

ASEAN Focus

A BIMONTHLY PUBLICATION PROVIDING CONCISE ANALYSES AND PERSPECTIVES ON ASEAN MATTERS

Wildlife and
Conservation in
ASEAN

Is a “Trade War”
the Solution?

Southeast Asia, the
EU and Palm Oil

What’s Next after
Pyeongchang?

Night Markets in
Southeast Asia

WILDLIFE IN SOUTHEAST ASIA

Environmental
Degradation,
Deforestation,
and Extinction

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ISEAS-Yusof Ishak Institute (formerly Institute of Southeast Asian Studies) is an autonomous organisation established in 1968. It is a regional centre dedicated to the study of socio-political, security, and economic trends and developments in Southeast Asia and its wider geostrategic and economic environment. The Institute's research programmes are grouped under Regional Economic Studies (RES), Regional Social and Cultural Studies (RSCS) and Regional Strategic and Political Studies (RSPPS). The Institute is also home to the ASEAN Studies Centre (ASC), the Nalanda-Sriwijaya Centre (NSC) and the Singapore APEC Study Centre.

Editorial Notes

2018 has gotten off to an exciting beginning in the past two months. The ASEAN Leaders kick-started the new year with a high-profile commemorative summit with Indian Prime Minister Narendra Modi in New Delhi. Singapore swiftly rolled out its Chairmanship agenda with caucus/retreat meetings of the ASEAN Economic Ministers, Foreign Ministers and Defense Ministers to set forth ASEAN's priorities this year in line with the theme "Resilience and Innovation."

Resilience is an encompassing theme that calls for enhanced ASEAN capacities to address and adapt effectively to extant and emerging challenges in a fast-changing world. In keeping with the Resilience theme, this issue focuses on the need to preserve and protect ASEAN biodiversity and wildlife. Dr. Madhu Rao gives an overview of the vulnerable state of ASEAN biodiversity, the problems and suggested solutions. Mr. Brian Eyster highlights the threats posed to the Mekong's ecological system due to the construction of many dams in the sub-region. Dr. Helena Varkkey meanwhile unpacks the reasons behind and the implications of the EU's decision to limit imports of Southeast Asian palm oil. All these are accompanied by facts and figures on the abundance of and increasing threats to ASEAN biodiversity and wildlife.

Further afield, the Trump Administration recently released the US' National Security Strategy (NSS) and National Defense Strategy (NDS), which presented a competitive "American First" outlook of the world. The NSS called for, among others, the rejuvenation of US economy through free, fair and reciprocal trade. Will it portend further steep tariffs on US imports as a remedy to its trade deficits and what would be the consequences? Dr. Tham Siew Yean explains what trade deficits mean for both trading sides and if "trade wars" are indeed the panacea.

The Pyeongchang Winter Olympics with the march-in of one Korean team in the Opening Ceremony and other side-line

events signifying inter-Korean rapprochement also created a sensation among the policy makers and the media. This ASEANFocus issue delves into these latest developments in the Korean Peninsula. Professor Zhu Feng gives his take on the thawing of inter-Korean relations through the Pyeongchang Olympics and the prospects it may hold for the Korean Peninsula. Similarly, Dr. Andray Abrahamian offers a reading of the South Korean perspective regarding Seoul's engagement with the DPRK. Mr. Sean King, a former US Commerce Department senior advisor on Asia, tells us why sanctions may be one of the few viable options towards a nuclear-free Korean Peninsula. Closer to home, Dr. Hoo Chiew-Ping takes stock of ASEAN member states' relations with the DPRK, and highlights the role of ASEAN and its members in both engagement with and sanctions against Pyongyang. We complement these analyses with statistics on the DPRK's presence in and exchanges with Southeast Asia.

With a new year upon us, we are pleased to present to you a new look for ASEANFocus. This refreshed look was developed with one thing in mind: to provide the best reading experience to our dedicated readers. Apart from analysis by experts in their respective fields on issues related to ASEAN and our larger neighbourhood, we are expanding our well-received *People and Places* segment to delve deeper through pieces on daily life in Southeast Asia in the new and improved *Sights and Sounds* segment. In this issue, we look at Chinese clan associations in Southeast Asia as well as night markets, a quintessential sight common all over the region.

We hope you will enjoy this refreshed look of ASEANFocus, and we thank you for your support as we continue to provide you with analysis and perspectives on ASEAN and beyond. 🌟

ASEAN's Biodiversity on the Brink

Madhu Rao proposes concrete steps to reverse the trend of dwindling ASEAN biodiversity.

ASEAN's unique biogeography makes it globally outstanding for rich biodiversity in both the terrestrial and marine realms. The region supports 15-20% of global terrestrial species in certain groups, and its marine species diversity is among the richest in the world. It is also a region that has seen extraordinary advances in human development through economic growth and poverty alleviation.

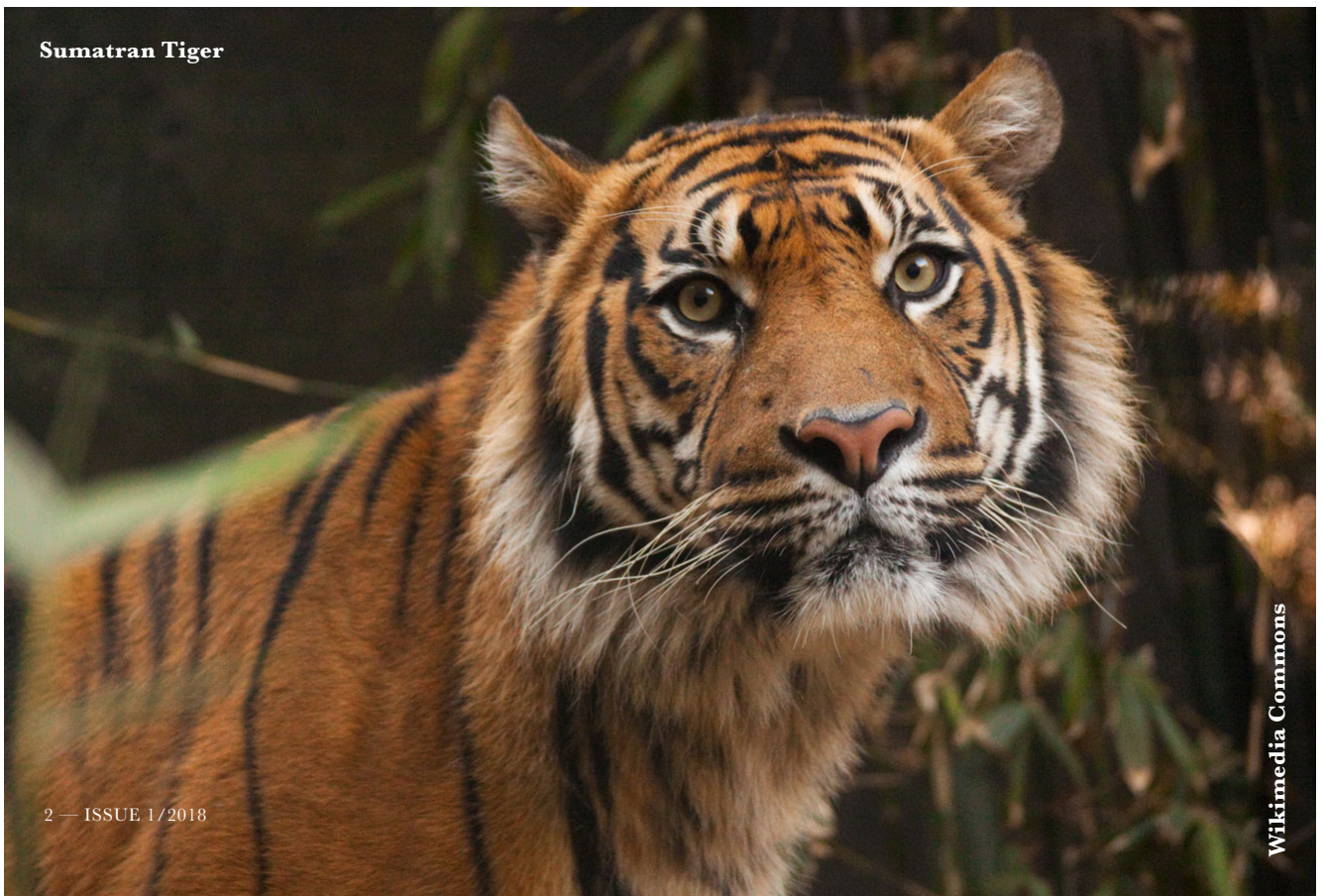
However, ASEAN's economic success has been inextricably linked to the exploitation of natural resources. From dams and mines to industrial tree plantations, economic forces have transformed natural landscapes across the region at a scale and intensity that are historically unprecedented. Severe overfishing has led to depleted fish stocks in the seas. Over the same period of spectacular economic growth, the region lost approximately 30 million hectares of natural forests to cash crops/commodities such as cocoa, coffee, unsustainable logging or have been converted to monoculture plantations such as oil palm and rubber. Eminent ecologist RT Corlett aptly contextualised the dramatic pace of environmental change in the region over the past four decades: "Southeast Asia has been recapitulating the economic and environmental

