

ASEAN'S STRATEGIC APPROACH TOWARDS SECURITY RELATIONS  
WITH THE U.S. AND CHINA: HEDGING THROUGH A COMMON  
FOREIGN AND SECURITY POLICY

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## ABSTRACT

ASEAN'S STRATEGIC APPROACH TOWARDS SECURITY RELATIONS WITH THE U.S. AND CHINA: HEDGING THROUGH A COMMON FOREIGN AND SECURITY POLICY, by Major David Cai, 93 pages.

ASEAN is at a crossroads. It faces an ascendant China whose economic prowess has given it the wherewithal for increasing assertiveness in regional geopolitics. At the same time, ASEAN has to contend with a U.S. seeking to rebalance and preserve its status as a Pacific power. As Sino-American rivalry takes center stage in Asia, the question arises as to where ASEAN's destiny lies. This thesis argues that ASEAN should neither aim to simply leverage the U.S. as a countervailing force against China, nor accept Chinese hegemony as a fait accompli and align itself with Beijing. Doing so forces it to take sides, and could undermine ASEAN's strategic goal of playing a leading role in regional security cooperation. This thesis advocates instead a hedging strategy, where ASEAN hinges on the U.S. to minimize the security risks posed by an aggressive China, while simultaneously maximizing the benefits that could be reaped from a closer China-ASEAN relationship. To hedge effectively, ASEAN has to stay neutral and united, and engender a level of intramural transparency. It should also pursue stronger institutionalism in the form of a common foreign and security policy that would give it a more credible and coherent voice on the international stage.

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## ACRONYMS

|       |  |
|-------|--|
| APSC  | ASEAN Political and Security Community |
| APT   | ASEAN Plus Three                       |
| ARF   | ASEAN Regional Forum                   |
| ASEAN | Association of Southeast Asian Nations |
| ASEC  | ASEAN Secretariat                      |
| CFSP  | Common Foreign and Security Policy     |
| EAS   | East Asia Summit                       |
| EU    | European Union                         |
| NATO  | North Atlantic Treaty Organization     |
| SCS   | South China Sea                        |
| U.S.  | United States                          |

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## CHAPTER 1

### INTRODUCTION

A stable and prosperous Asia requires closer cooperation amongst the stakeholders in the region. Such a framework for regional cooperation is gradually forming. ASEAN is the foundation of this. . . . All the major powers are comfortable to let ASEAN take the lead, and to be the fulcrum of the discussions and cooperation. But this requires an ASEAN that is united, effective, and friendly with all the major powers, including China. A divided or discredited ASEAN will lead to a scenario where the member states are forced to choose between major powers, and Southeast Asia becomes a new arena for rivalries and contention. No one wins.<sup>1</sup>

— Hsien Loong Lee,  
Speech by Prime Minister Lee Hsien Loong at Central Party School

#### Background

##### Two Major Security Trends

Two major trends have and will continue to shape Asia's security environment in the early part of the 21st Century. The first is the rise of China. Much has been said of its significant and growing influence in Asia, but the impact of its emerging economic and military prowess is truly global. A rising China signals a major shift in the balance of power, and this has long-term and complex ramifications on Asia's strategic calculus. However, China's ascendancy is only one half of the story. The United States (U.S.) remains a preponderant power in the Asia-Pacific, and this fact is often overlooked in the clamor of China's growing might. Asia's economy continues to be inextricably linked to

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<sup>1</sup>Prime Minister's Office, Singapore, "Speech by Prime Minister Lee Hsien Loong at Central Party School (English Translation)," 7 September 2012, [http://www.pmo.gov.sg/content/pmosite/mediacentre/speechesinterviews/primeminister/2012/September/speech\\_by\\_prime\\_ministerleehsienloongatcentralpartyschoolenglish.html](http://www.pmo.gov.sg/content/pmosite/mediacentre/speechesinterviews/primeminister/2012/September/speech_by_prime_ministerleehsienloongatcentralpartyschoolenglish.html) (accessed 21 September 2013).

U.S. fiscal policies, and the U.S. military presence across Asia is second to none. Hence, the second major trend that will have a definitive impact on Asia's security outlook is the U.S. policy, introduced by President Obama, to rebalance towards Asia. While this "rebalancing" act is often interpreted as being a strategy to countervail China's rising influence, such a view is necessarily narrow in that it overlooks, for instance, the U.S.' comprehensive engagement with Southeast Asian countries in all areas of security, economy, and democracy. It is also important to point out that while the U.S. remains the leading power in the Asia-Pacific, such a position is not "pre-destined."<sup>2</sup> Whether it possesses the wherewithal to consolidate and fortify its strategic position in the region remains to be seen. Against this backdrop of a U.S.-China power rivalry, the Association of Southeast Asian Nations (ASEAN) has sought to maintain its relevance by projecting itself as a power broker between the two countries. Its case for a seat on the bargaining table is aided significantly by the strategic geographic position of its member states along one of the world's major trade routes. Ironically, territorial disputes between China and several Southeast Asian countries over the chain of islands in the South China Sea (SCS) has helped raise ASEAN's profile, and made it a crucial forum through which peaceful resolutions are sought. However, a seat at the negotiating table is no guarantee of its success. What matters more is the chips it brings to the table. The natural question that follows then is, between the U.S. and China, whither ASEAN?

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<sup>2</sup>Teo Chee Hean, "ASEAN Important in Fostering Stable U.S.-China Relations" (Speech at the Center for Strategic and International Studies, Washington, 17 March 2010).

## Is ASEAN the Answer? The Association's Major Weaknesses

To be sure, not everyone is convinced that ASEAN is the best power broker to manage the Sino-American rivalry in the region. In this respect, ASEAN suffers from two major intrinsic weaknesses: political fragmentation and institutional deficiency. Politically, Southeast Asian nations individually possess very different attitudes towards the U.S. and China, thereby leading to an uneven state of relationships towards both major powers when viewed through the lens of ASEAN as a whole. Table 1 below summarizes the overall state of relations between the individual ASEAN members and their big power counterparts.

| Table 1. ASEAN Member States' Existing Ties with the U.S. and China |  |   |
|---|--|---|
| ASEAN Countries   | U.S.   | China   |
| Brunei  | P: Relations have been cordial with both countries looking forward to increasing their level of cooperation.   | P: As ASEAN chairman 2013, Brunei was proactive in organizing talks with China to resolve SCS territorial disputes.   |
|   | E: Strong economic ties under the Trade and Investment Framework and Trans Pacific Strategic Economic Partnership.   | E: Steady economic cooperation between China and Brunei in areas of agriculture and infrastructure, and an increase in Chinese investment.  |
|   | S: Regular military exercises with the U.S. as seen during CARAT exercises and U.S. participation in recent BRIDEX in 2013.  | S: Disputes with China over southern reaches of SCS and overlapping claims of EEZ.  |
| Cambodia  | P: Cambodia continues to realign itself and better integrate with ASEAN. It has stepped up ties with Japan and U.S. in recent years.   | P: Traditional ally of China. As ASEAN chairman in 2012, Cambodia blocked consensus on SCS dispute with China in a joint statement, thus ASEAN was unable to issue a joint communique. Cambodia also has the largest number of Chinese immigrants in ASEAN. |
|   | E: U.S. contributed over USD 70 million to Cambodia in development of Cambodia's healthcare, education, governance and economic growth. U.S. remains as Cambodia's largest export partner. | E: China is Cambodia's top foreign investor, a major donor and important trading partner since 1992. Prime Minister Hun Sen described China as "most trustworthy friend."   |

|           |   |   |
|-----------|---|---|
|           | S: Relations with U.S. military in early stages with concerns over human rights abuse by Cambodian Government. U.S. special forces are providing counter-terrorism training to Cambodian military.  | S: Strategic military cooperation with China. China provided USD 2.8 million in military aid and supplied military equipment.   |
| Indonesia | P: Indonesia regards U.S. as indispensable partner in areas of her economic recovery efforts, and ongoing democratization and reforms.  | P: Both China and Indonesia agreed to lift bilateral ties to comprehensive strategic partnership.   |
|           | E: U.S. provided crucial development assistance to Indonesia since 1950s. These initiatives helped Indonesia achieve self-sufficiency in rice production.   | E: China is Indonesia's second largest trade partner. China views Indonesia, being the largest ASEAN country, as a key economic partner.  |
|           | S: U.S. continues to provide military aid to Indonesia for counter-terrorism training. Recent ties with U.S. and Australia affected by U.S.-Australia spying on Indonesia.  | S: Closer ties between both militaries in areas of maritime and anti-terrorism cooperation through high-level exchanges between officials and joint exercises.  |
| Laos      | P: Full diplomatic ties with U.S. was restored in 1992 after the collapse of the Soviet Union.  | P: Laos used to be traditional ally of China during Vietnam War. Laos still views China as an important partner on political matters; China expects Laos to continue serve as link between China and ASEAN. |
|           | E: U.S. provided more than USD 13.4 million to Laos in foreign assistance in areas of healthcare, education and governance. U.S. signed the bilateral trade agreement with Laos in 2004. Laos was then able to join the World Trade Organization in 2013.   | E: China is Lao's second largest trading partner and source of imports. China also has one of the highest foreign direct investment in Laos, particularly in the Mekong Basin Development project.          |
|           | S: U.S. and Laos exchanged military attaches in recent years. However, U.S. remains concerned over the recovery of missing U.S. troops during the Vietnam War.  | S: Laos shares a 500km joint boundary with China. This boundary has been peaceful and stable border. There were regular high-level military officials' exchanges and personnel training.                    |
| Malaysia  | P: Both countries enjoy good bilateral relations.   | P: Both countries aim to elevate bilateral ties to comprehensive strategic partnership. China views Malaysia as taking the lead in developing China's relations with ASEAN.                                 |
|           | E: Strong economic relationships between both countries. U.S. is Malaysia's single largest investor. Currently, Malaysia is negotiating the Trans Pacific Partnership with the U.S.   | E: China is Malaysia's largest trading partner. China aims to boost her economic ties by increasing direct investment in years to come.   |
|           | S: There are regular CARAT exercises and multilateral exercises with the U.S. Malaysian Armed Forces are keen to increase level of participation and complexity with the U.S. military. Malaysian Armed Forces also contributed in U.S.-led Afghanistan missions and counter-piracy missions in Gulf of Aden. | S: Both countries aims to increase naval defense and joint military exercises to combat terrorism and promote security. However, Malaysia has competing territorial claims with China over SCS.             |

|             |   |   |
|-------------|---|---|
| Myanmar     | P: Improving ties with U.S. over recent years. U.S. eased sanctions on Myanmar in 2012. However, human rights abuses remain top concern for the U.S.  | P: Traditional ally of China since 1950s. Relations with China remain strong, and China will continue to engage Myanmar as she will assume Chairman of ASEAN in 2014.   |
|             | E: U.S. has adopted calibrated approach to support further reforms in Myanmar through U.S. Agency for International Development in areas of human rights and governance.  | E: China's direct investment to Myanmar fell in 2012 as Chinese investors shifted their businesses to other parts of ASEAN.   |
|             | S: U.S. seeks to engage Myanmar and provide limited training to their personnel.  | S: Both countries share a long border and situation is generally stable and peaceful. China is most important supplier of military aid to Myanmar. Both countries set to deepen military ties through increasing military exchanges and communications. |
| Philippines | P: Traditional ally of the U.S. since late 19 <sup>th</sup> century. The Philippines is considered as the most pro-American nation in the world based on a survey in 2013. U.S. had military bases in the Philippines until 1991. In March 2014, both countries reached an agreement for U.S. forces to have access to military bases in the Philippines. | P: Recent rifts with China over SCS claims have strained political ties between both countries. There are increasing clashes at seas between civilian fishermen and Chinese Government vessels.   |
|             | E: U.S. is Philippines' largest trading partner and foreign investor. Both countries have a bilateral trade and investment framework agreement and tax treaty to facilitate trade.  | E: Gradual increase of Chinese investment in Philippines due to growing Chinese economic influence. Both countries cooperated in agricultural and fishery development.  |
|             | S: U.S. remains firmly committed to security of the Philippines. U.S. will forge closer military ties with the Philippines by providing more aid and rotate more American forces through the country.   | S: Recent increase in high level military official exchanges, but still highly suspicious and tentative.  |
| Singapore   | P: U.S. and Singapore have a comprehensive relationship with productive cooperation in almost every area. Both countries engaged in Strategic Partnership Dialogue in 2012 to benefit Asia-Pacific region.  | P: Widely seen as neutral between Sino-U.S. relations and play the middle-man role to encourage dialogues.  |
|             | E: Both countries enjoyed free trade agreement since 2004. Singapore is advocating Trans Pacific Partnership negotiations to develop a regional trade agreement.  | E: China is Singapore's third largest trading partner and economic ties between both countries will remain strong in years to come. Singapore invested in two industrial parks in China as sign of close economic relations.                            |

|          |  |   |
|----------|--|---|
|          | S: U.S. is Singapore's closest security partner. Regular exercises demonstrate close ties between the two countries. U.S. also offers large facilities in CONUS for Singapore to conduct her training. Singapore offers a base for USN littoral combat ships to boost U.S. presence in the region. | S: Both countries seek to increase military cooperation through high level officials exchanges and training courses. Both countries indicated joint training exercises in areas of counter-terrorism.   |
| Thailand | P: U.S. designates Thailand as a major non-NATO ally.  | P: China expects Thailand to be an interlocutor in ASEAN. Thailand maintains her neutrality in Sino-U.S. relations.   |
|          | E: Both countries launched a Free Trade Agreement in 2004, but it was suspended due to Thailand's military coup. U.S. is Thailand's third largest trading partner, and one of its largest foreign investors.   | E: China contributed to Mekong Basin Development project to improve Thailand's infrastructure and transportation. China also proposed to construct high speed railway and water conservancy infrastructure to promote connectivity with Thailand. |
|          | S: Thailand conducts regular military exercises with the U.S. Thailand maintains an airfield which is the only facility in Southeast Asia capable of supporting large scale logistical operations.   | S: China engages Thailand by increasing arms sales and providing military training over recent years. Both countries have participated in several joint military exercises.   |
| Vietnam  | P: Politically supports U.S. in its build up of presence in Asia to counter China's influence.   | P: Traditional conflict with China over border issues. Both countries remain in dispute over SCS territories.   |
|          | E: U.S. remains as Vietnam's third largest trade partner and her largest export market.  | E: China is expected to overtake U.S. as largest trading partner and largest foreign investor in Vietnam. Vietnam also imports most of her products from China. China objected to Vietnam's oil exploration near Spratly islands.                 |
|          | S: Allows U.S. warships access to strategic Vietnamese naval base. Vietnam is seen as using U.S. to counter China's presence in SCS.   | S: Both countries have introduced cross border hotline to prevent future conflict and increase military cooperation through high level military exchanges.  |

Source: Created by author.

Note: P: political; E: economic; S: security. Predisposition highlighted in yellow; pink means even keel between the two major powers.

As evident from the table, different countries have very different inclinations as to how their diplomatic relations with the U.S. and China should pan out. A complex interplay of political, economic, security, geographical, and historical factors continue to shape and define the diversity in foreign policy responses. It is this divergence in approaches that undermines the ability of ASEAN to speak with one voice. For instance,

in the 21st ASEAN summit held in Phnom Penh in 2012, the Association failed for the first time to issue a joint communique at the conclusion of the meeting due to Cambodia's refusal, as ASEAN Chair, to incorporate the positions of the Philippines and Vietnam in relation to their territorial disputes with China in the SCS.<sup>3</sup> Cambodia thus managed to hold the whole organization hostage to its own parochial interests. As Cambodia's largest foreign investor, one might surmise as Don Emmerson did, that "China has effectively hired the Cambodian government to do its bidding."<sup>4</sup> An incohesive ASEAN certainly plays well to a strategy that aims to exploit China's leverage as a large power against smaller states.

Institutionally, ASEAN is known, fairly or unfairly, to be an "ineffectual talkshop." It has eschewed the European Union's (EU's) supranationalistic institutional structures, and opted for inter-governmentalism that continues to pay deference to national sovereign interests. Further, the "ASEAN Way" pattern of diplomacy rejects confrontational and interventionist tactics, and promotes, instead a consultative process that gravitates towards consensus-building. Scholars have attributed the ASEAN Way of conducting international relations to the cultural disposition of Southeast Asian nations, in particular the Malay practices of *musjawarah* and *mufukat*. The former requires a leader to apply a very considerate approach towards incorporating the views of others in

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<sup>3</sup>See Amitav Acharya, "The End of ASEAN Centrality?," *Asia Times*, 8 August 2012, [http://www.atimes.com/atimes/Southeast\\_Asia/NH08Ae03.html](http://www.atimes.com/atimes/Southeast_Asia/NH08Ae03.html) (accessed 18 April 2014).

