organizational basis: ASEAN itself. While each year the Chair of ASEAN plays the lead role in setting the agendas for the various organizations, ASEAN protocol requires collective decision making and ASEAN consensus to develop those, especially on controversial issues.<sup>42</sup> ASEAN countries work hard to present a unified position even if there are internal disagreements. This arrangement works precisely because it removes what would inevitably be a contentious question of which country sets the agenda. However, it also limits the ability of ASEAN-centered institutions to develop into robust, effective organizations for tackling difficult issues that require ASEAN to go up against bigger countries in the region because members fear harming their relations with dialogue partners.<sup>43</sup> ASEAN centrality is therefore key both to the widespread acceptance of the regional institutions, as well as their inefficacy.

### **Divergent priorities**

These ASEAN-based organizations suffer from divergent priorities among their members, which is compounded by ASEAN's consensus-based approach. For the United States, stated goals for ASEAN engagement focus on advancing economic growth, cooperating on transnational threats, expanding maritime cooperation, developing

<sup>41</sup> Dewi Fortuna Anwar, "Indonesia's foreign relations: policy shaped by the ideal of 'dynamic equilibrium,'" *East Asia Forum* (4 February 2014), <http://www.eastasiaforum.org/2014/02/04/indonesias-foreign-relations-policy-shaped-by-the-ideal-of-dynamic-equilibrium/> Accessed 11 August 2017.

<sup>42</sup> ASEAN, *ASEAN Charter*. 2007, <http://asean.org/wp-content/uploads/images/archive/publications/ASEAN-Charter.pdf> Accessed 11 August 2017.

<sup>43</sup> Le Hong Hiep, "Consensus rule blunts ASEAN's effectiveness," *The Japan Times* (6 November 2016), <http://www.japantimes.co.jp/opinion/2016/11/06/commentary/world-commentary/consensus-rule-blunts-aseans-effectiveness/#.WY3fb3fyicY> Accessed 11 August 2017.

emerging leaders including through the Young Southeast Asian Leaders Initiative, and promoting gender equality for women in ASEAN.<sup>44</sup> However, more fundamentally, the US engagement in regional institutions can be described as follows: (1) establish and strengthen rules and norms of the current international order as the foundation for solving regional problems; (2) improve relations with the countries of Southeast Asia; (3) bring China into this collaborative, rules-driven process of tackling shared challenges; and (4) ensure that Washington is a part of regional discussions of key security issues to protect its interests. For the US, strengthening ASEAN-based institutions is central to the goal of promoting a rules-based order in the Asia-Pacific: simply put, despite its flaws, ASEAN is the only practical driver of regionalism given that the region's largest powers could never be consensus leaders.

China meanwhile has officially claimed to interact with Southeast Asian counterparts in accordance with its 2+7 Cooperation Framework, which covers security, economic, and development issues.<sup>45</sup> But, whether in its ASEAN+1 summits with the bloc's leaders, ASEAN+3, or EAS contexts, China's primary focus across the board in regional institutions is to advance cooperation on development, finance, and trade. China's focus in the EAS over the last five years, for example, has been on implementing the "Phnom Penh Declaration on the EAS Development Initiative," which concentrated on advancing cooperation on a wide variety of development issues. At the same time, China tries to avoid discussions of hard security issues, especially the South China Sea disputes, in multilateral settings, and focuses instead on promoting non-traditional security, economic, and development cooperation, which are the elements of China's enhanced engagement in the region that Southeast Asian countries broadly welcome.<sup>46</sup> China also recognizes that its approach to some security issues can be divisive and seeks to direct its energy on issues on which it need not be defensive.

US allies share most of Washington's approach to regional institutions—including a strong desire for robust American engagement—though the opinions vary from country to country. Japan is the most vocal about proactively pushing the wider ASEAN institutions, such as ARF and the expanded EAS, as mechanisms that may encourage China to play a constructive regional role—and dilute its growing influence. Australia and the Republic of Korea (ROK) largely share similar views about focusing discussions on key security issues. In particular, Seoul is usually focused primarily on addressing North Korea in all fora—as is natural, given that North Korea represents an existential threat to the ROK.

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A major distinction between the US and its allies is that American partners want to use

<sup>44</sup> US Mission to ASEAN, "U.S. – ASEAN Brochure," (2015), <https://asean.usmission.gov/our-relationship/policy-history/embassy-fact-sheets/> Accessed 11 August 2017.

<sup>45</sup> State Council – People's Republic of China. "Take China-ASEAN relations to a new height." *Remarks by H.E. Li Keqiang, Premier of the State Council of the People's Republic of China, at the 17<sup>th</sup> ASEAN-China Summit, Nay Pyi Taw, Myanmar* (13 November 2014), [http://english.gov.cn/premier/speeches/2014/11/15/content\\_281475010415762.htm](http://english.gov.cn/premier/speeches/2014/11/15/content_281475010415762.htm) Accessed 11 August 2017).

<sup>46</sup> Manuel Mogato, "ASEAN gives Beijing a pass on South China Sea dispute, cites 'improving cooperation'," *Reuters* (29 April 2017), <http://www.reuters.com/article/us-asean-summit-idUSKBN-17W02E>. Accessed 29 April 2017.

these ASEAN institutions to address regional economic and development issues in addition to security, a point on which Washington does not generally agree. However, the US and these allies do not disagree that the primary focus of institutions such as the EAS should be the highly strategic challenges.

ASEAN's role in regional institutions is perhaps the most pivotal, as it sets the agenda for the region's main multilateral security institutions. From its founding days, ASEAN's primary goals have been regional peace and prosperity: to band together as a means to prevent outside powers from meddling in its internal affairs and to force external powers to consider Southeast Asian goals and needs when making decisions on regional policies. Most of ASEAN's attention now, as in the past, is focused on promoting economic growth, which often means it does not see eye to eye with the US and its allies on how to best utilize these fora.

Today, ASEAN sits in an awkward position: It is stuck between its desire to play a leadership role in the region and beyond, and the increasing, and often competing, demands by dialogue partners. As the pressure on ASEAN from dialogue partners mounts, fissures within ASEAN over how to approach the broader regional institutions are expanding. These dynamics are predominantly shaped by some member states' willingness to risk China's ire by providing a platform for discussion of issues such as the South China Sea disputes.

The end result of these internal ASEAN dynamics is usually a middle-of-the-road path as ASEAN tries to balance both internal divisions and external relationships.<sup>47</sup> There are, however, a few things that are usually reflected in ASEAN's approach in its engagements with the dialogue partners: encouraging the US and China to work together; ensuring that ASEAN does not get stuck between competing demands by both superpowers; and maintaining ASEAN's central role in charge of the regional institutions, agendas, and decision-making processes. ASEAN member states also universally prefer to see existing ASEAN-centric institutions flourish rather than creating new Pan-Asian institutions or join the alternative ones actively promoted by Beijing.

### **Implications for Canada**

Southeast Asian countries' eagerness for robust partnerships with a multitude of outside partners –both individually and collectively– means that Canada's involvement is warmly welcomed. And with a stable, relatively harmonious region, Canada's engagement is straightforward. Canada need not be overly concerned about how its activities in the region will be perceived by others either, as there exist no significant internal rivalries within ASEAN. Simply put, if Canada has something to offer in its partnerships with countries with the region –from environmental capacity-building assistance to manufacturing investment to maritime security cooperation– it will be welcomed no matter what.

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<sup>47</sup> Atena S. Feraru, "ASEAN Decision-Making Process: Before and After the ASEAN Charter," *Asian Development Bank Policy Review* (2015) 4(1): 26-41, [http://www.aessweb.com/pdf-files/ADPR-2016-4\(1\)-26-41.pdf](http://www.aessweb.com/pdf-files/ADPR-2016-4(1)-26-41.pdf) Accessed 11 August 2017.



Canada's challenge, however, will be to build deeper institutional ties with ASEAN-centered institutions beyond its existing membership in the ARF, as neither ASEAN nor dialogue partners are eager for additional membership in the EAS or ADMM-Plus.<sup>48</sup> This opposition comes from at least three different factors: (1) EAS and ADMM-Plus members seek to keep these fora lean so that they do not become unwieldy, which also augurs against EU membership. While the US might ideally favor membership for both, inclusion is generally seen to be unpractical due to regional opposition; (2) opposition from China, who would see Canadian membership as tilting these institutions more toward the US point of view; and (3) opposition from Southeast Asian countries who want China to be invested in these institutions and fear that Canadian membership would cause Beijing to write these organizations off as overwhelmingly US-oriented.

With membership in fora beyond the ARF likely precluded for the near-term, Canada's options to more deeply involve itself in the geopolitics of Southeast Asia are limited. However, two options stand out as avenues for deeper involvement at the official level: (1) working closely with the US and other partners before major meetings to make sure Canada's interests are known; and (2) working as a leader and reformer within the ARF to demonstrate how Canada's membership in such initiatives is positive for all sides. At the unofficial level, robust Canadian participation in the constellation of Track 2 diplomacy is also important to signal Canada's importance as a Pacific Power, such as regular attendance at the Shangri-La Dialogue and through the Center for Security Cooperation in the Asia Pacific.

## **Conclusion**

Southeast Asia's role in geopolitics is set to expand over the coming decades as the broader Asia-Pacific region becomes a larger focus of geopolitics. While ASEAN-based institutions will continue to be a key component of regional politics, bilateral engagement with rising powers such as Indonesia, Vietnam, and the Philippines will also rise in importance, partly due to the unlikelihood of ASEAN becoming an entity able of solving major regional problems. In any case, the region is eager—and will remain eager—for deeper involvement by outside, benevolent powers seeking mutually beneficial relations with the region. On this count, Canada is well-positioned.

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<sup>48</sup> The current membership of the EAS and the ADMM-Plus consists of the 10 ASEAN member states, China, Japan and South Korea (ASEAN Plus Three countries), as well as Australia, New Zealand, India, the US and Russia.

## ASEAN Regionalism at the Indochinese Fault Line

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ASEAN member states have every reason to celebrate the 50<sup>th</sup> anniversary of the creation of their Southeast Asian regional grouping. Against all odds, ASEAN leaders have succeeded in grouping together ten different states in one of the most culturally, linguistically, and religiously diverse parts of the globe.<sup>49</sup> That they also did this in one of the most contested regions of the planet only makes the ASEAN story even more significant. Southeast Asia reminds us of Fernand Braudel's history of the Mediterranean in which he uses the sea to connect its members into a whole.<sup>50</sup> At the same time, one cannot but realize how much this 'Southeast Asian Mediterranean' remains a coveted and dangerous place in the world.<sup>51</sup>

Taking a historical perspective allows us to look at regionalism in four different ways. First, going back in time effectively sheds light on why the Southeast Asian region and Vietnam in particular have been so important geopolitically. Second, it underscores some of the successes ASEAN has achieved in building a flexible and pragmatic regional organization, especially its ability to admit three very different Indochinese states in the 1990s –Vietnam, Laos, and Cambodia. Third, it shows that an Indochinese fault line still runs through ASEAN and could be a potential source of regional instability in the future. Lastly, given that Canada shares the Pacific Ocean with ASEAN and is intensifying its relationships with these countries, it is worth keeping this wider geopolitical picture in mind, for Canada is also a part of this dynamic and rapidly changing region.

### **Between the Indian Ocean economy and the Chinese Empire**

Since antiquity, Southeast Asia has been at the intersection of a vibrant Indian Ocean economy extending from the Red Sea to southern China by way of India. Spices attracted Arab, Indian, and Chinese merchants to maritime Southeast Asia while the Chinese exported silk, porcelain, and tea. Vietnam was for a millennium the Chinese Empire's strategic gateway to this Indian Ocean trade. From the 2<sup>nd</sup> Century BC to the 10<sup>th</sup> century AD, Red River Vietnam was the southernmost Chinese province bordering the sea. The Vietnamese gained their independence, but had to repel the Mongols in the 13<sup>th</sup> century who wanted to push their Eurasian Empire spanning the Silk Road from Bagdad to Canton in order to reach the Southeast Asian Spice Islands via Vietnam. The Chinese briefly returned to Vietnam under the Ming in the 15<sup>th</sup> century as they tried to push their exchanges and power into the Indian Ocean via a maritime route. Imperial armadas left Vietnam before attacking

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<sup>49</sup> For an optimistic account of ASEAN, see: Kishore Mahbubani, *The ASEAN Miracle: A Catalyst for Peace* (Ridge Books, 2017).

<sup>50</sup> Fernand Braudel, *La Méditerranée* (Paris: Armand Colin, 1990).

<sup>51</sup> Denys Lombard, "Une autre 'Méditerranée' dans le Sud-Est asiatique," *Hérodote*, 88 (1998) : 184-193.

Malacca and creating a short-lived *Pax Sinica* over the Southeast Asian Mediterranean.<sup>52</sup> Chinese vessels ventured as far as Mogadishu.

Following the withdrawal of the Chinese navy in 1433, Atlantic imperial states entered the Indian Ocean in two main waves. In the 16-17<sup>th</sup> centuries, Iberian maritime empires connected the Atlantic world to the Indian and Pacific Oceans by pushing sea routes around the tips of Africa and South America. While the Iberians connected the world for the first time, India, Southeast Asia, and southern China were its economic motor. A second wave of empires arrived in the 18-19<sup>th</sup> centuries—the Dutch in Indonesia, the British in India, Burma, and Singapore; the French in Indochina, while the United States extended its land empire across the Pacific by taking Hawaii, Guam, and the Philippines by force. Euro-Americans divided up the region; but no single empire ever ruled all of Southeast Asia to structure it politically, culturally, or linguistically into a shared regional identity similar to the one the Romans left their ‘European’ successors states.

Southeast Asia and Vietnam acquired their full geopolitical significance in this imperial competition in the 20<sup>th</sup> century as the Chinese Empire crumbled in 1911. This left Chinese communists and nationalists fighting as to who would put the pieces back together again. In many ways, the end of the Chinese Empire was as important as the fall of the Roman Empire centuries earlier. No one knew this better than the Japanese who sought to build their own empire on top of the shattered Chinese one. As the world moved towards the Second World War, the US President Franklin Roosevelt carefully followed Japanese imperial expansion down the Chinese coast into northern Vietnam in 1940. After attacking the US Navy at Pearl Harbor a year later, the Japanese used the deep-water port of Cam Ranh Bay to strike deep into Southeast Asia, overturning Euro-American empires and taking the Strait of Malacca in a few months. By rolling back the Japanese maritime Empire during World War II, the Americans replaced the Japanese as the unrivalled power in Asia. No one else could challenge American naval control over the Pacific and Indian Oceans. The Chinese Empire remained in tatters during the immediate wake of World War II as the British, French, and Dutch scrambled to recover theirs. The Soviets occupied half of Korea, but their Pacific force was small and never really a priority. A maritime *Pax Americana* emerged, and, given how the Japanese used it during the war, US strategists considered Vietnam to be central to protecting the Southeast Asian region from another attack from the north.

The Americans would have been happy to promote a liberal economic order in Asia aligned with the US and were even ready to push the French and the British to decolonize to open world markets. However, Washington put this on hold in 1949-1950 when the Chinese communists took power in all of China and the Korean War broke out. With the Second World War firmly in mind, the Americans feared that Chinese and Soviet domination of Eurasia would translate into another offensive on Southeast Asia.

From Truman to Johnson (1945-1968), American presidents sought to contain communist expansion at the Vietnamese pass. The Chinese for their part feared that the

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<sup>52</sup> Geoff Wade, “The Zheng He Voyages: A Reassessment,” *Journal of the Malaysian Branch of the Royal Asiatic Society*, 78,1 (2005): 37-58.

Atlantic Alliance would strike them along their vulnerable coastal underbelly as the West and the Japanese had done in the 19<sup>th</sup> century. In the end, the Chinese and Americans clashed directly in Korea and opposed each other indirectly in Indochina: Washington supported the French against Ho Chi Minh's communist Vietnam while Mao assisted Ho Chi Minh. In 1965, President Johnson intervened directly in Vietnam by dispatching US troops to prevent South Vietnam from falling to the North Vietnamese communists. Mao sent 300,000 soldiers into North Vietnam to help rebuild bombed out roads and free-up Vietnamese troops to fight in the south. After a savage war, the Americans pulled out of Vietnam in 1975 from Cam Ranh Bay and then watched as the communists took all of former French Indochina: Vietnam, Laos, and Cambodia.

### **ASEAN prevails at the Indochinese Pass**

ASEAN came to life in the midst of this extraordinary rivalry over Indochina and Southeast Asia writ large. Although ASEAN was conceived during the Cold War, it was a Southeast Asian creation, not an American one in disguise. Anti-communism and fear that communism would spread further into the region unified many of ASEAN original five member states (Indonesia, Malaysia, Philippines, Singapore, Thailand). Several leaders feared communist insurgencies in their own countries. In their perception, a communist victory next door in Indochina would have only made things worse. At the same time, early ASEAN regionalism benefitted from the large American military presence in Indochina as well as the economic and security advantages it created. In particular, the Thais and the Filipinos had close bilateral military, economic, and security ties to the US.

Despite their anti-communism, ASEAN leaders demonstrated a high-level of pragmatism and discretion in dealing with each other and their communist neighbours, including China. ASEAN leaders were flexible and preferred “consultation and consensus”. They navigated adroitly the dangerous waters of the Vietnam War and the American abrupt exit from Indochina. The Zone of Peace, Freedom and Neutrality (ZOPFAN) declaration of 1971 was one example among several allowing ASEAN leaders to follow a more neutral track in a post-American Southeast Asia and to keep regionalism on track despite potentially hostile communist victories in Indochina.

While each country maintained bilateral relations with the US, ASEAN leaders increasingly realised that their organization could provide them with more leverage in international affairs. ASEAN never tried to promote rapid political and economic integration like its European counterpart. It focused on building a regional order through consensus, dialogue, and institutional incrementalism. Lest we forget, ASEAN regionalism never enjoyed the stability which the Western European project enjoyed during the Cold War. The ‘nuclearization’ of the international system may have provided a long, if fragile, peace for Western Europe, but it saw the ‘Great Powers’ take their rivalries southwards, turning the Indochina War in Southeast Asia into the deadliest conflagration of the entire Cold War.

ASEAN leaders certainly demonstrated pragmatism and impressive audacity when they offered a path to membership for communist Vietnam following the signing of the

Paris Peace Accords in 1973. Convinced that they were on the right side of (Marxist) History, Vietnamese communists, however, rebuffed the invitation. They believed that they had a duty to support the Indochinese and eventually the bigger Southeast Asian revolution which they had long imagined. As it turned out, they were wrong. Two Vietnamese diplomat-scholars have recently recognized that Hanoi erred by not realizing the degree to which ASEAN leaders were sincere in making their invitation; that they were not American stooges; and that ASEAN was not a regional carbon copy of Washington's South East Asian Treaty Organization (SEATO).<sup>53</sup>

This brings me to one of the biggest challenges to ASEAN regionalism – the Third Indochina War and continued big power rivalries over Southeast Asia. The Third Indochina War confirmed that the Americans were not the only ones convinced that there was a geopolitical connection between Vietnam (Indochina) and Southeast Asia. Before Saigon had even fallen to Hanoi in 1975, the Soviets and the Chinese had started competing for Hanoi's good graces following the outbreak of intense ideological differences and their violent border clashes in central Asia in 1969. Convinced that the Soviets had now become their most dangerous enemy, the Chinese began normalizing their relations with the US in one of the most important 'pivots' in modern diplomatic history. Still at war with the US, Vietnamese communists saw potential betrayal in Beijing's rapprochement with their enemy. Meanwhile, the Soviets saw encirclement in Sino-American containment and threw their weight behind Hanoi. And convinced that the Vietnamese had sold out to the Soviets, the Chinese supported the anti-Vietnamese Khmer Rouge taking over in Cambodia in 1975.