transformation of Europe: completing in decades a process that took centuries in Europe."

The rapid pace of environmental transformation has had significant ecological repercussions, and economic growth per se has not translated into success in conserving the region's extraordinary biodiversity. Legally established protected areas have been downgraded, downsized or degazetted as a consequence of infrastructure, agri-business, mining and hydropower development.

Illegal trade in high-value wildlife products, such as rhino horn, pangolin meat and scales, elephant ivory, turtles, primates and reptiles, has risen sharply in response to wealth-driven demand. Commercialisation of wildlife trade has led to an escalation in trafficking, a lucrative illicit business involving sophisticated criminal networks categorised as a "Transnational Organised Crime" by the United Nations Office on Drugs and Crime (UNODC). As a result, in Southeast Asia, more vertebrate species are at risk of extinction (listed as Critically Endangered by the International Union for Conservation of Nature) than any other comparable region in the world.

Sumatran Tiger



The overexploitation of wild species, along with deforestation associated with the expansion of oil palm plantations, has direct repercussions for human health (e.g. haze) and for vulnerable human communities dependent on wild resources to meet subsistence needs. In the marine realm, intense and growing demand for seafood, in combination with depleting fish stocks, has contributed to an increase in Illegal, Unreported and Unregulated (IUU) fishing.

With a looming extinction crisis and rapidly deteriorating natural ecosystems, what is the future for nature in ASEAN? Is there scope to mainstream sustainability to mitigate the negative impacts of economic growth on the region's biodiversity? Answers lie both within ASEAN itself and beyond its geographic boundaries. One potentially useful approach for ASEAN to consider is the development of a robust Environment Action Programme akin to the EU's approach with a vision of "Living Well, Within the Limits of our Planet" and incorporating the following key priorities:

Stopping species extinction and promoting species recovery

Developing policy mechanisms to formally recognise ASEAN's Critically Endangered Species as ASEAN Heritage Species akin to the ASEAN Heritage Parks would be a strategic approach to bring attention and resources to the extinction crisis facing the region.

Strengthening area-based measures for biodiversity protection

Area-based measures, such as nationally declared Protected Areas, ASEAN Heritage Parks and World Heritage Areas, need to remain protected from developmental pressures. In the absence of effective protection, these unique biodiversity reservoirs will be irreversibly reduced to 'paper parks.' Shoring up regulatory frameworks and enforcing existing laws will be at the core of maintaining the integrity of protected areas.

Strengthening Environmental Impact Assessment (EIA) processes

A strong emphasis on environmental and social governance will be central to mainstreaming environmental issues into economic development activities. In addition to Strategic Environmental Assessments, a regional EIA agreement to facilitate appropriate assessment of environmental and social impacts of development could help meet sustainable development goals within the context of the ASEAN Economic Community.

Developing an enabling environment for responsible trade and investments

There is potential to explore the development of an ASEAN-wide environmental Code of Conduct for economic industries impacting environmental services. Increasing transparency in commodity supply chains, incentivising compliance and penalising infringements should help recognise responsible businesses, and eliminate illegality and overexploitation of natural resources. Addressing corruption and money laundering will be critically important to tackling some of the drivers of unsustainable natural resource exploitation in the region.



Asian Elephant

Wikipedia



Forest fire in Thailand

Wikimedia Commons

Investing in people for sustainability: Building environmental leadership in ASEAN

Solutions to effectively address rapidly evolving threats and emerging environmental challenges will need to be adaptive, innovative and delivered by qualified environmental professionals. Investing in developing environmental leadership to meet sustainable development challenges is a high-priority need.

ASEAN is at the crossroads: continuing with business as usual will irreversibly undermine environmental values. A bold alternative choice could transform the unfurling environmental crisis into a unique opportunity for stewardship of the region's natural heritage. Stepping back from the environmental brink, and drawing on technology and innovation, ASEAN can adopt environmental stewardship to protect its iconic species and habitats. A progressive ASEAN vision for environmental leadership can bring to focus environmental integrity as an uncompromising pillar of sustainable development. 🌱

Dr. Madhu Rao is Senior Regional Advisor (Asia Program) and Singapore Representative of the Wildlife Conservation Society.

Preventing Ecological Crisis in the Mekong Region

Brian Eyler argues that a rethink of energy planning would temper the damming fever in the Mekong region.

The Mekong Basin, which flows through China, Myanmar, Thailand, Laos, Cambodia, and Vietnam, is a biodiversity hotspot. Its biodiversity reservoir of almost one thousand fish species is generated by a huge flood pulse that interacts with, and forms, a wide range of freshwater ecosystems. It also makes the Mekong the world's largest inland fishery.

However, poorly planned hydropower development has been threatening the Mekong's natural productivity and the food security of tens of millions of people. If the current pace of damming continues, the Mekong could turn into the most dammed river basin on earth, plunging the sub-region into an imminent ecological crisis.

China has built six dams on its portion of the Mekong, known in China as the Lancang, and will complete 13 more in the next decade. Downstream, Laos and Cambodia list more than 180 large dams in their hydropower inventories.



Mekong River in Vietnam

Backyard Travel

The government of Laos, which seeks to graduate the country from the least developed status by 2020, is counting on the export of hydropower to drive economic development. Currently, Laos has built or is building more than 40 large dams, including three on the Mekong mainstream.

Cambodia, which has the highest electricity prices in Southeast Asia, only recently opened its first dam in the Mekong basin, the Chinese-built Lower Sesan 2. It is located at the ecologically important confluence of the Sesan and Srepok rivers, both major tributaries of the Mekong. Cambodia has been reluctant to build dams on the mainstream because government agencies to some degree recognise the threats that dams pose to its food security – the country depends on freshwater fish for 75% of its animal protein intake. To offset the fishery loss caused by dams, Cambodia would have to triple its agricultural land, which is an impossible task.

