Brexit and Lessons for Southeast Asia’s Union of Nations

Michael Vatikiotis
The UK’s surprise vote to leave the EU has cast doubt on Europe’s future and triggered reflections on ASEAN’s accomplishments and prospects.

Tsering Namgyal
With the EU seeking free-trade agreements with individual ASEAN countries, the UK vote throws negotiators on all sides a fresh challenge.
**After Brexit, Whither ASEAN?**

**By Michael Vatikiotis**

Over the years since the Association of Southeast Asian Nations was formed almost 60 years ago, Europe’s more ambitious experiment in regional integration seemed to move from strength to strength, culminating in the creation of the euro zone and visions of even closer forms of integration.

That often invited unflattering comparisons of ASEAN with the EU. But the United Kingdom’s surprise vote to leave the European Union has cast doubt on Europe’s future and triggered reflections on ASEAN’s accomplishments and prospects. Michael Vatikiotis looks at what most threatens the bloc.

As the competition for supremacy in Asia between China and the United States heats up, ASEAN has become the skillet on which the key issues are tossed and fried. Both Beijing and Washington pay lip service to what they call ASEAN’s centrality, but both great powers would prefer that ASEAN member states align themselves. This is having a divisive impact on the 10-member grouping and undermining the chances of greater economic integration.

In a recent meeting with Chinese leaders in Beijing, a Malaysian minister was shocked to hear a long lecture from the Chinese on how much more the country has to gain from closer ties with China than with the US. Earlier in the year, US Secretary of State John Kerry went out of his way to fly into tiny land-locked Laos, which is chairing ASEAN this year, in an obvious effort to counter China’s heavy influence on the Communist Laos government.

All this lobbying by great powers is not only undermining ASEAN’s sovereignty and central- ity, but also imposing immense pressure on the member states, none of which want to be put in a position of choosing between alignment with China or the US. It also exerts considerable strain on ASEAN’s unity just as the association has declared itself a single community.

China has strong influence over two of the smaller ASEAN member states, Laos and Cambodia. Laos, with its communist-led government and long border with China, has been at the sharp end of China’s strategic infrastructure drive, conceding to road, rail and dam-building projects that have secured logistical access and water resources for China, but which have exposed Laos to Chinese immigration and natural resource degradation. With more than US$5 billion worth of investment and 300,000 Chinese workers in a country of less than seven million, the Chinese presence looms large, especially in a number of special economic zones that dot the landscape close to the border with Yunnan.

Cambodia’s ties with China run deep, both because of the need for a counter-force to neigh- boring Vietnam and the historical relationship that King Sihanouk, an early pioneer of the non-aligned movement, enjoyed with Chinese leaders. Today, Cambodia is the primary example of concerns about the snuggness of China’s embrace, which Beijing describes as a “comprehensive strategic partnership.” The flow of Chinese military aid and assistance is close to US$20 million and rising, and the number of Chinese immigrant workers is more than 500,000, and rising, in a country of just 15 million.

Both Laos and Cambodia have helped China hold a firm line against criticism of its actions in the South China Sea, which greatly upsets fellow ASEAN members Malaysia, Vietnam and the Philippines, whose territorial waters the Chi- nese encroach upon. When Cambodia came out strongly to oppose an ASEAN statement noting the Permanent Court of Arbitration’s ruling against the legality of China’s claims, there were muffled voices wondering whether Cambodia could be expelled from ASEAN.

The strain on ASEAN unity comes barely a year after ASEAN leaders declared the ASEAN Eco- nomic Community (AEC). The vision of achiev- ing an integrated economic community by 2025, involving the free flow of labor and goods, has always seemed ambitious for a regional grouping that has a poor record of tariff reduction to date, and shows little sign of diluting sovereignty in the interests of regional agglomeration. Set against the centrifugal forces now at work in the European Union after the UK voted to leave in June, many observers now worry about the future of ASEAN as a community project.