The Khmer Rouge lit a match at the bottom of this explosive Eurasian communist edifice when they launched cross-border raids into southern Vietnam.<sup>54</sup> In late 1978, Hanoi signed a security agreement with Moscow, overthrew the Khmer Rouge, and occupied Cambodia in 1979 as part of its own Indochinese regional order. The Chinese counterattacked in February while the Soviet Navy moved into Cam Ranh Bay and pushed back against the US maritime imperium. In a fascinating turn of events, the Chinese dealt Hanoi a devastating blow on the diplomatic front by working closely with the US *and* ASEAN against Vietnam's control of Indochina and Soviet expansion into the South China Sea.<sup>55</sup>

Determined to modernize his country's economy, Mikhail Gorbachev did the most to end the Third Indochina War by normalising relations with China and forcing Hanoi to do the same. As Hanoi pulled its troops out of Cambodia and communism crumbled in favour of economic liberalism, ASEAN leaders lost no time building a new relationship with

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<sup>53</sup> SEATO disappeared in 1977 as the Americans and Chinese joined forces against the Soviets and their Vietnamese allies. See: Nguyen Vu Tung, "The Paris Agreement and Vietnam-ASEAN Relations in the 1970s" and Luu Doan Huynh, "The Paris Agreement of 1973 and Vietnam's Vision of the Future," *The Third Indochina War*, eds Odd Arne Westad and Sophie Quinn-Judge (London: Routledge, 2006), 87-122.

<sup>54</sup> Christopher Goscha, "La géopolitique vietnamienne vue de l'Eurasie : quelles leçons pour aujourd'hui ?" *Hérodote*, 157 (2015): 23-38.

<sup>55</sup> On Sino-ASEAN relations, see "Vietnam, the Third Indochina War and the meltdown of Asian internationalism," *The Third Indochina War*, eds Odd Arne Westad and Sophie Quinn-Judge (London: Routledge, 2006), 152-186.

Indochina. Thailand's Chatchai Choonhavan, whose father had once sold arms to Ho Chi Minh, famously offered in 1988 to turn Indochina "from a battlefield into a market place". Having watched neighbouring Asian 'tigers' (including China) develop their economies while the Indochinese ones floundered in Moscow's COMECON, Vietnamese communists looked to normalise relations with ASEAN in order to help them reform their own economy in line with the party's 1986 *doi moi* [Renovation] reform policy.<sup>56</sup>

For the ASEAN leadership, flexibility, pragmatism, and the disappearance of the communist threat allowed them to extend membership to the Indochinese states in order to build a larger Southeast Asian regional organization, just as the European Union prepared to admit former communist bloc countries into its fold. ASEAN leaders also realized that they could better control communist Vietnam and its sister republics in Laos and Cambodia by integrating them into its regional institutions and agreements rather than letting Indochina develop as a rival regional body. This explains why the decision by the Vietnamese Communist to join ASEAN in 1995 is an implicit recognition that communist Vietnam's desire to create a communist Southeast Asian regional entity had in effect failed.<sup>57</sup>

### ASEAN's Indochinese fault-line?

While all eyes have understandably focused on a resurgent China, its massive investment in regional development and infrastructure projects as well as its return to the South China Sea and the Indian Ocean via a (not-so-new) maritime Silk Road,<sup>58</sup> less attention has been paid to the tremors that are reverberating along the Indochina fault-line. In Cambodia, the opposition leader of the Cambodian National Rescue Party (CNRP), Sam Rainsy, has fanned the flames of an anti-Vietnamese form of Cambodian nationalism to discredit the current Prime Minister, Hun Sen. In their bid to paint Hun Sen as a Vietnamese puppet, Sam Rainsy and others have stressed the Prime Minister's close relations with Vietnamese communists, training in Hanoi, and fluency in Vietnamese. They played the anti-Vietnamese card while forgetting where such xenophobia led Cambodia in the past. Sam Rainsy went further by linking his anti-Vietnamese nationalism to a pro-Chinese stance on the South China Sea: "We are on the side of China, and we support China in fighting against Vietnam over the South China Sea issue [...] The islands belong to China, but *yuon* is trying to occupy (the islands) from China, because *yuon* is very bad".<sup>59</sup> Sam Rainsy's CNRP gave Hun Sen and Hanoi a real scare by making a strong showing in the 2013 elections. Despite Hun Sen's efforts to censure Sam Rainsy's and his anti-Vietnamese vitriol, the opposition

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<sup>56</sup> Balázs Szalontai, "From battlefield into marketplace: The end of the Cold War in Indochina, 1985–1989," *The End of the Cold War and The Third World*, eds. Artemy Kalinovsky and Sergey Radchenko (New York: Routledge, 2011), 155-172.

<sup>57</sup> Christopher Goscha, *Vietnam. A New History*, (New York: Basic Books, 2017), p. 403.

<sup>58</sup> Pedroletti Brice, "Chine: le président Xi Jinping déroule ses «routes de la soie»," *Le Monde*, (15 May 2017); "One Belt, One Road : les nouvelles routes de la soie," *Le Monde* (13 May 2017); and Jane Perlez and Yufan Huang, 'Behind China's 1 \$ Trillion Plan to Shake up the Economic Order,' *The New York Times* (13 May 2017).

<sup>59</sup> *Yuon* is the pejorative term used widely by Khmers to refer to the Vietnamese. Cited in Tanner Greer, "Cambodia Wants China as its Neighborhood Bully," *Foreign Policy* (5 January 2017); David Hutt, "How China Came to Dominate Cambodia," *The Diplomat* (1 September 2016).

leader vows to challenge Hun Sen in the elections in 2018.

Determined to assert his independence vis-à-vis Hanoi and blunt the opposition's pro-Vietnamese accusations against him before the elections arrive, Hun Sen has dramatically improved his bilateral relations with China. Chinese investment has poured into Cambodia over the last decade. Hun Sen has also distanced himself from ASEAN efforts to treat the Chinese jointly as the aggressors in the South China Sea, agreeing with Beijing that the question should be dealt with on a bilateral basis. Despite scores of official visits to Phnom Penh stressing special historical relations between Cambodia and Vietnam, Hun Sen has plotted a diplomatic and economic course independent of Hanoi's Indochinese control. China's offers of assistance are hard to turn down and moving towards China allows Hun Sen to blunt accusations that he's "pro-Vietnamese". Meanwhile, China has at least temporarily succeeded in getting something of a proxy vote from Hun Sen against a common ASEAN declaration critical of China's expansion in the South China Sea –which completely undermines the consensus-based nature of the organization and effectively prevents it from speaking with one voice.

To make matters worse, Vietnamese-Cambodian relations seem to be worsening at the local level. Since the Cambodian elections in 2013, border and territorial disputes have tested Cambodian-Vietnamese trust, illegal immigration has become a divisive topic, and anti-Vietnamese demonstrations have occurred. Between July 2014 and June 2015, the Cambodian government forcibly deported 2,000 ethnic Vietnamese. In 2015, localised clashes broke out along the border between militant nationalists on both sides while Cambodian and Vietnamese diplomats have dusted off French colonial maps in a bid to solve their territorial disputes. In September 2016, local Vietnamese security officials in Binh Phuoc province let it be known that they would "not allow any force to undermine close Vietnamese-Cambodian relations" (*Không để bất cứ thế lực nào chia rẽ tình đoàn kết Việt Nam – Campuchia*). Fears of losing control over a stable and special relationship with Cambodia have only increased in 2017.<sup>60</sup> Meanwhile, Cambodian demonstrators have burned Vietnamese flags in front of Hanoi's embassy in Phnom Penh and demanded the return of *Kampuchea Krom*, meaning the Vietnamese Mekong Delta. While Hun Sen has tried to rein in this anti-Vietnamese sentiment (just like Hanoi's leadership has struggled to control anti-Chinese demonstrations in Vietnam over territorial disputes), he has also informed Hanoi that he is no longer their yes-man in Cambodia and that Indochina is no longer an operational mechanism for conducting Vietnamese-Cambodian relations.<sup>61</sup>

While Hanoi has always had closer relations with its Lao partner, the latter is also distancing itself from a Vietnamese Indochinese model that has run its time. The Lao decision to open talks with China about building the Don Sahong hydropower project

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<sup>60</sup> Nguyen Minh, 'Day lui am muu xuyen tac, chia re tinh huu nghi', *Quan Doi Nhan Dan* (2 January 2017), <http://www.qdnd.vn/chong-dien-bien-hoa-binh/day-lui-am-muu-xuyen-tac-chia-re-tinh-huu-ng-nhi-496458>

<sup>61</sup> "Why Cambodia has cosied up to China," *The Economist* (21 January 2017); Cheunboran Chanborey, "Cambodia's Strategic China Alignment," *The Diplomat* (8 July 2015); Tanner Greer, "Cambodia Wants China as its Neighborhood Bully," *Foreign Policy* (5 January 2017)

is one example of several. As in Cambodia, the Chinese are investing heavily in Laos on bilateral terms. Large-scale infrastructure projects are underway and more are in the works. To Hanoi's grand surprise, Laotian leaders have also refused to toe Vietnam's line on the South China Sea, albeit not to the same extent as Cambodia. In April 2016, the Lao President Boounnhang Vorachith traveled to Hanoi to reaffirm his country's "special relationship" with Vietnam. However, the day before that trip, the Chinese announced that Laos, Cambodia, and Brunei had agreed that the South China Sea dispute should be negotiated on a bilateral basis and not via ASEAN.<sup>62</sup>

This is where things could become potentially dangerous. On the one hand, Cambodians bent on resurrecting anti-Vietnamese nationalism for domestic political needs do so at their own peril as it could spectacularly backfire. A similar brand of anti-Chinese xenophobia has recently re-emerged in Vietnam over the South China Sea. On the other hand, when the Vietnamese feel their security is under threat, they tend to latch on to their Indochinese model, the very regional body which Cambodian nationalists—and the Chinese supporting them—resent.

Hanoi's Indochinese model is perhaps not what it used to be during the Third Indochina War, but the Vietnamese still hold on to their "special relationships" when times get tough.<sup>63</sup> Since 1945, Vietnamese communists have been deeply involved in building postcolonial states in Laos and Cambodia from the bottom up. Indochina was an ideological project of a communist kind; but it was also a mechanism for guaranteeing Vietnam's national security. With the end of the Cold War and the resolution of the Third Indochina War in 1991, Hanoi simultaneously normalized relations with the US and joined ASEAN in 1995. Hanoi assumed that *both* moves would help it counter the Chinese more effectively as Beijing distanced itself from Washington, and challenged the American imperial monopoly over Asia's high seas. However, the Vietnamese hedged their bets by trying to maintain their "special relationships" with Laos and Cambodia despite their membership in ASEAN.

The Chinese are clearly aware of this and are trying to pry Cambodia and Laos loose from Vietnam's Indochinese grip. At the same time, the Chinese are subtly undermining ASEAN's single voice as a regional institution on a geopolitical question vital to China's interests—unfettered access to the Indian Ocean via the South China Sea. Vietnam's Cam Ranh Bay lies right in the middle of that southern opening. It has since the time of the Han dynasty. With their eye on China's expanding maritime power, the Vietnamese have made a point of letting several countries use Cam Ranh: the Americans, the Japanese, the Russians, and others.

If the past is any guide, this Indochina fault-line—now a part of ASEAN—remains a

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<sup>62</sup> Du Nhat Dang, "Vietnam Fears Isolation on South China Sea Issue," *The Diplomat* (2 May 2016); Prashanth Parameswaran, "Laos Dam Risks Damaging Mekong River, Igniting Tensions with Vietnam," *The Diplomat* (19 December 2014).

<sup>63</sup> I base this on my reading of the Vietnamese press and reports on countless Vietnamese delegations working with the Lao and Cambodians on state-building, security, economics, intelligence, and education programs for Laos and Cambodia.



highly volatile one, particularly when Vietnam feels that its security is in danger. This fracture is coming under the most stress in the Mekong Delta where anti-Vietnamese Cambodian nationalism is raising its ugly head again (paralleled, again, by its anti-Chinese strain in Vietnam). If ever Sam Rainsy or his party were to come to power on a very nationalistic and anti-Vietnamese platform, relations could worsen rapidly between a Vietnamese communist leadership and a non-communist Cambodian leader who has none of Hun Sen's experience in recognizing the complexity of Hanoi's security needs.<sup>64</sup> Cambodian nationalists should be very careful for what they wish for. So should the Vietnamese.

Too many in the leadership remain convinced of the legitimacy of their "special relations" of an Indochinese kind. If border disputes, forced deportations of Vietnamese from Cambodia, and anti-Vietnamese and anti-Chinese nationalism sentiments got out of hand (and they have in the past), then it is quite possible that Hanoi would seek Indochinese fidelity from Laos and Cambodia. If that were to happen, it is also quite possible that the Chinese would voice their support publicly for the Cambodians (and Laos) against such Vietnamese "arrogance". It is not sure how Hanoi would react, but Vietnamese leaders would certainly link China's support of Cambodia to China's naval movements off Vietnam's long coastline. The fear of being surrounded would soon be on more than a few minds in Hanoi.

### **Implications for Canada**

In order to prevent a local spark in the Mekong Delta from growing into a regional wildfire with the South China Sea winds blowing it in unpredictable directions, ASEAN leaders in particular, as well as their partners, need to remember that miracles do not prevent wars. Only cool-headed, flexible, pragmatic, and prescient diplomacy can do that. There is reason to celebrate ASEAN's regional success fifty years on. But it is also worth remembering just how dangerous this Southeast Asian Mediterranean can be, and that there is an Indochinese fault-line running through it and straight into the South China Sea. Feeling isolated on the South China Sea issue, it is no accident that Vietnam recently sent the Prime Minister to meet President Trump in Washington in May 2017, the first such visit from an ASEAN state.<sup>65</sup> It's still not clear whether the Trump administration understands how much Vietnam needs the US or the US needs Vietnam and ASEAN in this vital area of the world. Canada does. And we forget too often that Canada is not only an Atlantic power, but that this country is also a Pacific one, connected to this vibrant Southeast Asian Mediterranean by its own ports, sea lanes, and exchanges. Canada therefore has every reason to intensify its global relationships with Asia, ASEAN, and Vietnam in particular. It has in the past. It needs to do so again as we head further into the 21<sup>st</sup> century and a region in which ASEAN will continue to play a leading role in trade and security.

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<sup>64</sup> Duncan McCargo, "Local poll leaves Hun Sen looking vulnerable in 2018 election," *Nikkei Asian Review* (8 June 2017), <http://asia.nikkei.com/Viewpoints/Duncan-McCargo/Local-poll-leaves-Hun-Sen-looking-vulnerable-in-2018-election?page=1>. Accessed 11 August 2017.

<sup>65</sup> Murray Hiebert and Nguyen Manh Hung, "Opportunities & Challenges Await Vietnam Premier on Visit to Washington," *cogitASIA*, Center for Strategic & International Studies (25 May 2017), <https://www.cogitasia.com/opportunities-challenges-await-vietnam-premier-on-visit-to-washington/>. Accessed 11 August 2017.

## **Part 2**

# **Economic Opportunities in a Fast-growing Regional Market**

## **Establishing a Foothold in Southeast Asia: Export Development Canada's Experience**

Mairead Lavery, Senior Vice-President of Business Development  
*Export Development Canada*

Canada is a trading nation. Rich in natural resources, innovation, and entrepreneurial spirit, Canada has always had a lot to offer the world, and Canada's economy has come to depend on what it gets in return – economic growth, wealth, investment opportunities, and jobs. For much of our history, these trading relations have been focused to the south and east, to the United States and Europe. Though this remains largely the case today, there are signs of change as new markets and significant opportunities for Canada emerge around the world.

Today, structural and sustainable growth is rooted in Asia and other emerging markets. Southeast Asia is a particularly attractive destination for Canada considering their mutual dependence on trade. The economic integration supporting the free flow of goods, services, and investment among member states of the Association of Southeast Asian Nations (ASEAN) has led to the emergence of a dynamic region with some of the fastest growing economies in the world. In 2016, four Southeast Asian countries, namely Laos, Cambodia, Myanmar, and Vietnam, were in the top 10 for economic growth.<sup>66</sup> In 2012, bilateral trade between Canada and ASEAN was valued at 15.8 billion. Five years later, in 2016, it reached 21.6 billion<sup>67</sup>. Canadians are clearly recognizing the importance of closer economic relations with Asia in creating opportunities for business today and in the future.

Export Development Canada<sup>68</sup> (EDC), the country's export credit agency, has identified Southeast Asia as a high-priority strategic region. With rich natural resources and ASEAN's ongoing economic integration, the region's wealth of markets and opportunities are especially attractive for Canadian direct investment and trade in infrastructure, energy and clean tech, oil and gas, information and communications technology, and transportation.

### **EDC's approach within "Team Canada"**

Canada's business community consists mostly of small-to-medium enterprises (SMEs). They comprise about 99% of Canadian businesses, account for 40% of GDP, and 55% of all jobs. Yet, of the nearly one million companies in this segment, it is estimated that only 7% tap into the potential offered by engaging with international customers and global supply chains. There are many reasons why more SMEs have not taken the step, and the top ones include: (1) lack of local knowledge, such as cultural and business practices; (2)

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<sup>66</sup> "GDP Forecasts: The fastest shrinking and growing economies in 2016," *The Economist* (2 January 2016), <http://www.economist.com/news/economic-and-financial-indicators/21684788-fastest-shrinking-and-growing-economies-2016-gdp-forecasts>. Accessed 11 August 2017.

<sup>67</sup> *Trade Data Online*, Government of Canada, <http://www.ic.gc.ca/eic/site/tdo-dcd.nsf/eng/Home>.

<sup>68</sup> Export Development Canada, <http://www.edc.ca/en/Pages/default.aspx>.

not knowing where or how to access financing; and (3) the absence of business networks to prospect for new business, especially in emerging markets. In fact, according to EDC research, approximately 56,000 companies would go global if there was an expert advising and helping them overcome the various barriers to exporting abroad. EDC calls these “NEXTporters”. Another near 34,000 companies are “Ready to Export,” meaning that they do not currently export but plan to in the next 1-2 years.

This situation is inadequate for a trading nation trying to further diversify its markets. Canada must make it easier for companies to go abroad. According to EDC’s research, companies that export create more jobs, grow faster, are more resilient against risk, more innovative, and more sustainable than companies that do not export.<sup>69</sup> Most importantly, exporting companies create more jobs here at home. Therefore, it is crucial that Canada takes its international trade game to the next level in Asia, and enables more companies to go, grow, and succeed abroad. Doing that is EDC’s core mission. Doing that in Southeast Asia, a market with a population of more than 625 million people, is also EDC’s priority.

Canadian companies may have success with a handful of one-off international sales, but the real opportunities lie in the supply-chains of large multinationals. EDC helps make these connections through the number of financial relationships it has developed with international buyers over the decades. Taking the time to learn about their supply-chain needs has allowed us to develop relevant trade creation tools, which can help direct their attention towards Canadian procurement. These tools, which are called “pull transactions” and “matchmaking,” are designed to assist Canadian companies overcome the common barriers to international trade. The following sections describe the role of these two tools in helping more Canadian companies go, grow, and succeed in the region.

### **Creating opportunities**

Just like a traditional export credit agency, EDC provides financial solutions to Canadian exporters looking to do business abroad or financing to foreign buyers of Canadian goods and services. Where EDC differs from a traditional ECA is that it finances trade creation, rather than a single finite contract.