The Mekong also delivers water and nutrient-rich sediments to the economically critical Mekong Delta. The 2015 Mekong Delta Study undertaken by the Vietnamese government estimated that mainstream dams will cut sediment delivery to the delta by more than half, threatening 50% of the country's total rice production and 75% of its fish, shrimp, and fruit exports.

The Mekong River Commission, an intergovernmental body established in 1995 to promote the sustainable development of the Mekong, will soon issue its own study of hydropower impacts. The initial results suggest that the 2015 Mekong Delta Study may have even underestimated the grave impacts of dams on fisheries and sediments in the region.

Why does damming continue despite the mounting evidence of the serious risks to biodiversity and food security?

First, there is no overall blueprint for damming in the Mekong River which could warn governments of dangerous trigger points. Therefore, dam building moves ahead with separate projects in different countries without a holistic assessment of region-wide repercussions. Hydropower developers, most of which are Thai and Chinese, are required to complete environmental impact assessments, but they do not take into consideration transboundary or cumulative impacts.

Second, decision-makers are offered false comfort by the prospect that fish ladders will allow migratory fish, which

Xayaburi Dam, Northern Laos



are responsible for half of the Mekong's fish production, to survive passage through the dam. Fish ladders can work but so far only for a handful of temperate species. Even if fish can migrate upstream, their larvae will die in stagnant reservoirs when they return downstream. Very few dams have built-in mechanisms to flush sediments because of the extra costs involved.

The hundreds of million dollars allocated for unproven mitigation techniques could potentially be better spent on key interventions elsewhere. This suggestion might appear contrarian at first, especially to stakeholders who have fought and achieved success in the inclusion of mitigation infrastructure into dam projects. But if ladders and sediment gates are bound to fail, one alternative would be to preserve critical stretches of the mainstream, particularly those close to the Tonle Sap and undammed tributaries such as the Sekong River so that fish and sediments can flow without obstruction. Another is to use these funds to invest in hydropower alternatives such as solar or wind to help meet economic development goals with fewer dams.

There are indeed solutions to minimise the impacts of dams. Through careful location, design, and operation, cascades of dams can be built on upper reaches of tributaries that allow other rivers to remain intact. Now that the Sesan and Srepok have been closed off, there is an urgent need to ensure that the Xekong, the Mekong's largest tributary, remains free flowing. Improved modeling capacity now allows planners to explore different dam development portfolios and compare their social and environmental impacts. This would facilitate the identification and prioritisation of dams that would meet power needs with fewer environmental consequences.

There are also enormous opportunities to integrate solar and wind in the energy mix. Together with a major investment in regional power trading, this could substantially reduce the number of dams that need to be built to meet regional power demand. Thailand, which has historically purchased most power from Laos, is now interested in generating more electricity from solar and wind projects inside its own borders. This shift is holding up progress in the Thai-invested 900MW Pak Beng dam in northern Laos.

Recent analysis from the Stimson Center, the International Union for Conservation of Nature (IUCN), the University of California-Berkeley and the Nature Conservancy has shown that if Cambodia, Laos, and Vietnam were to take advantage of the latest advances in renewable power generation and transmission, they can meet energy needs with significantly lower social, environmental, and political risks. This delicate balance between development and protecting the region's biosphere is possible because the prices of solar and wind power have reduced substantially globally, making these renewable energies financially competitive at the utility scale. Increased investor interest is pressing the policy landscape for Mekong non-hydropower renewables to quickly coalesce.

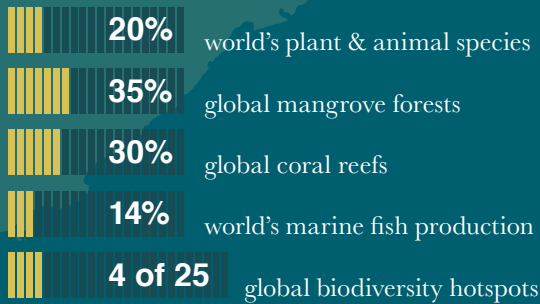
Together, the integration of non-hydro renewables, regional power trading, and smart hydropower planning could reduce the number of dams that need to be built, thus protecting the Mekong's valuable resources while meeting the economic development needs for all. 🌱

Mr. Brian Eyler is Director of the Southeast Asia Program at the Stimson Center.

ASEAN in Figures

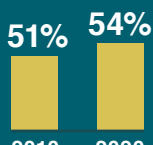
Biodiversity and Wildlife in ASEAN

Southeast Asia houses:



* Compilation from various sources

Southeast Asian wildlife under threat:



Forest cover loss in 10 years (FAO, 2011)



Indochinese leopards remain in the wild. (Biological Conservation, 2016)

around 973 to 2503

Tigers, elephants, bears and pangolin are four of the most widely traded species in Golden Triangle (WWF, 2016)

Thailand is among the biggest consumer countries for ivory. (World Wildlife Crime Report, 2016)

1/3 of poached wild tigers globally pass through Myanmar (WWF, 2016)

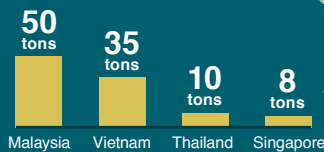
Illegal wildlife trade in Southeast Asia:

US\$ 8-10 billion

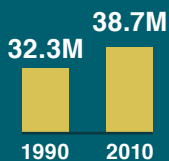
Value estimated per year. (Brookings, 2011)



ASEAN countries listed in the top 11 worldwide largest weight of ivory seizures (2009-2014) (UNODC, 2016)



Conservation and wildlife law enforcement in Southeast Asia:



Forest designated for conservation (in hectares) (FAO, 2011)



Maximum imprisonment and fines associated with wildlife and forest crimes (ASEAN Secretariat, 2016)

Trafficking of wildlife and timber is criminalised under laws of all ASEAN member states which are also parties to the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES). (Freeland, 2012; ASEAN Secretariat, 2016)



● **Vietnam** is the world's top destination for South African rhino horn. An estimated 3,700–4,500 tonnes of wildlife products are traded and consumed every year here alone. (*WWF, 2017*)

○ **Greater Mekong Region**

⚠️ Home to some of the planet's most endangered wild species, including the **tiger, saola, Asian elephant, Mekong dolphin** and **Mekong giant catfish**. (*WWF, 2017*)

🐾 **2,524 new species** were discovered between 1997 and 2016 in this region alone. (*WWF, 2017*)

🐾 Provides **2.6 million tonnes of fish**, or about 25% of the global freshwater catch every year. (*WWF, 2014*)

⚠️ **200 tigers** are known to exist in this region, down from 1200 in 1998 (*WWF, 2016; Smithsonian Institution, 2010*)

○ **The Indo-Burma Biodiversity**

⚠️ **Hotspot** ranks among the top 10 biodiversity hotspots for irreplaceability and the top 5 for threat. (*IUCN, 2015*)

● **Malaysia** made four large seizures in 2011 amounting to nearly 8 tonnes of ivory with the passage of a new Wildlife Conservation Act and increased wildlife crime awareness training for customs officers. (*WWF, 2012*)

Philippines

Brunei

Indonesia

⚠️ **95% of the world's tiger population** has vanished over the last century, including Javan and Bali tigers. (*WWF, 2010*)