<sup>4</sup>Don Emmerson, PacNet #45, *ASEAN Stumbles in Phnom Penh* (Washington, DC: Center for Strategic and International Studies, 19 July 2012).

forging a common path, while the latter emphasizes consensus.<sup>5</sup> This very tentative but stable form of diplomacy is enshrined in Article 2 of the Association's Treaty of Amity and Cooperation, which espouses six main principles: mutual respect for the independence, sovereignty, equality, territorial integrity and national identity of all nations; the right of every State to lead its national existence free from external interference, subversion or coercion; non-interference in the internal affairs of one another; settlement of differences or disputes by peaceful means; renunciation of the threat or use of force; and effective cooperation among themselves. Distilling these key principles into their main components, Antolik identifies three core fundamental precepts: restraint from interfering into another country's affairs; respect through a non-confrontational consultative practice; and responsibility to consider each other's interests and concerns.<sup>6</sup> Since its inception in 1967, this 3R framework continues to underpin the manner in which ASEAN conducts its international affairs. However, while this relatively passive and modest mode of diplomacy has had successes in addressing intramural conflicts, it exposes severe limitations especially when applied to meeting external political or security threats. As Narine argues, "[i]n practice, ASEAN's unified policies reflect a consensus that is usually the lowest common denominator among member states."<sup>7</sup> This lowest common denominator approach is pragmatic in the sense that "it does not push the institution beyond what it can sustain . . . [and] it does not allow

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<sup>5</sup>Shaun Narine, *Explaining ASEAN: Regionalism in Southeast Asia* (London, UK: Lynne Rienner Publishers, 2002), 31.

<sup>6</sup>Michael Antolik, *ASEAN and the Diplomacy of Accommodation* (Armonk, NY: M. E. Sharpe, 1990), 8-10.

<sup>7</sup>Narine, 33.

disagreement in some areas to prevent cooperation in others.”<sup>8</sup> Hence, in the absence of a supranational institutional framework, an incremental approach works best to accommodate the interests of all parties. However, as much as this is a strength of ASEAN, it is also its Achilles heel that goes directly to the heart of its institutional weakness. It reflects a paradigm where “[member states] do not share the level of consensus or recognition of common interests necessary to sustain strong institutional obligations.”<sup>9</sup> Hence, larger regional interests are often subjugated to narrower national interests. And when no common position can be found, ASEAN nations frequently “[couch] their differences in a ‘language of solidarity’ that is sufficiently ambiguous to cover over differences.”<sup>10</sup> What this means is that the status and effectiveness of ASEAN as an institutional actor with broad ambitions as a power broker between the U.S. and China becomes highly contingent.

### Why ASEAN should not be Dismissed

Despite the foregoing, there are three reasons why ASEAN should not be dismissed as a principal forum for conflict resolution within the Asia-Pacific region. Firstly, ASEAN nations as a collective entity constitute a center of gravity where the U.S.’ and China’s strategic interests intersect. It is where international sea lines of communication converge, and where resources and economic markets are substantial. Hence, its cumulative geopolitical importance should not be ignored. Taken together,

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<sup>8</sup>Ibid.

<sup>9</sup>Ibid.

<sup>10</sup>Ibid., 32.

ASEAN has a population of approximately 602 million people, and a gross domestic product of USD 3.6 trillion, making it the eighth largest economy in the world. Notably, the ASEAN-China Free Trade Area, which came into effect on 1 January 2010, is currently the world's largest Free Trade Area. It is equally important to point out that if the ASEAN Economic Community is fully realized by 2015 as planned, it will possess sufficient economic clout to at least partially offset China's industrial dominance in the region. The free flow of goods and services, investment and capital, as well as skilled labor within Southeast Asia will thus provide a compelling counterweight that will reduce a reliance on the Chinese market for regional economic growth. More significantly, however, one needs to pay heed to the fact that half of the world's merchant fleet tonnage, and a third of the world's crude oil is shipped through the SCS where several Southeast Asian countries have claims to its territory. Freedom of navigation through the SCS is thus a matter of national interest for many countries including the U.S., where a quarter of the global trade that transits that channel winds up in U.S. ports.

Secondly, there continues to be merit in the way ASEAN builds itself up as platform for non-confrontational style diplomacy engaging both member states from within, and the wider international community on the outside. Three case studies evince ASEAN's success on this account: the Sabah issue in 1968-9,<sup>11</sup> the Cambodian conflict in 1978,<sup>12</sup> and the Myanmar breakthrough in 2012.<sup>13</sup> Unlike western-style diplomacy

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<sup>11</sup>See Jorgensen-Dahl, *Regional Organisation and Order in Southeast Asia* (London: Macmillan, 1982).

<sup>12</sup>See Gillian Goh, "The 'ASEAN Way' Non-Intervention and ASEAN's Role in Conflict Management," *Stanford Journal of East Asian Affairs* 13, no. 1 (Spring 2003): 113-118.

where isolation and sanctions are common exertions of pressure, in all the cases mentioned above, ASEAN has preferred “constructive engagement” and “encouragement,”<sup>14</sup> while displaying greater restraint, and a penchant for off-the-press communication.<sup>15</sup> This unique practice of “leaving the door ajar” instead of “slamming the doors shut” even in the face of egregious state behavior provides an advantageous entry point for negotiations to happen behind closed doors and via unofficial channels. Quiet diplomacy may not be the most beneficial course of action all the time, but ASEAN’s uncanny ability to effect change in this regard should not be discounted.

Thirdly, ASEAN has made visible progress both past and present on the international stage to warrant a vote of confidence going forward. Among its past achievements are the Zone of Peace, Freedom, and Neutrality Declaration in 1971, the Declaration of ASEAN Accord and the Treaty of Amity and Cooperation in 1976, and the Treaty on the Southeast Asia Nuclear Weapon-Free Zone in 1995. Perhaps its greatest achievement is in promoting political, economic, and social engagements among its member states that resulted in nearly four decades of peaceful interrelationships. As White poignantly reminds us, this is a far cry from the geopolitical realities of the 1960s, and certainly not a given even in today’s context when one looks at Russia’s aggression

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<sup>13</sup>Najib Razak, “The ASEAN Way Won Burma Over,” *Wall Street Journal*, 3 April 2012.

<sup>14</sup>*Ibid.*

<sup>15</sup>Goh, “The ‘ASEAN Way’ Non-Intervention and ASEAN’s Role in Conflict Management,” 118.

against Ukraine in Crimea.<sup>16</sup> In more recent times, greater powers like the U.S., China, Japan, South Korea, and India have all ceded authority to ASEAN as the building bloc to develop a pan-Asia-Pacific regional architecture for conflict resolution. That explains why ASEAN is currently in the driver's seat of larger regional fora like the ASEAN Regional Forum (ARF), ASEAN Plus Three (APT), and the East Asia Summit (EAS). Moreover, since its poor showing in the 21st ASEAN Summit, the Association has displayed a more unified stance, nailing down a six-point principle on the SCS. In return, China has shifted from its initial position of resolving the territorial disputes through bilateral engagements towards greater acceptance of leveraging ASEAN as a multilateral forum to create a Code of Conduct that would govern maritime behavior in the SCS.<sup>17</sup>

Although there are cogent reasons why ASEAN should not be dismissed, its effectiveness and ability to resolve conflicts or manage crises will continue to be severely tested if it lacks solidarity, and is unable to project a common front in the face of a rising China and a fortifying U.S. The manner in which ASEAN should move forward to surmount this challenge of unity will be examined in the remainder of this thesis.

### Research Questions

The foregoing sets the context of an ascendant China, a U.S. endeavoring to maintain its influence as a Pacific power, and an ASEAN posturing itself for a stake in

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<sup>16</sup>Hugh White, "ASEAN: Past, Present and Future," *The Straits Times*, 19 March 2014, <http://www.straitstimes.com/the-big-story/case-you-missed-it/story/asean-past-present-and-future-20140322> (accessed 19 March 2014).

<sup>17</sup>Carlyle Taylor, "New Commitment to a Code of Conduct in the South China Sea?," The National Bureau of Asian Research, 9 October 2013, <http://nbr.org/research/activity.aspx?id=360> (accessed 18 April 2014).

the region's peace and stability. The primary research question of this study is therefore: how should ASEAN manage its security relations with the U.S. and China? Four key secondary questions flow from this central inquisition. Firstly, what does international relations theory provide as a strategic framework for managing ties with both a revisionist and a status quo power? Secondly, what principles should undergird ASEAN's diplomatic policy as it navigates between the two countries rivaling for strategic influence? Thirdly, what are ASEAN's existing institutional mechanisms to deal with intermural diplomacy? And fourthly, based off a proposed strategy, are ASEAN's existing institutions adequate to pursue it in a coherent and an effective manner? If not, what must ASEAN do?

#### Definitions of Key Terms

APSC (ASEAN Political and Security Community): The APSC is one of three pillars (others being the ASEAN Economic Community and the ASEAN Socio-Cultural Community) envisioned by ASEAN to foster greater integration by 2015.

APT (ASEAN Plus Three): The APT established in 1997 consists of the 10 ASEAN member states, China, Japan, and ROK.

ARF (ASEAN Regional Forum): The ARF established in 1994 consists of 27 countries: 10 ASEAN member states, 10 ASEAN dialogue partners (Australia, Canada, China, the EU, India, Japan, New Zealand, ROK, Russia and the U.S.), one ASEAN observer (PNG), as well as DPRK, Mongolia, Pakistan, Timor-Leste, Bangladesh and Sri Lanka.

ASEAN: ASEAN here refers to the regional organization representing 10 member states comprising Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

ASEAN Centrality: ASEAN Centrality is an expression of ASEAN's desire to play a leading role in regional security architectures in order to promote the bloc's collective interests.

ASEAN Way: The ASEAN Way describes ASEAN's institutional style of non-confrontational diplomacy, which centers on non-interference, consultations, and consensus-building.

EAS (East Asia Summit): The EAS established in 2005 consists of the 10 ASEAN member states, Australia, China, India, Japan, New Zealand, Russia, ROK, and the U.S.

#### Scope, Delimitations, and Limitations

Since this study is focused on ASEAN, regional security developments will be confined to those occurring within Southeast Asia. Conflicts in Northeast Asia involving Japan and the Koreas will therefore not be discussed here. In addition, while the topic of this study is on security relations, it will be remiss of this thesis not to mention the hefty economic linkages between ASEAN and China, as well as that between ASEAN and the U.S. However, no substantial analysis will be made on any discourse in relation to economic ties, except to prove their significance to intermural diplomacy. Two limitations circumscribe the material available for the formulation of this thesis. One, developments in the SCS are in constant flux, and so are policy responses emanating from China, ASEAN, and the U.S. Hence, what this thesis understands as existing

security relations among the three entities are accurate as of May 2014 based on the prevailing security climate. Two, ASEAN has a penchant for shying away from public diplomacy, and a predilection to hold dialogues behind closed doors. Any classified material in this respect is not available for analysis in this thesis.

### Brief Overview of Key Arguments

To reiterate, this thesis examines the central issue of ASEAN's strategic approach towards security relations with the U.S. and China, and what it must do to sustain its strategic position. International relations theories suggest three possible courses of action, all of which are not necessarily discrete in nature, but more accurately set in a continuum of policy responses. First, it can choose to balance the rising influence of China with the aid of the U.S. in order to preserve equilibrium in regional power dynamics. Second, it can assume China's eventual hegemonic status in the Asia-Pacific, and opt to bandwagon with the Chinese government to fortify China's position as the new preponderant power in the region. Third, it can refrain from aligning itself to either power, and adopt a hedging strategy to maximize flexibility in its policies towards both countries. In practice, this could mean pursuing regional cooperation with China predominantly on the economic front, while still preserving a cautious attitude towards its military ambitions, and have the U.S. act as a counterbalancing force. This thesis will examine the inherent risks and opportunities of all three options, and make a case for hedging as the best strategic approach for ASEAN.

From a hedging perspective, this thesis will then investigate how best should ASEAN navigate between the two powers. More specifically, how does it maintain its centrality and influence against other competing regional frameworks, and buttress its

strategic position as a trusted power broker. This study argues, first and foremost, three essential qualities ASEAN must possess to pursue a hedging strategy effectively: neutrality, unity, and transparency. Neutrality here stands opposed to alignment. It is also a nebulous concept that has taken various forms in the European bloc. This thesis advocates a system of neutrality based on strategic engagement practiced by Austria and Finland since the end of the Cold War. This model is predicated on an inclusive political process in order to reach a constructive solution that is amenable to all parties. Hence, even in territorial disputes such as those in the SCS where member states have vested sovereign interests, neutrality will be pursued, for instance, through an unwavering commitment to the rule of law, whatever form that system of rules and rights might take. Unity, on the other hand, encourages inclusivity of leadership in steering the regional framework towards forging common, pragmatic positions on key issues that affect the region. When the time calls for it, it also means subordinating national interests to regional ones so that ASEAN as whole has a strong, consolidated front that can counteract larger powers in the region. This has to be based on the recognition that ASEAN is as strong as its weakest link. Transparency is not a strong suit of ASEAN given its history of non-interventionist style of intramural diplomacy. However, in dealing with intermural relationships, a united ASEAN inevitably requires greater transparency to not only encourage information sharing, but also reduce the level of mutual suspicion. Going forward, this will perhaps be a tough stance that begs incremental, evolutionary reform, rather than an immediate overhaul of institutional policies.

Institutional frameworks are vital to provide substance to these principles, and ensure that they do not exist in a strategic and operational vacuum. While ASEAN has rejected “hard” security institutions like the North Atlantic Treaty Organization to resolve inter-state conflicts, and opted for a more cooperative and dialogue-based mechanism like the ARF to encourage engagement aimed at conflict prevention, this form of “soft” institutionalism has its inherent limits especially when dealing with “hard” security issues like territorial disputes in the SCS. This thesis believes there is room for ASEAN to graduate towards a stronger form of institutional framework without veering too far into the “hard” end of the institutionalism spectrum. A Common Foreign and Security Policy (CFSP) framework is thus considered as a tangible means through which the APSC could materialize its goal of a shared responsibility towards comprehensive security in the Asia-Pacific region. In this regard, the EU’s own CFSP mechanism will be used as a case study model, where its merits and pitfalls will be examined. Although ASEAN has always had the proclivity to avoid an EU-style institutional reform, the CFSP framework is fundamentally different in character in that it is essentially still intergovernmental instead of supranational in nature. However, what it affords ASEAN to do is to potentially empower the existing institutional structures of the APSC, and provide it with instruments that allow it to responsively express integrated policy positions on common foreign security threats that confront the bloc as a whole. The symbolism of an ASEAN CFSP grounded in espoused common interests would also not be lost on China and the U.S. as ASEAN seeks to convince others of its unity and ability to exercise full leadership as the fulcrum of regional cooperation. It adds an important layer to ASEAN’s identity so that it is perceived not only as an economic actor, but also an active

heavyweight in international politics and security issues. A CFSP framework will no doubt be highly contentious since foreign policy is very much the preserve of sovereign nations, but it represents the strategic leap ASEAN requires to gain greater traction in the implementation of its initiatives. This thesis will argue that both institutional viability (addressing structural reform) and effective statesmanship (addressing leadership that promotes a consensus towards convergence) will be key pillars of the CFSP framework.

### Assumptions

Three assumptions are made in this thesis. The first assumption is that China will continue its steady rise without suffering from implosion. Despite its growing economic prowess, China is straining at the seams of its politico-social fabric. The groundswell for political reform is building, the income gap between the rich and the poor has widened significantly, and separatist-related terrorism is on the rise. If China crumbles internally, it could either simply fade away as a super power, or choose to externalize its problems by fomenting nationalistic fervor in support of belligerent actions on its neighbors. Either way, it shifts the strategic calculus for ASEAN dramatically.

The second assumption is that U.S.' Asian rebalance is sustained. The recent U.S. government shutdown caused by Congress' failure to pass the budget has led President Obama to cancel his attendance at the Asia-Pacific Economic Cooperation forum and EAS, as well as his overseas visits to a handful of Southeast Asian countries. China deftly leveraged President Obama's absence to unveil a series of initiatives to consolidate China's influence in the region. These included a proposed Chinese-funded investment bank, an overhaul of the China-ASEAN free-trade zone, and an increase in Chinese investments of up to \$100 billion by 2020. While this may appear to be an episodic event

that does not reflect the U.S.' overall commitment to the Asia-Pacific, it does underscore the point that unless the U.S. sustains its rebalancing effort, China will seize any opportunity it gets to advance its hegemonic power in the region, and correspondingly undercut the U.S.' status as a Pacific power.