When providing forward-looking financing, or “pull financing,” EDC looks to find an international buyer with needs that match Canadian capabilities. Once the financing is disbursed, EDC then helps set up future procurement for the foreign buyer which guarantees incremental trade flow between the two companies. In Southeast Asia, in particular, where state-owned enterprises are prominent, the role of EDC as an intermediary between a Canadian SME and the foreign buyer is even more crucial. It can be challenging for SMEs to get the kind of exposure they need to introduce their products to these large companies.

In 2016, EDC closed 12 new financing transactions with large companies in the entire region. One example is a 50-100 million loan it provided to PT Pertamina, an oil and gas

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<sup>69</sup> “Investing Abroad to Find Global Customers,” Export Development Agency (15 August 2016), <https://edc.trade/ga-p2w1-international-operations-e/>. Accessed 11 August 2017.

company in Indonesia. Following the loan, the Trade Commissioner Service (TCS) and EDC collaboratively identified over 100 Canadian exporters that could fit into Pertamina's offshore procurement needs and a further 60 Canadian exporters in the downstream value chain. By financing a company with needs that perfectly matched Canadian companies' capabilities, the possibility of future and ongoing procurement was created. The transaction is a great example of the support provided by EDC and the Government of Canada for Canadian oil and gas companies that introduce Canadian technology and makes a foreign corporation more competitive in a truly emerging market. By 2020, the goal is to double the number of such relationships.

### **Leveraging EDC's financing reach**

Facilitating these connections, or "matchmaking," between Canadian and Southeast Asian companies is a crucial component of EDC's role in enhancing Canadian trade and investment in Asia. In 2016, EDC created a team of 50 professionals with expertise in matchmaking, Canadian supply capabilities, and global value chains to deliver on EDC's trade creation initiatives. In collaboration with Global Affairs Canada and the Trade Commissioner Service, EDC helps corporations in ASEAN member states to reduce costs, increase efficiency, and innovate by introducing them to Canadian companies with the exact capabilities that the corporation needs or wants in a mutually beneficial partnership.

The companies are introduced during matchmaking events and missions with the goal of finding a successful match, consequently facilitating business between Southeast Asian and Canadian companies. As an example, EDC will be providing matchmaking services in four of these events across Southeast Asia in 2017. Noteworthy events are CommunicAsia 2017 in Singapore, the largest information and communications technology (ICT) show of its kind, and Offshore Technology Conference Asia, the largest oil and gas event with over 240 exhibitors. These connections, no matter how small they may seem, are enormously critical. Time and time again, these introductions have proven to be the foot in the door to a much larger opportunity between two foreign companies.

### **EDC's growing footprint in Southeast Asia**

There is much opportunity for Canada in Southeast Asia due to their similarities. Both have an abundance of natural resources and a variety of terrains spread out over a large geographical area. Both operate in key sectors including infrastructure, energy and clean tech, oil and gas, information and communications technology, and transportation. Canada has the capabilities to provide the goods and services that are critical to Asia's needs. EDC recognizes the imperative to take advantage of this fact by expanding its footprint to enhance trade and investment in the region. It is necessary to build on-the-ground knowledge to better understand the needs of local buyers and to help identify opportunities for Canadian businesses.

EDC opened its first representation in the region in Kuala Lumpur, Malaysia in 2004. In 2007, the representation was moved to Singapore to be used as a hub to access the nine

other markets in ASEAN member states. Since then, Canadian exports facilitated by EDC have increased from CA\$888 million to CA\$2.97 billion, a 234.9% increase over 12 years. The year of 2016 marked a milestone year in EDC's history in the region and the beginning of stronger trade relations between Canada and countries in Southeast Asia.

EDC also later opened its first foreign representation in Jakarta, Indonesia, and replaced its foreign representation in Singapore with EDC's first global financing branch outside of Canada in a standalone office situated outside of the Canadian High-Commission. This wholly-owned branch allows EDC to be fully operational in business transactions in Asia, whereas foreign representations were solely used for prospecting and relationship management.

### **EDC's branch in Singapore: Giving Canadian companies a leg up**

EDC's new presence in Singapore, a logistics and financial hub for China, India, Japan ASEAN member states, and Australia now enables EDC to conduct its business development and underwriting operations locally, bringing it closer to the foreign buyers of Canadian goods and services and Canadian exporters across all of Asia.

In the past, EDC's representatives identified potential business opportunities for Canadian exporters and transferred them to the financing team in Ottawa to underwrite the deals. This translated into slower turnaround time in processing transactions and less impactful engagement with Canadian exporters and their foreign buyers. Now, with minor time differences or travel constraints, EDC can facilitate more business for Canadian and Southeast Asian companies, and take the time to better leverage promising markets in the region. Essentially, EDC has created a beachhead for Canadian companies looking to expand to Asia, provided that they are willing to leverage the existing and future opportunities this development represents.

The new Singapore branch is expected to play an important role in doubling EDC's financing by 2021, when it hopes to be providing over US\$4 billion in new commercial financing annually. Essentially, EDC's new office in Singapore allows Asian and Canadian companies to do business their way, in their currency, in their time zone. This provides Canada with a new tool to lever access to Asian markets for Canadian suppliers and investors, particularly SMEs.

### **Implications for Canada**

With a complex and constantly changing trade environment, EDC has an important role to play in enhancing Canada trade and investment in Southeast Asia. Through increasing targets for trade creation, matchmaking events as well as the opening of a new standalone financing branch in Singapore, EDC has proven its commitment to advancing the Government of Canada's objective to strengthen its trade relations with Asia. Indeed, in 2016, EDC supported 52.4% of all Canadian exports to Southeast Asia. By virtue of its increased presence and capabilities in the region, EDC is in an even better position to keep

creating new business opportunities for these trading nations going forward.

Of course, Canada's success as a trading nation has never relied solely on EDC. The dynamism of Canadian companies, the risk appetite of Canadian banks and insurers, federal and provincial regulations and tax regimes, all have an impact on Canada's appetite and ability to trade. With this in mind, ensuring Canada's continued success on the world stage for the next 150 years will naturally take more than just EDC's efforts. It will take a combined effort of government, industry associations, banks, lawyers, and many others. It will require companies to come together, share ideas and experiences, and find common ground and opportunities to cooperate. In other words, it will take a "Team Canada" approach, with all players working together to create the dynamic energy on which success is built.

## Prospective for a Canada-ASEAN Free-Trade Agreement

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While Canada has been a long-standing partner of the Association of Southeast Asian Nations, there has been a noticeable upswing in Canada-ASEAN relations of late. This has largely been due to the initiative shown by Canada as part of its efforts to increase its engagement with the region. Ottawa appointed a Resident Ambassador to ASEAN in 2009, acceded to the Treaty of Amity and Cooperation in 2010, and supported the creation of the Canada-ASEAN Business Council in 2012. It also set up permanent missions in Cambodia and Lao People's Democratic Republic (PDR), which means that Canada now has a presence in all 10 Southeast Asian member states as well as within ASEAN as an organization, a clear signal of the country's interest and commitment to Southeast Asia.

To deepen economic engagement in the region, discussions are now moving to a possible Canada-ASEAN Free Trade Agreement (FTA). In anticipation of a government-led feasibility study, the Asia Pacific Foundation of Canada, the Canada-ASEAN Business Council, the Business Council of Canada, and the University of British Columbia recently released a research report. Their research indicated that a Canada-ASEAN FTA could potentially generate between CAD \$4.8-10.9-billion in bilateral trade, which would benefit a wide range of firms and workers.<sup>70</sup>

While the Canada-ASEAN FTA certainly has merits and is a note-worthy aspirational goal in the long-term, there are some serious practical challenges to negotiating an ASEAN wide agreement. There is an argument in Canada that, since the pathway to success may be long, it is therefore more imperative that the negotiating process get started sooner rather than later. This may be true, but it also means diverting scarce resources on both sides to a project with limited prospects for results in the short run. Much more sensible is to build up from existing commitments with individual ASEAN states developed through the Trans-Pacific Partnership or TPP (with Brunei, Malaysia, Singapore and Vietnam) and new potential bilateral agreements to create a future ASEAN-wide FTA.

### **ASEAN's weak institutional structure**

ASEAN does not have the kind of supportive institutional structure needed to negotiate and conclude a comprehensive, high quality FTA with Canada in the near term. The ten member states of ASEAN operate much more independently from one another than their rhetoric might suggest.

For example, there is no built-in mechanism that moves ASEAN members forward to

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<sup>70</sup> *The ASEAN Advantage: Exploring Canada's Trade Potential*, Asia Pacific Foundation of Canada, Canada-ASEAN Business Council, Business Council of Canada, and University of British Columbia (2017), 4, <http://www.asiapacific.ca/research-report/aseanadvantage-exploring-canadas-trade-potential> Accessed on 8 August 2017.



common positions. By way of contrast, the European Commission has the authority for developing EU-wide policies, including on trade. The Commission brings forth proposals that may or may not be approved by the Council of Ministers at the EU –whether or not the Council of Ministers ultimately approves the policy proposal by the Commission is not key here. What is important is that the Commission is responsible for developing proposals in the name of the EU. This means that a common negotiating position can be developed by the EU because the Commission is there to shepherd the process. This is why the EU can act as a single negotiating entity at the trade table.<sup>71</sup>

ASEAN has no such mechanism. There is no comparable institutional body within ASEAN that is charged with, or authorized to, develop a common negotiating position. Neither the ASEAN Secretariat nor the rotating Chair of the organization is given the mandate to negotiate for all ASEAN members. Without a common negotiating position developed prior to formal FTA discussions, the negotiation process is likely to be subject to hold-ups, opportunism or simple foot-dragging by individual ASEAN countries.<sup>72</sup>

In practice, negotiating an ASEAN-wide FTA will not take place cleanly at a Canada-ASEAN level, but will effectively entail negotiating 10 separate bilateral FTAs. This is the simple and straightforward part. What follows will be the more challenging and time-consuming process of coming up with an overall agreement that balances and accommodates the differing levels of ambition among negotiating parties.

### **The development gap between ASEAN countries**

This brings us to the next point, which is the wide development gap between individual ASEAN countries. This is most striking with respect to their differing levels of GDP and trade dependency. At one end, Singapore has a GDP per capital of US\$51,855 and trade the equivalent of 326% of its GDP, which contrasts starkly with Cambodia's US\$1,203 and 47% in 2015.<sup>73</sup>

This variation results in ASEAN members having significantly differing trade policies, and in consequence, varying levels of ambition in negotiating an FTA. A case in point here is the breakdown of the talks for an EU-ASEAN FTA in 2009. For example, while the EU wanted a broader and more comprehensive agreement, which included issues such as labour standards, intellectual property rights, and climate change, ASEAN as a whole was not willing to go beyond a FTA purely focused on goods. Given that the former group of issues were priorities for the EU, and most of the ASEAN members were far from ready at the time to discuss them, it is perhaps not surprising that when taken together with the

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<sup>71</sup> Mary T. Yeung, Nicholas Perdikis, and William Alexander Kerr, *Regional Trading Blocs in the Global Economy: The EU and ASEAN* (Edward Elgar Publishing: 1999), 144.

<sup>72</sup> Ibid.

<sup>73</sup> World Bank, *Trade (% of GDP)* (2016), <http://data.worldbank.org/indicator/NE.TRD.GNFS.ZS> Accessed 8 August 2017.

Myanmar issue, the negotiations collapsed.<sup>74</sup>

It would be worthwhile here to note that the failure of EU-ASEAN negotiations over a FTA took place despite agreement over the very significant economic and, for ASEAN, strategic benefits that such an agreement would have produced. This is even more surprising given that both organizations have a strong preference for FTAs as a means of furthering their interests.<sup>75</sup> However with the benefit of hindsight, we can now see how their mismatch in priorities and approaches to FTAs, taken together with the diversity of ASEAN and its lack of institutional structures to produce an agreed upon set of goals, led to the demise of the EU-ASEAN FTA.

The failure of the EU-ASEAN FTA is instructive in highlighting the type of issues that will crop up should Canada pursue an FTA with ASEAN as a bloc. On one hand, it will have to contend with Indonesia, which has introduced a raft of protectionist-leaning measures over the past few years, and could be averse to a high-standard trade agreement that might challenge the leading economic positions of its domestic companies.<sup>76</sup> On the other hand, a bloc-wide agreement will also include Singapore, an open economy, which will likely support and advocate for a high standard trade agreement. This difference in national objectives will be compounded by the fact that the less-developed economies of ASEAN such as Cambodia, Laos, and Myanmar lack officials with the capacity to engage in high-level trade and investment agreements.<sup>77</sup>

On this count, much has been made of the ASEAN Economic Community (AEC) that entered into force with great fanfare on 31 December 2015. With its launch, the tacit and instinctive assumption is that it will produce a more consolidated ASEAN that will act as a more cohesive negotiating bloc. Without downplaying the massive integrationist leaps made by ASEAN, sobriety should drive any analysis. In spite of the various commitments entered into under the AEC, ASEAN is still missing the necessary institutional glue, which could take the form of an overarching regional mechanism that ensures the smooth coordination of the vast array of government actors from different national agencies and countries and translate them into clear, collective positions.<sup>78</sup> Barring this, and taken together with its adherence to consensus, ASEAN will likely fall-back on its time-tested lowest-common denominator approach, likely to produce a conservative and underwhelming result.

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<sup>74</sup> The “Myanmar issue” relates to the type of government at the time and the difficulty the EU faced in working with such a counterpart in ASEAN. Duan Xuan Loc, *Opportunities and Challenges in EUASEAN Trade Relations*, EU-Asia Centre (July 2012), [http://www.euasiacentre.eu/pub\\_details.php?pub\\_id=60](http://www.euasiacentre.eu/pub_details.php?pub_id=60). Accessed 8 August 2017.

<sup>75</sup> *Ibid.*

<sup>76</sup> Murray Hiebert, *The E3 Initiative: The United States and ASEAN Take a Step in the Right Direction*, Center for Strategic and International Studies (December 2012), <https://www.csis.org/analysis/e3-initiative-united-states-and-asean-take-step-right-direction> Accessed 8 August 2017.

<sup>77</sup> *Ibid.*

<sup>78</sup> Elodie Sieller, “The ASEAN Economic Community: The Force Awakens?” *The Diplomat* (January 2016), <http://thediplomat.com/2016/01/the-asean-economic-community-the-force-awakens/> Accessed 8 August 2017.

External observers have been buoyed by the success of the ASEAN, Australia, New Zealand FTA (AANZFTA) and the high-standard agreements it reached. Canada may see something that can be replicated in its own FTA with ASEAN. However, this optimism might be misplaced for two reasons. First, ASEAN has a fully packed schedule for the foreseeable future. In addition to managing the more than 1000 meetings a year on the ASEAN schedule, member states are fully engaged with concluding the Regional Comprehensive Economic Partnership (RCEP) negotiations with six major parties in Asia, including China, Japan, South Korea, India, Australia and New Zealand. These talks are likely to continue at least through the end of 2017 and probably roll over into 2018. The agreement will not come into force until 2019 and implementation will be time consuming for many ASEAN members.<sup>79</sup> Second, 2017 marks the 50<sup>th</sup> anniversary of ASEAN and members will be looking to deliver a bumper sticker that will best portray ASEAN as a strong and credible organization. To this end, their efforts will be channeled towards the successful launch of the RCEP.

Moreover, even if they were looking at a parallel FTA to suddenly start on, ASEAN would be more likely to revive the dormant EU-ASEAN FTA. While Canada is the 9<sup>th</sup> largest trading partner with ASEAN with total two-way trade between ASEAN and Canada in 2015 estimated at US\$11.8 billion, it only accounts for 0.5% of ASEAN's total trade.<sup>80</sup> The EU, on the other hand, is ASEAN's third largest trading partner after the US and China, with more than US\$200.8 billion in trade in goods and services in 2014. The EU was also ASEAN's second largest trading partner, behind only China, in 2013.<sup>81</sup> Hence it stands to reason that from an optics angle, an EU-ASEAN FTA would be a bigger coup.

### **The trade-security nexus for ASEAN**

A final point on the topic of ASEAN FTAs is that there is an unspoken but obvious security aspect in its choice of FTA partners thus far. China, India, Japan, Korea are regional powers who have an outsized influence on the security architecture of the region. Australia and New Zealand, besides being in the immediate periphery of the region, are also parties to the Five Power Defence Arrangements alongside Singapore and Malaysia.

Despite the recent uptick in Canada-ASEAN ties, in truth Ottawa still lags behind other key players in the region.<sup>82</sup> Ottawa also remains locked out of key regional institutions like the East Asia Summit. Moreover, media coverage of Canada's ASEAN pivot is sparse in Southeast Asian countries.

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<sup>79</sup> For ASEAN countries (Brunei, Malaysia, Singapore and Vietnam) are likely to be busy with the implementation of the Trans-Pacific Partnership as well.

<sup>80</sup> ASEAN Secretariat, 2017. *Overview of ASEAN-Canada Dialogue Relations*, <http://asean.org/storage/2012/05/Overview-of-ASEAN-Canada-Dialogue-Relations-March-2017.pdf>. Accessed 8 August 2017.

<sup>81</sup> Ji Xianbai, "Time to Revisit an ASEAN-EU FTA?" *The Diplomat* (June 2015), <http://thediplomat.com/2015/06/time-to-revisit-an-asean-eu-fta/> Accessed 8 August 2017.

<sup>82</sup> Jim Della-Giacoma, "Engaging ASEAN: What Next for Canada?" Asia Pacific Foundation of Canada, <https://www.asiapacific.ca/canada-asia-agenda/engaging-asean-what-next-canada> Accessed 11 August 2017.

Canada is rapidly ramping up its diplomatic presence in Southeast Asia, but Ottawa will likely need more time to enter the public consciousness in Asia before it is deemed a partner that should be admitted to such institutions and offered an FTA deal.

### **Implications for Canada**

A more sensible approach for Canada would be to follow the EU lead. After the suspension of the EU-ASEAN FTA, the EU shifted its approach to forging closer bilateral trade ties with four individual ASEAN member states: Singapore, Malaysia, Vietnam, and Thailand. The EU-Singapore FTA was concluded in 2015 and is moving towards ratification and entry into force. This agreement served as the template or model for all others in the region. The EU-Vietnam agreement is following right behind. The EU has recently launched negotiations with Indonesia, and negotiations with Malaysia, Thailand, and the Philippines are also in various stages of progress. When these are concluded, the EU will return to the bloc-to-bloc strategy and, since each of the individual deals are built on broadly similar commitments, crafting a final agreement should be more straightforward than it was in 2009.

Similarly, Canada can start by negotiating bilateral FTAs with individual ASEAN countries. These FTAs can be thought of as pathfinder agreements that can be stitched together to form an eventual Canada-ASEAN FTA. Importantly, these individual FTAs will signal Canada's interest and commitment to be more engaged in the region.

Concurrently, Canada should move forward to ratify the Trans-Pacific Partnership (TPP) at eleven members. The TPP can then serve as a platform for expanding its economic ties with all of Southeast Asia. Secondly, the TPP can serve as a high-standard template that can be selectively ported over to these bilateral FTAs.

Importantly, with the current increase in headcount in Southeast Asia and additional funding, officials based in the region can begin to lay the groundwork for these FTAs by building trade capacity and reducing anxiety in capitals about entering high-standard trade talks with Canada. Importantly, these efforts could be shown as being in line with, and advancing, existing ASEAN objectives.

For example, as part of its capacity building efforts, Canada could help to develop information and communications technology principles that will help guide policymakers in the region on issues such as the flow of information across borders, local content requirements, and the role of regulatory bodies. This project can be shown as being in support of ASEAN in its larger project of boosting connectivity between ASEAN economies. But importantly for Canada, this can lay the foundation for future FTAs on digital trade/e-commerce in the region. These are key deliverables for ASEAN in 2018 and part of the AEC Blueprint 2025.