Javan tiger

(*Panthera tigris sondaica*)



Bali tiger

(*Panthera tigris balica*)

■ Coral Triangle

🌊 Mekong River

▨ Greater Mekong Region

▨ Indo-Burma Diversity Hotspot

● **Coral Triangle**

🐾 **75% of the world's reef-building corals** are located here. (*ASEAN Centre of Biodiversity, 2017*)

🐾 **Indonesia, Malaysia and the Philippines** are among the 17 “mega-diverse” countries that harbours the majority of Earth's species. (*Conservation International*)

● **Indonesia** has **six** priority Tiger Conservation Landscapes (TCLs) in Sumatra: Ulumasen-Leuser, Kampar-Kerumutan, Bukit Tigapuluh, Kerinci Seblat, Bukit Balai Rejang Selatan and Bukit Barisan Selatan. (*WWF Indonesia*)

🔪 At least **50 Sumatran Tigers** were poached per year between 1998 and 2002, driven by substantial domestic Indonesian market for tiger skins and other parts for trophies, charms and souvenirs. (*Traffic Southeast Asia, 2004*)

● **Singapore**

⚠️ **75% of popular seafood** species here are unsustainable. (*WWF Singapore, 2016*)

🔪 The seizure of **3,000 tons of Malagasy rosewood** by Singapore authorities in 2014 is possibly the largest seizure of illegal wildlife ever made. (*World Wildlife Crime Report, 2016*)

Did you know?

- Unregulated trade in wild animals can spread viruses and diseases. The SARS virus, which in 2003 killed more than 770 people and cost US\$30 billion globally, was traced to infected bats coming into contact with civets at a Chinese market. (*Straits Times, 2015*)
- The ASEAN Wildlife Law Enforcement Network (ASEAN-WEN) launched in 2005 is the world's largest wildlife law enforcement network that involves police, customs and environment agencies of all ASEAN countries in the fight against illegal wildlife trade. In addition, from 2015, “trafficking of wildlife and timber” has become one of the priority areas to be tackled by the ASEAN Ministerial Meeting on Transnational Crime (AMMTC).

EU's Anti-Palm Oil Measures Do Not Help the Environment

Helena Varkkey explains how the European Parliament's resolutions against palm oil could be counterproductive.

Southeast Asia is the world's top palm oil producing region with 89% share of the world's supply. The sector accounts for 5% to 7% of the gross domestic product (GDP) of Indonesia and Malaysia which contribute 53% and 32% of the global supply respectively. 17% of Indonesia's and 13% of Malaysia's palm oil exports are shipped to the European Union (EU), which is the world's biggest palm oil importer, taking 21% of the global palm oil imports. According to the law of supply and demand, the two regions should be locked in a harmonious relationship of mutual dependency.

However, recent developments at the European Parliament have pitted the two regions against each other. Early this year, the European Parliament passed two resolutions to phase out palm oil from the EU biofuels programme by 2020, and impose a single certified sustainable palm oil (CSPO) scheme for all palm oil entering the EU after 2020. These resolutions are now set to go through the European Council and European Commission for approval. Indonesia and Malaysia are trying desperately to prevent this from happening by lobbying individual EU countries and sending joint diplomatic missions to the EU. Malaysia has also threatened to raise this matter at the World Trade Organisation (WTO).

These EU resolutions were the culmination of years of intense lobbying from various European groups for the boycott and outright banning of palm oil in response to the purported negative environmental impacts of palm oil production. To be sure, land conversion for oil palm plantations has been a significant driver of deforestation which is linked to habitat destruction of endangered species. Palm oil is also linked to climate change when carbon locked up in old-growth rainforests and deep peat deposits is released during

conversion. This is a major argument against the use of the carbon-intensive palm oil to replace fossil fuels in Europe. Furthermore, fires linked to land clearing for plantations are a major contributor to the almost annual transboundary haze pollution in Southeast Asia.

On the flipside, palm oil is the world's most "environmental friendly and efficient" vegetable oil. The land area needed to produce the same amount of oil is much smaller for palm oil than any other major vegetable oil. Palm oil plantations produce an average of 3.7 tonnes per hectare per year, while rapeseed (the second most efficient oilseed) plantations generate only 0.7 tonnes per hectare per year. Palm oil takes up 6.6% of land used for oilseed crops worldwide but produces 38.7% of the global supply of vegetable oils.

"By phasing out palm oil from biofuel completely, the EU is painting the entire palm oil industry with one broad brushstroke. It fails to acknowledge the serious efforts of many producers to improve their practices, and all but ignores the fact that palm oil can in fact be grown sustainably."

The relative efficiency of palm oil is the major argument used by large producer countries to push back against anti-palm oil sentiments. If palm oil production were to stop, a significantly larger area of forest will need to be converted into other types of vegetable oil to meet demand. Currently, about 46% of Europe's palm oil imports are used for biofuels. If the ban is enforced, the EU would have to source more vegetable oils to offset the drawdown of palm oil in order to meet its biofuel mix goals. Considering the comparative inefficiency of other vegetable oils, this will substantially increase the demand for land and drive further deforestation.

Both Malaysia and Indonesia have declared the EU's ban as discriminatory and protectionist, going as far as to labelling the move 'crop apartheid.' This contention is understandable considering that the EU is the fourth largest rapeseed producer in the world, and also a modest producer of sunflower oil. Given its history of agricultural protectionism (e.g. its Common Agricultural Policy in the context of the WTO), it is not unreasonable to assume that





the EU may be trying to phase out palm oil to carve out a better deal for its own oilseed farmers.

The other major palm oil importers are India, China and Pakistan. While their demands are likely to remain, the removal of a significant chunk of demand from Europe may cause the global palm oil price to drop as supply outpaces demand. This would likely have trickle-down effects on the revenues of major palm oil companies like Golden Agri Resources (Indonesia), Wilmar International (Singapore) and Sime Darby (Malaysia). Further down the supply chain, smallholder farmers who sell their oil palm to the larger companies can expect to see lower prices for their fresh fruit bunches.

This situation is especially dire considering the challenges, in terms of both cost and procedures, that these smallholders have already had to overcome to get some sort of certification, be it RSPO, ISPO, or MSPO, for their palm oil to be sold on the global market. Another European certification requirement will be an additional barrier for these smallholders. Of course, the percentage of smallholders who currently produce certified sustainable palm oil (CSPO) is small – much of the CSPO palm oil comes from large corporate plantations. However, the system-wide effects of a drop in demand and price will affect smallholders and large companies alike.

In Indonesia and Malaysia, the plight of the smallholders has been highlighted in the attempt to appeal against the resolutions. Malaysia lists 650,000 smallholders whose livelihoods could be affected, while Indonesia cites the ‘millions’ who could suffer. In Malaysia, more than a thousand smallholders took to the streets in organised protests in January 2018, while many more signed a petition which was handed over to the EU Mission in Kuala Lumpur. While the relative silence from the corporate actors is curious, this strategy is similar to that used by the EU highlighting the plight of their farmers during free trade negotiations.

By phasing out palm oil from biofuel completely, the EU is painting the entire palm oil industry with one broad brushstroke. It fails to acknowledge the serious efforts of many producers to improve their practices, and all but ignores the fact that palm oil can in fact be grown sustainably. Furthermore, by insisting on its own CSPO certification scheme, it also belittles the efforts of existing schemes like the RSPO, ISPO, and MSPO for their efforts in promoting sustainability in the sector. Hence, it is not surprising that palm oil producer countries feel that they have been unfairly singled out, while other vegetable oils are getting away scot-free.