The third assumption is that disputes in the SCS will not escalate into a full-scale war. Ongoing skirmishes in the Spratly and Paracel island chains continue to pose a significant risk of a full-blown conflict among the claimant states. Any outbreak of war is likely to pull in regional alliances from East Asia, and will ultimately require U.S. intervention. In this scenario, ASEAN's credibility will be severely tested, and its future directions will very much depend on the outcome of the conflict.

#### Significance of Study

The significance of this study is three-fold. First, as China continues its ascendancy, and the region shifts gradually from unipolarity to a bipolar international system, this thesis sheds light on how regional organizations and states alike should manage inherent tensions in security relations with two big powers competing for strategic influence. Second, ASEAN is at the cusp of its institutional evolution, and ahead of it, lays two paths. It can either lose unity and fracture under intense Sino-U.S. rivalry, or share a common sense of destiny and maintain its centrality in regional security cooperation. This thesis aims to investigate how the former can be achieved. Finally, the SCS is a hotbed for potential conflict as it threatens to draw in international alliances. ASEAN's strategic position in this regard would play an important role in preventive diplomacy.

## CHAPTER 2

### LITERATURE REVIEW

This chapter reviews existing literature to provide insights into three key areas. First, the spectrum of strategic approaches ASEAN could adopt based on international relations theories, namely: balancing, bandwagoning, and hedging; Second, an attempt to define what this thesis sees as fundamental principles to ASEAN's intermural diplomacy: neutrality, unity, and transparency; Third, an overview of existing institutional expressions within ASEAN, in particular the concepts of ASEAN Centrality and the ASEAN Way, the ASEAN-driven fora, and the APSC blueprint.

#### Balancing, Bandwagoning, and Hedging: What are ASEAN's Strategic Approaches?

When faced with a rising power like China, the most established and traditional of international theories suggest two disparate policy responses: balancing and bandwagoning. The "balancing" school exemplified by Waltz, supposes first of all that an emerging great power should be viewed with suspicion.<sup>18</sup> Given its status as a potential threat, there is therefore a need to keep its ambitions in check by fortifying one's military posture (internal balancing), and-or pursuing a closer alliance with more trusted big powers (external balancing).<sup>19</sup> This strategy is particularly poignant for Southeast Asian nations since individually they do not (at least by numbers) possess the military wherewithal to tackle China head on. The "bandwagoning" school exemplified by

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<sup>18</sup>Kenneth N. Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979), 5-12.

<sup>19</sup>Ibid.

Schweller on the other hand argues that any policy to contain an emergent power like China is bound to be futile.<sup>20</sup> It makes more sense to draw strength from its ascendancy, and nurture a long-term strategic relationship that will safeguard future interests.

In reality, Kuik posits that international practice has shown that both balancing and bandwagoning strategies are rarely exercised in their purest forms.<sup>21</sup> Putting this in the context of the U.S-China dynamics, there are several reasons offered by existing scholarship why pure balancing and pure bandwagoning are unsatisfactory policy frameworks for ASEAN to pursue. First, to adopt a pure balancing strategy would prematurely assume China's hegemonic intentions, and immediately paint it as threat that needs to be counter-checked.<sup>22</sup> This unnecessarily puts China on the defensive, and limits the potential for engagements on all fronts. It could compel China towards adopting a more hardline and aggressive posture that does not bode well for regional stability. As Kuik argues "Chinese power remains largely a potential, rather than an actual threat. [Pure balancing] is also viewed as politically provocative and counter-productive, in that an anti-Beijing alliance would certainly render China hostile, turning a perceived threat into a real one."<sup>23</sup> Looking within ASEAN, a good many nations are also likely to reject a

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<sup>20</sup>Randall L. Schweller, "Bandwagoning for Profit: Bringing the Revisionist State Back In," *International Security* 19, no. 1 (1994): 107.

<sup>21</sup>Kuik Cheng-Chwee, "Rising Dragon, Crouching Tigers? Comparing the Foreign Policy Responses of Malaysia and Singapore Towards a Re-emerging China: 1990-2005," *Biblioasia* 3, no. 4 (2008): 5.

<sup>22</sup>Cai Dexian, "Hedging for Maximum Flexibility: Singapore's Pragmatic Approach to Security Relations with the U.S. and China," *Pointer: Journal of the Singapore Armed Forces* 39, no. 2 (2013): 4.

<sup>23</sup>Kuik Cheng-Chwee, "Rising Dragon, Crouching Tigers?," 5.

pure balancing approach. Cambodia, Laos, and Myanmar, for instance, are traditional allies of China. Others like Singapore who do not have a territorial dispute with China, nor view it as a direct threat, would not wish to pursue such a limiting position. Further, to antagonize China with such a policy stance also restricts ASEAN's future political space if and when China does emerge as the preponderant power in the region. Second, pure balancing would be viewed as "economically unwise."<sup>24</sup> Since the establishment of the ASEAN-China free trade area in 2010, bilateral trade has risen 10 percent to more than \$400 billion in 2012. As of 2013, ASEAN is the fourth-largest destination for Chinese external investments, surpassing countries like Australia, Russia, and the U.S. In terms of foreign direct investment in China itself, ASEAN is the third-largest. For many economies (both developed and developing) in Southeast Asia, China represents a lucrative and important market for their goods and services. A pure balancing policy would inevitably translate into a huge loss of economic opportunities that is undesirable.

Turning to a pure bandwagoning strategy, Kang observes that Southeast Asian nations are increasingly orienting their economic and political focus towards China, and there is evidence to suggest that there is more bandwagoning than balance of power theorists care to admit.<sup>25</sup> He adds that "[h]istorically, it has been Chinese weakness that has led to chaos in Asia. When China has been strong and stable, order has been preserved."<sup>26</sup> There appears to be a tacit assumption that China would continue to act

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<sup>24</sup>Ibid.

<sup>25</sup>David Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security* 27, no. 4 (Spring 2003): 58.

<sup>26</sup>Ibid., 66.

rationality, and within bounds of what other Southeast Asian nations would find acceptable. There are those, however, who do not share Kang's observations of a pure bandwagoning approach, and their opposition against such a policy for ASEAN centers mainly on three main arguments. First, Khong maintains that while political and economic pragmatism has called for greater alignment of mutual interests with China, the fact that regional stability has been maintained in large part due to America's extensive political, economic, and military presence in Southeast Asia (since the Cold War years) is not lost in the minds of its leaders.<sup>27</sup> A pure bandwagoning policy is thus seen as strategically risky as it potentially precludes the vital stabilizing effect of U.S.' presence, and places a heavy assumption on the belief that China would continue to act responsibly, and maintain a peaceful rise. At a time when China's benign military ambitions remain in doubt, and when territorial disputes in the SCS continue to escalate, a U.S. commitment to the region is a crucial counterweight to achieve a favorable strategic environment in the Asia-Pacific. Second, economic analysts like Lee have consistently pointed out that while China has surpassed the U.S. as many of ASEAN countries' top trading partner, it is important to recognize the substantial manner in which the U.S. economy continues to hold sway over Southeast Asia and the wider Asia at large.<sup>28</sup> It remains a fact that "the U.S. is still the world's largest economy and is almost twice the size of China in terms of

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<sup>27</sup>Khong Yuen Foong, "Coping with Strategic Uncertainty: The Role of Institutions and Soft Balancing in Southeast Asia's Post-Cold War Strategy," in *Rethinking Security in East Asia: Identity, Power and Efficiency* eds. J. J. Suh, Peter J. Katzenstein, and Allen Carson (California: Stanford University Press, 2004), 181.

<sup>28</sup>Edward Lee, "U.S. versus China: Which Matters More to Asia and Singapore?," *The Straits Times*, 29 August 2013, <http://www.straitstimes.com/the-big-story/asia-report/opinion/story/us-versus-china-which-matters-more-asia-and-spore-20130829> (accessed 21 September 2013).

nominal gross domestic output.”<sup>29</sup> Hence, U.S. fiscal policies matter to Southeast Asia, and very much so when many countries are holding their reserve currency in the U.S. dollar. A bandwagoning strategy that pivots away from the U.S. is therefore viewed as not economically viable. Third, Cai has argued that pure bandwagoning could curtail privileged access to America’s advanced military technology for states (such as Singapore) that have relied on the U.S. as the leading military power for their modernization and deterrent policies.<sup>30</sup> This compromises certain national interests that could pit the U.S. traditional allies against those who are more militarily aligned to China. A pure bandwagoning stance, as would a balancing one, could thus deeply fracture the cohesiveness of ASEAN.<sup>31</sup>

Since academics have largely argued that neither pure balancing nor pure bandwagoning strategies appear to satisfactorily explain existing state practice, international theorists such as Johnston and Ross have argued for an accommodative middle way through which diplomacy towards two competing large powers could be practiced.<sup>32</sup> This concept is known as hedging. Hedging resolves the balancing-bandwagoning dichotomy, and is defined by Kuik as “a behaviour in which [an entity] seeks to offset risks by pursuing multiple policy options that are intended to produce mutually counteracting effects, under the situation of high-uncertainties and high-

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<sup>29</sup>Ibid.

<sup>30</sup>Cai, 5.

<sup>31</sup>Ibid., 6.

<sup>32</sup>See Alastair Iain Johnston and Robert Ross, eds, *Engaging China: The Management of an Emerging Power* (New York: Routledge, 1999).

stakes.”<sup>33</sup> This spectrum of policy options when set in the context of great power dynamics situates both pure balancing and pure bandwagoning strategies on the opposite ends, with the former representing the highest degree of power rejection (against China), and the latter representing the highest degree of power acceptance (of China) (see figure 1).

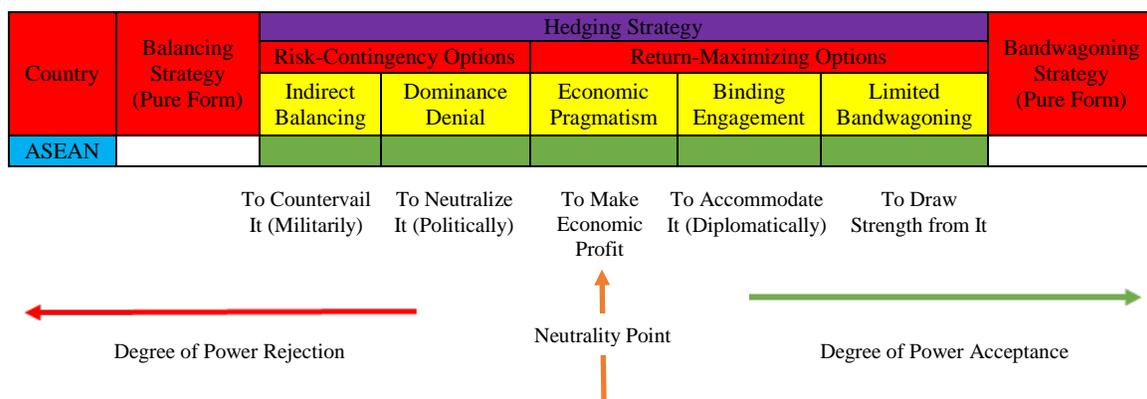


Figure 1. ASEAN’s Response to a Rising China

Source: Created by author, adapted from Cheng-Chwee Kuik, “Rising Dragon, Crouching Tigers? Comparing the Foreign Policy Responses of Malaysia and Singapore Towards a Re-emerging China: 1990-2005,” *Biblioasia* 3, no. 4 (2008): 6.

Kuik’s conceptual framework for hedging in the context of U.S.-Southeast Asia-China relations further posits five possible components that could constitute such a hedging policy: indirect balancing, dominance denial, economic pragmatism, binding engagement, and limited bandwagoning. He groups these five components into two broad

<sup>33</sup>Kuik Cheng-Chwee, “The Essence of Hedging: Malaysia and Singapore’s Response to a Rising China,” *Contemporary Southeast Asia* 30, no. 2 (August 2008): 163.

categories, namely risk-contingency options (comprising the first two components), and return-maximizing options (comprising the latter three components). The return-maximizing set of policies aims to reap maximum benefits, economically, diplomatically, or politically from an emerging power like China when the conditions remain favorable for a mutually beneficial relationship. The fundamental goal here is to make hay while the sun shines, and to retain a cautious attitude towards the country's long-term ambitions. On the other hand, risk-contingency actions are insurance policies that “[minimize] the hedger's loss if things go awry.”<sup>34</sup> They temper engagements with the ascendant power through a nuanced reliance on its more trusted, established counterpart (in this case the U.S.) to balance the former's growing military prowess and political dominance. These two sets of policies counteract each other, and neither one is dispensable in a hedging strategy. As Kuik surmises, hedging in essence means “[aiming] for the best and [preparing] for the worst.”<sup>35</sup> He further outlines the functions and modus operandi of the spectrum of policy options as shown in table 2.

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<sup>34</sup>Ibid., 5.

<sup>35</sup>Ibid., 6.

Table 2. Function and Modus Operandi of the Spectrum of Policy Options

|  | FUNCTIONS  | MODUS OPERANDI/ INDICATORS   |
|--|--|--|
| <b>BANDWAGONING</b><br>(Pure form)<br><br>"Profit first"                               | To reap present or future rewards from a big power   | Forging a <b>military alliance</b> with the big power, coordinating key foreign and defence policies   |
| <b>LIMITED BANDWAGONING*</b><br><br>"Grasp the opportunity for profit, but cautiously" | To reap present or future foreign policy rewards from a big power, but taking care to avoid the loss of its autonomy and any erosion of its existing relationship with another dominant power                      | Forming a <b>political partnership</b> with the power, coordinating external policies in selected areas, as well as giving deference to the dominant power on a voluntary basis  |
| <b>BINDING-ENGAGEMENT</b><br><br>"Socialisation matters"                               | To bind a big power in institutions, to increase voice opportunities and to socialise the power with the established norms, with the ultimate goal of encouraging it to behave in a responsible and restrained way | Creating and maintaining <b>regularised institutional links</b> with the big power through bilateral and multilateral diplomatic platforms   |
| <b>ECONOMIC PRAGMATISM</b><br><br>"Business first"                                     | To maximise economic benefits from its direct trade and investment links with the big power, regardless of any political differences   | Establishing and maintaining <b>direct trade and investment links</b> with the big power, as well as entering into bilateral and regional economic cooperation (such as an Free Trade Agreement) with that power                       |
| <b>DOMINANCE DENIAL</b><br><br>"Ascendancy is okay, but not dominance"                 | To deny and prevent the emergence of a dominant power who might display a tendency of dictating hegemonic terms to smaller states  | Making use of <b>other powers' balancing efforts</b> to offset the growing clout of the big power, by ensuring the involvement of other powers in regional affairs, and by giving political support to others' alliances and armaments |
| <b>INDIRECT BALANCING</b><br><br>"Just in case"  | To prepare for diffuse and uncertain strategic contingencies   | Maintaining <b>military ties</b> (either a formal alliance or informal military cooperation) with another power, and modernising its own military, <b>without explicitly identifying any specific target of its military efforts</b>   |
| <b>BALANCING</b><br>(Pure form)<br><br>"Security first"                                | To check and counter-balance the growing capability of a specific power  | Entering into a <b>military alliance</b> with a third power and upgrading its own armament programme, <b>for the purpose of containing against a specific threat</b>   |

\* Limited bandwagoning (LB) is different from pure bandwagoning (PB) in three aspects. Firstly, PB often takes the form of military alignment or security alliance, whereas LB mainly involves political collaboration on selective issues. Secondly, PB signifies a zero-sum scenario for big powers, that is, when a state bandwagons with one power, it simultaneously distances itself from another power. PB often occurs when there is an intense rivalry between two big powers, and smaller states are forced to take sides between the competing powers. In LB, on the other hand, a smaller state bandwagons with a rising power while maintaining its traditional relations with the preponderant power. Finally, PB implies an acceptance of a superior-subordinate relationship between a big power and a smaller partner, whereas in LB, the smaller state tries to avoid the loss of its autonomy and to avoid becoming over-dependent on the big power. Simply put, PB is hierarchy-acceptance while LB is hierarchy-avoidance.

Source: Cheng-Chwee Kuik, "Rising Dragon, Crouching Tigers? Comparing the Foreign Policy Responses of Malaysia and Singapore Towards a Re-emerging China: 1990-2005," *Biblioasia* 3, no. 4 (2008): 7.