In short, while ASEAN may look like an enticing FTA partner as a whole, the practical realities of launching talks now are likely to take up valuable resources while delivering

little in the near or even medium term. Instead, Canada will be better served to begin with bilateral negotiations with able and willing partners, building on its TPP relationships. These can be supplemented by Canada's good reputation in developing and delivering capacity building projects of various sorts in other ASEAN member states that compliment the future pathway to an ASEAN-wide free trade agreement with Canada.

## **Part 3**

# **Trends in the Regional Security Environment**

## **Stuck Between A Rock And A Hard Place: Managing Great Power Competition**

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Although historically no stranger to major power interactions given its geographical place of privilege, in recent decades, Southeast Asian countries have found themselves at the confluence of shifting regional tides as the strategic environment post-Cold War continued to evolve. The proximity of a rising China challenging the status quo of power dynamics long dominated by the United States means that smaller Southeast Asian states have sometimes been pulled in different directions as a result of interactions with, and between, the two giants. The region has sought to hold its center through the Association of Southeast Asian Nations, but this is inevitably fraught with difficulty as its membership consists of ten very different countries juggling national interests that are not always compatible. This has proven a particular challenge with regards to political and security issues, notably on the South China Sea maritime disputes.

### **A courtship of interests**

The gaping power differential between the United States and China, on the one hand, and Southeast Asian states, on the other, as well as within Southeast Asia albeit to a lesser extent, has inevitably drawn countless discussions in policy circles about the trajectory of these tripartite relations. Despite repeated Southeast Asian protestations against not wanting to choose between either the United States or China, analysts – particularly from outside Southeast Asia – have argued one of at least three strands of conviction. First, that countries in the region will increasingly have little choice but to bandwagon with China as the neighbourhood’s emergent power fast changes facts on the ground and at sea. This implies limited will on the part of the Southeast Asian states, which is shaped largely by external factors beyond their control. Second, that countries will come into the fold of China’s orbit as a result of both China’s charm offensive as well as an interest on the part of the Southeast Asian states themselves to align more closely with Beijing to support their economic growth. This suggests a demand-and-supply paradigm where Southeast Asian countries want to be included in –rather than excluded from– an area of economic prosperity that, in the absence of alternatives, will be powered by Chinese strategic programs such as the Belt and Road Initiative (BRI) and the Asian Infrastructure Investment Bank (AIIB). Third, that countries will rely on the United States’ for security and on China for economic development. This infers that security and economics are invariably distinct and that Southeast Asian states view their interests in narrow terms.

The reality is a combination of all three scenarios above with fifty shades of nuance in between. As part of the promise of Asia, Southeast Asia has in recent years attracted a number of grand schemes from external players. The region’s major powers have pivoted, rebalanced, sketched out infrastructural belts and roads across it, and committed to “Act

East”. None of these have been borne out of pure charity and goodwill; rather, it is the hard-nosed recognition of Southeast Asia’s location at the crossroads of the world’s major shipping and trading routes, its market of over 625 million people (nearly two-thirds comprising youth), as well as its untapped resources, specifically in the South China Sea, that drives outsiders’ interest in the region. Southeast Asian countries have largely welcomed these overtures, keenly aware that they risk being entangled in major power jostling, but hopeful as well that by engaging these powers, a symbiotic relationship with each, and a network with all, will spare them from the worst aspects of great power dynamics.

### **Crouching Dragon, Hidden Eagle**

In the last few years, China’s policies towards Southeast Asia have drawn increased attention as the awakening dragon assumes greater confidence and a more muscular approach in its external engagements. The charm offensive that China embarked on in the early years of its international debut has seemed to some, in the last decade, less charming and more offensive. Singapore has recently borne the brunt of this treatment in a series of high-profile public controversies. For instance, in September 2016, Singapore’s ambassador to China and a Chinese state-owned media outlet were embroiled in a spat over what was (or not) advocated at a Non-Aligned Movement meeting in Venezuela.<sup>83</sup> In addition, towards the end of 2016, Singapore had armored vehicles seized in Hong Kong on the way back from a military exercise in Taiwan. And in May this year, it emerged that Singapore’s Prime Minister Lee Hsien Loong had deliberately been sidelined by not being invited by China to attend its Belt and Road Forum for International Cooperation even though the island nation-state is China’s second largest investor.<sup>84</sup> Seven other Southeast Asian leaders attended the summit, with only Thailand and Brunei missing the event.<sup>85</sup>

Managing the changing nature of these ties has been a challenge for Southeast Asian countries, especially in the glare of the media. This trend has been further exacerbated by the reductionism of social media. Much ado was made, for example, about an agreement for Malaysia to purchase four littoral mission ships from China signed during Prime Minister Najib Razak’s visit to China in November 2016. This was seen as further indication of

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<sup>83</sup> Viola Zhou, “Blow-by-blow account of the China-Singapore spat over Global Times’ South China Sea report.” *South China Morning Post* (28 September 2016), <http://www.scmp.com/news/china/diplomacy-defence/article/2023364/blow-blow-account-china-singapore-spat-over-global> Accessed 11 August 2017.

<sup>84</sup> “China Frictions May See Singapore Miss Out on Belt-Road Billions.” *Bloomberg News* (18 May 2017), <http://www.scmp.com/news/china/diplomacy-defence/article/2023364/blow-blow-account-china-singapore-spat-over-global>. Accessed 11 August 2017.

<sup>85</sup> Pongphisoot Busbarat, “Thailand, long used to China’s carrots, now gets the stick,” *Today Online* (2 August 2017), <http://www.todayonline.com/commentary/thailand-long-used-chinas-carrots-now-gets-stick>. Accessed 11 August 2017.



Malaysia's tilt towards China<sup>86</sup> in a blow to the United States.<sup>87</sup> Despite this "landmark deal," as described by Najib himself, this purchase was simply aimed at replacing the Royal Malaysian Navy's ageing assets. It was also in furtherance of the long dormant 2005 Memorandum of Understanding on Bilateral Defence Cooperation with China and a symbolic advancement of the 2013 Malaysia-China Comprehensive Strategic Partnership. It is worth recalling that for better or worse, Malaysia has long had a history of diversifying its defence purchases so that it does not end up being dependent on only one supplier. This defence contract was simply an extension of that convention. Malaysian Minister of Transport Liow Tiong Lai was more forthright: "[...] we buy anything also [sic] from those countries who can give us the best offer and that is natural".<sup>88</sup>

The defence deal was one of 16 government-to-government agreements signed during that November trip. And because Najib's visit took place soon after President Rodrigo Duterte's own state visit to Beijing just a fortnight prior, observers were quick to pronounce Southeast Asia's definitive turn towards China, willfully blind to the enduring pragmatism shared by many of the region's states. Duterte's warming towards China and his soft-peddalling of the South China Sea dispute has indeed garnered much criticism, primarily over the wasted leverage hard-won by the Philippines in the arbitral tribunal award of July 2016 against China. Duterte's approach is certainly in sharp contrast to his predecessor's, but he has arguably simply recalibrated the Philippines' engagement with the United States and China, thereby making the Philippines' ties with both countries more balanced. On the one hand, the US-Philippines treaty alliance still holds. On the other, Duterte successfully got China's ban on the import of bananas and pineapples from the Philippines lifted, along with US\$24 billion worth of private sector deals signed between the two countries, during his October 2016 trip.

There is, of course, the matter of the South China Sea maritime disputes, which will unlikely be wished away even with closer economic and trade ties. However, size and might really do matter in those disputes. There is little by way of options for Southeast Asia's claimants as China builds and militarizes the maritime features it controls at sea, all while holding the hands of its ASEAN counterparts in claiming slow, steady progress towards an eventual Code of Conduct (CoC). China has been especially successful in undermining regional cohesion on the matter, and observers still bitterly recall the failure of the ASEAN Foreign Ministers' Meeting to issue a joint communiqué in 2012 in Phnom Penh for the first time in its 45-year history because of Chinese interference over the intended inclusion of references to the South China Sea.

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#### The newly-minted framework for the negotiations of a binding agreement between

<sup>86</sup> Agence France-Presse, "Malaysia PM signs defence deal in tilt toward China," *The Nation* (1 November 2016), <http://www.nationmultimedia.com/news/breakingnews/30298928>. Accessed 11 August 2017.

<sup>87</sup> Tom Allard and Joseph Sipalan, "Malaysia to buy navy vessels from China in blow to U.S.," *Reuters*, <http://www.reuters.com/article/us-malaysia-china-defence-idUSKCN12S0WA>. Accessed 11 August 2017.

<sup>88</sup> Joseph Sipalan, "Malaysia's Najib risks backlash at home after deals with China," *Reuters* (7 November 2016), <http://www.reuters.com/article/us-malaysia-china-idUSKBN1320EY>. Accessed 11 August 2017.

ASEAN and China may pave the way for an eventual CoC; this is a constructive step forward. That being said, it is an interim arrangement that took 15 years to be worked out since the 2002 Declaration on the Conduct of Parties in the South China Sea (DoC) was signed. In the meantime, satellite images show that the disputed seascape continues to be dramatically changed—not just by China but also by Vietnam and Taiwan, to a lesser scale—in total disregard of the spirit of the DoC and despite ASEAN’s repeated calls to respect it in its entirety. Even if a CoC is eventually agreed upon in the next few years, there is no guarantee at this stage that it will be legally enforceable.

The United States has demonstrated the will to enforce (its interpretation of) international law through its freedom of navigation operations in the South China Sea as well as through its maritime-focused capacity-building programs in the region. However, its Asia policy writ large seems suspended under further notice.

Under the new US administration, it is clear that President Donald Trump intends to “Make America Great Again”. However, it is less clear how his preference for putting America first will square with the multilateral proclivity of many states in Asia. There are signs from Cabinet-level appointments, visits to the region, exchanges, and official statements, that there will be an element of continuity in the US policy towards Asia from previous administrations. This is reassuring. The declaration early on in the Trump administration that the president is expected to attend the East Asia Summit later this year shows a keen appreciation for the importance of the region. However, in the absence of policy articulation, the lack of important senior bureaucratic appointments, pressing domestic diversions, and President Trump’s own unpredictability are all factors generating nervousness and concerns about the role the United States—a country that has traditionally been a major anchor of stability in the region—intends to play moving forward.

For great power competition to exist in the region, there must be great power competitors. Right now, the United States does not seem to be playing its best game. Absent is a coherent trade engagement policy that will speak to the economic and developmental needs of Southeast Asia and that will further the strategic priorities of the United States in the region. In this context, there is only one real player with the ability, capability, and willingness to fulfil that leadership role in the foreseeable future: China. There is an important qualifier to this competition game, however. Even in a climate of competition, there is always cooperation. The US-China Strategic Economic Dialogue (SED), which began in 2006 and was upgraded in 2009 to become the Strategic and Economic Dialogue, is an excellent example. It did not only nominally add an ampersand to its acronym (S&ED) but, over the seven years throughout the Obama administration, substantively widened (to some criticism) its agenda to discuss previously thorny issues between the two powers, such as cybersecurity and climate change.

### **A gentle reminder**

In this respect, three concluding reflections may be worth bearing in mind when evaluating the regional security landscape in Southeast Asia. The first may be obvious.

Countries' relationships with the United States and China are not premised exclusively on one or the other. A binary view of a country's foreign policy risks the trap of assessing that single issues trump more comprehensive ties for that country. It also risks overlooking the importance of regional frameworks for that country. For example, Malaysia's foreign policy is premised on ASEAN as its cornerstone. Yet, it has maintained close ties with the United States on many levels for decades, instituted a "Look East" policy focused on Japan in the 1980s, and is seeking to expand relations with China, India, and others in West Asia. This pattern is common throughout Southeast Asia, especially among the founding member states of ASEAN<sup>89</sup>, and even with treaty allies of the United States.

Second, a country's priorities are always more accurately viewed from the inside rather than the outside. While it may be tempting to cast Southeast Asian states in a grand strategic context, the conduct of each state's foreign policy is often driven by domestic political imperatives and goals, not unlike in many larger states elsewhere. After all, foreign policy is usually an extension of domestic policy. Overlaying regional dynamics with a great power filter ignores the important domestic drivers of why states or leaders act the way they do. The fact that Najib's trip to China followed shortly after Duterte's encouraged the perception that one-by-one, Southeast Asian states were pivoting towards China in a way that recalled the fears of the 1960s that the region would fall to Communism in a domino effect. The region did not, in fact, fall like dominos, and Southeast Asia proved adept at surfing the evolving geopolitical landscape in its neighbourhood as it altered and changed over the years. That same resilience is echoed today.

Finally, as changes inevitably continue to unfold in the region, especially against a backdrop of uncertainty in and with the United States, ASEAN and the other multilateral frameworks it underpins will assume greater importance for dialogue and stability. ASEAN's credibility depends not only on the unity and centrality that it accords itself, but also on the worth and support entrusted to it by its partners. A commitment to engage, in policy and in action, by the region's great and major powers and equally importantly, by other partners including Canada on a range of issues will help to fulfil the grouping's own ambitious goals that it has set out for the region.

### **Implications for Canada**

The twin tyrannies of distance and resource optimization mean that Canada and Southeast Asian countries have not always been the closest of friends despite efforts in the past. Three proposals are suggested for consideration to advance Canada's role in the regional security agenda: (1) Regular appearances at the ASEAN Regional Forum (ARF). Despite frustrations with the pace of what may sometimes feel like a bloated framework that spends more time on process than substance, the ARF remains the only multilateral political and security forum for engagement while the moratorium on additional EAS membership remains. In Asia, too, showing up is half the battle and is arguably as important as the substantive discussions that take place. Being engaged at the ARF ensures Canada's voice counts in agenda-setting and indicates continued interest in the multilateral process

<sup>89</sup> Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

so dear to ASEAN. (2) Active membership of the ARF's track-II mechanisms, including the Council for Security Cooperation in the Asia-Pacific (CSCAP). Canada's absence from CSCAP, either from lack of resources or under-prioritization, diverges from the official indication of wanting to be more engaged in the region. In the past, CSCAP has been well-served by considered and insightful participation from Canadian experts of the region who have contributed in important areas such as preventive diplomacy, energy security, and the responsibility to protect. It would be a shame for CSCAP Canada to remain out of discussions at a time when regional challenges are increasingly complex and the candid assessments of Track Two are correspondingly growing more warranted. (3) If resources permit, Canada –either singly or with others– could also take a leading role in reviving serious discussions for a Trans-Pacific Partnership-11 given sustained interest in the arrangement despite the withdrawal of the United States.

Canada's commitment of strengthening engagement with ASEAN through the 2016-2020 ASEAN-Canada Plan of Action and the 2016 launch of an annual Canada-ASEAN trade policy direction is a welcome step in the right direction for long-awaited renewed ties between the two. It would be in Canada's interest to remain engaged in the region through existing multilateral forums at both Track 1 and Track 2 as developments in Asia and major power dynamics in Southeast Asia assume greater significance for the Asia-Pacific, writ large.

# The South China Sea: Current Flashpoints and Future Prospects for Resolution

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Over the past decade, the South China Sea has emerged as one of the Asia-Pacific region's most troublesome flashpoints. While territorial and maritime disputes in the South China Sea are not new—disputes over the Paracel and Spratly Islands have been present for decades—there has been a qualitative shift in the complexity of these disputes over the past several years.<sup>90</sup> Claimant states<sup>91</sup> are now engaging in a much more aggressive race to claim control over disputed waters and land features. China's widespread modernization of its military and maritime law enforcement capabilities has led to a dramatic uptick in patrols of contested South China Sea waters, and in turn, increased efforts by other claimant states to assert their territorial claims.<sup>92</sup> Claimant states have also escalated efforts to assert sovereignty over contested land features. Most notably, China has established vast new outposts on the features it controls in the Spratly Islands, including building new infrastructure and deploying military assets.<sup>93</sup> Other claimants appear to be following suit with further upgrades to their outposts as well.<sup>94</sup> As tensions over the South China Sea disputes have increased, they have spilled over into the broader geopolitical domain in recent years, adding to the friction between China and ASEAN member states, as well as between ASEAN states themselves, on a variety of issues.

## Current context

In contrast to the steady escalation of tensions seen in the South China Sea over the past several years, there had been a relative lull in major incidents over the past twelve months, suggesting Beijing had made a decision to “turn down the temperature” and avoid unnecessary disputes.<sup>95</sup> The adverse ruling of the Permanent Court of Arbitration in July 2016 certainly helped shape Beijing's decision to pursue a more conciliatory approach. Beijing appears to have calculated that making tactical concessions to ASEAN claimants,

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<sup>90</sup> Sean Mirski, “The South China Sea Dispute: A Brief History,” *Lawfare* (8 June 2015), <https://www.lawfareblog.com/south-china-sea-dispute-brief-history>. Accessed 11 August 2017.

<sup>91</sup> These include Brunei, Malaysia, The Philippines, Vietnam, China and the Republic of China (Taiwan).

<sup>92</sup> “Asia-Pacific Maritime Security Strategy: Achieving U.S. National Security Objectives in a Changing Environment,” Department of Defense, [https://www.defense.gov/Portals/1/Documents/pubs/NDAA%20A-P\\_Maritime\\_Security\\_Strategy-08142015-1300-FINALFORMAT.PDF](https://www.defense.gov/Portals/1/Documents/pubs/NDAA%20A-P_Maritime_Security_Strategy-08142015-1300-FINALFORMAT.PDF). Accessed 11 August 2017.

<sup>93</sup> “Country: China,” *Asia Maritime Transparency Initiative* (2017), [amti.csis.org/island-tracker/chinese-occupied-features/](http://amti.csis.org/island-tracker/chinese-occupied-features/). Accessed 25 May 2017.

<sup>94</sup> Ankit Panda, “South China Sea: What's Taiwan Building on Itu Aba?” *The Diplomat* (21 September 2016), <http://www.thediplomat.com/2016/09/south-china-sea-whats-taiwan-building-on-itu-aba/>. Accessed 11 August 2017.

<sup>95</sup> Michael Vatikiotis, “Calming the waters in the South China Sea: a win-win for China,” *The Strategist*, <http://www.aspistrategist.org.au/calming-waters-south-china-sea-win-win-china/>. Accessed 11 August 2017.

such as allowing Philippine fisherman to fish around Scarborough Shoal and moving forward on negotiations for a Code of Conduct, might allow it to change the prevailing narrative and avoid the risk of a diplomatic push to enforce the PCA's rulings. Beijing's effort to reduce tensions was also facilitated to a large degree by the timely election of Rodrigo Duterte. Duterte's decision to shelve discussion of the PCA ruling smoothed the path for a China-Philippines détente that has facilitated a broader reduction in tensions and renewed diplomatic dialogue between claimants. Of particular note, China and ASEAN announced on May 18, 2017 that they had reached agreement on a framework for a Code of Conduct, which was endorsed by the ASEAN-China ministerial meeting on August 6.<sup>96</sup>

In this environment, one could easily be persuaded that the risk of crisis and conflict in the South China Sea is receding. However, renewed tensions between Vietnam and China in recent months highlight that the fundamental concerns driving instability in the South China Sea remain unchanged.<sup>97</sup> These underlying problems will continue to spark tension for the foreseeable future.

- *Militarization of Land Features* – Ongoing militarization of disputed outposts shows no signs of abating. China in particular has continued to fortify and deploy additional military capabilities to its South China Sea outposts.<sup>98</sup> In turn, other claimants such as Taiwan, Vietnam, and the Philippines have followed suit, with reported plans to expand existing runways, build infrastructure, and deploy new defensive systems.<sup>99</sup> Over the long-term, this

<sup>96</sup> “China, ASEAN agree on framework for South China Sea code of conduct,” *Reuters* (18 May 2017), <http://www.reuters.com/article/us-southchinasea-china-philippines-idUSKCN18E1FS>. Accessed 11 August 2017.