However, at the same time, major producers like Indonesia and Malaysia must also acknowledge their weaknesses in handling criticism of the sector. Generally, allegations that palm oil sector drives deforestation, peatland degradation, and transboundary haze are met with defensiveness and denial, which often slips into emotive arguments of nationalism and apartheid. While these allegations may be somewhat conflated or politically motivated, the ‘exaggeration’ of denial on the side of the producers has not been helpful either.

The EU has thus far incentivised sustainable practices in the palm oil industry by using its burgeoning CSPO market as leverage. Hence, its recent resolutions may in fact be counterproductive to sustainability as producer countries, blocked out from such a major market, will have less incentives to undertake costly sustainable measures. Instead, they may choose to focus on markets such as China, India and Pakistan which have less vigorous sustainability requirements. In short, the EU may be harming the cause – anti-deforestation – that it purports to champion. 🚩

Dr. Helena Varkkey is Senior Lecturer at the Department of International and Strategic Studies, University of Malaya, Malaysia.

Is a “Trade War” the Solution?

Tham Siew Yean argues that penalising ASEAN’s trade surplus will not help the US resolve its economic issues.

President Donald Trump has prioritised the reduction of US trade deficits as an important component of his trade and foreign policy agenda. Given this goal, it is not surprising that there is considerable attention from within and outside the US on countries that draw a trade surplus with the US. This may foreshadow an imminent US “trade war” against these trading partners. Although most of the attention falls on China which runs the highest trade surplus with the US, ASEAN member states are not immune to potential American punitive measures. The ASEAN Secretariat reports the US’ trade in goods deficit with ASEAN in 2016 at US\$50.3 billion – its third largest deficit in Asia, after only China and Japan. Six out of ten ASEAN member states, namely Cambodia, Indonesia, Malaysia, the Philippines, Thailand and Vietnam, run a trade surplus with the US. Vietnam alone accounts for 59.1% of ASEAN’s trade surplus with the US.

Waging war on trade surpluses is easier said than done, as most measures tend to be either counterproductive or come at a high price. One such measure is restricting imports based on the mercantilist approach to international trade which views imports negatively while promoting exports to steer the trade balance in the country’s favour. Hence, it should not come as a surprise that restrictions on US imports may feature in the US trade policy agenda for 2018. This may come in the form of anti-dumping duties on the exporting countries, based on the argument of unfair trade practices that prop up the exports from these trading partners to the US.

However, such a course of action would demonstrate a misplaced understanding on the role of international trade, which is based on the principle of comparative advantage. This principle holds that a country specialises in the production and export of a good/service which it can produce more efficiently, or at a lower opportunity cost, over other goods/services which it should import. Technology has enabled fragmentation in the production process and with it, American companies have relocated different parts of their production processes to different countries based on this principle.

US data shows that there are approximately 4,600 American parent companies with affiliates in ASEAN. These companies operate in a broad range of sectors, which contribute to the production of goods and services in ASEAN as well as to the exports of goods from ASEAN to the US. For example, the bulk of Malaysia’s exports to the US are electronics manufactured by American companies such as Intel, which are exported to the US as semi-finished

products. Penalising imports to reduce America’s trade deficits would also penalise the production and export of these American companies operating in ASEAN. In short, the trade surplus figures capture the production value of American companies operating in ASEAN but are reflected against the overall trade value of the host country.

ASEAN’s Trade Balance with the US (US\$ million)

Country	Export	Import	Trade Balance
Brunei Darussalam	10	308	299
Cambodia	2,147	173	(1,974)
Indonesia	16,141	7,298	(8,843)
Lao PDR	19	20	1
Malaysia	19,363	13,420	(5,943)
Myanmar	150	214	64
Philippines	8,664	7,689	(975)
Singapore	21,623	30,837	9,214
Thailand	24,495	12,058	(12,437)
Vietnam	38,458	8,712	(29,746)
ASEAN	131,071	80,730	(50,341)

*Note: Figure in parenthesis shows a surplus for ASEAN member states.
Source: ASEAN Secretariat*

Getting American firms to relocate their production back to the US (i.e. the reshoring strategy) is another argument used to tax imports. This may not necessarily benefit American consumers nor the economy at large. In the first place, the basis of offshoring is the cost of production, especially labour cost for labour-intensive manufacturing goods. Reshoring therefore may come at the price of a higher cost of production and ultimately higher prices for the consumer. Would American consumers be happy to pay, say US\$30-50 for a t-shirt that was previously sold at US\$10 when imported? American consumers would also have to contend with fewer choices if imports are curtailed.

One also needs to ask what sort of jobs will be brought back to the US, if trade restrictions are imposed on imports of labour-intensive manufacturing goods. These are likely to be blue-collar manufacturing jobs that are most likely employing immigrants to the US rather than US-born



A garment factory in Vietnam

Vietnam Investment Review

workers, a point gleaned from the 2015 analysis of the US Census Bureau statistics by the Pew Research Centre. Moreover, automation is usually used for enhancing competitiveness and productivity, and hence the old jobs displaced by trade may in all likelihood be taken over by machines, and not by people.

“Waging war on trade surpluses is easier said than done, as most measures tend to be either counterproductive or come at a high price.”

More importantly, countries do not necessarily sit quietly when trade restrictions are imposed on them. Retaliatory policies or “tit for tat” measures can be taken, especially by large trading partners. US data reports that almost 42,000 companies across the US export to ASEAN, and support about 550,000 jobs directly or indirectly in 2015. American jobs in the US are at stake in the event of retaliatory policies undertaken by countries that are penalised for exporting to the US. The US also has a trade surplus in its export

of services to ASEAN, to the tune of US\$8 billion in 2015. Trade partners may impose restrictions on services imports from the US as a retaliatory measure to the US’ restrictions on their goods exports. As in all “trade wars,” it is the consumer that bears the brunt of these retaliatory measures.

For all countries, employment displaced by trade can be a difficult economic policy problem to solve. Bringing back the same job is not necessarily the solution. Getting to the root of the problem and resolving it is a complex task. Workers need jobs and employers have good jobs that they cannot fill. Matching the two is no easy task. Getting unemployed workers to be retrained for the current job demands is equally tricky and can be daunting to implement and monitor, given the question of cost and effectiveness of these re-training and re-tooling programmes. In the end, it is far easier to blame it all on trade and the trade partners, to the detriment of all. ❧

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Can the Olympic Torch Brighten the Korean Peninsula?

Zhu Feng explores what comes next in the Korean Peninsula after the Winter Olympics in Pyeongchang.

At the Opening Ceremony of the 2018 Winter Olympic Games in Pyeongchang, the world witnessed a touching scene of athletes from the Republic of Korea (ROK) and the Democratic People's Republic of Korea (DPRK) marching side-by-side under the Korean Unification Flag for the first time in 12 years when a similar show of brotherhood was made at the 2006 Turin Winter Olympics. Beyond the joint march-in, ROK's President Moon Jae-in warmly welcomed Ms. Kim Yo-jung, sister and special envoy of DPRK top leader Kim Jong-un, and Mr. Kim Yong-nam, leader of the DPRK delegation at the Olympics. As the President of the Presidium of the Supreme People's Assembly, Kim Yong-nam is the highest ranking DPRK official to visit the ROK. President Moon has been invited to Pyongyang at his convenience. However, whether the thaw from the Olympics can survive the Korean winter, and whether Pyongyang would grasp the opportunity at peace in the Korean Peninsula to give up its nuclear weapons remain very much in doubt.