Academia and policy-makers appear pre-disposed towards hedging as the most logical policy option for ASEAN as it navigates through the different political inclinations of its member states, and strives for strategic flexibility in its engagement

with both China and the U.S. Ba, for instance, adopts the position that Southeast Asian nations should actively seek out both Washington and Beijing without necessarily viewing their ties with both big powers as a zero sum game.<sup>36</sup> Heng further argues that a hedging strategy is perhaps the only way in which ASEAN can maintain its unity as a regional organization, neutrality as a dispute resolution forum, and centrality as a power broker without being hijacked by big-power control.<sup>37</sup> As Emmerson similarly asserts, “a peaceful balancing of power between Beijing and Washington could refurbish space for ASEAN to operate independently between the two.”<sup>38</sup> How best to hedge? And are all five policy options on the hedging spectrum germane towards ASEAN’s regional interests? These are secondary questions that will be analyzed in chapter 4 of this thesis.

#### Defining Neutrality, Unity, and Transparency

On the premise that hedging is a sound policy approach, how then should ASEAN proceed with such a strategy? There is scant literature in this regard, although there have been repeated calls for ASEAN to maintain neutral and united. Transparency as a principle is also gaining increasing prominence as ASEAN attempts to minimize mutual suspicion, and coordinate their policy responses. This part of the literature review

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<sup>36</sup>Alice Ba, “Southeast Asia and China,” in *Betwixt and Between: Southeast Asian Strategic Relations with the U.S. and China*, ed. Evelyn Goh (Singapore: Institute of Defence and Strategic Studies, S. Rajaratnam School of International Studies, 2005), 106.

<sup>37</sup>Sarith Heng, “ASEAN: between China and America,” 12 July 2013, <http://www.eastasiaforum.org/2013/07/12/asean-between-china-and-america/> (accessed 21 September 2013).

<sup>38</sup>Donald K. Emmerson, “Challenging ASEAN: the American Pivot in Southeast Asia,” 13 January 2013, <http://www.eastasiaforum.org/2013/01/13/challenging-asean-the-american-pivot-in-southeast-asia/> (accessed 23 September 2013).

therefore aims to provide a more concrete definitional framework to the fundamental principles of neutrality, unity, and transparency that would undergird a hedging strategy. Those definitions would have to be established within the context of ASEAN, and be referenced by its existing foreign policy outlook and practices. It is important to define these principles at this stage as a precursor to how institutional expressions within ASEAN should evolve to best drive a hedging policy.

First, neutrality. The Zone of Peace, Freedom, and Neutrality Declaration of 1971 does not provide any substantial definition to the concept of neutrality. It states that “neutralization of South East Asia is a desirable objective and that [ASEAN] should explore ways and means of bringing about its realization.” Central to the declaration though is the statement that “[ASEAN is] determined to exert initially necessary efforts to secure the recognition of, and respect for, South East Asia as a Zone of Peace, Freedom and Neutrality, free from any form or manner of interference by outside Powers.” This has to be read in the context of the ongoing Cold War during that time where academics like Tang have argued that ASEAN, “despite being staunchly anti-Communist throughout the Cold War, [was trying to engage] nations across the ideological spectrum. Neutrality provided the cover for ASEAN to effect its omni-directional engagement” without being divided or entrenched by any hegemonic power.<sup>39</sup> Turning to Europe, where the concept of neutrality has been practiced in various forms,

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<sup>39</sup>Dr Tang Siew Mun, “ASEAN Non-Alignment: ‘ZOPFAN’ Best Policy for Region.” *New Straits Times*, 6 August 2012, <http://www.nst.com.my/opinion/letters-to-the-editor/asean-non-alignment-zopfان-best-policy-for-region-1.121259> (accessed 18 April 2014).

and to different degrees of success, Bitzinger highlights four disparate models.<sup>40</sup> The first model practiced by Ireland is, as Bitzinger argues, essentially “reactive and anti-British.”<sup>41</sup> Neutrality is therefore taken as a means not to support the British in any conflict, and to distance itself from its historical master. Petersen describes this Irish form of neutrality as being “rooted in Ireland’s drive for independence and represents nothing less than the sovereignty of the Republic of Ireland.”<sup>42</sup> While ASEAN certainly strives for its own independence to prevent itself from being held hostage by either Chinese or American interests, it does not seek neutrality as an expression to alienate itself from either power. Instead, it relies on enmeshing both the U.S. and China into its regional security architectures to promote mutual trust and understanding. Hence, the Irish model of autonomy through “defiant” neutrality may not best define ASEAN’s approach. The second model adopted by Switzerland is what Bitzinger perceives as “perfect neutrality.” Switzerland is not a member of any international institution or military alliance that is tied to the notion of collective security, and its neutrality is founded on international law.<sup>43</sup> Though not completely isolationist, its participation in international affairs is limited by and large to trade, finance and ethical issues. It will be difficult, if not impossible, for ASEAN to achieve “perfect neutrality.” As a small regional grouping of

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<sup>40</sup>Richard A. Bitzinger, “Neutrality for Eastern Europe? An Examination of Possible Western Role Models” (Paper for RAND European Security Symposium, 2 February 1990, The Rand Corporation, Santa Monica, California).

<sup>41</sup>Ibid., 2.

<sup>42</sup>Karen K. Petersen, “Neutrality, a Common Foreign and Security Policy, and Conflict Resolution: The Future of European (and Global?) Security” (Paper presented at EUSA’s 8th Biennial International Conference, Tennessee, 27-29 March 2003), 12.

<sup>43</sup>Bitzinger, 3.

10 member states who share proximate borders, cooperative security is an important foreign policy goal. Disputes over territorial claims in the SCS where several ASEAN member states have vested national interests is another cogent reason why perfect neutrality would be virtually unattainable. The Swedish model is the third model, and it is one that can be described as “strident neutrality.” Sweden advocates a very vocal independent foreign policy, which leverages on open criticism of any power bloc to project its impartiality.<sup>44</sup> This model is almost an antithesis to ASEAN’s cultural disposition for non-confrontational, consensus-building diplomacy. It may not be the most suitable form of neutrality since it could detract from ASEAN’s goal of promoting inclusiveness and reconciliation. Finally, Bitzenger’s fourth model subscribed to by Austria and Finland focuses on neutrality not as an “expression of independence” but an “instrument of independence.”<sup>45</sup> Like most neutral states, both Austria and Finland do not practice “ideological neutrality.” Uniquely, however, both countries take an active interest to minimize international tensions, and refrain from antagonizing any important power. Both countries are integrated within the EU, yet sensitive towards Russia’s concerns over the union’s eastwards expansion. They prefer to play the mediating role of a neutral broker between states, than being embroiled in any one side of a conflict. Within ASEAN, Singapore is a good example for practicing this model of neutrality that emphasizes, as Guo and Woo point out, a very pragmatic form of “strategic

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<sup>44</sup>Ibid., 6.

<sup>45</sup>Ibid., 7.

engagement.”<sup>46</sup> Its policy stance is inherently independent, and one that is driven by its own set of interests. Not only does it not take sides, it also refrains from isolating any major power, preferring instead to resolve differences through engagement. This form of “constructive neutrality” appears to be the best definitional fit that complies with the original spirit of the Zone of Peace, Freedom, and Neutrality, and for what academics like Tay sees as ASEAN’s imperative to forge “open and healthy dialogue about the fullest possible range of issues” without being openly antagonistic to either big power.<sup>47</sup>

Second, unity. Several criticisms have been levelled against ASEAN not as a neutral, but “neutered” organization that fails to get anything done as a result of internal divisions.<sup>48</sup> Even as it endeavors to avoid the Hobson’s choice of having to choose between the U.S. and China, it lacks on its own, as Ho, Pitakdumrongkit, and Teo contend, the ability to speak with one voice.<sup>49</sup> This relegates ASEAN from a position of influence to a position of vulnerability as it potentially subjects itself to big power domination. ASEAN’s regional solidarity is further cast in doubt as national interests tend to conflict with regional objectives when it comes to territorial disputes in the SCS. Yet, unity, as many politicians and scholars have made clear, is fundamental to ASEAN’s

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<sup>46</sup>Yvonne Guo and Woo Jun Jie, “The Secrets to Small State Survival,” *The Straits Times*, 20 September 2013, <http://www.straitstimes.com/the-big-story/case-you-missed-it/story/the-secrets-small-state-survival-20130923> (accessed 21 September 2013).

<sup>47</sup>Simon Tay, “Neutral or Neutered?,” *The Nation*, 24 July 2012, <http://www.nationmultimedia.com/opinion/Neutral-or-neutered-Unity-and-resolve-essential-fo-30186787.html> (accessed 21 September 2013).

<sup>48</sup>Ibid.

<sup>49</sup>Benjamin Ho, Kaewkamol Pitakdumrongkit, and Sarah Teo, “ASEAN Unity: From Word to Deed,” *RSIS Commentaries*, No. 078/2013, 26 April 2013.

aspiration of being the fulcrum of security cooperation in the region. According to Singapore's Prime Minister Lee, the manifestation of this unity is rooted in ASEAN's collective political will to "forge pragmatic and common positions on key issues."<sup>50</sup> To project a cohesive ASEAN, these common positions must be realized in both "word and deed."<sup>51</sup>

Third, transparency. Academics like Haacke have pointed out that transparency is a particularly thorny issue in ASEAN where "governments have generally not exchanged sensitive [information] in an intramural context because of lingering suspicions."<sup>52</sup> Yet, without some level of transparency, there is no way to engender strategic trust that would ultimately lead to greater solidarity. Several commentaries have emerged in recent times to highlight how search and rescue (SAR) efforts for the missing Malaysian airlines plane MH370 have exposed certain deficiencies in ASEAN's framework of cooperation especially in the maritime domain where territorial disputes continue to be a bugbear. The most glaring and obvious of all, as Nugroho argues, is the lack of an "ASEAN banner" to the overall SAR mission which one would have expected given the area of search operations.<sup>53</sup> Although several countries responded quickly in aid of Malaysia, ASEAN conspicuously did not have a regional maritime emergency management regime in place

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<sup>50</sup>Ibid.

<sup>51</sup>Ibid.

<sup>52</sup>Jurgen Haacke, *ASEAN's Diplomatic and Security Culture: Origins, Development and Prospects* (New York: Routledge, 2005), 151.

<sup>53</sup>Johannes Nugroho, "Time for ASEAN to Act as Unified Force?," *The Straits Times*, 7 April 2014, <http://www.straitstimes.com/the-big-story/asia-report/opinion/story/time-asean-act-unified-force-20140405> (accessed 18 April 2014).

that will minimize inter-agency bureaucracy,<sup>54</sup> and enable information sharing and technological cooperation.<sup>55</sup> Another key shortcoming, as Taylor indicates, lies in perhaps deep-seated suspicions when it came to sharing sensitive military data,<sup>56</sup> and allowing foreign ships into waters as contentious as that of the SCS.<sup>57</sup> To elevate ASEAN's ability to cooperate and act as a unified force, the notions of mutual trust and transparency are intertwined. As Nugroho opines, "it is becoming increasingly evident that strong economic and cultural ties are no longer adequate for an organisation that seeks to represent its 10 member states on the international stage."<sup>58</sup> He argues further for an ASEAN peace-keeping and emergency force, as well as a possible military alliance.<sup>59</sup> It would therefore appear that there is a building momentum towards closer cooperation and greater transparency in the way ASEAN conducts its regional affairs for it to remain responsive to the demands of an increasingly complex geopolitical landscape. Drawing from Yordanova's paper on "Transparency in Foreign Policy and International

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<sup>54</sup>Indonesia for instance drew flak for a delay in granting overflight rights to aircraft searching for MH370. The Indonesian military claimed that it had given its approval, but permits were held up due to delays from the Ministries of Defense, Transportation, and Foreign Affairs.

<sup>55</sup>Carl Thayer, "Flight MH370 Shows Limits of ASEAN's Maritime Cooperation," *The Diplomat*, 18 March 2014, <http://thediplomat.com/2014/03/flight-mh370-shows-limits-of-aseans-maritime-cooperation/> (accessed 18 April 2014).

<sup>56</sup>Thailand took 10 days to share raw military data with Malaysia on a contact that could have been the missing plane. When questioned why it took so long, Thailand blamed Malaysia for being vague on its request.

<sup>57</sup>Adam Taylor, "The Geopolitics of Asia are Complicated. And so is the Search for MH370," *The Washington Post*, 31 March 2014.

<sup>58</sup>Nugroho, "Time for ASEAN to Act as Unified Force?"

<sup>59</sup>Ibid.

Relations,” this concept of transparency should consist of at least three elements: one, clarity on where interests may diverge and converge, and how a compromise can be reached; two, open channels of communication to minimize miscalculations and misunderstandings; three, lowering bureaucratic barriers in order to facilitate open sharing of information.<sup>60</sup>

### ASEAN’s Existing Institutional Expressions

The foregoing portions of this literature review have attempted to do two things. One, expound existing international relations theories that could frame ASEAN’s strategic approach in its security relations with the U.S. and China. Two, define the concepts of neutrality, unity, and transparency that would form the foundation of a possible hedging strategy. These two insights set the stage to examine ASEAN’s existing institutions, and whether they are capable of (as chapter 4 would analyze) providing substance to both policy and principles.

Hedging, as defined earlier, inherently requires a robust international engagement on two fronts. Its strength, as Cai reveals, lies in the strategic flexibility it offers when either front presents opportunities to be reaped or risks to be mitigated. To sustain that strategic flexibility, ASEAN must be clear first and foremost what its common set of interests are. A strong institutional and community core then becomes the sine qua non towards pursuing those end objectives in a coherent manner.

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<sup>60</sup>Tsvetelina Yordanova, “Transparency in Foreign Policy and International Relations (A Case Study of the Bulgarian Participation in the ‘Open Government Partnership’),” <http://campus.hec.fr/global-transparency/wp-content/uploads/2013/10/Yordanova-Transparency-in-foreign-policy-and-international-relations-.pdf> (accessed 18 April 2014).

ASEAN's existing institutional expressions can be classified into the physical and non-physical aspects. In the non-physical realm, two key ideas stand out. The first is that of ASEAN Centrality. Ho defines the notion of ASEAN Centrality as the group's desire to play a "leading role in a regional architecture by which the region's relations with the wider world are conducted, and the interest of the ASEAN community is promoted."<sup>61</sup> In other words, ASEAN Centrality defines the group's global positioning as a driving force behind evolving initiatives that will provide a platform for political and economic engagement between ASEAN and major global players. This is an ambitious undertaking by ASEAN to stamp its influence on regional politics, and does in fact mesh well with a hedging approach that aims to accommodate the two big powers. However, as an institutional expression, it has been branded as "a 'muddied' multilateralism strategy" that suffers from two key drawbacks.<sup>62</sup> Internally, ASEAN Centrality as a concept does not spell out how member states should galvanize themselves towards effective cooperation that would sustain ASEAN's strategic position as a lever and facilitator in regional affairs. As Ho argues, "[t]his centrality . . . while it gives institutional expression and voice to the global aspirations of ASEAN member states, is less useful within the intramural dealings of ASEAN, which is still steeped in the realist tradition whereby principles of state independence, territorial integrity, and maintenance of the political status quo are being upheld."<sup>63</sup> Without an institutional mechanism that allows for

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<sup>61</sup>Benjamin Ho, "ASEAN's Centrality in a Rising Asia" (Working Paper No. 249, S. Rajaratnam School of International Studies, Singapore, 2012), 1.

<sup>62</sup>Ibid., 7.

<sup>63</sup>Ibid., 2.

“internal consolidation,” ASEAN’s role as a power broker among major global players, as Goh assets, will be severely constrained.<sup>64</sup> Externally, an overemphasis on ASEAN Centrality also overlooks the limitations in influence it can impose on larger regional and global players outside of ASEAN.<sup>65</sup> Whether ASEAN exists or not, these players continue to interact based on their own perceived security interests. Hence, it may be unrealistic for ASEAN to be in the driver’s seat for all matters of regional concern. Ho has argued that the interests of ASEAN may be better served if it simply “[provides] ‘contextualized framing’ of the issues it chooses to engage.”<sup>66</sup> Even so, this requires an ASEAN which understands what its collective interests are, and is able to adopt a common policy position on security developments in the region. This is an area which continues to find weak expression in ASEAN’s institutional framework. Although ASEAN Centrality has its weaknesses, Acharya has countered that it would be a mistake to discount it in its entirety. He is of the opinion that ASEAN Centrality does after all provide an undertone of ASEAN’s individuality and independence, signaling to the world that “ASEAN is acting on its own interests, not America’s [or China’s] no matter how much the two coincide.”<sup>67</sup>

The second institutional expression in the non-physical realm is what has been discussed in chapter 1 as the ASEAN Way. According to Ho, the major drawback of the

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<sup>64</sup>Evelyn Goh, “Institutions and the Great Power Bargain in East Asia: ASEAN’s Limited Brokerage Role,” in *ASEAN and the Institutionalization of East Asia*, ed. Ralf Emmers (London: Routledge, 2012), 113.