<sup>97</sup> “China Vietnam Maritime Tensions Flare Foreign Ministers,” *South China Morning Post* (28 August 2015), <http://www.scmp.com/news/china/diplomacy-defence/article/2105828/china-vietnam-maritime-tensions-flare-foreign-ministers>. Accessed 11 August 2017.

<sup>98</sup> See, Sam LaGrone, “U.S. Intelligence Assessment Disputes Chinese Claims of Limited Militarization, Ceased Land Reclamation in South China Sea,” *USNI News* (8 March 2016), [news.usni.org/2016/03/08/u-s-intelligence-assessment-disputes-chinese-claims-of-limited-militarization-ceased-land-reclamation-in-south-china-sea](http://news.usni.org/2016/03/08/u-s-intelligence-assessment-disputes-chinese-claims-of-limited-militarization-ceased-land-reclamation-in-south-china-sea); and [www.nytimes.com/2016/12/15/world/asia/china-sprately-islands.html?\\_r=0](http://www.nytimes.com/2016/12/15/world/asia/china-sprately-islands.html?_r=0). Recent reports also suggest China has reinforced surface-to-air missile sites on Woody Island, Mischief Reef, Fiery Cross Reef, and Subi Reef, and deployed new “anti-frogman” rocket launchers to Fiery Cross Reef. See, Thomas Gibbons-Neff, “New satellite images show reinforced Chinese surface-to-air missile sites near disputed islands,” *Washington Post* (23 February 2017), [www.washingtonpost.com/news/checkpoint/wp/2017/02/23/new-satellite-images-show-reinforced-chinese-surface-to-air-missile-sites-near-disputed-islands/?utm\\_term=.730d1ad2d44c](http://www.washingtonpost.com/news/checkpoint/wp/2017/02/23/new-satellite-images-show-reinforced-chinese-surface-to-air-missile-sites-near-disputed-islands/?utm_term=.730d1ad2d44c); and Jesse Johnson, “China deploys anti-diver rocket launchers to man-made island in South China Sea: report,” *Japan Times* (17 May 2017), [www.japantimes.co.jp/news/2017/05/17/asia-pacific/china-deploys-anti-diver-rocket-launchers-man-made-island-south-china-sea-report/#.WScD9GjyuUk](http://www.japantimes.co.jp/news/2017/05/17/asia-pacific/china-deploys-anti-diver-rocket-launchers-man-made-island-south-china-sea-report/#.WScD9GjyuUk).

<sup>99</sup> Manuel Mogato, “Philippines to Strengthen Military Facilities in South China Sea,” *U.S. News* (17 Mar. 2017), [www.usnews.com/news/world/articles/2017-03-17/philippine-military-says-halts-lawmakers-trip-to-south-china-sea-island](http://www.usnews.com/news/world/articles/2017-03-17/philippine-military-says-halts-lawmakers-trip-to-south-china-sea-island). Accessed 25 May 2017; and Demetri Sevastopulo, “Vietnam Extends Runway for Spy Flights on SCS Outpost,” *Financial Times* (17 Nov. 2016), [http://www.realcleardefense.com/2016/11/17/vietnam\\_extends\\_runway\\_for\\_spy\\_flights\\_on\\_scs\\_outpost\\_287698.html](http://www.realcleardefense.com/2016/11/17/vietnam_extends_runway_for_spy_flights_on_scs_outpost_287698.html). Accessed 25 May 2017; and Ankit Panda, “South China Sea: What’s Taiwan Building on Itu Aba?” *The Diplomat* (21 Sept. 2016), [www.thediplomat.com/2016/09/south-china-sea-whats-taiwan-building-on-itu-aba/](http://www.thediplomat.com/2016/09/south-china-sea-whats-taiwan-building-on-itu-aba/). Accessed 25 May 2017.

trend has the potential to substantially shift the baseline level of militarization in the South China Sea and escalate the risk of dangerous incidents.

- *A Fragile Détente* – While the détente between China and the Philippines has helped reduce tensions at present, this uncomfortable truce is unlikely to be enduring. President Duterte’s South China Sea policy remains unclear and inconsistent. It reflects the difficult tightrope he is walking with his embrace of Beijing, which has at times put him at odds with the Philippine Armed Forces (PAF), his own cabinet, and domestic sentiment.<sup>100</sup> China’s continued patrols and exploration of areas near Philippine territory, such as its recent activities around Benham Rise and Sandy Cay, will likely put additional pressure on Duterte’s accommodating stance, further increasing the risk that the present day détente may fray at the seams.
- *Pursuit of Administrative Control* – Claimants continue to expand their efforts to demonstrate sovereignty and administrative control in the South China Sea through a variety of means, including domestic legislation and administrative regulations, the establishment of villages and outposts on disputed features, sovereignty patrols, and nationalist propaganda.<sup>101</sup> These efforts will only serve to further harden disputes over time, making diplomatic compromises and the ultimate resolution of disputes increasingly difficult.
- *Escalation of Civilian Incidents* – The growing involvement of non-military vessels—maritime militia, fishing fleets, or maritime law enforcement vessels—in South China Sea incidents creates a complex problem for regional policymakers.<sup>102</sup> Of note, of 46 major incidents in the South China Sea from 2010-2016, 72% involved at least one Chinese maritime law enforcement vessel.<sup>103</sup> While some claimants have proposed the expansion of regional

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<sup>100</sup> Richard Javad Heydarian, “Duterte Faces Domestic Resistance,” *Asia Maritime Transparency Initiative* (13 April 2017), [amti.csis.org/duterte-faces-domestic-resistance/](http://amti.csis.org/duterte-faces-domestic-resistance/). Accessed 25 May 2017.

<sup>101</sup> Loi Huynh and Sayuri Umeda, “Vietnam: New National Law Intensifies International Dispute,” United States Library of Congress (19 Jul. 2012), [www.loc.gov/law/foreign-news/article/vietnam-new-national-law-intensifies-international-dispute/](http://www.loc.gov/law/foreign-news/article/vietnam-new-national-law-intensifies-international-dispute/). Accessed 25 May 2017; and Shinji Yamaguchi, “Creating Facts on the Sea: China’s Plan to Establish Sansha City,” *Asia Maritime Transparency Initiative* (17 April 2017), [amti.csis.org/chinas-plan-establish-sansha-city/](http://amti.csis.org/chinas-plan-establish-sansha-city/). Accessed 25 May 2017; and Stuart Leavenworth, “China’s Times Square Propaganda Video Accused of Skewing Views of British MP,” *The Guardian* (31 Jul. 2016), [www.theguardian.com/world/2016/jul/31/chinas-times-square-propaganda-video-accused-of-skewing-views-of-british-mp](http://www.theguardian.com/world/2016/jul/31/chinas-times-square-propaganda-video-accused-of-skewing-views-of-british-mp). Accessed 25 May 2017.

<sup>102</sup> For a good discussion of the expanded role of law enforcement vessels in regional sovereignty operations, see: Lyle Morris, “Blunt Defenders of Sovereignty: The Rise of Coast Guards in East and Southeast Asia,” *Naval War College Review* 70,2 (2017), [www.usnwc.edu/getattachment/ea0678e-83a0-4c67-8aab-0f829d7a2b27/Blunt-Defenders-of-Sovereignty---The-Rise-of-Coast.aspx](http://www.usnwc.edu/getattachment/ea0678e-83a0-4c67-8aab-0f829d7a2b27/Blunt-Defenders-of-Sovereignty---The-Rise-of-Coast.aspx). Accessed 11 August 2017. Additionally, a comparison of incidents in the South China Sea, a study by the National Defense University notes China’s growing reliance on paramilitary forces during the 2012 Scarborough Shoal incidents as opposed to the 1995 Mischief Reef incident. See [inss.ndu.edu/Portals/68/Documents/stratforum/SF-289.pdf](http://inss.ndu.edu/Portals/68/Documents/stratforum/SF-289.pdf).

<sup>103</sup> “Are Maritime Law Enforcement Forces Destabilizing Asia?,” *ChinaPower Project*, Center for Strategic and International Studies (2016), [chinapower.csis.org/maritime-forces-destabilizing-asia/](http://chinapower.csis.org/maritime-forces-destabilizing-asia/). Accessed 25 May 2017.

maritime agreements such as the Code for Unplanned Encounters at Sea (CUES) to include Coast Guard and maritime law enforcement vessels, to date, there are no uniform rules governing the behavior of such vessels or domestic fishing fleets. The absence of clear rules of the road regarding the appropriate activities of maritime law enforcement vessels and maritime militias has become a frequent and growing source of friction between claimants.

## Managing disputes and the way ahead

Given the significant risk of potential conflict, the most immediate priority for claimant states should be to develop clear and binding rules of the road to govern behavior in the South China Sea. At first glance, China and ASEAN's recent agreement on a framework for a Code of Conduct implies that such an outcome may be close at hand. However, initial reports on the newly concluded framework for the Code of Conduct have not been promising, suggesting that claimants may still remain worlds apart in reaching a consensus around contentious issues.<sup>104</sup>

The conclusion of a substantive and binding Code of Conduct remains the most direct step claimant states could take toward reducing tensions in the South China Sea. As the aftermath of the July 2016 PCA ruling has reaffirmed, any diplomatic solutions need the endorsement of all claimant states, and especially China, to place any types of meaningful restraints on state behavior. Otherwise, states will simply proceed apace with their existing activities, as they have for the past year, and the cycle of tensions will continue. Ultimately, the real question is the appetite of claimants to move beyond the status quo and negotiate a comprehensive, binding, and substantive agreement. There are certainly compelling incentives in some places to avoid such an outcome, especially for China, which might prefer to drag out negotiations and continue to consolidate *de facto* control of the South China Sea. But on balance, there is much to lose on all sides by perpetuating instability and uncertainty that prevents meaningful economic cooperation and risks broader conflict.

Thus as states move forward on negotiations over the coming months, it is worth considering what a substantive and comprehensive Code of Conduct that could bring about a meaningful reduction in tensions would entail. The following section outlines six key issues that claimant states would need to address in order to develop such an agreement:

**1. *It Must Be Binding.*** The rationale behind the development of a Code of Conduct was that claimants would commit to a binding set of principles and rules governing their behavior in the South China Sea. Ostensibly, these principles would also align with international law, including the UN Convention on the Law of the Sea (UNCLOS). Unfortunately, recent indications suggest some claimants may be walking away from that commitment, arguing instead for

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<sup>104</sup> Prashanth Parameswaran, "Will a China-ASEAN South China Sea Code of Conduct Really Matter?" *The Diplomat* (5 August 2017), <http://thediplomat.com/2017/08/will-a-china-asean-south-china-sea-code-of-conduct-really-matter/>. Accessed 11 August 2017.



an unenforceable “gentlemen’s agreement,” which in practice would be little different than the 2002 Declaration on the Conduct of Parties in the South China Sea (DOC).<sup>105</sup> Unless states can commit to meaningful restraints on their behavior that align with international law, the Code of Conduct will have little value as a conflict management mechanism.<sup>106</sup> Moreover, unless there are agreed upon enforcement mechanisms that provide states with recourse should one or more parties break the terms of the agreement, it will be difficult to see how the Code of Conduct becomes any more effective than the 2002 DOC.

**2. It Should Encompass the Entirety of the South China Sea.** In order to be effective in preventing crises and incidents, a Code of Conduct must cover the full geographic domain of the South China Sea. Given that China’s ambiguous “Nine-Dash Line” covers approximately 90% of the waters within the South China Sea, and multiple claimants have conflicting claims over issues such as overlapping Exclusive Economic Zones (EEZs) and continental shelves, a more limited agreement would have little effect on regulating maritime behavior. Recent incidents in areas as varied as the Luconia Shoals, Benham Rise, and the Natuna Islands have demonstrated the need for rules of the road that mitigate tensions across the broader region.

**3. It Should Tackle the Militarization Issue.** The construction of extensive infrastructure on disputed features, and the possible deployment of wide-ranging military assets to these outposts, have the potential to seriously destabilize the South China Sea. Claimant states, and China in particular, have largely avoided substantive discussions about militarization of outposts by couching all of these developments in terms of self-defence as well as search and rescue. However, lack of clarity about the potential uses of these new outposts is sparking deeper distrust among claimants. Claimants could help build mutual trust by agreeing to greater transparency about the types of capabilities they are deploying on disputed features and setting appropriate limitations on how these capabilities might be employed. Claimants should also discuss how to minimize militarization of disputed features and commit to refrain from deploying certain capabilities that might be viewed as destabilizing.

**4. It Should Address Both Military and Civilian Rules of Behavior.** In order to be effective, a Code of Conduct must establish clear rules of the road governing the behavior of non-military vessels (including law

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<sup>105</sup> Martin Petty and Manuel Mogato, “Philippines Calls for ‘Gentlemen’s Agreement’ Between ASEAN, China on Sea Code,” *Reuters* (19 May 2017), [www.businessinsider.com/r-philippines-calls-for-gentlemen-agreement-between-asean-china-on-sea-code-2017-5](http://www.businessinsider.com/r-philippines-calls-for-gentlemen-agreement-between-asean-china-on-sea-code-2017-5). Accessed 25 May 2017.

<sup>106</sup> The key issue here, of course, will be the question of enforceability. China has repeatedly made clear its unwillingness to submit to third-party dispute resolution, and thus, agreement on this issue will be an uphill battle. However, claimants could seek creative options, such as establishing a new claimant state dispute resolution mechanism, or they could simply table the issue, recognizing that, under UNCLOS, claimants still have the right to unilaterally bring their disputes forward via international venues like the Permanent Court of Arbitration (PCA).

enforcement, maritime militia, and fishing vessels) in the South China Sea. In particular, it should address the appropriate and inappropriate roles for these assets in sovereignty enforcement operations. One of the challenges of better addressing this issue is that while countries in the region have relatively robust Navy-Navy dialogue mechanisms, there are not yet similar forums for civilian-military dialogues, nor is there a Southeast Asian venue for Coast Guard dialogues. A Code of Conduct could lay the foundation for addressing this gap by establishing new confidence-building mechanisms, exercises, and dialogues to bridge the civil-military divide.

**5. It Should Include Affirmative Confidence-Building Initiatives.** A Code of Conduct need not, and should not, simply be a list of rules of “thou shalt nots” for the South China Sea. To establish a more positive baseline of behavior among claimant states, it should also include affirmative initiatives that build trust, cooperation, and confidence between claimants. Various nations have already tabled a range of proposals, including hotlines and info-sharing agreements, joint air or naval patrols, ship rider agreements, or the expansion of existing confidence-building measures such as CUES.<sup>107</sup> All of these initiatives could be valuable. In short, the precise nature of the initiative is less important than the commitment of participants to actually proceed with implementation and adhere to the provisions of the agreement.

**6. It Should Address Resource Sharing.** The issue of joint development and resource sharing will undoubtedly be one of the most contentious issues claimants will need to negotiate in a Code of Conduct. However, given the degree to which competition for these resources drives friction and instability, this conversation should not be avoided. The biggest point of contention for any discussion will be identifying the precise areas subject to joint cooperation. China would likely push for a maximalist approach, while ASEAN claimants would certainly object to any attempt to encompass their EEZs and continental shelf claims within the negotiations. Given that the true resolution of this debate will be dependent upon more binding maritime delimitation and dispute resolution talks, the best approach for the near-term might be to take a minimalist approach and seek a limited joint development zone. This can perhaps start with areas beyond any nations’ EEZ, where countries could establish an initial resource sharing agreement. In tandem, claimants could also establish a roadmap toward maritime delimitation negotiations that would pave the way for broader joint development agreements further down the road.

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<sup>107</sup> Prashanth Parameswaran, “ASEAN Joint Patrols in the South China Sea?,” *The Diplomat* (12 May 2015), [thediplomat.com/2015/05/asean-joint-patrols-in-the-south-china-sea/](http://thediplomat.com/2015/05/asean-joint-patrols-in-the-south-china-sea/). Accessed 25 May 2017; and Ben Otto and Chun Han Wong, “ASEAN, China Plan Hotline to Avoid South China Sea Clashes,” *The Wall Street Journal* (7 Sep. 2016), [www.wsj.com/articles/asean-china-plan-hotline-to-avoid-south-china-sea-clashes-1473260735](http://www.wsj.com/articles/asean-china-plan-hotline-to-avoid-south-china-sea-clashes-1473260735). Accessed 25 May 2017; and Sam Bateman, “CUES and Coast Guards,” *East Asia Forum* (7 Oct. 2016), [www.eastasiaforum.org/2016/10/07/cues-and-coast-guards/](http://www.eastasiaforum.org/2016/10/07/cues-and-coast-guards/). Accessed 25 May 2017.

## **Implications for Canada**

It has taken fifteen years for China and ASEAN claimants to move forward on Code of Conduct negotiations, so it is important to be realistic about the challenges that lay ahead in turning a “framework” into a substantive and binding document. Regardless of the pace and ultimate conclusion of Code of Conduct negotiations, however, regional partners such as Canada can still play an important role in conflict management in the South China Sea.

First, Canada could help promote and enforce a rule-based approach to conflict management and dispute resolution among claimant states. Canada, alongside other like-minded regional partners, should continue to publicly articulate the need for any Code of Conduct negotiations to be binding and to adhere to the rule of law, which must include making the July 2016 ruling by the Permanent Court of Arbitration the baseline for future negotiations. Regardless of President Duterte’s apparent decision to downplay the PCA’s ruling, it would send a terrible signal to other claimants should the international community overlook the importance of the court’s findings.

Second, Canada should consider expanding its efforts to encourage greater professionalization of regional maritime law enforcement through training and assistance, multilateral exercises and port calls, and other such activities. In particular, Canada should consider establishing a Coast Guard training program through the Canadian Coast Guard focused on training and assistance for ASEAN maritime law enforcement agencies. In addition to providing unilateral training for ASEAN partners, Canada could also leverage its role in the North Pacific Coast Guard Agencies Forum (NPCGF) to discuss opportunities to coordinate and collaborate on training activities with nations such as Japan and the United States.

Finally, Canada and other regional partners should remind claimants that further progress need not wait on the conclusion of Code of Conduct negotiations. While claimants may differ in their priorities and ultimate objectives for a Code of Conduct, they can nonetheless continue to develop and implement regional confidence-building initiatives even as negotiations are ongoing. Indeed, establishment of such initiatives could prove valuable in generating greater momentum toward an eventual Code of Conduct. Here, Canada could play a particularly valuable role by offering to sponsor unofficial dialogues between claimants to develop practical initiatives and steps to stabilize tensions and promote common interests. Canada is particularly well-positioned to play this role, given its positive reputation for having facilitated the 1990s South China Sea dialogues that helped lead to the establishment of the Declaration on the Conduct of Parties in the South China Sea in 2002.

## **Conclusion**

Although South China Sea disputes may not be new, the management and resolution of these disputes have taken on an increasing urgency in recent years as parties escalate efforts to unilaterally reinforce their claims in the absence of binding rules of the road. More broadly, tensions in the South China Sea reflect deep unease within the region over China’s

growing power and how it may choose to wield it in relations with regional neighbours. While it is unlikely that any permanent resolution of disputes is at hand for the foreseeable future, claimants have every interest in taking steps to prevent conflict and crisis. Agreeing to a binding and substantive Code of Conduct that prevents further unilateral actions remains the most direct way to achieve this goal. Whether or not claimants choose to seize this opportunity remains to be seen.

## The Shifting Extremist Threat in Southeast Asia

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The threat of extremist violence in Southeast Asia has risen over the last twelve months, although the danger of foreign fighters returning from Syria and Iraq to mobilise local groups remains more a concern for the near future than a documented fact. The risk comes mostly from groups in the region that are either inspired or directed by ISIS rather than from combat veterans coming back from fighting in the Middle East. The capacity of those groups, especially in Indonesia and Malaysia, remains low.