Kim Jong-un's Olympic Card

In his New Year remarks on 31 December 2017, DPRK leader Kim Jong-un surprised the world when he referred to

the Pyeongchang Games as an avenue to seek inter-Korean dialogue and unity. The overture is music to the ears of the Moon Administration. Though the hope to return to the "Sunshine Policy" remains far-fetched, President Moon has vowed to restore the policy of engagement and repeatedly proposed talks with the DPRK. The Moon Administration's search for engagement with the DPRK aims to increase the ROK's political-diplomatic influence and reduce Seoul's dependency on the major powers, especially with regard to the future direction of the denuclearisation process. Kim Jong-un's message was well-received, with an inter-Korean dialogue taking place at the Demilitarised Zone (DMZ) on 9 January. After that, the two Koreas fulfilled a slew of agreements, exchanged visits, and the DPRK announced Kim Yong-nam's attendance at the Olympics opening ceremony.

The thawing in inter-Korea relations deserves applause. Pyeongchang not only pulled the two traditional arch-rivals closer together, but also helped decrease tensions in the Korean Peninsula. Kim Jong-un's game plan is simple – to break out of the unprecedentedly intensive isolation and sanctions by the international community, and appeal to



The two Koreas marching in together at the Opening Ceremony of the 2018 Winter Olympics in Pyeongchang

the ROK for sympathy and generosity. Most importantly, the thaw in inter-Korean ties could drive a wedge in the ROK-US alliance, and add to Seoul's reluctance to line up with the US in possible military strikes against the DPRK.

Nevertheless, the Olympic thawing is very unlikely to weaken Pyongyang's determination to hold on to its nuclear weapons and missiles. In other words, its overtures at Pyeongchang were aimed at easing the ROK's opposition and not setting the stage for the disposal of its nuclear arsenal. The DPRK had sternly warned its southern neighbour that Seoul's alliance with the US and calls for denuclearisation could lead to an instant withdrawal of its participation in Pyeongchang.

US-DPRK talks still stalled

US Vice President Mike Pence's participation in Pyeongchang seemed to offer a prized opportunity for breaking the ice in US-DPRK contacts through a possible meeting with Kim Yong-nam. In fact, Seoul intended to orchestrate a meeting between the two leaders. Unfortunately, this novel idea was a non-starter. Instead of being a potential game changer, events in Pyeongchang have only widened the US-DPRK rift.

Pence's trip to Pyeongchang turned out to be a strident reprimand against Pyongyang's human rights abuses and nuclear ambitions. Joining Pence at the Opening Ceremony was Fred Warmbier, father of late American student Otto Warmbier, who insists that the reclusive regime tortured his son while he was detained there for 17 months. Furthermore, President Donald Trump invited DPRK defector Ji Seong-ho to his first State of the Union address on 31 January, and met with Mr. Ji at the White House three days later. When asked if he would relax his hard-line approach toward the DPRK after Pyeongchang, President Trump proclaimed that "there is no road left" in resolving the nuclear threat except for more sanctions or military options.

Trump's policy has oscillated between the "bloody nose" strategy and "maximum sanctions." Pyongyang's overtures for national unity, which signaled a faint prospect of national reunification, would barely register a shift in US policy. There is no sign at all that the Trump Administration would come to terms with North Korea through the "Pyeongchang way." What President Trump wants is to sign a deal that compels the DPRK to abandon its nuclear arsenal which might be capable of reaching a large swathes of continental US. As long as Pyongyang holds on to its nuclear weapons as a non-negotiable guarantee for the security of its country, Washington will not cede ground. Instead, the US' priorities are to speed up the military option, maximise international sanctions, and urge China and Russia to act in the same line. Therefore, Seoul's efforts to facilitate a symbolic US-DPRK high-level handshake are out of step with Trump's current approach to Pyongyang.

Any chance for denuclearisation?

The encouraging developments at the Pyeongchang Olympics could do little to halt the ongoing diplomatic meltdown and rising military tensions in the Korean Peninsula. The DPRK will most probably go ahead with its missile tests and even conduct a nuclear test sooner or later.



Contrasting reactions to the march-in of the unified Korean team

Twitter

Its military parade on 8 February showed that Pyongyang will not easily bow to international sanctions and pressure. Meanwhile, the US has planned to conduct joint military drills with the ROK on 24 April. The military option however would not be easy to act on. China, Russia, the ROK and even Japan are all strongly opposed to Trump's proposed "bloody nose" strategy given its catastrophic consequences, unless the DPRK has enough folly to initiate military actions.

The military standoff in the Korea Peninsula will persist but will not last forever. Intensified sanctions have decidedly hurt the DPRK. Pyongyang's Olympic gestures demonstrated that there are very few openings left for Kim Jong-un to confidently march on with its nuclear assets. Beijing has ordered closure of all DPRK businesses in China, cut off oil provision by almost half, and severely prohibited DPRK individuals from opening bank accounts in the entire Chinese banking system. China will certainly go further in its penalties whenever Pyongyang conducts new missile or nuclear tests. It is possible that Beijing will, sooner or later, abandon its fellow communist neighbour if Pyongyang strives to hang on to its nuclear state status. In the worst-case scenario, the DPRK will be drained by the ever tightening ring of sanctions, lose the support of its few remaining friends, and may eventually implode. Ironically, the weapon that is built at such heavy financial and human cost to ensure the longevity of the state may end up bringing about the opposite effect.

For the moment, it is extremely important for the US, China, Russia, and the ROK to continue applying pressure on the DPRK. The nuclear threat on the Korean Peninsula is an enormous challenge that should be settled through "shared responsibility" among all stakeholders in the region. 🇺🇸

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President Moon's Quest to Untie the DPRK Gordian Knot

Andray Abrahamian explains Seoul's predicament in reaching out to Pyongyang.

The Republic of Korea (ROK) is now in the trickiest position it has been in the 21st century. In the past year, the country has been squeezed by China's economic punishment over the deployment of the Terminal High Altitude Area Defence (THAAD) missile system, while having to deal with an exceptionally aggressive White House. At the same time, President Moon Jae-in has genuinely explored balancing engagement and deterrence towards Pyongyang, which defiantly conducted a series of missile and nuclear tests in 2017. Against this background, it is necessary to identify Moon's possible long-term, medium-term and short-term goals to understand Seoul's current approach towards the Democratic People's Republic of Korea (DPRK).

In the short term, the Moon Administration needs to make sure that the Pyeongchang Winter Olympics is a success. The Olympics is a huge investment by the ROK to draw the world's attention to the world's 13th largest economy, its culture, its infrastructure and its role in the world.

Having the DPRK participate in this sports event, even if at some cost, created a conducive environment to run the Olympics smoothly. It also provided the space for all parties concerned to explore each other's positions in an atmosphere of reduced hostilities, although Pyongyang and Washington have signaled that the respite will be brief. The US and ROK forces will resume exercises in the spring, which Pyongyang loathes. The DPRK is also conducting limited exercises this winter, and planning to hold a large military parade on the eve of the Games.

In the long term, Moon looks forward to engaging the DPRK economically and socially in a bid to revive the Sunshine Policy in some form. A key difference, however, is that the original Sunshine Policy took place with a pre-nuclear DPRK. Now, in terms of engagement, any ROK president has to be mindful of two things.