<sup>65</sup>Ho, “ASEAN’s Centrality in a Rising Asia,” 19.

<sup>66</sup>*Ibid.*, 20.

<sup>67</sup>Acharya, “The End of ASEAN Centrality?”

ASEAN Way is that it is “process- rather than product-oriented.”<sup>68</sup> Hence, from a hard realist perspective, it would always be found wanting in concrete steps taken to address regional developments. While the ASEAN Way in multilateral negotiations is a good contrast against the more western style of adversarial legalistic posturing, Zhao argues that ASEAN’s “soft regionalism” needs to mature towards “structured regionalism” if the bloc does not wish to appear weak and indecisive even as it seeks to take center stage on managing complex and difficult security affairs in the region.<sup>69</sup>

On the physical aspect, ASEAN relies heavily on the fora it chairs, and its secretariat structure to express its institutional strength. Among the list of fora mentioned in chapter 1, ARF is the central platform through which dialogue on political and security cooperation is forged. Primary motivations for the creation of the ARF were two-fold: one, to sustain U.S. presence in the Asia-Pacific through diplomatic engagement; and two, to “[socialize] China into habits of good international behavior.”<sup>70</sup> In the 27th ASEAN Ministerial Meeting (AMM) in 1994, it was stated that “[t]he ARF could become an effective consultative Asia-Pacific Forum for promoting open dialogue on political and security cooperation in the region. In this context, ASEAN should work with its ARF partners to bring about a more predictable and constructive pattern of relations in

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<sup>68</sup>Ho, “ASEAN’s Centrality in a Rising Asia,” 4.

<sup>69</sup>Zhao Suisheng, “From Soft to Structured Regionalism: Building Regional Institutions in the Asia-Pacific,” *Journal of Global Policy and Governance* 2, no. 2 (November 2013): 145-166.

<sup>70</sup>Ralf Emmers and See Seng Tan, “The ASEAN Regional Form and Preventive Diplomacy: Failure in Practice” (RSIS Working Paper No. 189, Singapore, 2009), 1.

the Asia Pacific.”<sup>71</sup> Hence, at the onset, as Emmers and Tan postulate, the ARF has been an extension of the ASEAN Way. It is largely fashioned after ASEAN’s existing norms and practices of inclusivity, consultations, and consensus, with the aim of developing cooperative norms of behavior among ASEAN and other regional players. Having said so, the ARF, which meets annually, is hitherto ASEAN’s most institutionalized and “structured approach to cooperative security.”<sup>72</sup> It adopts an evolutionary approach towards security cooperation in three stages. The first stage involves confidence-building measures (CBMs) aimed at enhancing trust and confidence, as well as promoting cooperative and constructive discussions on regional security issues in both the traditional and non-traditional realms. The second stage is preventive diplomacy, which has been defined as follows:

“Consensual diplomatic and political action taken by sovereign states with the consent of all directly involved parties:

To help prevent disputes and conflicts from arising between States that could potentially pose a threat to regional peace and stability;

To help prevent such disputes and conflicts from escalating into armed confrontation; and

To help minimize the impact of such disputes and conflicts on the region.”<sup>73</sup>

The third and final stage focuses on conflict resolution mechanisms. The ARF has been widely criticized as an ineffectual talk shop for its failure to make any concrete

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<sup>71</sup>See ASEAN’s ARF website, <http://www.aseansec.org/asean-regional-forum/>.

<sup>72</sup>Emmers and Tan, “The ASEAN Regional Forum and Preventive Diplomacy,” 9.

<sup>73</sup>Ibid., 11-12.

progress towards resolving security problems in the region.<sup>74</sup> Its weaknesses center around three main arguments. One, that the deference to national sovereignty and strict adherence to the principle of non-intervention (as enshrined in the Treaty of Amity and Cooperation) have significantly hampered the ARF's ability to exercise greater activism in dealing with regional flashpoints.<sup>75</sup> Two, that the ARF as a whole lack institutional mechanisms preferring more practical forms of cooperation that would allow it progress beyond an exchange of views to actual problem solving.<sup>76</sup> Three, the consensual style of ASEAN diplomacy has inadvertently been formalized into the ARF process, thereby paradoxically undermining the original spirit of the ASEAN Way that advocates informality and flexibility.<sup>77</sup>

In terms of organizational structure, the ASEAN Summit is the Association's supreme policy-making body. It meets annually and is composed of the heads of state (government) of the 10 ASEAN countries. Foreign affairs ministers of these countries in turn make up the ASEAN Coordinating Council, which meets twice a year to coordinate cross-nation policy discussions and implementation. In 2003, the Declaration of ASEAN Concord II (Bali Concord II) calls for the establishment of an ASEAN Community by the

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<sup>74</sup>Sheldon W. Simon, "The ASEAN Regional Forum: Beyond the Talk Shop?," *NBR Analysis Brief*, 11 July 2013, <http://www.nbr.org/publications/issue.aspx?id=287> (accessed 21 September 2013).

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

<sup>76</sup>Sisowath Doung Chanto, "The ASEAN Regional Forum—The Emergence of 'Soft Security': Improving the Functionality of the ASEAN Security Regime," *Dialogue + Cooperation* (3/2003): 44.

<sup>77</sup>Emmers and Tan, "The ASEAN Regional Forum and Preventive Diplomacy," 19.

year 2015. The ASEAN Community will consist of three pillars: the ASEAN Economic Community, the APSC, and the ASEAN Socio-Cultural Community. As a result of this development, three ASEAN Community Councils are formed to realize the goals of each sub-community. Of interest to this thesis is the ASEAN Political-Security Community Council which consists of the foreign affairs ministers of the 10 member states who meet biannually. The day-to-day running of ASEAN is managed by the ASEAN Secretariat (ASEC). Figure 2 shows the ASEC’s organizational structure.

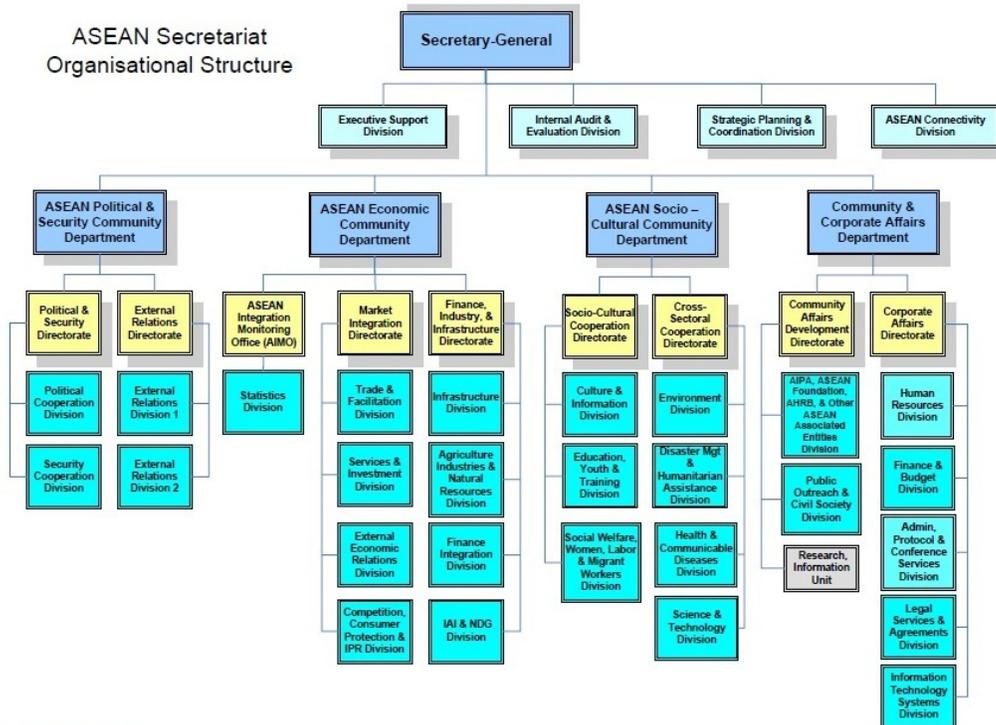


Figure 2. ASEC’s Organizational Structure

Source: Association of Southeast Asian Nations, “Organisational Structure,” <http://www.asean.org/asean/asean-secretariat/organisational-structure> (accessed 18 April 2014).

Based on the ASEAN Charter developed by the ASEAN Eminent Persons Group (EPG) in 2008, an APSC Blueprint was adopted by the ASEAN Summit in 2009 to chart the development of the APSC. The blueprint to be executed by the ASEAN Political-Security Community Council framed three key characteristics that would define the APSC:

A rules-based community of shared values and norms;

A cohesive, peaceful, stable and resilient region with shared responsibility for comprehensive security; and

A dynamic and outward-looking region in an increasingly integrated and interdependent world.<sup>78</sup>

The blueprint therefore seems to be advocating a shift from “soft regionalism” to a more “rules-based” institutional framework.

### Summary

In summary, this literature review offers three key observations to this study. One, international relations theory has posited a strategic framework for managing big power relationships through the notions of balancing, bandwagoning, and hedging. The former two in their purest forms are rarely borne out in state practice, and have been dismissed by politicians and academics alike to be counter to ASEAN’s strategic interests. Hedging itself encompasses both elements of balancing and bandwagoning albeit in a more nuanced manner. While balancing seeks to minimize the risks of strategic uncertainty through U.S. presence, bandwagoning aims to maximize returns from an ascendant

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<sup>78</sup>See <http://www.asean.org/archive/5187-18.pdf>.

China. What this means in terms of concrete policy options remains to be analyzed.

Second, various calls have been made for ASEAN to be neutral, united, and transparent, but no material definitions are attached to those general principles. Gleaning from existing literature, this thesis has defined neutrality as a constructive and pragmatic form of strategic engagement that neither takes sides nor antagonizes either power, but preserves a distinct ASEAN voice. Unity on other hand denotes a convergence towards pragmatic, common positions that are realized in both word and deed. Finally, transparency encompasses a clarity on shared strategic interests, open channels of communication, and lower bureaucratic platforms that encourage the sharing of information. Third, an overview of existing institutional expressions within ASEAN, in particular the concepts of ASEAN Centrality and the ASEAN Way, suggests an approach distinguished by “soft regionalism”, which permeates throughout ASEAN’s structural mechanisms like the ASEAN-driven fora and the APSC blueprint. A paradox therefore arises between a soft approach and the hard security issues the bloc is called upon to resolve. In this regard, ASEAN appears due for a shift towards stronger institutionalism.

## CHAPTER 3

### RESEARCH METHODOLOGY

This chapter explains the methodology used to analyze the strategic approach ASEAN should adopt towards its security relations vis-à-vis the U.S. and China. The methodology is fundamentally qualitative in nature, and has three distinct components to it.

The first step has been achieved in chapter 1, and it is to define the Asia-Pacific's security environment. In particular, it establishes the context of why the U.S. and China matter to ASEAN, and why both big powers together ought to be a key plank of ASEAN's foreign and security policy. Two key trends stand out in this respect: China's rise, and the U.S.' rebalance to Asia. In addition, as pointed out earlier, ASEAN is an inherently diverse group of countries, each with its own unique historical, political, social, and economic ties with the two big powers. This is an important internal consideration when determining ASEAN's strategic posture relative to the U.S. and China.

The second step is a discussion on strategy, which has been partially laid out in chapter 2, and will be critically analyzed in chapter 4. It postulates how the current strategic environment drives ASEAN's policy options based on three prevailing international theories: balancing, bandwagoning, and hedging. Instead of viewing them as discrete options which are mutually exclusive, these three theories are further positioned along a continuum with pure balancing and pure bandwagoning occupying both ends of the spectrum, and hedging branded as the middle way. Since the term hedging has its origins in the financial sector, it is important to define how it relates to strategy and

policy in the realm of international relations. Further, as elucidated in chapter 2, hedging combines both elements of balancing and bandwagoning along the lines of risk-contingency and return-maximizing options. This thesis explores which of these options are most amenable to ASEAN’s strategic interests using an analytical framework that centers on ASEAN’s perceptions of China and the U.S. presence in the region (see figure 3).

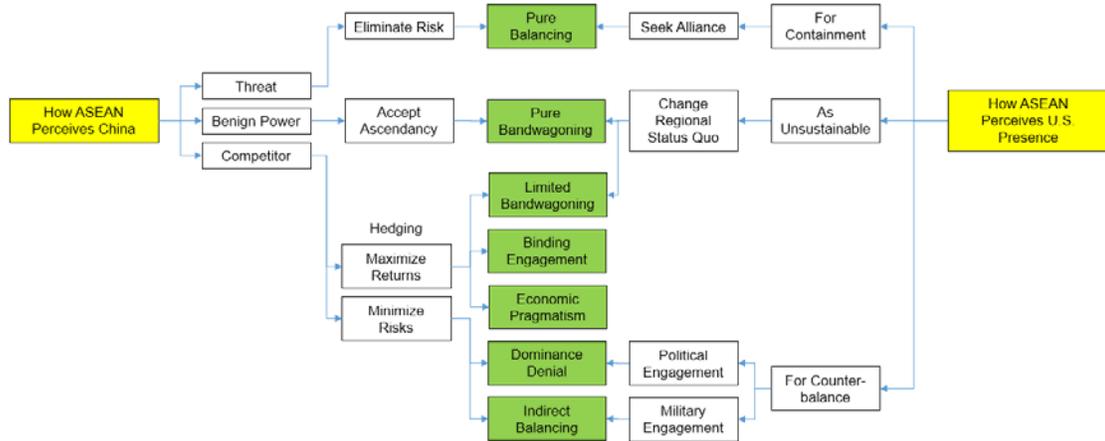


Figure 3. Analytical Framework for ASEAN’s Policy Options towards the U.S. and China

Source: Created by author.

The third step in this analysis framework then asks the question: if hedging is the best approach, what then should ASEAN do to pursue it? This question is tackled in two parts. The first is to provide a definitional framework to the core tenets that undergird a hedging policy, namely: neutrality, unity, and transparency. This is done by gleaning existing literature, and contextualizing them into ASEAN’s foreign policy goals and

diplomatic practices. It provides a basis for how institutional expressions in ASEAN have to evolve to accommodate a hedging strategy. The concept of neutrality in particular is defined by referencing the neutral models adopted by the five European neutral (non-aligned) states: Ireland, Switzerland, Sweden, Austria, and Finland. Subsequently, the thesis discusses how best to institutionalize the proposed strategic approach and its attendant principles. This is done by examining first the present institutional expressions of ASEAN, be it the notions of ASEAN Centrality and the ASEAN Way, the existing ASEAN-driven fora, or the APSC Blueprint. Going forward, this thesis then makes overall observations of the present form of ASEAN institutionalism, and assesses if this will be sufficient for the bloc to deal with “hard” security issues on the inter-state level. Further, it addresses the ensuing idea of whether ASEAN’s institutionalism can be further strengthened through a common foreign security policy akin to the EU’s CFSP mechanism that would provide greater coherence to its hedging strategy. All of this centers on the ultimate goal of ensuring that the Asia-Pacific region remains stable and prosperous, with ASEAN postured as the fulcrum of regional security cooperation.

This broad methodological framework is outlined in figure 4.

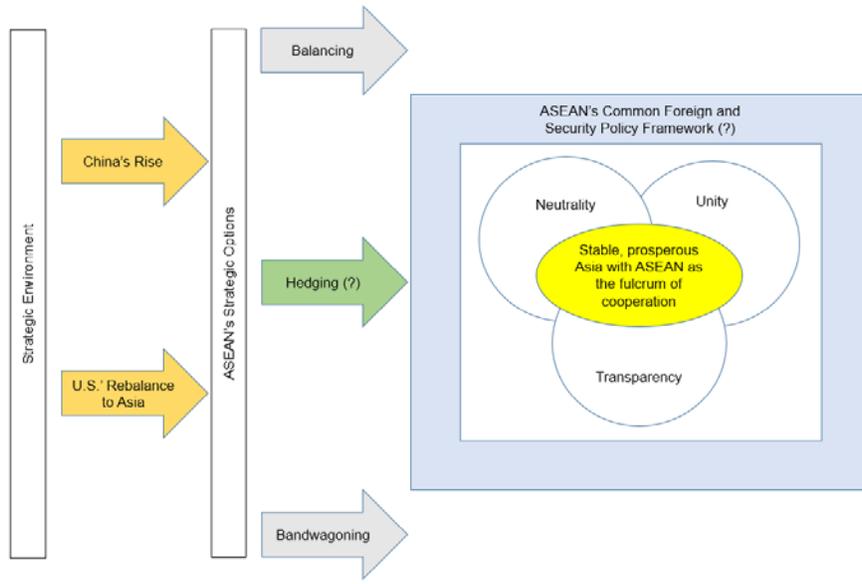


Figure 4. Thesis Methodological Framework

Source: Created by author.