Several developments, however, bear watching:

- Cross-border travel is rising, particularly to the southern Philippines, in response to ISIS calls to join the jihad there. The number of foreign fighters with pro-ISIS forces remains low (likely under 20), but it could rise even as intensive military operations by the Philippine armed forces kill more militants in central Mindanao, Sulu, and Basilan.
- Southeast Asian and Bangladeshi pro-ISIS groups are finding more in common, and Bangladeshi extremists are recruiting among migrant workers in Singapore and Malaysia, traveling to Syria from Kuala Lumpur and in a few cases, looking for ways to get to Mindanao.
- The emergence of a new Rohingya armed insurgency on the Bangladesh-Myanmar border could spark new recruitment in the Rohingya community in Malaysia, attract trainers from ISIS or Al-Qaeda-linked groups in Bangladesh or Pakistan, inspire extremist Indonesians and Malaysians to try assist their fellow Muslims or lead to attacks against Myanmar government buildings or officials.
- The role of women in violent extremism has become increasingly important as male leaders decide they are less likely to invite suspicion. Women themselves are pushing for a more active role, and marriages in Syria and Iraq increasingly unite Southeast Asian women with foreign fighters from a variety of countries.
- The number of people being deported from Turkey back to Malaysia and Indonesia is rising as it becomes more difficult to cross into Syria (and as a few fighters who want to return make their way back to Turkey and get caught). The number of deportees are stretching police monitoring capacity and social services resources, as the deportees present both a risk and an opportunity, so far poorly utilised, to design and test reintegration programs to weaken extremist networks.

- The difficulty of entering Syria from Turkey means the numbers waiting in pro-ISIS safehouses in Turkey has risen, increasing the interaction with other groups while waiting, including with militant Uighur groups, and raising the importance of the ISIS-designated heads of these hostels.

## **Jihad in the Philippines**

Even as military operations intensify, men and money are making their way to Mindanao. The appeal of ISIS has produced an alliance linking Abu Sayyaf Group (ASG) members in Basilan and Zamboanga, former members of the Moro Islamic Liberation Front (MILF) and the Moro National Liberation Front (MNLF) in Lanao del Sur, Cotabato, Sultan Kudarat, and Sarangani, and converts to Islam from Luzon, the Visayas, and elsewhere. International outreach is directed by a Malaysian, Dr Mahmud Ahmad alias Abu Handzalah, who appears to have contacts throughout the region as well as to ISIS central.<sup>108</sup> The arrest of an Indonesian militant, Suryadi Mas'ood, in March 2017 provided insights into recruitment and travel routes to Mindanao as well as to efforts to purchase firearms there for use in Indonesia. In May 2017, an Indonesian ISIS member issued a call over social media to urge Indonesians to join the fight in the Philippines or to attack the Philippines embassy if they did not manage to leave.<sup>109</sup> Initially, the ISIS base was in Basilan under former ASG commander Isnilon Hapilon; military operations and the wounding of Hapilon in November 2016 appears to have shifted the nerve center to Lanao del Sur where the so-called Maute group prevails. The Philippines remains the only place in Southeast Asia where pro-ISIS groups can claim to hold territory.

ISIS supporters in the Philippines call themselves collectively “Islamic State-Eastern Region” (Daulah Islamiyah – Wilayah al-Mashariq) though they have not been formally recognized as such by ISIS central –not that formal recognition would make any operational difference. The ISIS central media bureau claimed credit for two small bomb explosions in the Quiapo neighbourhood in April and May 2017 despite police denials that they were linked to terrorism. ISIS also claimed responsibility for the June 2, 2017, attack at a Manila casino. Although the Duterte government insisted the perpetrator was a disgruntled employee with no link to terrorist groups, subsequent statements from pro-ISIS media in Mindanao suggested he was a recent convert to Islam and acted in the name of ISIS. Whatever the truth, there will likely be more attacks in the capital.<sup>110</sup>

## **The Bangladesh connection**

The attack on the Holey Artisan Bakery in Dhaka in July 2016 and subsequent arrests

<sup>108</sup> Institute for Policy Analysis of Conflict (IPAC), “Pro-ISIS Groups in Mindanao and Their Links to Indonesia and Malaysia,” Report no. 33, 15 (October 2016): 8-9.

<sup>109</sup> Message relayed over Telegram through someone using the name @Dari\_Situ.

<sup>110</sup> Jim Gomez, “ISIS claims deadly Manila explosion -- but police claim motive was ‘personal feud’,” *The Independent* (7 May 2017), <http://www.independent.co.uk/news/world/asia/manila-explosion-isis-philippines-islamic-state-rodrigo-duterte-a7722796.html>. Accessed 7 August 2017.

exposed some of the links between Malaysia and Bangladesh. For instance, several of the attackers had studied at Malaysian universities (and one of the masterminds had grown up and studied in Canada).

The interregional ties, however, are more extensive. Singapore and Malaysia have both found extremist cells in the Bangladeshi migrant worker community (a tiny fringe of an overwhelmingly law-abiding population). All were trying to recruit for operations back home; they showed no interest in violence in their host countries. In February 2017, however, Malaysian police deported two Bangladeshis who had contacted Dr Mahmud in Mindanao and were planning to leave to join him.

Perhaps of even greater concern is the emergence in mid-2016 of a new armed Rohingya insurgency on the Bangladesh-Myanmar border. Initially called Harekat al-Yakin (Faith Movement) and since March 2017 Arakan Rohingya Salvation Army (ARSA), the group reportedly has members trained by Pakistani militants and is recruiting in the Rohingya communities in southeastern Bangladesh and Malaysia.<sup>111</sup> Indonesian and Malaysian jihadis have long been interested in helping defend their fellow Muslims in Myanmar and they may see ARSA as a potential partner, even if thus far, the rebels have shown no interest in non-Rohingya help. Still, as violence on both sides in Myanmar's Rakhine state increases, ARSA could become more open to establishing regional ties.

### **The rise of women combatants**

The arrest of two female would-be martyrs in Indonesia in December 2016, one of them intent on bombing the presidential palace in Jakarta, put the region on notice that suicide bombing was no longer a male preserve. Several aspects of the case are worth noting. First, the women were looking for a path to martyrdom through bombing at the same time that an Indonesian ISIS leader in Syria, Bahrin Naim, had decided to seek out women candidates, believing they would attract less suspicion than men. Second, ISIS had initially ruled out any role of women in combat except in self-defence, seeing women largely in reproductive and teaching roles, but began to be more flexible as conditions in Syria and Iraq deteriorated. Third, both of the women were former migrant workers, underscoring the importance of understanding the specific dynamics of radicalization at work within the migrant community and designing prevention programs accordingly.

Women are strongly represented among Indonesian and Malaysian nationals in Syria and among pro-ISIS deportees sent back from Turkey, in part because the caliphate has proved a strong draw for families. In the first three batches of Indonesians returned in 2017, 79.2% of the 136 deportees were women and children. In many cases, women have been the drivers behind efforts to get to Syria; they wanted to bring their children up in a caliphate because they believed they would experience the purest form of Islam. The need to understand female extremist networks and the social and business ties that bind them is urgent, as is the need to develop reintegration programs for those returning. The Indonesian government has belatedly recognized the need, but unfortunately lacks the capacity for

<sup>111</sup> IPAC, "How Southeast Asian and Bangladeshi Extremism Intersect," Report no. 37, 8 (May 2017).

sustained follow-ups.

Little information is available about the marriages of Southeast Asian widows and girls in Syria, but there have been documented marriages of Indonesian and Malaysian women with French, North African, and Iraqi fighters. Indonesian fighters have also married Syrian women. The intermarriages are a phenomenon unique to the Syrian conflict; with one or two exceptions, Southeast Asian women did not go to Afghanistan in the 1980s and 1990s. The marriages could have implications for future cross-regional collaboration among extremist organizations.

### **Foreign fighters and the long way home**

It is safe to say that all security agencies in the region are concerned about the return of foreign fighters, but there is little sign of an influx yet –indeed, there are still would-be fighters in Indonesia and Malaysia trying to leave. Many more fighters are getting killed, one of the most notable in recent months being the Malaysian Mohammed Wanndy, who died in a drone strike in Raqqa on April 29, 2017. Malaysian police officials say that of the more than 250 people arrested in Malaysia for suspected ties to ISIS, a third were recruited by or had contact with Wanndy.<sup>112</sup> The May 23, 2017 takeover of Marawi city in Mindanao by pro-ISIS militants was a wake-up call that the more immediate threat may be from extremists in Indonesia, Malaysia, and elsewhere trying to join the fighting directly without ever having set foot in the Middle East.

While there have been reports of some Indonesians trying to leave Syria and Iraq, it is very difficult to do so given the current state of the conflict. In addition, those who have married local spouses may try to stay in the region. It is also important to underscore that not all those who joined ISIS did so with the intention of undertaking violence at home and would necessarily be a threat if, and when, they get back. Nevertheless, it would only take a few combat veterans with the intention of carrying on the war at home to turn the current network of largely hapless would-be terrorists into a much more serious threat. It became clear during the attack in central Jakarta in January 2016, for example, that the terrorists were not sure what to hit and did not know how to use firearms. Members of pro-ISIS cells have also had difficulty making workable bombs from online instructions. They need direct face-to-face training, and this is what returning fighters could provide.

Statistics on Southeast Asians having joined ISIS remain difficult to pin down, as most countries do not distinguish between adults and children or between returnees (those who have been in Syria) and deportees (those who were caught before they could cross the Turkish border). As of May 2017, police statistics for Indonesia, Malaysia and the Philippines were as follows:

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<sup>112</sup> Hata Wahari and Colin Forsythe, “Drone Strike Killed IS Militant Wanndy, Malaysia Confirms,” *BenarNews* (9 May 2017), <http://www.benarnews.org/english/news/malaysian/malaysia-wann-dy-05092017155015.html>. Accessed 7 August 2017.



<b>ISIS supporters</b>	<b>Indonesia</b>	<b>Malaysia</b>	<b>Philippines</b>
Nationals in Syria (adults and children identified by name)	510 (397 males, 113 females)	53 (24 adult males, 12 adult females, 17 children)	1 identified by name (5 others on video, but not identified)
Killed	84	35	?
Deported	400+	?	0
Returned	62	8	?

The Indonesian figures on returnees, however, include people who travelled to Syria to deliver humanitarian aid linked to several different armed groups, not just ISIS, and who had no intention of taking part in combat. It is not an accurate figure of those who participated in military training or actual fighting.

### **Caught in Turkey**

The growing difficulty of crossing into Syria has increased the responsibility of the ISIS liaisons who run safehouses in Istanbul and Turkish border towns for the often poorly informed Southeast Asians still hoping to join the caliphate. These safehouses become important contact points with stranded would-be fighters and their families from other regions of the world as well as with groups that have bases inside Turkey. One of these is the Turkistan Islamic Party (TIP) whose members have turned up fighting in Poso, Central Sulawesi, Indonesia; plotting bomb attacks on Indonesia’s Batam island, near Singapore; and perhaps taking part in the Erawan shrine bombing in Bangkok in August 2015. In the Indonesia cases, trial dossiers of the six Uighurs arrested there have shown that the links to Southeast Asian militants went through pro-ISIS Indonesians in Syria, their liaisons in Turkey, and Turkish nationals of Uighur descent who traveled from Turkey to Malaysia.<sup>113</sup>

### **Implications for Canada**

The risk of any violence in Canada from Southeast Asian extremist groups is extremely low. None of the pro-ISIS groups in Indonesia, Malaysia or the southern Philippines have links to Canada, and any extremists in the Bangladeshi or the tiny Rohingya communities will be far more interested in supporting groups at home than in their host country.

The risk to Canadians in Southeast Asia is another question. The major target in Indonesia remains the police, with other government officials second. Shi’a communities have been targets in Indonesia, Malaysia, and the Philippines; the only fatalities have been in the latter. While there have been instructions circulated to militants encouraging attacks

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<sup>113</sup> For a detailed description of one such case, see: IPAC, “Marawi, the ‘East Asia Wilayah’ and Indonesia,” Report no. 38 (21 July 2017): 18-19. Two Uighurs are on trial in Bangkok for the Erawan shrine bombing as this report went to press but their organizational affiliation remained unclear.

on foreigners, including the knifing of foreigners in upscale neighbourhoods or of surfers on Indonesian beaches, there have been no actual attempts. In the wake of attacks in Paris and Brussels in 2016, Indonesian extremists also discussed plots to target the Jakarta International School and Jakarta's international airport, but they decided security was too tight in the first and the plotters in the second were arrested before they could do anything. The return of an ISIS fighter with the ability to train and organize a mass casualty attack in which Canadians could be caught up remains a possibility in Indonesia and Malaysia (a Canadian died in a terrorist attack in Jakarta in January 2016) though police in both places have a good handle on existing networks. The skills exist at present to carry out such an attack in Manila.

As regional ties continue to grow, however, attacks could just as easily happen in Myanmar, Bangladesh, or Thailand. While the southern Thailand insurgency remains an ethno-nationalist movement, it is clear from the testimony of some pro-ISIS detainees that there are a few ISIS supporters in Thailand who have been willing to work with regional counterparts on the instructions of ISIS central.

At the moment, the author believes there is not much that Canadian aid can accomplish in terms of countering violent extremism (CVE). The region is awash with counter-terrorism funding: much of the funding is given to civil society organizations with low absorptive capacity or to government counter-terrorism agencies with already bloated budgets. As such, huge amounts of money are being wasted on CVE programs of dubious value. Targeted programs are still useful, however: Canadian initiatives such as the training of police through the Jakarta Centre for Law Enforcement Cooperation have been welcome and should continue. One very concrete need is for common procedures across the region for taking, recording, storing and, when necessary, sharing DNA samples in conflict situations, such as the fighting between government and pro-ISIS forces in Marawi. The best antidote to extremism, however, may lie in strengthening democracy and governance programs. For example, the more corruption can be tackled, the fewer the opportunities terrorists will have to acquire false documents, cross borders illegally, acquire arms, and communicate with friends in prison.

In short, Canada could indeed make a genuine contribution to the fight against extremist violence in Southeast Asia through such initiatives, which are perhaps less targeted or self-evident than CVE programs, but more effective in the long run in promoting Canadian interests and ensuring regional security.



## **Part 4**

# **Towards a Comprehensive Policy for Canada in Southeast Asia**

## Canada, an Indispensable Partner? Perceptions from the Region

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The Asia-Pacific region has reemerged as a center for global commerce and trade, driven largely by the rapid growth of Japan, the Asian Tigers, China, India and, more lately, economies in Southeast Asia. These economic trends, however, must be couched with real concerns around the potential for conflict in the region, which features several potential flashpoints and the progress toward economic liberalization most acutely in China. In Southeast Asia, the story is much the same: great opportunities, but emerging –and likely long-term– political risk and uncertainty. The Association of Southeast Asian Nations (ASEAN) now has a combined GDP of more than US\$2.5 trillion and is home to more than 625 million people. Despite its astonishing story of change and growth, Southeast Asia’s upward trajectory and security are threatened by destabilizing developments and potential conflicts, especially in the South China Sea.

Canada must become more engaged through enhanced participation on political and security issues in the region in order to both profit from its economic dynamism and to ensure that Canadian interests in Asia are protected. As Canada’s former foreign minister John Baird once noted:

*“We cannot afford to be a spectator. We know we have a contribution to make in shaping the future of Asia and Canada’s role in it. We know that Canada must take an active role in this part of the world. It’s simply not a choice; it’s not an option; it’s a national imperative.”<sup>114</sup>*

With the largest growing middle class in the world, Asia’s economic markets are slowly changing from export-led to consumption-focused economies. Capitalizing on these economic opportunities in Asia remains crucial to Canada’s long-term prosperity as it seeks to diversify its traditional trade relationships away from North American and European markets. Accompanying this economic growth is an evolving geopolitical environment in which China is actively working towards changing the current status quo and the United States dominance of the region’s security and governance. While tensions have not yet escalated to a level equivalent to that of the Cold War, the rise of China and the relative decline of the US have amplified a number of “tripwires” in the region that could stall or upend the trajectory of Asia’s transformation. The most problematic of these spoilers are: potential conflict on the Korean peninsula, cross-strait tensions between China and Taiwan, and maritime disputes in the East and South China Seas.

### **Canada: A welcomed partner but comprehensive engagement necessary**

Most states in Southeast Asia are favourable to Canada and welcome greater involvement

<sup>114</sup> John Baird, “Address by Minister Baird to Canadian Council of Chief Executives,” Foreign Affairs Canada (September 24, 2012) <http://news.gc.ca/web/article-en.do?nid=696349>. Accessed 10 August 2017.

from Ottawa in the region's predominantly ASEAN-centric economic, political and security architecture. That said, there continues to be concerns that Canada's approach to Asia remains myopically focused on economic markets and less attuned to the political-security dynamics in the region. This "trade first" mentality is somewhat understandable. Like many other likeminded countries in Europe and elsewhere, Canada has a desire and indeed an imperative to enhance its economic footprint in the region. Too often, however, this approach has been viewed critically in the region. As political-security concerns in the region continue to increase in pace and scope, a more balanced approach will be necessary for Canada to nurture a sustainable and robust bilateral and multilateral relationship in Asia.

This was most visibly demonstrated when the former ASEAN Secretary-General Surin Pitsuwan noted in 2012 during his visit to Ottawa:

*"The goodwill is there. The name (Canada) is there. But you don't see the sustained effort of trying to project it out. Canada is appreciated. But it's not an active engagement that projects that quality out."*<sup>115</sup>

The call for "active engagement" from Canada especially derives from the increased concern about security issues in the region. The defence and security postures across the Asia-Pacific have been changing at a rapid pace, fuelled by emerging markets and latent historical rivalries that have been reignited. While North Korea remains the region's pariah and most pressing security concern, threat perceptions in ASEAN member states have evolved over the past few years because of China's aggressive attempts to change the status quo in the South China Sea. Last summer, the Permanent Court of Arbitration (PCA) in the Hague issued its ruling<sup>116</sup> on the high-profile case brought forth by the Philippines concerning its dispute with China regarding the right of Manila to exploit natural resources in the Exclusive Economic Zone (EEZ) extending from territory claimed by the Philippines in the South China Sea. The long anticipated ruling awarded to the Philippines has been widely viewed by analysts and lawyers as an objective and authoritative denial of Beijing's expansionist territorial claims in the South China Sea based on its so-called "Nine-Dash Line".

China's recent land reclamation activities and militarization of maritime features in support of its expansive "Nine-Dash Line" have fundamentally altered the status quo in the region. While other states, including Vietnam and the Philippines, have also engaged in land reclamation, the pace of their construction and their manifest intent to militarize are not congruent with Beijing's efforts. According to a study by the Asian Maritime Transparency Initiative, run by the Center for Strategic and International Studies, Vietnam has only

<sup>115</sup> Campbell Clark, "Canada Denied Seat at East Asia Summit," *Globe and Mail* (September 20, 2012) <https://www.theglobeandmail.com/news/politics/canada-denied-seat-at-east-asia-summit/article4558196/>. Accessed 10 August 2017.

<sup>116</sup> "PCA Press Release: The South China Arbitration (The Republic of the Philippines v. The People's Republic of China)," Permanent Court of Arbitration (July 12, 2016) <https://pca-cpa.org/en/news/pca-press-release-the-south-china-sea-arbitration-the-republic-of-the-philippines-v-the-peoples-republic-of-china/>. Accessed 10 August 2017.

engaged in 120 acres of land reclamation in the disputed Spratly Islands, compared with 3000 acres of land reclamation by Beijing. Moreover, Chinese authorities called the PCA ruling a “waste of paper” and have indicated that they do not accept the court’s jurisdiction. Chinese authorities assert that China’s historical and sovereign rights should trump any determination made by the PCA. Indeed, there has been little indication that the decision has resulted in any fundamental geopolitical shift in Beijing’s calculations regarding the South China Sea.