First, the public opinion in the ROK is not what it was in the early 2000s. Moon's poll numbers have dropped while his team was organising joint Olympic activities with the DPRK. According to a Realmeter poll in the last week of January, Moon's approval rating slid from 67.1% to 59.8%, capping successive weeks of decline. These numbers are hardly a catastrophe, but should serve as a warning.

Younger South Koreans are quite hawkish on the DPRK and have largely become disinterested in unification. Given that young voters turned out en masse to support Moon in the presidential election, this is a voting base that he needs to appease. Many South Koreans feel that the Sunshine Policy gave away too much in return for too little. They see the joint Olympic hockey team and the attendant DPRK events, such as the Taekwondo demonstration and orchestral concert, in a similar light. Public opinion will constrain cooperative projects between both sides.

Moon also has to be mindful of international sanctions as well as Washington's suspicion about engagement with the DPRK. Although he has taken some steps towards a more self-sufficient security posture, Seoul still needs the US for the foreseeable future, and has to be seen by Washington as holding up its responsibilities as an alliance partner. Moon has walked the line well thus far, saying the right things about Trump and the alliance generally. He has yet to propose any sort of talks or economic interactions with the DPRK that would raise red flags in Washington.

All this is taking place while President Trump has had dubious views about the merits of alliance maintenance. Trump's decision to exit the Trans-Pacific Partnership (TPP) has created a lot of anxiety over the US' staying power in the region. Trump has also threatened to scrap the Korea-US Free Trade Agreement (KORUS FTA). In January, he slapped tariffs on washing machines that would hit South Korean exporters. This rubs salt into the wound as the ROK is still grappling with China's "informal" economic sanctions over the THAAD.



A view from South Korea towards North Korea in the Joint Security Area at Panmunjeom.

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ROK President Moon welcomes US President Trump in Seoul in November 2017

In the medium term, it is Washington that is starting to raise red flags in Seoul. Once the Winter Olympics has passed, Moon's primary concern will be to avoid military conflict on the Korean Peninsula. His country, after all, would pay the highest price in the event of conflict. For the past several months, however, the Trump Administration has appeared to be building a case for war, or at least for kinetic actions that elevate the risk of war to new heights.

Since September 2017, US National Security Advisor H.R. McMaster has increasingly argued for containment of the DPRK, with public comments on how classical deterrence theory could apply to the regime in Pyongyang. Accepting a nuclear DPRK to him is unacceptable: "I don't think you or anybody else is willing to bet the farm, or a US city, on the decision-making – rational decision-making – of Kim Jong-un." Also, for multiple times recently, President Trump contradicted comments by US Secretary of State Rex Tillerson that suggested talking to the DPRK was desirable.

In his State of the Union Address on 31 January 2018, Trump seemed to be building a moral case for intervention with echoes of George W. Bush before the Iraq war. He called the DPRK a "cruel dictatorship" and Kim Jong-un's leadership "depraved." Trump had invited to the event the family of Otto Warmbier, the American student who died after 17-month captivity in the DPRK, as well as North Korean defector Ji Seong-ho to illustrate the country's brutality.

Meanwhile, for several months, American officials have been signaling behind the scenes that the Administration has put military options near the front of the queue. In various off-record fora, both a shoot-down attempt of the DPRK's next ICBM and a "bloody nose" strike have been hinted at. Trump's "bloody nose" designs appear to be confirmed

by the withdrawal of Victor Cha as US Ambassador to the ROK. In a *Washington Post* op-ed in which he put forth a forceful argument against the folly of such a strike, Cha explained that the "bloody nose" was a key difference he had with the Administration.

Still, strategic assets have been conspicuously moved into the region in recent months, signaling that the US is ready for escalation. Three carrier strike groups arrived in the Sea of Japan for exercises in November 2017 and have since left. The US Air Force brought in three of its twenty B-2 stealth bombers to Guam in January 2018, where they remain.

Even if one explains away many of the statements and shows of force as psy-ops, the trend lines in how the Trump Administration is thinking about North Korea are visible. This may, ironically, force Seoul away from its key ally. If Moon thinks that the Trump Administration embarks on an unnecessarily risky adventure or a "bloody nose" strike over Seoul's objections, he may feel compelled to rush to some kind of deal with either China or the DPRK: one that leaves the United States isolated, with its strategic goals unrealised.

Moon has been pressed on all sides, by China, the DPRK and the US. Even the Olympic spectacle would provide little relief as the various stakeholders continue campaigning and preparing for what happens after the closing ceremony. 🇺🇸

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Getting Serious on Sanctions

Sean King argues that enforcement of rigorous sanctions which threaten regime change is the only way to peacefully denuclearise the DPRK.

Sanctions against the Democratic People's Republic of Korea (DPRK) thus far have not “worked” in the sense that they failed to convince Pyongyang to give up its nuclear and ballistic missile programmes. But if sanctions had not been in place, the DPRK would have progressed even further in its weapons development by now. A big part of the problem is that sanctions have been *ad hoc*, reactive and never fully implemented. That is changing, however, as much of the world frets over Pyongyang getting closer to having a nuclear weapon that can reach the US.

Despite numerous resolutions by the United Nations Security Council (UNSC) on sanctions against the DPRK since its first nuclear test in 2006, implementation across individual states has been uneven and patchy. For example, sanctions by the Republic of Korea (ROK) have waxed and waned according to its internal politics while the US and Japan have imposed additional punitive measures. Many countries have stepped up trade restrictions on the DPRK for obvious reasons but many others have not. The DPRK is still deeply entrenched in Southeast Asia. Its vessels occasionally fly the Cambodian flag of convenience to evade inspectors. In fact, the DPRK is much more

actively engaged in the world economy than most people realise. Therefore, additional external pressure would still add to its vulnerability.

There are many incidental examples of how the DPRK has circumvented sanctions. Pyongyang runs restaurants in Thailand, a hostel in the former East Berlin and an event hall in Sofia, the capital of Bulgaria. North Korean forced labour has been exported to Kuwait, Russia and Poland, and its Mansudae Art Studio built statues in Angola, Ethiopia and Zimbabwe. Many of these revenue generators now fall afoul of new stricter UNSC sanctions and are being shut down. Besides, US Secretary of State Rex Tillerson's maximum pressure campaign has led more than 20 countries, including Mexico, the United Arab Emirates and Italy, to cut off trade with the DPRK and/or expel its diplomats.

As a matter of fact, UNSC sanctions often have to be watered down to avoid a veto by Beijing or Moscow, resulting in, for example, only a partial oil embargo last year. Moscow too backs up Pyongyang, recently helping the latter circumvent the coal export restrictions under



The United Nations Security Council deliberating sanctions on DPRK.

“The most practical way to peacefully denuclearise the DPRK is to economically strangle and bankrupt it.”

UNSC Resolution 2321. Still, no other country has enabled the DPRK more than China, its mutual defense treaty ally.

While China’s leader Xi Jinping has gotten tougher on Kim Jong-un of late, he will always only do just enough to stave off the ire of Donald Trump but not enough to imperil the Kim regime. Beijing knows that Kim will only ever give up his nuclear weapons if faced with extinction, but Xi wants the DPRK to be around since a unified Korea presumably means a US ally on China’s land border. China may also entertain the scenario that the DPRK’s nuclear threats might one day drive American forces away from the Korean Peninsula. Should this scenario come to pass, 37,500 US troops would no longer be in China’s near abroad, leaving a power vacuum on which Beijing would capitalise to settle the Taiwan issue or the dispute over the Senkaku Islands with Japan in a way favourable to Beijing’s terms.