## CHAPTER 4

### ANALYSIS

Against the backdrop laid out in chapter 2, this chapter aims to analyze two key secondary questions to this thesis. One, if pure balancing and pure bandwagoning do not bear out in state practice and are not ideal approaches for ASEAN, which of the five policy options preferred in the hedging strategy are most amenable to ASEAN's strategic interests? Two, to hedge, do ASEAN's existing mechanisms provide sufficient institutional strength to achieve the requisite level of cohesiveness and coherence? If not, is a common foreign security policy a means through which ASEAN can pursue hedging, and thereby assert a more powerful influence on regional security affairs?

#### How to Hedge?: Analyzing the Five Policy Options of the Hedging Strategy

To recapitulate, this thesis has articulated that the preponderance of U.S.' power in the Asia-Pacific is gradually giving way to a bipolar regional order where the heft of China's political, economic, and military clout weighs increasingly on the strategic calculus of its neighbors. This emerging bipolarity differs fundamentally from that which exists during the Cold War in two ways. One, the competition is driven not by profound ideological differences, but by more pragmatic concerns of widening (in the case of the revisionist power, China) and maintaining (in the case of the status quo power, the U.S.) one's strategic influence. While U.S.' interests focus primarily on access and stability, China's goals contain greater domestic undertones—to secure commodities that would guarantee the economic future of China, and hence the survival of the Chinese Communist Party (CCP); to unify China, and avoid the painful lessons learnt during its

last century of humiliation. Hence, on a macro-level, both ends do not appear to be intrinsically diametrical (unlike capitalistic democracy versus communism), and peaceful co-existence, in theory, remains possible. As then-Secretary of State Hillary Clinton herself opined, the Pacific is big enough to accommodate both powers. This strategic perspective that U.S.-China relations need not be viewed as a zero-sum game is hugely important to security dynamics in the region. Two, while the Soviet and U.S. economies were not closely intertwined during the Cold War, there is today a high level of economic interdependence not only between the U.S. and China, but also between them and economies in the Asia-Pacific. Even though economic interdependence is not necessarily a guarantee against war,<sup>79</sup> it does suggest however that pragmatic economic considerations would militate against any notions of a pure alignment strategy.

Chapter 2 has laid out eminent reasons based on existing literature why pure balancing and pure bandwagoning are not optimal strategies for ASEAN to adopt. To balance between the U.S. and China, hedging has been hailed as the most pragmatic approach to maximize economic interests while, at the same time, minimizing security risks. Five policy options are inherent in this hedging strategy.<sup>80</sup>

1. Indirect balancing: to minimize strategic uncertainty of intentions, and the security risk an emerging power poses by seeking military modernization, and maintaining an alliance or military cooperation with other big powers, but without specifically identifying the intended target of the military efforts.

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<sup>79</sup>See Richard N. Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (New York: Basic, 1986) for liberal perspective on this issue.

<sup>80</sup>Kuik, “Rising Dragon, Crouching Tigers?,” 7.

2. Dominance denial: to deny a rising power of hegemony, and from overwhelming smaller states by leveraging on external balancing effects put forth by other powers, and providing political support to those external alliances.
3. Economic pragmatism: to set aside political differences, and maximize economic benefits with the emerging power through bilateral or multilateral economic cooperation.
4. Binding engagement: to enmesh the rising power within bilateral or multilateral institutions so as to socialize it with norms of international behavior thereby encouraging it to act in a responsible and restrained manner.
5. Limited bandwagoning: to form a political partnership with the emerging power, but cautious about retaining one's autonomy, and existing relationship with the preponderant power.

This thesis will look at each policy option in turn, and assess if it's in ASEAN's best interest to pursue them.

Indirect Balancing. Indirect balancing is an important "fall-back" contingency option should the risks of an embattled China-ASEAN relationship bear out in the midst of China's increasing maritime aggression. This will be largely materialized through the U.S.' rebalance towards Asia, and the strengthening of each member state's organic military capabilities. The point to note here is that the balancing act should be an indirect one by nature, which means any overt reference to China as a threat, or as the intended target of these military efforts should be avoided. This idea of the U.S. as a counterbalancing force is not new. It can be traced back to the Cold War years, and in the

immediate period after that. From the 1950s to 1970s, the original ASEAN 5 (Indonesia, Malaysia, the Philippines, Singapore, and Thailand) had supported America's intervention in Korea and Vietnam to halt the spread of communism. ASEAN was in fact formed in 1969 when there were signs that America was losing the war in Vietnam, and the British were withdrawing troops from the East of Suez. Post-Cold War, there was palpable apprehension when the U.S. Department of Defense issued the East Asia Strategic Initiative (EASI) calling for a troop drawdown from the Asia-Pacific since the collapse of the Soviet Union had removed any impetus for the U.S.' continued forward military presence. In 1989, when Filipino nationalism derailed negotiations for the U.S.' continued use of the Clark and Subic bases, Singapore was forthcoming in allowing the U.S. access to its military facilities. Then Prime Minister Lee Kuan Yew opined that "[n]ature does not like a vacuum. And if there is a vacuum, we can be sure somebody will fill it."<sup>81</sup> He therefore saw America's continued military presence as "essential for the continuation of international law and order in East Asia."<sup>82</sup> Malaysia and Indonesia eventually adopted similar sentiments and strategies. ASEAN's anxieties were put to rest subsequently in 1995 when Department of Defense issued the East Asia Strategic Review (also known as the Nye report) committing the presence of 100,000 troops in the region. Accordingly, there was reassurance that "[t]he chances of Asia being the cockpit of great power rivalry [would] . . . be significantly lower."<sup>83</sup> Today, as the dynamics of world power shift, and as strategic uncertainty increases with the rise of China, ASEAN must

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<sup>81</sup>Khong Yuen Foong, "Coping with Strategic Uncertainty," 182.

<sup>82</sup>Ibid.

<sup>83</sup>Ibid., 184.

continue to hedge against the inherent risks of these new developments by viewing the U.S.' military footprint as being conducive to the overall peace and stability of the Asia-Pacific. Measures such as the U.S. Navy's rotational deployments of littoral combat ships to Singapore, or the stationing of Marines in Darwin, Australia, should therefore be welcomed, but carefully nuanced. One, a balancing strategy should not be construed as containment. Two, these balancing efforts must not be overtly aimed at China. The second point may appear disingenuous, but to paint China as a threat has a tendency to make that a self-fulfilling prophecy. As previous Malaysian Prime Minister Mahatir Mohamad once remarked, "[w]hy should we fear China? If you identify a country as your future enemy, it becomes your present enemy—because then they will identify you as an enemy and there will be tension."<sup>84</sup> This model of balancing against strategic uncertainty as opposed to a specific threat<sup>85</sup> is therefore the distinguishing feature between a policy that favors pure balancing, and one that favors a more indirect approach. It mitigates the net effect of the classic security dilemma through a communicative regimen of diplomatic assurance to the rising power. Hence, while the Philippines' recent defense pact with the U.S. could have achieved a positive balancing effect, the rhetoric that it is not aimed at countering China rings hollow given the Philippines' distinct anti-China posture in the SCS. This has caused the Chinese media to single Philippines out as a troublemaker, calling it a "rat [that] will not be pacified when [China] hesitate[s] to pelt it for fear of

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<sup>84</sup>AsiaWeek, "I Am Still Here: Asiaweek's Complete Interview with Mahatir Mohamad," *Asiaweek*, 9 May 1997, <http://edition.cnn.com/ASIANOW/asiaweek/97/0509/cs3.html> (accessed 18 April 2014).

<sup>85</sup>Khong calls this "soft balancing" approach a "balance of power," as opposed to a "balance against threat."

smashing the vase beside it.”<sup>86</sup> From an ASEAN perspective, Philippines’ stance could also reduce the overall coherence of an indirect balancing strategy ASEAN may be attempting to pursue.

Dominance Denial. Equally, dominance denial is a necessary measure to curb China’s hegemonic intentions. There are two potential pathways to this policy component. The first is an “omni-enmeshment” strategy. Goh defines enmeshment as “the process of engaging with an actor or entity so as to draw it into deep involvement into a system or community, enveloping it in a web of sustained exchanges and relationships, with the eventual aim of integration.”<sup>87</sup> In omni-enmeshment, the idea is to not only to involve China in multilateral dialogues, exchanges, and cooperation, but also to sustain U.S. engagement, and incorporate the participation of other major powers, such as Japan, South Korea, and India, to collectively counterbalance China’s dominant position. Fora such as the ARF, APT, and EAS are examples of how institutional networks, if sufficiently strong, could deny China from monopolizing the regional agenda. Another way to achieve dominance denial is to ensure that ASEAN’s influence is organically robust. Therefore, it is important that ASEAN remains cohesive in order for it to project collective geopolitical weight on the international stage. Likewise, a successful ASEAN Economic Community by 2015 would create an amply large internal, single market that could offset to a certain extent China’s economic clout in the region.

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<sup>86</sup>China Daily, “Facing Up to Troublemakers,” *China Daily*, 13 May 2014, [http://www.chinadaily.com.cn/cndy/2014-05/13/content\\_17502868.htm](http://www.chinadaily.com.cn/cndy/2014-05/13/content_17502868.htm) (accessed 13 May 2014).

<sup>87</sup>Evelyn Goh, “Great Powers and Southeast Asian Regional Security Strategies: Omni-enmeshment, Balancing and Hierarchical Order” (Working Paper No. 84, S. Rajaratnam School of International Studies, Singapore, 2005), 8.

These first two policy options center on minimizing risks against a hegemonic China. Two further comments should be made in this area. One, though both indirect balancing and dominance denial carry a heavy military, political, and diplomatic flavor, an economic balancing is also crucial to ensure that U.S.-ASEAN economic ties remain robust.<sup>88</sup> One of the key pillars of America's rebalance strategy is the Trans-Pacific Partnership trade pact. However, the Trans-Pacific Partnership in its current form covers only four of 10 ASEAN countries (Brunei, Malaysia, Singapore, and Vietnam), and risks splitting ASEAN even as the bloc endeavors to form its own ASEAN Economic Community by 2015. It is critical that the Trans-Pacific Partnership does not weaken the political cohesion and decision-making capacity of ASEAN. A way needs to be paved for the U.S. and ASEAN to broaden and deepen their economic relations be it through means such as a more inclusive, or a U.S.-ASEAN Free Trade Area.<sup>89</sup> Two, even as indirect balancing and dominance denial rest heavily on U.S. engagement, ASEAN ought to be careful that its centrality is maintained, so that it is not being perceived as a marionette of U.S. policy to countervail Chinese influence. For instance, where misperceptions arise that ASEAN is pursuing an "overtly pro-U.S. agenda" by allowing the latter to interfere in the SCS at the expense of Chinese national interests, ASEAN should be quick to step in to quell U.S. vocalism on the issue, and elucidate regional interests from a unique

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<sup>88</sup>Malcolm Cook, "U.S. Needs Stronger Economic Rebalance towards Asia," *The Straits Times*, 3 May 2014, <http://www.straitstimes.com/news/opinion/more-opinion-stories/story/us-needs-stronger-economic-rebalance-towards-asia-20140505> (accessed 5 May 2014).

<sup>89</sup>See comments from the U.S.-ASEAN Business Council via <http://www.usasean.org/regions/tpp/about>.

ASEAN standpoint.<sup>90</sup> In short, an ASEAN strategy cannot and should not be identified with an American strategy, regardless of how similar both of their end-state interests may be.

The next three policy options will focus on maximizing benefits that a rising power could afford ASEAN.

Economic Pragmatism. Economic pragmatism uses China's economic rise as a crucial leverage to sustain ASEAN's continued industrial growth. Based on a projection by *The Economist*, China will become the largest economy by the end of 2014<sup>91</sup> (see figure 5). In its opinion, this marks the end of the American Century, and the beginning of the Pacific Century.<sup>92</sup>

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<sup>90</sup>Acharya, "The End of ASEAN Centrality?"

<sup>91</sup>J.M.F. and L.P., "Crowning the Dragon," *The Economist*, 30 April 2014, <http://www.economist.com/blogs/graphicdetail/2014/04/daily-chart-19> (accessed 2 May 2014).

<sup>92</sup>*Ibid.*

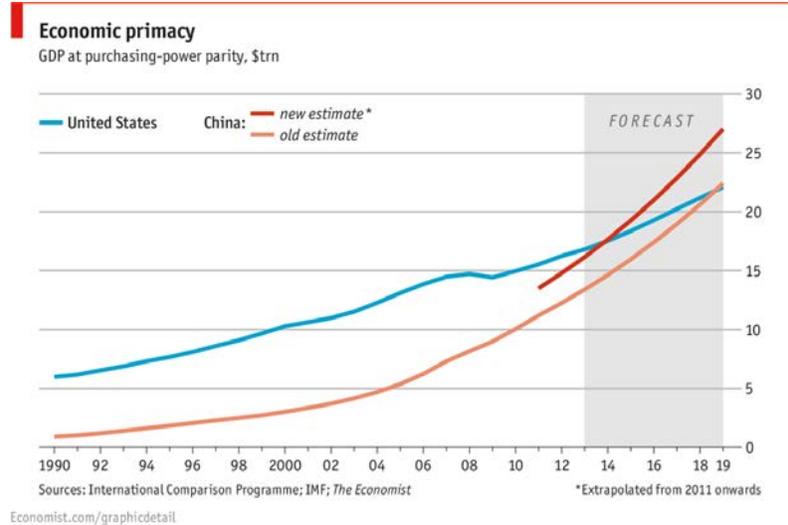


Figure 5. China and America GDP Forecasts

Source: “Crowning the Dragon,” *The Economist*, 30 April 2014, <http://www.economist.com/blogs/graphicdetail/2014/04/daily-chart-19> (accessed 2 May 2014).

While this may be overstating the case, the significance and ripple effect of China’s economic rise is incontrovertible. Economic data juxtaposing the U.S. and Chinese economic prominence in the region have consistently showed either a stronger or rising Chinese leverage (see figures 6,7).

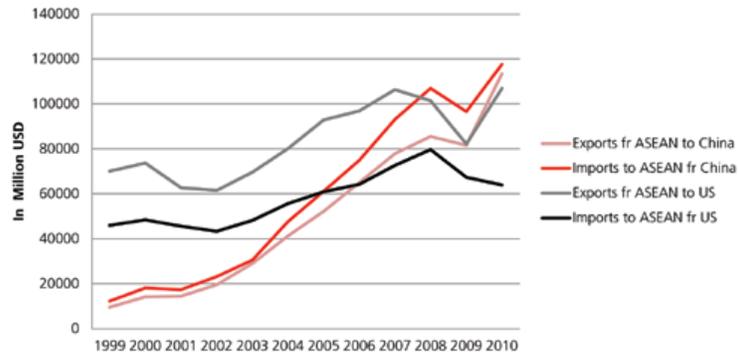


Figure 6. Direction of ASEAN Imports and Exports (China vs U.S.)

Source: Munir Majid, “Southeast Asia Between China and the United States,” The New Geopolitics of Southeast Asia (LSE IDEAS Report), November 2012.

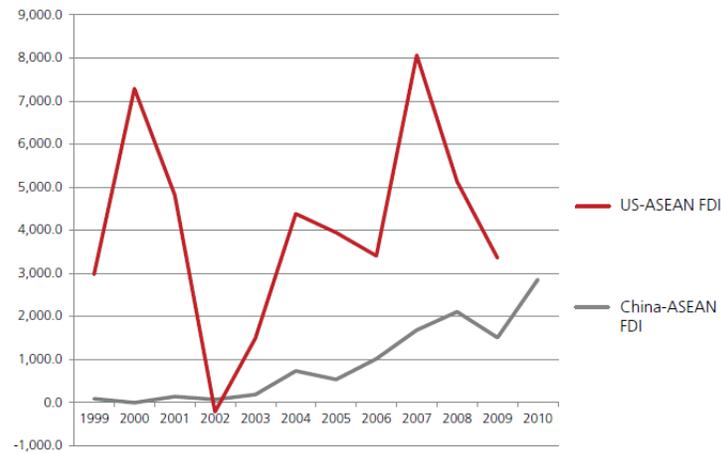


Figure 7. Foreign Direct Investment in ASEAN (China vs U.S.)