Moreover, while Beijing remains unmoved by the PCA ruling, it simultaneously appears keen to take advantage of the ambiguity from the Trump administration with regard to its policy in the South China Sea. There is some concern in the region –which was on display during this year’s Shangri-la Dialogue– on the Trump administration’s over-concentration on tensions with North Korea and China’s “helpful” role in reigning in Pyongyang. This has led to anxiety that Washington might downplay Beijing’s other destabilizing actions in the East and South China Seas.

In addition to China’s assertive actions in the East China Sea, these moves have also concerned important regional allies to Canada such as Japan. Tensions in the Korean peninsula have only exacerbated a tense security environment and have entrenched a “security first” mindset in many of the states in the region.

### **Charting a principled course forward**

While Canada is not a claimant in the South China Sea maritime disputes, it should not be hesitant to vocally oppose China’s militarization of the reclaimed maritime features, which have been authoritatively defined as illegal by an international court. Ottawa should also look to work with partners in the region –such as Japan, Australia, the US and India– to build maritime capabilities of ASEAN states in the region, including Vietnam, Indonesia, the Philippines and Malaysia.

Robust Canadian engagement in Southeast Asia –and the Asia-Pacific more broadly– cannot be seen as a choice or a luxury anymore. There remains a perception in the region that Canada is only interested in Asia because of mercantile interests. Canada’s increased economic engagement –highlighted by its efforts on the Trans Pacific Partnership (TPP) and bilateral free-trade negotiations with key partners– indicates a positive trend that is being noticed by regional partners. However, there remains a marked deficit of complementary efforts to balance our engagement, notably by helping to build governance capacity in the region or addressing its security challenges, ranging from traditional security threats such as terrorism to non-traditional ones like food security. Currently, less than one-third of Canada’s global diplomatic footprint in terms of staff can be found in Asia.<sup>117</sup> This diplomatic posturing represents an outdated thinking of Canada’s strategic interests and further reinforces the image of Canada as pursuing an “economic silo” policy in Asia.

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<sup>117</sup> See, Canadian Government Offices Abroad, Global Affairs Canada (July 15, 2015) [http://www.international.gc.ca/cip-pic/description\\_bureaux-offices.aspx?lang=eng](http://www.international.gc.ca/cip-pic/description_bureaux-offices.aspx?lang=eng). Accessed 10 August 2017.

From an economic perspective, Canada can continue to enhance its ties with ASEAN member states both bilaterally and through its efforts in regional architecture, including the Asia-Pacific Economic Cooperation (APEC), the Asian Development Bank (ADB) and potentially even the Chinese-led Asian Infrastructure Investment Bank (AIIB) –which Ottawa agreed to join earlier this year.<sup>118</sup> From a trade perspective, Canada should look to continue taking a leadership role in pursuing the TPP negotiations, despite the absence of the US. The TPP would have connected Canada to critical markets in Southeast Asia, including Singapore, Malaysia, Vietnam, and Brunei. Perhaps even more critically, however, was the connection to larger regional economies, especially Japan (the third largest economy in the world and Canada’s second largest trading partner in the region after China).

Pushing forward a “TPP-11” will be difficult –considering the difficult concessions made largely because of US presence in the deal– but not impossible. The gains are not just economic however and will enhance Canada’s broader diplomatic and strategic commitment to the region. This is critical as many states in the region –including Japan and Singapore– question the consequences of the TPP’s failure. The US withdrawal from the deal has effectively provided an open causeway for China to promote its alternative economic and trade mechanisms for the region, including the AIIB, the Belt and Road Initiative and the Regional Comprehensive Economic Partnership. A ratification of the TPP-11 cannot undo the damage done by US retrenchment, but it can leave a golden-path opening for Washington to potentially return to the pact, if it wishes, in the coming years. It also sets out a marker for key rules and governance standards that Beijing and others in the region can aspire to in the coming years on critical areas such as digital e-commerce and intellectual property rights.

In order to address Asia’s transformation, Canada needs to ask itself some difficult questions and –more importantly– make hard policy choices on its global interests and where it should allocate its finite human and financial resources. Under the current fiscal constraints, it is challenging to suggest a rapid increase in manpower or funding to the Asia-Pacific region. With this consideration though, it is critical to analyze Canada’s commitments and engagements in other regions of the globe, including Europe, Africa, and even the Americas. Simply put, it is not a viable option to merely talk about rebalancing without attaching any firm and lasting financial commitment to the region –with 60% of the world’s population, using a simple formula, 60% of Ottawa’s diplomatic resources should therefore be allocated to the region.

Canada’s allies and partners are already rebalancing in a concrete fashion. The US pivot or “rebalance” had been a hallmark policy of the former Obama administration, which has identified Asia as the key region to US prosperity in the future. Under the Trump administration thus far, the core pillars of that pivot –minus the TPP and rise of protectionist

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<sup>118</sup> Nathan Vanderklippe, “Canada joins China-backed Asian infrastructure bank,” *Globe and Mail*, March 23, 2017.

<https://www.theglobeandmail.com/report-on-business/international-business/asia-pacific-business/canada-joins-china-backed-asian-infrastructure-bank/article34393706/>. Accessed 10 August 2017.



talk– seem intact. Similarly, Australia has been comprehensively stepping up its traditional engagement in the region through increased trade and investment, involvement on security issues, and also through people-to-people and business ties. An example of this is the New Colombo Plan<sup>119</sup>, which pledges more than AU\$100 million to encourage Australian students to study and undertake internships in Asia. To provide adequate resources for their countries’ pivot to the region, both the US and Australia have prioritized the recruitment of Asia specialists in their respective government apparatuses and allocated budgets to promote the learning of Asian languages in their schools and bureaucracies.

One of Canada’s main goals in the region is to become more involved in Asia’s governance bodies, namely through gaining membership in the leader-level East Asia Summit (EAS) and the ASEAN Defence Ministers Meeting-Plus (ADMM-Plus). ASEAN has indicated to Canada that membership to these increasingly influential bodies will require more “face time” from Canada in the region.<sup>120</sup> This leads to the question of our engagement in one of the most critical Asian multilateral fora, the Asia Pacific Economic Cooperation (APEC). Canada has been a member of APEC since its inception but has not hosted since 1997 in Vancouver (our first and only time as host). This situation contrasts with the majority of our traditional partners in APEC such as the US, Australia, Japan, and Singapore, which have all hosted the forum twice. If Canada wants to demonstrate its strong engagement and rebalance to Asia, it should step up to host APEC again in the near future.

## Conclusion

Canada can –and should– be realistic about the extent of its contributions from both a strategic and resource perspective. Ottawa has interests in balancing its engagement in Asia and has a natural economic pull to China, being its second largest trading partner after the US. That being said, political-security concerns on Beijing’s behaviour in the region should not be overlooked. For now, Canada can regain crucial diplomatic currency by strongly advocating its principles and support for international law and peaceful dispute settlement. Finally, it is critical for Canada to invest and increase its equities in this region through sustained resources aimed at strengthening its diplomatic, business, and people-to-people footprint in the region.

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<sup>119</sup> See, New Colombo Plan, Australian Government Department of Foreign Affairs and Trade. <http://dfat.gov.au/people-to-people/new-colombo-plan/pages/new-colombo-plan.aspx>. Accessed 10 August 2017.

<sup>120</sup> Campbell Clark, “Canada Denied Seat at East Asia Summit,” *Globe and Mail* (September 20, 2012) <https://www.theglobeandmail.com/news/politics/canada-denied-seat-at-east-asia-summit/article4558196/>. Accessed 10 August 2017.

## Elements of a Canadian Strategy for Southeast Asia: The Strategic Relevance of ASEAN

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At a moment of roiling geo-political turbulence and an unravelling world order, it is important to step back and take stock of Canadian options and priorities in Asia, including Southeast Asia, in a way bigger than business as usual.

The instincts and inclinations of the Trudeau government reflect a third generation of liberal internationalist thinking that includes a commitment to multilateral institutions, middle class prosperity, gender equality, and maintaining a rule-based order. But it has not yet articulated an integrated strategy for Asia or, for that matter, any other region of the world. China, Southeast Asia and the Association of Southeast Asian Nations (ASEAN) were scarcely mentioned in the defence or development assistance reviews or Minister Freeland's speech in the House of Commons on June 6<sup>th</sup>, 2017.

For the moment, the overwhelming priority of the government is parsing and responding to Mr. Trump's Washington. There is little governmental appetite or public pressure for increased attention to Asia, much less a comprehensive strategy.

We need to think back to the late 1980s during the period Joe Clark was foreign minister for a time when Ottawa was deeply interested in Southeast Asia as a region and committed significant resources to new ASEAN-related initiatives. Successive governments have not neglected individual Southeast Asian countries. They have gradually established diplomatic representation with each of the 10 members of ASEAN, appointed an Ambassador to ASEAN, maintained a modest aid program in some of the countries in the region, launched occasional ministerial visits, and more or less faithfully attended meetings of regional organizations of which Canada is a member.

And it is not that Canada and Southeast Asia have fallen off each other's screens, only that the level of activity and creative cooperation fall far short of the immediate potential and strategic possibilities of what Richard Stubbs calls "a natural alliance."<sup>121</sup> There has not been a significant and distinctive Canadian initiative in the region since the 1990s, when Ottawa sponsored workshops on managing potential conflicts in the South China Sea and on cooperative and human security. In addition, bilateral relations with several countries are constrained by a combination of consular and human rights cases.

As a prolegomena to the strategy that the country needs, I will outline here a reminder of why Southeast Asia matters to Canada now, the nature of the strategic moment,

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<sup>121</sup> Richard Stubbs, "ASEAN-Canada Relations: Anniversaries, Histories and the Future," ISEAS Yusof Ishak Institute (2017), <https://www.iseas.edu.sg/medias/video-gallery/item/5695-asean-lecture-aseancanada-relations-anniversaries-histories-and-the-future>. Accessed 11 August 2017.

our specific interests in ASEAN as a regional organization, and some ideas for putting more imagination and *umph* into our relations even in a context of diminished financial resources.

### **Why Southeast Asia and ASEAN matter**

Several essays in this volume outline the economic importance of Southeast Asia for Canada in terms of markets for Canadian goods and services, educational exchanges, and integration into trans-Pacific value chains. We have a major and expanding economic interest in and with Southeast Asia countries.

Others also deal with Southeast Asia and ASEAN as important players in addressing a range of global issues important to Canada, among them climate change, infectious diseases, terrorism, pluralism, and a rules-based trading system.

As discussed in some of the other essays, but rarely in academic writing, the media or public discussion, what deserved further attention is the strategic importance of ASEAN in its Asian neighbourhood at a time of a major power shift, a rising China, and an unsettled and unpredictable United States.

ASEAN was forged in 1967 in a regional context of new and fragile states, violent inter-state rivalries, and pervasive major power intervention. The grouping's most remarkable success has been that 50 years later, it has not only survived and expanded but done so much to strengthen national capacities, curtail those inter-state conflicts, and provide a stable platform for regional economic cooperation and integration. The discursive power of the Association is seen in the fact that most observers treat ASEAN and Southeast Asia as synonymous.

Unlike the European Union, ASEAN is not a security community in which strong institutions and deep interconnections make war unthinkable. But it is a diplomatic community with habits of cooperation that make war among its members extremely unlikely and that produce a normative foundation for a wider Asia-Pacific region. It has provided a degree of order and civility in what is a diverse and complicated neighbourhood. More than a geographic space, it is at its best a place of imagination and action that provides a language of community and serves as an incubator for inclusive multilateralism.

In Eastern Asia and the Indo-Pacific worlds, ASEAN is the only multilateral game in town in a context where none of the major powers—China, the US, Russia, Japan or India—have the legitimacy or support to fashion an institutional architecture in their own image. More importantly, its norms, mechanisms and platforms are an imperfect but functional foundation for a stable regional order committed to open economic activity, pluralism, and non-violent means to conflict resolution. Engaging external powers has never been the core of ASEAN's mission. But in a context of deep interdependence and Eastern Asian-wide integration, securing Southeast Asia has meant being proactive in a wider region.

ASEAN is a central player in broader Asia Pacific issues, the fate of multilateralism and

what is now fashionable to call a rules-based regional order. One of its key features is that it is flexible, inclusive and non-aligned in fashioning those rules.

Rather than seeing ASEAN as counter-balancing or containing a rising China, its partners can support it as an organization committed to building a strong, stable, and prosperous Southeast Asia that remains open, pluralist, multi-cultural, and a hub for cooperative action within and beyond its immediate boundaries. Put another way, getting ASEAN right is a fundamental element of a Middle Power approach to getting China and US-China relations right. Canada and ASEAN have a common interest in an orderly and predictable world that places some limits to the ambition and reach of dominant powers, and that builds bridges across political and ideological divides.

### **The strategic context**

There are two major forces shaping the strategic environment. One is the rise of China, a process in motion for two decades and accelerating in a regional context of its One Belt One Road and infrastructure push, as well as its deepening investments and construction projects in many parts of Southeast Asia. The weight and impact of China's economic rise are readily visible. It is the largest trading partner of ASEAN, a major investor, a key supporter of the ASEAN-led Regional Comprehensive Economic Partnership (RCEP) negotiations, and orchestrating infrastructure investments and projects on a monumental scale. Its military capabilities are increasing in size and sophistication. Reclaimed reefs and artificial islands in the South China Sea may not be appreciated by other regional states, but they are tangible markers of China's evolving significance, self-confidence and assertiveness.

These tangible and visible dimensions of China's gravitational pull are reinforced by a more subtle but equally significant force: the rising presence and influence of China *inside* Southeast Asian countries. This new presence has multiple dimensions: the use of Chinese language; the popularity of Chinese culture; expanded flows of tourists, students, business people, and temporary workers; and new connections with overseas Chinese residents throughout the region.

The second is the Trump era and his "America First" commitment. The populism, xenophobia, and mean-spiritedness embodied in the Trump campaign and the first six months of his presidency, combined with images of a deeply divided and polarized America with a dysfunctional political system, have shaken Southeast Asia and the world. These are compounded by doubts about the Trump administration's commitment to an open trading system, globalization and global value chains, and the promotion of democratic values and human rights. The withdrawal from the Trans-Pacific Partnership (which includes four Southeast Asian countries), the preference for new bilateral deals, diminished support for the United Nations and multilateral institutions are symptoms of a transactional, deal-centered, approach. It reflects and amplifies a zero-sum approach to international affairs far removed from the liberal international order that Trump's predecessors since Franklin Roosevelt endeavoured to build. The post-war American consensus on its preferred world order has

been fractured and American exceptionalism defined in a whole new way.

From a Southeast Asian perspective, Trump's America is increasingly unpredictable, difficult to trust, and of receding influence.

Canada, Germany, and the countries of Southeast Asia cannot expect the kind of American leadership that they have occasionally disagreed with but constantly depended upon for more than seventy years. As Minister Freeland prescribed, it is now essential "for the rest of us to set our own clear and sovereign course" including "an active role in the preservation and strengthening of the global order."<sup>122</sup> Angela Merkel said something similar in observing that "the times on which we could completely depend on others are, to a certain extent, over...We Europeans truly have to take our fate into our own hands."<sup>123</sup>

Southeast Asia faces the same challenge. There is no reason to think its task will be any easier, or less important, in a broader world that includes contesting giants on ASEAN's doorstep. But there is every reason to give it support and encouragement.

### Next steps

Even in advance of the formulation of a well-developed and articulated strategy, there are several steps Canada can take.

First, seek membership in key regional institutions including the East Asia Summit and the ASEAN Defence Ministers Meeting Plus (ADMM-Plus) not as ends in themselves but as means to achieving political and economic objectives that are clearly defined and effectively communicated.

Second, expand our understanding and support for the work of the ASEAN Secretariat. It requires new resources to do what it already does well. We cannot solve the problem of chronic underfunding from its member countries (its annual budget of \$26 million is roughly 1/8000<sup>th</sup> that of the EU). The "ASEAN Online" management software provided to the secretariat has been helpful but not widely communicated in Canada or within the region. We need something more visible as a way to catch public attention. The recently announced *Scholarships and Educational Exchanges for Development* initiative is a good step in that direction.<sup>124</sup>

Third, at a time that the international order appears, in Joe Clark's words, to be "coming

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<sup>122</sup> Global Affairs Canada. "Address by Minister Freeland on Canada's Foreign Policy." 6 June 2017, [https://www.canada.ca/en/global-affairs/news/2017/06/address\\_by\\_ministerfreelandoncanadasforeignpolicy-priorities.html](https://www.canada.ca/en/global-affairs/news/2017/06/address_by_ministerfreelandoncanadasforeignpolicy-priorities.html) Accessed 11 August 2017.

<sup>123</sup> Susan Moore, "Angela Merkel shows how the leader of the free world should act," *The Guardian* (29 May 2017), <https://www.theguardian.com/commentisfree/2017/may/29/angela-merkel-leader-free-world-donald-trump>. Accessed 11 August 2017.

<sup>124</sup> Global Affairs Canada, "Canada announces new scholarship program for ASEAN," (6 August 2017) [https://www.canada.ca/en/global-affairs/news/2017/08/canada\\_announcesnewscholarshipprogramforasean.html](https://www.canada.ca/en/global-affairs/news/2017/08/canada_announcesnewscholarshipprogramforasean.html). Accessed 11 August 2017.

apart,” take advantage of Middle Power credentials and possibilities. The most creative period in Canada-ASEAN relations was fuelled by the vision and chemistry of political leaders on both sides. It happened in the context of uncertainty created by the ending of the Cold War and a geo-strategic tilt toward US dominance, at the same time Canada and most ASEAN members were pursuing expanded engagement with China. The fortuitous result was a doubling down on bilateral links and multilateral institution-building through imaginative support for organizations like the ASEAN Regional Forum. Ottawa also provided substantial support for track-two processes focused on the South China Sea and regional security cooperation as well as ASEAN-anchored institutions, including the Council for Security Cooperation in Asia Pacific. It is regrettable, and not unnoticed in the region, that Canadian funding for these dialogue channels has largely dried up. These need to be renewed with a new kind of coordinating and communication mechanism and the involvement of a next generation of participants and leaders.

Fourth, beyond showing up, Ottawa should show leadership and commitment by championing and sponsoring one or two well-chosen and high-profile initiatives. Some at the conference outlined possibilities in the educational sector. Another possibility that addresses a vital regional issue of economic, social, diplomatic, and military significance concerns the management of marine resources in the South China Sea, especially the collapse of fish stocks. It is only a slight exaggeration to say that it will not be long before there are more submarines than fish in regional waters. The governance challenges in protecting marine resources are huge and need careful mapping and new mechanisms for cooperation despite conflicting territorial and sovereignty claims. Canadian experience with the collapse of its own East Coast fishery plus the earlier role in track-two processes on related matters in the South China Sea are both recognized and important. This particular issue could serve as an important, concrete basis for a constructive, original, and cross-sectoral reengagement of the region.

In short, moving beyond a low-key but respectful partnership with ASEAN and key Southeast Asian countries to something more dynamic is especially important at this uncertain moment. To get ASEAN attention and support it will need to be anchored in a well-articulated and communicated strategy and include an identifiable set of distinctive initiatives. This conference is a sign that Ottawa is considering options on what both of these should look like. Minister Freeland’s first visit to the region in August 2017 for the ARF ministerial meetings, and the resulting announcements<sup>125</sup>, is an encouraging development.