However, unlike the EU, ASEAN was never conceived as a sovereignty-eroding project. It was established to keep the peace between countries with a historical record of enmity among them. Before the colonial period, Burma invaded Thai- land, Thailand invaded the Malay states, and both Thailand and Vietnam carved off whole pieces of Cambodia. Then, in the modern period, one of the first things that Indonesia did after independ-ence was to invade newly established Malaysia.

Addressing this inherent inter-state vulnerabil- ity was one of the bedrock assumptions under- pinning the establishment of ASEAN back in 1967. As a keeper of peace, ASEAN has served the
region well and at remarkably little cost. Unlike
the African Union, ASEAN does not maintain
security forces for enforcing peace, and there
is no specific security council, beyond regular
meetings of defense officials under the umbrella
of the ASEAN Defense Ministers Meeting. The
Jakarta-based ASEAN Secretariat can be com-
pared to a Japanese bonsai tree — it has all the
functions for managing a regional association
encompassing 10 percent of the world’s popu-
lation, but no power to shape or direct policy and
an annual budget of only US$20 million.

Yet 50 years on, there has never been a serious
shooting war between ASEAN states; minor skir-
mishing over border disputes has quickly been
addressed, either through informal diplomacy or
formal arbitration. Even without much real inte-
gration in terms of dissolved borders, ASEAN’s 10
countries hang together rather peacefully.

The trampling of big power elephants in the
region now jeopardizes this achievement of col-
lective regional security and has ASEAN divided
between those states inclined to support a US
security presence to balance the influence of
China, and those who are completely beholden
to China. For it is becoming increasingly hard to
balance the two. When Singapore Prime Minister
Lee Hsien Loong made a state visit to Wash-
ington in early August, he crooned about the impor-
tance of the US in Asia, only to be chastised by
the Chinese. A month later, Lee was in Beijing
promising ever-closer ties.

As with the EU, ASEAN is slowly becoming the
sum of its parts. Indonesia is flexing its medium-
power credentials and prefers to hobnob at
BRICS and G20 summits. Meanwhile, political
problems in Thailand, where the military rules,
and Malaysia, where a massive financial scandal
is preoccupying, have distracted leaders of these
countries from paying much attention to what is
left of the ASEAN agenda.

Personalities and relationships determine the
effectiveness of any diplomatic endeavor. So as the
challenges to ASEAN have grown, the fact that the
10 leaders are not all that close, and often at odds
with one another, ensures weak leadership on
external issues. The Malaysian foreign minister
was not even present at the annual foreign minis-
ters meeting this year, where the argument over a
statement on the South China Sea raged.

Taken together, these factors have reduced
ASEAN’s effectiveness and made the association
vulnerable to tactics of divide and rule. China has
successfully used bullying tactics to ensure that
a consensus is not reached on how to challenge
its South China Sea moves. The US encouraged
the Philippines to push for the legal challenge of
China’s sovereignty in the South China Sea, using
promises of military aid and support. Both coun-
tries have effectively become the tools of super-
power rivalry, and ASEAN lacks the cohesion to
effectively provide a balancing counter-point.

LOOSING THE COMMUNITY SPIRIT
Based on these current realities, it is possible
that by 2025, instead of becoming a full-fledged
community, Southeast Asia will have effectively
lost the increasingly minimal benefits of trade
and security afforded by ASEAN membership.
Instead, ASEAN member states will have become
more aligned on the basis of geography and eco-
nomic dependency — mostly with China.

It is hard to see either India or Japan provid-
 ing strategic ballast, as both are rather insular
countries in their own way. Neither is it realistic
to expect the US to expend blood and treasure on
protecting Southeast Asia from China’s embrace;
after two decades of more or less fruitless warr-
ing in the badlands of West and central Asia, the
current pendulum of domestic politics in the US is
swinging back towards an insular mindset, cap-
tured by Republican presidential candidate Don-
ald Trump in his campaign speeches demanding
that US allies pay more to be protected.

China may have all the advantages of proxim-
ity, yet as its own history suggests, prosperity and
stability are periodically hostage to bloody politi-
cal transition, from which Southeast Asia has
always profited, with or without the need for a
regional association.

Michael Vatikiotis is Asia Regional Director
of The Centre for Humanitarian Dialogue,
Singapore.