Source: Munir Majid, “Southeast Asia Between China and the United States,” The New Geopolitics of Southeast Asia (LSE IDEAS Report), November 2012.

Since implementing the ASEAN-China Free Trade Area in 2010, bilateral trade has reached USD400B in 2012, which is seven times more than that in 2002. The aim is to lift trade to USD500B by 2015. China has also provided loans totaling USD12B so far

to ASEAN for infrastructure development on bridges, roads, and power stations. Going forward, ASEAN's economic linkages with China will only increase in importance as both sides endeavor to maximize mutual benefits on the economic front. Although some have argued that China is an economic threat to Southeast Asia given the latter's smaller pie of exports to global markets relative to Chinese-manufactured goods, this economic competition is far from being a zero-sum game. Southeast Asia continues to register substantial increases in export of components to China, and China's direct investment in Southeast Asia has maintained a growing trend.<sup>93</sup>

Binding Engagement. Beyond economics, it will also be in ASEAN's interests to integrate China into regional security institutions. Despite having member states which are locked in bitter territorial disputes in the SCS, ASEAN's approach towards China has never been one of containment but of strategic engagement. It seeks to enmesh China within regional security architectures like the ARF, APT, and EAS with the aim of socializing it to international norms of responsible behavior that calls for cooperation and restraint. To be sure, none of the ASEAN countries can predict with certainty whether China would rise to become a benign or belligerent power. However, by treating it as a legitimate player and integrating it within the regional community, it reduces any xenophobic or insecurity tendencies China might have that would cause it to act irrationally. A binding engagement from this perspective therefore gives China a stake in the continued peace and stability of the region. To engender strategic trust and commit China in a multilateral discourse, ASEAN's neutrality and cohesion are paramount. It

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<sup>93</sup>John Ravenhill, "Is China an Economic Threat to Southeast Asia?," *Asian Survey* 46, no. 5 (2006): 653.

must convince China that it would not, as a bloc, take sides in the territorial disputes, and is dedicated instead to the pursuit of a peaceful resolution that promotes freedom of navigation. Individual member states must also not fracture ASEAN's unity by pursuing their claims unilaterally, which could jeopardize diplomatic ties, and undermine ASEAN's overarching strategy of a deep, purposeful, and binding engagement with China. Further, such an approach should not be perceived as a pacification strategy towards China's increasing assertiveness. Rather, it should be taken in sum with the other policy options of indirect balancing and dominance denial to envision and materialize the full benefits of a hedging policy.

Limited Bandwagoning. Kuik states that limited bandwagoning differs from pure bandwagoning in three ways.<sup>94</sup> One, pure bandwagoning connotes a military alliance, while limited bandwagoning only seeks political cooperation on selected issues. Two, in limited bandwagoning, one does not simply side with the revisionist power as would a pure bandwagoning strategy do. Instead, ties with the status quo power are maintained. Three, pure bandwagoning establishes a deferential relationship between the big power and the small partner. Limited bandwagoning on the other hand makes a deliberate attempt to avoid loss of autonomy and overreliance. Should ASEAN then pursue limited bandwagoning? This thesis argues against such an approach for two key reasons. One, bandwagoning, limited or otherwise, invokes a gradual transition towards a new regional order—a discourse that should be treated with extreme caution given China's yet unclear strategic intentions in the long term. As Schweller argues, “bandwagons roll when the system is in flux; either when the status-quo order starts to unravel or when a new order

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<sup>94</sup>Kuik, “Rising Dragon, Crouching Tigers?,” 7.

is being imposed.”<sup>95</sup> A pragmatic choice would thus be to deepen institutional engagements with China, and feel out its inclinations and motives over time before making any shifts that would augment its political grip in the region. Two, there is no immediate need for ASEAN to secure its legitimacy through a closer political affiliation with China. It has been argued that since bandwagoning is often interest-or reward-based (as opposed to balancing that is predicated heavily on security concerns), there is a tendency for states only to pursue it if it aids in the consolidation of regime power.<sup>96</sup> For instance, Malaysia (a Muslim-majority state) has pursued limited bandwagoning as a measured move to cleave itself from a strict U.S. alliance., and prove its independence in external policy, which in turn lends credibility to the Barisan Nasional (BN) regime. On the other hand, Singapore has disavowed limited bandwagoning for fear of being branded a Chinese vassal state—a label that could hurt both internal racial sensitivities, and invoke suspicions from its larger Muslim-majority neighbors. What ASEAN needs at this stage is not the benefit of a closer alliance with China, but rather a distinct voice that it would not be cowed under China’s might. A limited bandwagoning strategy is therefore not a course of action that would aid towards this end.

Room for Stronger Institutionalism: Taking  
a leaf out of the EU’s CFSP

Hedging is an inherently complex policy approach which requires a high level of coherence to pursue it effectively. When member states are not united, they pull ASEAN

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<sup>95</sup>Schweller, “Bandwagoning for Profit: Bringing the Revisionist State Back In,” 107.

<sup>96</sup>Kuik, “Rising Dragon, Crouching Tigers?,” 11.

in different directions, thereby weakening international confidence on its ability to mount integrated responses to regional security developments. To facilitate cohesion, ASEAN has to have institutional processes and mechanisms that would steer the bloc towards converging regional interests and common positions. Based on chapter 2's literature review of ASEAN's existing institutional expressions, two observations can be made. One, there has been an evolutionary shift in the manner ASEAN views community building and regional integration. In 2001, Acharya points out that although ASEAN's inception was triggered by a common internal threat of communism, its founders "were largely inspired by the goal of developing a regional social community rather than an institutionally integrated economic and military bloc, which could overcome the divisions and separations imposed by colonial rule and lead to peaceful relations among the newly independent states of the region."<sup>97</sup> This no longer stands true today given ASEAN's vision of a single community not only on the socio-cultural front, but also in the economic and political-security realms. While it is true that ASEAN is organically diverse, and its member states do not share a common liberal democratic political culture as its European counterparts, there is a growing sense that the fates of all ASEAN countries are intimately intertwined, and collectively a viable form of regionalism is required to meet both common threats and common interests. Two, to match its ambitions of a single community, and to buttress ASEAN Centrality in the region's security dynamics, there is an impression that the old *modus vivendi* no longer fits, and new institutional prescriptions are needed if ASEAN does not wish to be caught flat-footed.

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<sup>97</sup>Amitav Archarya, *Constructing a Security Community in Southeast Asia: ASEAN and the Problem of Regional Order* (London: Routledge, Taylor and Francis Group, 2001), 195.

Hence, “soft regionalism” exemplified by the ASEAN Way may have to graduate towards a stronger and more structured form of institutionalism that would guarantee a more cohesive and coherent approach in ASEAN’s security relations with the big powers.

A recent editorial, for instance, has argued for a more proactive ASEAN:

ASEAN needs to act proactively. It should have institutions in place to position its members to meet change from a common position of strength. . . . Although the European model, with its pooling of state sovereignty, is not an ideal that ASEAN aspires to, there is still much scope for ASEAN members to draw closer and give meaning to their plans to forge a community. It is only if ASEAN’s nations are motivated by a sense of collective destiny can they meet the evolving challenges of the times. . . . [T]hey need greater coherence to meet the . . . [various] security threats [that confront the region].<sup>98</sup>

A dichotomy has often been posited between soft and hard institutionalism, with ASEAN representative of the former, and EU the latter. They represent (to a certain extent) the diametric poles of realism and liberalism in international politics. This thesis advocates, however, a possible middle stance where “moderate institutionalism” could take root for ASEAN to be a more effective voice on the international stage (see table 3). In international politics theory, this would bear resemblance to the notion of constructivism where “leaders, peoples, and cultures alter their preferences, shape their identities, and learn new behavior.”<sup>99</sup> For instance, while soft institutionalism gives primacy to the sovereignty of the nation state, and hard institutionalism translates into centralization that dilutes it, moderate institutionalism argues instead for a careful balance between national and community interests so that individual expressions of sovereignty

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<sup>98</sup>“Wake-up Call for ASEAN Nations,” *The Straits Times*, 25 April 2014, <http://www.straitstimes.com/news/asia/south-east-asia/story/south-china-sea-incidents-wake-call-code-conduct-pm-lee-20140511> (accessed 2 May 2014).

<sup>99</sup>Joseph S. Nye, Jr., *Understanding International Conflicts: An Introduction to Theory and History*, 6th ed. (London: Pearson; Longman, 2007), 7.

are tempered by a more collective political will to act in deference to regional goals and objectives. This intermediary thread runs throughout the notion of moderate institutionalism. Hence, instead of just intergovernmentalism or supranationalism, a neutral mechanism should exist for states to converge on common positions. Similarly, rather than a rigid adherence to non-interference or interventionism, a policy of strategic engagement is pursued to foster practical cooperation on security matters of regional concern. ASEAN will also neither simply be cooperative nor collective, but be coordinated in its strategy and policy responses. Finally, its diplomatic approach will continue to eschew legalistic binding rules. But it will practice a more pragmatic action-based form of ASEAN centrality, where consensus is achieved through a disciplined focus on wider regional imperatives.

| Table 3. Different Modes of Institutionalism  |   |   |
|---|---|---|
| Soft Institutionalism<br>(Realism)  | Moderate Institutionalism<br>(Constructivism)   | Hard Institutionalism<br>(Liberalism)   |
| <ul style="list-style-type: none"> <li>• Primacy of the state</li> <li>• Intergovernmentalism</li> <li>• Non-interference</li> <li>• Cooperative</li> <li>• Dialogue-based</li> <li>• Consensus-building</li> </ul> | <ul style="list-style-type: none"> <li>• Balance between state and community</li> <li>• Independent mechanism for common positions</li> <li>• Strategic engagement</li> <li>• Coordinated</li> <li>• Action-based</li> <li>• ASEAN-centric consensus</li> </ul> | <ul style="list-style-type: none"> <li>• Pooling of state sovereignty</li> <li>• Supranationalism</li> <li>• Interventionism</li> <li>• Collective</li> <li>• Rules-based</li> <li>• Legally-binding</li> </ul> |

*Source:* Created by author.

For the remainder of this chapter, this thesis will explore the idea of an ASEAN common foreign security policy as a form of moderate institutionalism that could provide ASEAN a tangible means through which it can exercise a hedging strategy. This will be

done by taking a leaf out of the EU's own CFSP mechanism. The Maastricht Treaty of 1993 instituted a CFSP pillar under the EU's framework. In 2009, the Treaty of Lisbon removed the pillar system, but the CFSP mechanism was retained, and a High Representative of the Union for Foreign Affairs and Security Policy was created to ensure greater consensus, coherence, and continuity in the EU's foreign and security policies.<sup>100</sup> Since its inception, the CFSP has allowed the EU to play a more active role in, and assert greater collective influence on global affairs. Unlike other community decision-making processes, the EU's CFSP is intergovernmental in nature, which means adoption and implementation require a unanimous consensus of the 27 member states.

In terms of its key institutional actors, the CFSP has four (see figure 8). The EU Council comprising the heads of state (government) provides political direction, and sets priorities for the CFSP. This is similar to the ASEAN Summit, and decisions in this respect have to be consensual. The Council of Ministers, akin to ASEAN's ASEAN Coordinating Council, consists of the foreign ministers, and it drives the formal mechanics of the CFSP's decision-making process, which is similarly consensus-based. The Foreign Affairs Council chaired by the High Representative and assisted by the European External Action Service (EEAS) is then responsible for the management, implementation, and representation of the CFSP decisions. This may be parallel to ASEAN's ASEAN Political-Security Community Council and the APSC Department in the ASEC, but the Council certainly has a more elaborate institutional structure in this regard. Lastly, the Foreign Affairs Council is supported by a Political and Security

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<sup>100</sup>Derek E. Mix, *The European Union: Foreign and Security Policy* (Washington, DC: Congressional Research Service, April 2013), 2.

Committee, which consists of state ambassadors to the EU. This committee provides inputs to the Foreign Affairs Council, and monitors the implementation of the CFSP decisions. The ASEAN equivalent would be the Committee of Permanent Representatives.

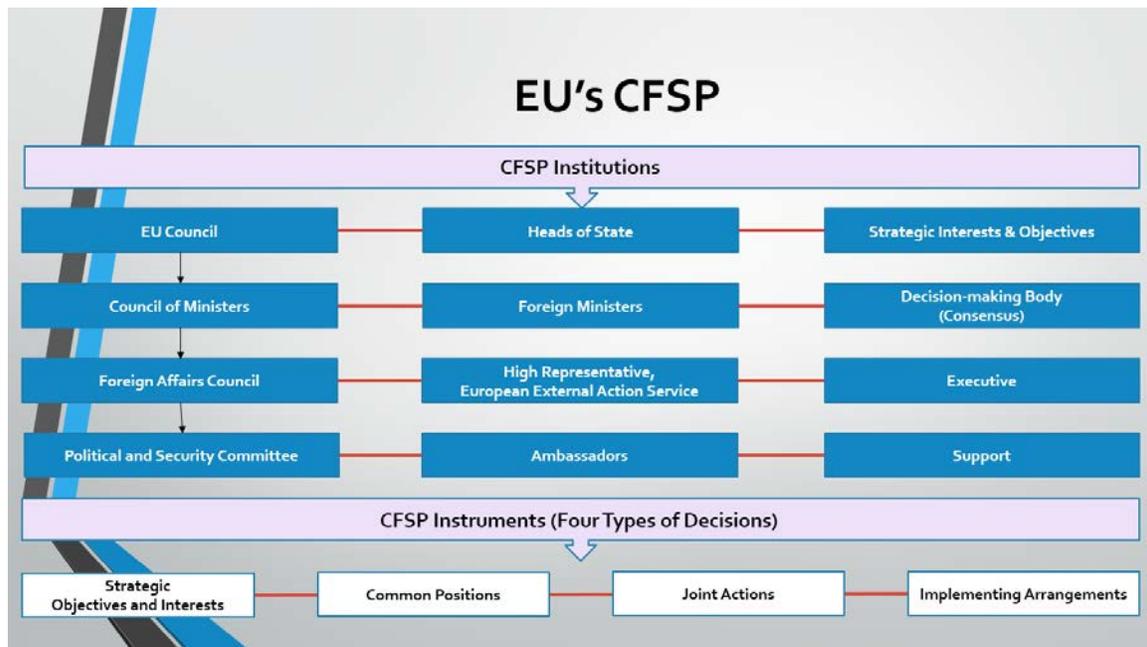


Figure 8. The EU's CFSP Institutions and Instruments

Source: Created by author.

As an institutional mechanism, the CFSP makes four key types of decisions (see figure 8). First, decisions on strategic objectives and interests of the EU. These are promulgated either by the European Council or the Foreign Affairs Council, and they provide a framework for the EU's policies and actions on external relations and security affairs. Notably, the High Representative has the authority to "release a CFSP statement

on behalf of the EU that expresses a consensus viewpoint about an international development.”<sup>101</sup> In recent years, the European Council has released the European Security Strategy, the EU Strategy Against the Proliferation of Weapons of Mass Destruction, and the EU Counterterrorism Strategy. These instruments are not legally binding, but member states are duty-bound to support them. Second, decisions on Common Positions. These are often used to target problematic situations be it in relation to a country or an ongoing security issue or development that requires some form of positional viewpoint, or an intervention to resolve the conflict. An example would be a common position on North Korea. Third, decisions on Joint Actions. These entail launching civilian or military operations, as well as providing financial or other forms of support in pursuit of EU’s foreign and security interests. Fourth, decisions on implementing arrangements, which are mainly administrative in nature. The EU also has a Common Security and Defense Policy, which acts at the operations arm of the CFSP, through which Joint Actions are implemented. The Common Security and Defense Policy covers not only military and defense elements, but also the police and judicial. For the purposes of this thesis, the Common Security and Defense Policy will not be discussed since coordinating ASEAN’s military capabilities remains a quantum leap at this stage of its development.

From the foregoing, the key strength of a CFSP mechanism for ASEAN would therefore lie in its “structural character.”<sup>102</sup> It provides a clear institutional framework

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<sup>101</sup>Ibid., 7.

<sup>102</sup>Cristina Churruca, “The European Union’s Common Foreign Policy: Strength, Weakness, and Prospects” (Research/Policy Workshop on New Dimensions of Security

through which ASEAN can integrate its foreign and security policies towards matters of common interest. It mitigates the core weaknesses of the current dialogue-centric form of cooperative regional engagement in three ways.