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<sup>125</sup> Global Affairs Canada, “New Canadian assistance in Southeast Asia.” 7 August 2017, [https://www.canada.ca/en/global-affairs/news/2017/08/new\\_canadian\\_assistanceinsoutheastasia.html](https://www.canada.ca/en/global-affairs/news/2017/08/new_canadian_assistanceinsoutheastasia.html). Accessed 22 August 2017.

# Conclusion

## Institutional Dilemmas in Southeast Asia: Flexibility, Credibility, Stability and the State

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According to the *National Opinion Poll: Canadian Views on Asia 2016* report by the Asia Pacific Foundation (APF), for Canadians, ASEAN countries consistently rank low, if not the lowest, in terms of their importance to Canada’s economic prosperity.<sup>126</sup> In an op-ed published in 2015, Stewart Beck, APF President and CEO, commented that, in the perception of many Canadians, ASEAN remains “convoluted and confusing,” “a mishmash of disparate nations with varying forms of government; different levels of development; diverse cultures and religions; and, quite often, troubled historical pasts.”<sup>127</sup> At some level, there appears to be discomfort, even reservations, in this perception of Southeast Asia. Part of the challenge of furthering Canada’s engagement with Southeast Asia is precisely to demystify this view, that is, to advance a deeper understanding of the complexity and diversity characteristic of the region and its identity.

*Table 1: Importance to Canada’s Economic Prosperity*

<b>2012</b>		<b>2014</b>		<b>2016</b>	
China:	46%	China:	35%	China:	40%
Japan:	26%	Japan:	31%	Japan:	34%
India:	16%	Australia:	26%	India:	24%
<b>ASEAN:</b>	<b>12%</b>	India:	20%	Australia:	22%
South Korea:	10%	South Korea:	13%	South Korea:	16%
Australia:	NA	<b>ASEAN:</b>	<b>12%</b>	<b>ASEAN:</b>	<b>15%</b>

\*Note: Percentage of Canadians who perceived that the countries or regions are important to Canada’s prosperity from APF’s *National Opinion Poll: Canadian Views on Asia 2016*.

Contributors to this special volume on “Southeast Asia in an Evolving Global Landscape” have responded directly to the challenge by integrating their research and practice to effectively inform Canada’s policy in Southeast Asia. With that objective, analyses in the volume highlighted several key overarching points. First, Southeast Asia is a region of burgeoning economic opportunities, and ASEAN is an indispensable intergovernmental pillar of regional security and stability. Strengthening Canada’s engagement with countries in the region and ASEAN is thus an imperative for Canada. Second, it is important that Canada demonstrates a credible commitment by sustaining its engagement and presence

<sup>126</sup> “2016 National Opinion Poll: Canadian Views on Asia,” Asia Pacific Foundation. [https://www.asiapacific.ca/sites/default/files/filefield/apf\\_canada\\_2016\\_nop\\_final.pdf](https://www.asiapacific.ca/sites/default/files/filefield/apf_canada_2016_nop_final.pdf). Accessed 5 August 2017.

<sup>127</sup> Stewart Beck, “Canada, Meet Southeast Asia,” Asia Pacific Foundation (March 18, 2015). <https://www.asiapacific.ca/op-eds/canada-meet-southeast-asia>. Accessed 5 August 2017.

abroad in the region as well as its commitment at home to support study, research, and in-house expertise on Southeast Asia. Third, given the diversity and divergent interests of ASEAN countries, a flexible and pragmatic approach which takes into consideration the importance of country-specific contexts as well as regional dynamics will more likely yield fruitful achievements.

Despite the centrality of ASEAN in the institutional architecture of the region on trade and security, ASEAN remains deeply divided and bounded by constraints. The recent delay by ASEAN in issuing a joint statement after the gathering in Manila in August was an exemplary indicator of the strained efforts by members to reach an agreement on contested issues such as China's assertion, reclamation, and construction in the South China Sea. In many ways, ASEAN faces a fundamental dilemma often confronted by multilateral institutions, that is, the trade-off between flexibility and credibility in institutional design. Divergent interests and priorities demand ASEAN to give ways for greater flexibility in order to accommodate and refrain from infringing on its members' sovereignty. On the one hand, Paul Evans suggests that the "flexible, inclusive and non-aligned" nature of ASEAN is a key feature that does not necessarily preclude the organization from realizing its commitment to building "a strong, stable, and prosperous Southeast Asia." On the other hand, absent a more binding institutional framework, the efficiency and credibility of the institution are questionable. As Lindsey Ford stresses, the number one criteria for a multilateral framework, such as the Code of Conduct between China and ASEAN countries, is that it must be binding. Likewise, a principal reason why Deborah Elms and Barath Harithas are skeptical about the likelihood of a Canada-ASEAN FTA in the foreseeable future has much to do with ASEAN's lack of the kind of institutional rigor needed to bind its members to negotiate and conclude a comprehensive and high-quality agreement.

While it is indeed important to consistently support the progress toward building a regional economic and security community in Southeast Asia, it is also apparent that a narrow and exclusive reliance on ASEAN, without equal or greater attention to the institutional dynamics and particular context of individual countries, will also lead to other "missed opportunities." Elms and Harithas argue that it is much more sensible to allocate scarce resources to pursue potential bilateral agreements based on existing commitments between Canada and individual states as opposed to an ambitious and visionary but likely unfeasible Canada-ASEAN FTA. On countering terrorism and insurgency, Sidney Jones discusses how regional ties fall short from providing the "antidote to extremism"; rather, the antidote may lie in renewed efforts to strengthen institutional capacities and governance of individual countries.

A comprehensive and balanced approach to "active engagement" by Canada in Southeast Asia must therefore direct greater attention and support to strengthen the political and institutional framework within individual countries. The fact that fundamental institutional structures about the decision-making process and political representation often remain heavily contested in many Southeast Asian countries not only feeds domestic political instability but also affects international cooperation. The linkage between domestic politics and international policy should not be overlooked in Canada's comprehensive and balanced



approach to Southeast Asia. State-building and institutional capacity are a necessary condition for effective performance, policy-making, and international cooperation. A state with higher capacity to avoid capture and plunder by powerful particularistic interests is better able to pursue effective and responsive policy that advances the public good as well as to enhance policy coherence and credible commitment to international cooperation.

### **Taking the state seriously**

Closer analyses of three Southeast Asian countries from a comparative perspective below show that regime type itself is not a deterministic factor for effective performance; rather, it is the degree of institutionalization, “the process by which organizations and procedures acquire value and stability,”<sup>128</sup> that matters significantly for effective policy and performance, irrespective of normative claims about regime types. Vietnam, Thailand, and the Philippines represent the spectrum of political systems found in the region with varying degrees of political order and stability. Vietnam has been a stable single-party regime since the “reunification” of the country in 1975. In contrast, the Philippines stands out as the earliest electoral democracy in the region with the first election dated as far back as 1901. Since its independence in 1946, Philippine democracy was interrupted by the Ferdinand Marcos dictatorship from 1972 to 1986, and followed by seven coup attempts during the tenure of Corazon Aquino after democracy was restored by the 1986 People Power Revolution. It is also ranked as a country with one of the highest levels of electoral volatility in the region.<sup>129</sup> Thailand is situated somewhere in between, swaying from democracy to non-democracy, with as many as 19 coups (and counting)<sup>130</sup> since the overthrow of Thailand’s absolute ruling monarchy in 1932 to the latest coup against then-Prime Minister Yingluck Shinawatra in 2014 by the Thai military.

#### **A. Vietnam**

Since the Communist Party of Vietnam (CPV) established *de jure* rule of the entire country after 1975, the Party has demonstrated a persistent effort to build a strong and capable institutional apparatus to govern effectively in addition to consolidating and preserving the political order of the regime. Despite its authoritarian label, Vietnam has been relatively responsive and effective in incorporating public interests and providing public goods. Comparative studies find that Vietnam has managed to achieve a high level

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<sup>128</sup> Samuel P. Huntington, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968), 12.

<sup>129</sup> Allen Hicken and Erik Martinez Kuhonta, “Introduction: Rethinking Party System Institutionalization in Asia,” *Party System Institutionalization in Asia: Democracies, Autocracies, and the Shadows of the Past*, (eds.) Allen Hicken and Erik Kuhonta (Cambridge: Cambridge University Press, 2015), 12.

<sup>130</sup> The exact count of actual and attempted coups Thailand has had is not necessarily self-evident. See, for example, Nicholas Farrelly, “Counting Thailand’s Coup,” *New Mandala* (March 2011). <http://www.newmandala.org/counting-thailands-coups/>. Accessed 8 August 2017. Also see, Greg Myre, “Why Does Thailand Have So Many Coups?” NPR.org (May 22, 2014). <http://www.npr.org/sections/parallels/2014/05/22/314862858/why-does-thailand-have-so-many-coups>. Accessed 4 August 2017.

of economic development with lower inequality than the Philippines<sup>131</sup> and China<sup>132</sup>. This positive performance is attributed to the degree of institutionalization and institutional capacity of the state as well as the relative autonomy of state institutions.

There is an increased emphasis on formal rules of law as Vietnam pursues further reforms of key policymaking institutions. One can find evidence of such effort in the recent reforms of the Constitution in 2013, the Law on the Organization of the National Assembly in 2014, the Law on Oversight Activities of the National Assembly and People's Councils in 2015, and the Law on the Promulgation of Legislative Documents in 2015. In one way or another, these reform measures seek to further organize, clarify, and consolidate government functions and responsibilities and the programmatic agenda of the Vietnamese party-state. More specifically, they contain provisions that strengthen institutional oversight mechanisms, particularly those performed by the National Assembly<sup>133</sup> as well as citizen monitoring and evaluation, in order to improve the performance of state institutions.

Certainly, there remain limitations to the reforms, and exactly how far the CPV will allow reforms to take is still in question. Nevertheless, Vietnam has been relatively open and receptive to participation and input from international partners and organizations in the process. It is therefore an advantageous time for Canada to seek opportunities to deepen its involvement through partnerships with both state and non-state domestic institutions and organizations in activities like policy research, dialogues, and programs on law, policy, and institutional reforms.

## **B. The Philippines**

Compared to Vietnam, the Philippine state lacks the institutional capacity and autonomy to push through comprehensive, programmatic policy reforms that advance the public good. The weakness of institutional structures in the Philippines fundamentally has to do with the dominance of personalistic and clientelistic interests which have been deeply entrenched in the political system since the American colonial days. Through cyclical elections, the political system has been “choked continually by an anarchy of particularistic demands from, and particularistic actions on behalf of, those oligarchs and cronies who are currently most favored by its top official.”<sup>134</sup> In short, lacking in capacity and autonomy, the Philippine state has been largely captured by oligarchs, with “guns, goons and gold”<sup>135</sup>.

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<sup>131</sup> Erik Kuhonta, *The Institutional Imperative: The Politics of Equitable Development in Southeast Asia* (Stanford: Stanford University Press, 2011).

<sup>132</sup> Edmund J. Malesky, Regina M. Abrami, and Yu Zheng, “Institutions and Inequality in Single-Party Regimes: A Comparative Analysis of Vietnam and China,” *Comparative Politics* 43,4 (July 2011): 409-427.

<sup>133</sup> “Toward More Effective Government Oversight by the National Assembly,” *The Asia Foundation* <http://www.asiafoundation.org/resources/pdfs/TowardMoreEffectiveGovernmentOversightbytheNational-AssemblyofVietnam.pdf>. Accessed 7 August 2017.

<sup>134</sup> Paul D. Hutchcroft, “Oligarchs and Cronies in the Philippine State: The Politics of Patrimonial Plunder,” *World Politics* 43,3 (1991): 415.

<sup>135</sup> Paul D. Hutchcroft, *Booty Capitalism: The Politics of Banking in the Philippines* (Ithaca, NY: Cornell University Press, 1998).

This defective pattern continues well into the present day. According to one study, the percentage of members of Congress belonging to a family dynasty has steadily increased from 62 percent since the Congress (1987-1992) to 72 percent in the 13<sup>th</sup> Congress (2003-2006) in the Philippines.<sup>136</sup> An empirical study on the effect of “dynastic rule” in the Philippine House of Representatives further finds not only that areas dominated by family dynasties are less likely to receive public good provisions, but also that they experience poorer governance overall, including poorer infrastructural development, low healthcare spending, and ineffective prevention of crime.<sup>137</sup> Part of the reasons for the overwhelming popular support<sup>138</sup> for President Rodrigo Duterte is that, for many Filipinos, Duterte’s ascendancy, populist policies, and approach to policy implementation signal, at the very least, a long-awaited break from the grip of oligarchs on the Philippine state. At the same time, Duterte’s decision-making power is practically unconstrained by the Philippine institutionally weak state. Under the charismatic yet domineering and impulsive leadership of Duterte, as manifested by his war on drugs, martial law<sup>139</sup>, and unpredictable foreign policy, the Philippine state thence continues down a precarious trajectory.

### C. Thailand

Next to Vietnam and the Philippines, Thailand is a moderate case with intermittent attempts at institutionalization and partial results, but also constant military interventions. On the one hand, the weakness of Thailand’s party system resembles the Philippines’ insofar as the system has been one of “institutional fecklessness and ideological vacuousness,” monopolized and manipulated by powerful businessmen and former generals who went through the revolving door for personal gains.<sup>140</sup> On the other hand, the emergence of the Thai Rak Thai (TRT) Party led by Thaksin Shinawatra<sup>141</sup> in 2001 was the exception that differentiated Thailand’s experience from that of the Philippines. TRT demonstrated its organizational capacity by advancing cohesive, responsive, public-oriented policies such as pro-poor programs, universal health care, and financial assistance initiatives to farmers. As Erik Martinez Kuhonta stresses, “For the first time in Thailand’s democracy, legitimacy

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<sup>136</sup> Sheila Coronel, Yvonne Chua, Luz Rimban, and Booma B. Cruz (Eds.), *The Rulemakers: How the Wealthy and the Well Born Dominate Congress* (Quezon City: Philippine Center for Investigative Journalism, 2007).

<sup>137</sup> Rollin F. Tusalem, and Jeffrey J. Pe-Aguirre, “The Effect of Political Dynasties on Effective Democratic Governance: Evidence from the Philippines,” *Asian Politics and Policy* 5,3 (2013): 359-386.

<sup>138</sup> Aurora Almendral, “Rodrigo Duterte, Scorned Abroad, Remains Popular in the Philippines,” *New York Times* (October 13, 2016). <https://www.nytimes.com/2016/10/14/world/asia/philippines-rodrigo-duterte-rating.html>. Accessed 7 August 2017.

<sup>139</sup> Jonathan Hustedt, “Why Duterte’d Martial Law Declaration in Mindanao is So Concerning,” *The Diplomat* (June 13, 2017) <http://thediplomat.com/2017/06/why-dutertes-martial-law-declaration-in-mindanao-is-so-concerning/>. Accessed 8 August 2017.

<sup>140</sup> Erik Martinez Kuhonta, “Thailand’s Feckless Parties and Party System: A Path-Dependent Analysis,” in Allen Hicken and Erik Martinez Kuhonta, eds., *Party Institutionalization in Asia* (Cambridge: Cambridge University Press, 2015), 280.

<sup>141</sup> Thaksin Shinawatra is the former Prime Minister of Thailand from 2001 until the 2006 military coup and the brother of the more recently ousted Prime Minister Yingluck Shinawatra by the 2014 coup.

was being claimed based on policy performance by a political party.<sup>142</sup> Overwhelming popular support for TRT in turn also forced other political parties to compete by advocating for their own universal health care proposals, land reforms, free public education, and other public-oriented policies.<sup>143</sup>

Such progress, however, is often cut short by military-led interventions and party banning in Thailand. While the military has always chosen to relinquish its power after the resettlement of new political arrangements in the past, the entrenchment of the military and the perception that the military reserves the power to overtake the political system at any point in time it deems necessary is a grave hindrance to institutionalization. The practice of political party banning and dissolution in Thailand since 2006 further “hampers” party institutionalization and promotes clientelism and patronage in the political system.<sup>144</sup>

In the present day, Thailand faces “the triple threat”: The succession of King Bhumibol Adulyadej by his son King Maha Vajiralongkorn Bodindradebayavarangkun; the extended military rule of Thailand under General Prayuth Chan-o-cha; and the escalation of separatist insurgency in southern provinces.<sup>145</sup> Against this backdrop, if Canada is serious about its commitment to a sustainable, long-term engagement with Thailand, it should demonstrate that it gives priority to governance and the restitution of a rule of law—as opposed to rule *by* law—in the country, rather than acting complacent or quiescent in the interest of securing trade and economic relations. To make up for “lost time,” Jonathan Miller has cautioned Canada against falling back into the previous approach, which was narrowly defined by a “trade first” mentality and myopic focus on market opportunities.

For the many civilians, academics, and organizations that have been suppressed and derogated by the Thai junta, “business” simply does not go on as usual since the May 2014 coup. In response, on July 17, 2017, “the Community of International Academics” and scholars of Thai studies attending the 13<sup>th</sup> International Thai Studies Conference together released a statement on academic freedom and human rights in Chiang Mai.<sup>146</sup>

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<sup>142</sup> Erik Martinez Kuhonta, “Social Cleavages, Political Parties, and the Building of Performance Legitimacy in Southeast Asia,” *Parties, Movements and Democracy in the Development World*, (eds.) Nancy Bermeo and Deborah J. Yashar. Cambridge University Press, 2016. P. 86.

<sup>143</sup> See for example, Erik Martinez Kuhonta, “The Politics of Health Care Reform in Thailand,” *Towards Universal Health Care in Emerging Economies. Social Policy in a Development Context* (London: Palgrave Macmillan, 2017); Joel Selway, “Electoral Reform and Public Policy Outcomes in Thailand: The Politics of the 30-Baht Health Scheme,” *World Politics* 63,1 (2011), 179.

<sup>144</sup> Aim Sinpeng, “Party Banning and the Impact on Party System Institutionalization in Thailand,” *Contemporary Southeast Asia* 36,3 (2014), 442-66.

<sup>145</sup> Nicholas Farrelly, “Thailand’s Triple Threat”. (July 2017). Available online: <https://www.lowyinstitute.org/publications/thailand-triple-threat>

<sup>146</sup> “Return the space of knowledge, rights, civil liberties to Thai society.” July 7, 2017. <http://prachatai.org/english/node/7276>. Accessed 8 August 2017. It is reported that, following the public release of the statement, three academics, including the well-known political scientist Prajak Kongkirati who read the statement out loud at the conference, were asked in an internal memorandum by the Interior Ministry to report to the local junta security unit for a “talk”. See, “Academics deny conduction ‘staged political activity’ on campus,” *The Nation* (July 19, 2017) <http://www.nationmultimedia.com/detail/breakingnews/30321224>. Accessed 8 August 2017.

Practically, in this instance, Canada can reaffirm its stance through diplomatic gestures, actual participation, as well as direct assistance to support academic freedom for scholars on Thai studies both within and outside of Thailand.

### **Implications for Canada**

Why should Canada be concerned with the role of domestic institutions and capacity in Southeast Asian countries? There is a critical linkage between domestic politics and international policy. The establishment of a rational-legal political order and institutional capacity is not only significant for advancing responsive and effective domestic policies but is also necessary for countries to pursue policy coherence and credible commitment to international cooperation. For Canada to strengthen its global standing and increase its footprint in Southeast Asia, Canada's engagement thus should go beyond dollars and vessels in the South China Sea, trade opportunities, and regional security issues.

Countries in Southeast Asia do not follow a predictable linear path from greater economic development to democratization. As Kai Ostwald poignantly notes, "an ideologically driven promotion of liberal democracy" based on a one-size-fits-all policy will unlikely solve the region's problems. The ways in which Canada can contribute to institution-building, specifically to aspects which would strengthen rational-legal domestic institutions and autonomy of the state for greater calculability, precision, and responsiveness, therefore depend significantly on the particular context of each country.







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