One, instead of paying strict deference to national sovereignty and adherence to the principle of non-intervention, the CFSP, as an independent and neutral foreign policy mechanism, would encourage greater advocacy in dealing with regional flashpoints. It compels by default an ASEAN position that would call for individual member states to articulate with clarity what their common interests and positions are. Rather than rely on annual fora for the discussion of security issues, the CFSP ensures a more responsive reaction to security developments as they unfold. It thus minimizes discrepancy in policy responses from individual states, and drives a more concerted, long-term outlook. By interjecting an ASEAN voice on a sustained and consistent basis, it also lends credence to ASEAN's ability to respond and act effectively. In recent times, ASEAN's muted response to China's declaration of an Air Defense Identification Zone in the East China Sea has caused international disquiet. A few reasons have been surfaced to explain its reticence. One, it would be wise for ASEAN to let bigger powers vocalize their displeasure, and itself adopt a "wait and see" approach to determine the real impact of the Air Defense Identification Zone before risking China's ire by rushing to criticize it.<sup>103</sup>

Two, an Air Defense Identification Zone in the East China Sea does not necessarily mean

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and Conflict Resolution, 14 February 2003), [ftp://ftp.cordis.europa.eu/pub/improving/docs/g\\_ser\\_conflict-security\\_churruca.pdf](ftp://ftp.cordis.europa.eu/pub/improving/docs/g_ser_conflict-security_churruca.pdf) (accessed 18 April 2014).

<sup>103</sup>Dylan Loh, "Muted ASEAN Response to China's ADIZ," *New Straits Times*, 30 December 2013, <http://www.nst.com.my/opinion/columnist/muted-asean-response-to-china-s-adiz-1.450270> (accessed 18 April 2014).

the same for the SCS.<sup>104</sup> In fact, China did come forth to reject any suggestions it was planning an Air Defense Identification Zone in the latter. The basis for this, however, was that China did not *yet* feel any air security threats from its Southeast Asian neighbors (unlike say, Japan). This may be cold comfort for ASEAN, and could be seen as a thinly veiled threat of how China expects ASEAN claimant states to behave. Three, given ASEAN's method of consensual politics, it was difficult to mount an integrated, concerted response.<sup>105</sup> Regardless of which reason rings true, ASEAN's sluggish reaction could be taken by China as a sign of acquiescence that serves only to further embolden the "big brother" in the region. What ASEAN needs is therefore a response mechanism that is not "hamstrung by excessive consultations", but is vested with limited powers and certain latitude to react swiftly based on ASEAN's collective interests.<sup>106</sup> The CFSP has the potential to provide ASEAN with such an institutional capacity. This would in turn strengthen ASEAN's international standing, and help dispel any perception of it being an ineffectual talkshop. The symbolism of a common foreign security policy is also a signal to the U.S. and China that ASEAN will stand united despite of its internal differences from time to time.

Two, the CFSP provides a firmer foundation for more practical forms of cooperation that go beyond simply an exchange of views. Based on the four instruments it proffers, there is a graduation from macro-level strategic objectives and interests to micro-level tactical implementation details. The CFSP thus offers a continuum of policy

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<sup>104</sup>Ibid.

<sup>105</sup>Ibid.

<sup>106</sup>Ibid.

actions to be taken depending on the level of unanimity ASEAN is able to achieve. Compared to the Treaty of Amity and Cooperation that enshrines a very tentative method of conflict resolution (based on broad principles and a High Council for dispute settlement), there is an institutional concreteness to the CFSP framework that focuses ASEAN's efforts towards more assertive collective action.

Finally, a key criticism of the current ARF process has been the consensual style of ASEAN diplomacy. Unless there is unanimity, ASEAN has a tendency to fall silent. It is important to recognize that the CFSP does not abrogate the need for intergovernmental consensus, or concomitantly the attendant value and benefits of the ASEAN Way, which will continue to play a significant role in discussions and negotiations among member states. However, what the CFSP does is to establish first and foremost a position of initiative—a presumption from the very start that ASEAN must act on common interests, and arrive at common goals in order to give substance to a common foreign security policy. The ASEAN Way, which has hitherto been worn like a badge of honor, should therefore be viewed in its rightful place as simply a means to an end, and not an end in itself. ASEAN must prevent it from breeding inflexibility and hijacking the bloc's collective decision-making processes especially with regard to external developments. The institutional focus should instead be on common goals, and common outcomes as a CFSP dictates.

While the CFSP allows for a more definite institutional framework, institution-building alone will not guarantee its success. Member states must agree at the onset to cede certain decision-making capacities to ASEAN for a CFSP to take shape. This naturally impinges on their singular right as sovereign nations to craft their own foreign

and security policies, though intergovernmental consensus remains necessary for any decisions to be adopted. There is a sense, however, that without a mental shift towards greater acceptance of a collective identity and destiny, ASEAN will continue to be mired in parochial interests, and be found lacking in a long-term, cohesive outlook.

Along the same vein, a frequent gripe and a key weakness of the EU's CFSP process has been its intergovernmental nature. Given that different states have their own perspectives, preferences, and interests, it may be hard to agree on a single policy discourse. As Malici opines:

The ambitions toward commonality, therefore, depend on voluntary participation by member states towards any given security challenge. The claimed goals of the EU are external constraints to the degree that they are internalized on the national level. States obey their norms and prescriptions only to the extent they are in accordance with nationally-formulated preferences.<sup>107</sup>

The crux of the issue is therefore in getting individual member states to overcome narrower national interests for the sake of shared common regional objectives. In this respect, the focus has to be less on structure, but agency<sup>108</sup>—the notion that leaders and their cognitions, and not simply systems and processes, matter greatly to the integration process. Applying this to the context of ASEAN, it would invoke questions such as whether the chairmanship of the ASEAN Political-Security Community Council should be on a yearly rotational basis, as with the ASEAN chair, or a more high profile Southeast Asian leader known for his—her international statesmanship should be installed to steer an ASEAN CFSP if it is ever adopted. This is after all a position that

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<sup>107</sup>Akan Malici, *The Search for a Common European Foreign and Security Policy: Leaders, Cognitions, and Questions of Institutional Viability* (New York: Palgrave Macmillan, 2008), 153.

<sup>108</sup>*Ibid.*

requires a combination of both a keen sense of international politics, and a deep appreciation for regional sensitivities, in order for it to be able to navigate ASEAN towards a common viewpoint. As with any intergovernmental discourse, consensus is only a matter of degree, and regular consultations are required to achieve a broad foundation of convergence over time. For such an undertaking, astute and persuasive leadership becomes paramount. There is also a need to look into strengthening the ASEC (in particular the APSC Department) to ensure that it becomes a “powerful and knowledgeable body, with more staff, greater abilities to solve problems without calling in all the ASEAN member states, and far more sophisticated technical expertise about . . . [traditional] and nontraditional security threats.”<sup>109</sup> An effective working body is imperative for the day-to-day running of a CFSP mechanism.

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<sup>109</sup>Joshua Kurlantzic, “ASEAN’s Future and Asian Integration,” Council on Foreign Relations, November 2012, <http://www.cfr.org/asia-and-pacific/aseans-future-asian-integration/p29247> (accessed 21 September 2013), 17.

## CHAPTER 5

### CONCLUSION AND RECOMMENDATIONS

This chapter concludes by summarizing the main points of argument in the preceding chapters, and distilling the key recommendations of this thesis. Finally, some thoughts will be given as to what the regional order may look like in the long-term, and how ASEAN might grapple with that future reality.

#### Review of Key Points and Recommendations

According to Brooks, there are, in general, four steps to every decision.<sup>110</sup> First, you try to make sense of the situation. Then you look at your possible courses of action. Thereafter, you select a plan that you think is in your best interest. And finally, you execute that plan. This thesis flows largely in that order. The decision to be made here is clear cut: how should ASEAN approach its security relations with both the U.S. and China? This is also the primary research question of this thesis. To answer that question, chapter 1 sets the context by painting the security landscape of the Asia-Pacific region. Quite intuitively, the two most compelling narratives in this respect are China's rise and the U.S.' rebalance to the Pacific. Just as Sino-U.S. relations have been perceived by many as the most consequential diplomatic relationship of the century, ASEAN's ties with the two big powers are expected to have a deterministic impact on the bloc's future. Three scenarios are possible. One, ASEAN falls prey to big power influences, and ends up as a marionette. Two, ASEAN is deeply fractured by internal differences, and loses all

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<sup>110</sup>David Brooks, "The Behavioral Revolution," *The New York Times*, 27 October 2008.

international credibility. Or three, ASEAN maintains its relevance by being an effective power broker between the two large powers, thereby averting any destructive strategic rivalry that could play out on the Asia-Pacific stage. As chapter 1 elucidates, there is cause for both optimism and pessimism. The pessimists point to the sharp differences ASEAN member states possess in their outlook towards their relationships with the U.S. and China, as well as ASEAN's overall weak institutional culture. The optimists on the other hand point to ASEAN's congenial geopolitical importance, and its past successes with soft diplomacy. Regardless of which camp one falls under, it is unequivocal that ASEAN's future is far from certain. It is also a fact that the member states individually do not possess sufficient geopolitical weight to exercise any balance of power. Hence, ASEAN has the opportunity to play a very crucial role in the region's collective future. What it requires first and foremost is a strategy.

Turning to the strategic options available, international relations theories posit three possible courses of action for ASEAN: balancing, bandwagoning, and hedging. Balancing leverages on the status quo power's strength to counteract the revisionist power's influence, while bandwagoning assumes the latter's eventual hegemonic position, and simply draws strength from its ascendancy. Chapter 2's literature review suggests that neither policy has been pursued in its purest form, and are not viable options for ASEAN. Pure balancing for one immediately precludes constructive engagement with China, and jeopardizes lucrative bilateral economic ties. Pure bandwagoning on the other hand relinquishes the stabilizing presence of U.S. forces as an insurance policy against the strategic uncertainty posed by China's increasing military might. Further, pure

bandwagoning ignores the U.S.' substantial economic clout in the Pacific, and could curtail individual states' access to advanced U.S. military technology.

The first of four key recommendations in this thesis is therefore to pursue hedging as ASEAN's preferred strategic approach. Hedging inherently contains both elements of balancing and bandwagoning. While balancing is used to minimize risks against a hegemonic China, bandwagoning seeks to maximize profits from China's ascendancy. Five possible policy options make up this hedging strategy: indirect balancing, dominance denial, economic pragmatism, binding engagement, and limited bandwagoning.

The second recommendation of this thesis is for ASEAN is to pursue the first four options, but not the fifth. Indirect balancing, achieved through the U.S. military presence and the strengthening of indigenous military capabilities, provides ASEAN a fall-back option should relations with China hit a sour note. At the same time, this balancing effort is indirect by nature, which means it does not portray China as a threat. Instead, it is used as a coping mechanism to deal with strategic uncertainty, and advocates a balance of power to maintain the region's peace and stability. Similarly, dominance denial hedges against the risk of a preponderant China by sustaining political and diplomatic engagements with the U.S. and other major regional players. Bolstering ASEAN's community capacity and competencies would have an augmenting effect. Economic pragmatism adopts a business-minded perspective to ties with China, and is used as a means to attain mutually beneficial economic growth. Binding engagement on the other hand seeks to socialize China to internationally responsible behavior by enmeshing it within multilateral regional institutions. Finally, this thesis argues that limited

bandwagoning is premature at this stage because ASEAN is tentative in upsetting the regional order where the U.S. remains as the preponderant power. In addition, any political alliance with China may have an unintended effect of reinforcing the latter's rhetoric on unequal relationships in big power versus small partners politics.

The final step pertains to implementation. To hedge effectively, three principles are defined in chapter 2 to buttress ASEAN's institutional framework, namely: neutrality, unity, and transparency. An examination of ASEAN's existing institutions finds them characterized by a strong sense of "soft regionalism". The ASEAN Way of informal, consultative, and consensual diplomacy permeates its structural mechanisms like the ARF. Further, the notion of ASEAN Centrality does not provide any useful guidance as to ASEAN's intramural dealings, which continue to be steeped in the realist traditions of state sovereignty and non-interference. Even the APSC blueprint, while notable for its ambitions of forging a political and security community, comes up short on substance, and fails to go beyond general platitudes towards more tangible mechanisms for practical cooperation on regional security matters.

The third recommendation of this thesis is thus for ASEAN to graduate towards stronger institutionalism. The paradox between a "soft" approach to "hard" security issues is increasingly prevalent, and there is a sense that what worked well in the past for ASEAN's unique style of diplomacy on the intramural level may no longer be adequate to deal with big power politics on the intermural plane. While ASEAN may not wish to veer as far as the EU's design of supranationalism in its institutional architecture, a form of moderate institutionalism that balances between state sovereignty and community

identity should take root to drive the bloc towards converging common interests and common positions to manifest greater unity and coherence.

The final recommendation of this thesis is for ASEAN to explore the viability of a common foreign security policy by taking a leaf out of the EU's own CFSP mechanism. A singular policy on selected security matters would provide ASEAN a more coherent and unified voice on the international stage, thereby strengthening its credibility and geopolitical weight over time. The policy instruments derived from such a policy would also afford ASEAN more tangible forms of cooperation that go beyond simply an exchange of views as evident in the present form of dialogue-centric engagement. Further, instead of an institutional emphasis on the ASEAN Way (which has bred much inflexibility to a supposedly informal style of engagement), a CFSP would act as a default mechanism to focus efforts on all sides towards accomplishing common interests and goals. It is equally important to bear in mind that institution-building alone, as the EU's experience shows, would not be sufficient, since the CFSP mechanism continues to be intergovernmental in nature. This may be a positive assurance to member states who are wary of ceding state sovereignty to the bloc. At the same time, however, it means a more difficult time in getting every one to agree on a common position. On this aspect, agency matters more than structure. Institutional leadership and expertise within the organization must therefore be reinforced to meet these challenges.

### Final Thoughts

Thucydides' account of the Peloponnesian War suggests that the real cause of the conflict lies in the rise of Athen's sea power, which greatly alarmed Sparta. In Asia, Chinese sea power is surging, and the perturbing effects of China's ascendancy on the

regional status quo is bound to heighten the risks of hostilities. Even as this thesis is being penned, two major maritime incidents have broken out in the SCS between ASEAN and China. Vietnamese and Chinese ships have collided near the Paracel Islands where China has erected a deep-water drilling rig, and both sides are accusing each other for initiating provocative moves. At the Half-Moon Shoal, the Philippines has detained a Chinese fishing vessel along with its 11 crew members. These two incidents occurred just before ASEAN is due to hold its annual summit in Myanmar (itself a close ally of China), and it would be interesting to measure the strength of ASEAN's response to these developments in its joint communique.

Even though several commentators have indicated that China is unlikely to risk a military showdown with the U.S. any time soon, the regular ebb and flow of skirmishes in the SCS should not lull anyone into thinking that diplomacy will eventually calm every single storm. A quote from a Singaporean cited in Kaplan's latest book "Asia's Cauldron" sums it well: "[at] the end of the day, it is all about military force and naval presence – it is not about passionate and well-meaning talk."<sup>111</sup> This is a hard-nosed realist perspective that begets two further truths. One, the U.S. must accept that "the age of simple American dominance" is over.<sup>112</sup> As it competes with China for influence in the Asia-Pacific, actions will matter more than words. And the same axiom would apply to ASEAN. Two, the geographical fact that China is big, and ASEAN states are small is immutable. Another immutable fact is that China is geographically close, and the U.S. is

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<sup>111</sup>Robert D. Kaplan, *Asia's Cauldron: The South China Sea and The End of a Stable Pacific* (New York: Random House, 2014), 95.

<sup>112</sup>*Ibid.*, 183.

not. Thus, the Chinese proverb “远水救不了近火”—distant water cannot extinguish a nearby fire—is particularly poignant. It should inspire serious thoughts as to the current level and sustainability of U.S. engagement. It should also remind ASEAN that, for better or worse, this is the neighborhood it lives in, and it ought to take ownership of its own destiny. Does this then mean, as Kaplan argues, that ASEAN will be “Finlandized,” where member states “will maintain nominal independence but in the end abide by foreign policy rules set by Beijing?”<sup>113</sup> This thesis believes that this is not yet a foregone conclusion. The future depends very much on the U.S. commitment to the Pacific, and whether ASEAN can act as a unified force to project its collective geopolitical weight, and hedge successfully against a rising China.

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<sup>113</sup>Ibid., 26.

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