Many North Korean entities and individuals under sanctions have merely reconstituted themselves to continue their operations across the border in China, repeatedly changing front companies’ names and addresses to avoid detection. They have also resorted to using Chinese banks to get access to US dollars and the world financial system. Recently, US satellite imagery has shown Chinese tankers illegally transferring oil to North Korean vessels off-shore. Banned North Korean ships have been spotted in China’s ports.

The US should therefore levy severe secondary sanctions on the Chinese entities and banks fronting for the DPRK. US anti-money laundering laws allow it to suspend correspondent US bank accounts of offending financial institutions, thus denying them US dollar access. If a New York drug gang moves into New Jersey, the police do not only keep looking for them in New York. They go where the action is, follow the money, and chase down the customers and suppliers. The drug analogy is relevant since many DPRK operations are conducted like an international crime syndicate.

The US has sanctioned a number of Chinese banks, firms and individuals, but none of them are targets of real consequence thus far. Complicit Chinese entities must be forced into a choice as to whether they want to do business with the DPRK or with the US, and by extension, the world. Left to their own devices, they would likely choose the latter.

Kim Jong-un cannot be reasoned out of his nuclear weapons because he sees them as the guarantee of his regime’s survival. Should the US-ROK alliance break up, such nuclear weapons would leave the ROK vulnerable to some kind of coerced confederation, or a second North Korean invasion. Kim might even gamble that if he attacked the ROK in the same way as his grandfather did in 1950, Washington would not again come to Seoul’s defense for fear of mushroom clouds in San Francisco or Seattle.

Hence, the most practical way to peacefully denuclearise the DPRK is to economically strangle and bankrupt it. Some cracks are being seen. The DPRK has scaled back its winter military drills, perhaps because of fuel shortages. In his New Year’s Day speech, Kim referenced the “harshes ever challenges” brought on by sanctions and containment.

With no prospect of direct talks with Washington in sight at the time, Kim accepted Seoul’s consolation prize of inter-Korean negotiations over the Pyeongchang Winter Olympics. Talking to Seoul is a big climb down for Kim, as his regime’s ultra-nationalist ideology had always insisted that Pyongyang is the true government for all Koreans and that its counterparty is Washington – not Seoul. Kim had until now rejected ROK President Moon Jae-in’s entreaties, at times in very racial terms. Last July, for example, when Moon advocated North-South dialogue while in Berlin, the DPRK’s *Rodong Sinmun* newspaper slammed Moon for making his proposal “before foreigners with different skin colors, with whom we don’t share the same language.”

So, what needs to be done is to keep the pressure on, step up interdictions, punish the regime’s enablers, and expel DPRK diplomats who are involved in illicit income-generating operations and even assassination plots. Without hard currency, Pyongyang cannot maintain its nuclear weapons. The way forward is to cut off its cash wherever it may flow, and that must be done now before it is too late. 🚧

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Did you know?

Kimilsungia, an orchid hybrid named after the DPRK’s late leader Kim Il-Sung, was gifted to the country by Indonesian President Sukarno in 1965 during his visit to the DPRK. It is currently the DPRK’s national flower.



Southeast Asia and the DPRK: Constraints of Engagement

Hoo Chiew-Ping looks at the ebb and flow in Southeast Asia's engagement with the DPRK.

For much of the Cold War and post-Cold War periods, the Democratic People's Republic of Korea (DPRK) enjoyed rather cordial diplomatic relations with all Southeast Asian countries, although Pyongyang's erratic behaviour occasionally soured relations with some. Apart from its close relationship with the Democratic Republic of Vietnam during the Vietnam War, the DPRK also gained diplomatic support through its active participation in the Non-aligned Movement (NAM) in the 1960s. ASEAN countries then shared the general consensus that the DPRK did not present a threat to the region. With Indonesia and Malaysia advocating for neutrality in the ideologically divided Cold War, the DPRK swiftly established diplomatic ties with non-Communist countries through NAM, gaining an advantage over the Republic of Korea (ROK) in international competition for legitimacy. However, all Southeast Asian countries eventually established diplomatic ties with both the DPRK and the ROK – a duality that allowed for leverage and flexibility in engaging the two Koreas – while trying to stay away from the inter-Korean conflict and tensions.

With the end of the Cold War and the collapse of the Soviet Union, the DPRK increasingly found in Southeast Asia the few remaining outlets to the world, apart from China. Economic ties between the DPRK and most Southeast Asian countries began to pick up, especially after the great famine of 1994 in the DPRK which opened a window of opportunity for direct transfer of goods, food, and other types of aid to the country. What began as humanitarian assistance then turned into trading activities, especially in food, rubber, and agricultural products. When the DPRK was unable to pay for the goods, the debts were repaid in the form of North Korean commodities such as coal, raw materials, rare-earth minerals, and machine tools. Until very recently, Indonesia, Singapore, Thailand, the Philippines, and Malaysia were the DPRK's top trade partners from the ASEAN region. Though Myanmar, Laos, and Vietnam seem to have low trade volume with the DPRK, they have maintained significant diplomatic ties which were cemented by the socialist or neutrality leanings shared by these countries during the Cold War.

In addition to the deepening economic ties, the DPRK has managed to leverage its relationships with individual Southeast Asian countries to its advantage. The late Cambodian King Norodom Sihanouk had a very close personal friendship with the late North Korean leader

Kim Il-sung, and Cambodia is known to have its flag of convenience used by North Korean trade vessels, including one that was found to carry a large shipment of ammunitions and arms in 2016. Thailand houses the Korea Friendship Association (KFA) – the DPRK's friendship association – and Organisation for the Study of the Juche Idea of Thailand. Ironically Thailand also receives the largest North Korean defectors in the region. Some Singaporean non-governmental organisations (NGOs) have social, cultural and educational exchanges with North Koreans especially through university exchanges and entrepreneur training programs. Before the shocking assassination of Kim Jong-nam in February 2017, Malaysia was an important hub for North Koreans' travel through the visa-free agreement and a direct chartered flight between Kuala Lumpur and Pyongyang. The DPRK also set up front companies and used Malaysian banks for receiving arms shipment payment. The same goes for Singapore-based Chinpo Shipping Company which was discovered by sanction experts to play a role in facilitating a North Korean cargo ship carrying arms through the Panama Canal.

“Pyongyang has skilfully maximised its manoeuvring space enabled by the engagement approach by ASEAN and its member states, without being held accountable to its transgressions, at least not in any significant degree.”

The DPRK has had no qualms about, and in fact has been ruthless in, pursuing its own agenda at the expense of the interests of ASEAN countries. One brazen act committed by the DPRK is the Rangoon Bombing in October 1983, an attempt to assassinate the ROK President Chun Doo-hwan in a visit to Myanmar, which killed 12 South Korean cabinet members. Most recently, the assassination of Kim Jong-nam at KLIA 2, Malaysia, in February 2017 was orchestrated by North Korean agents but involved Indonesian and Vietnamese nationals. The assassination used a deadly chemical weapon-grade nerve agent (VX), which potentially could have had a catastrophic consequence to other travellers in the airport. The ensuing diplomatic crisis led to a suspension of all ties between the DPRK and Malaysia, followed by the decisions of the Philippines and Singapore to respectively cut off trade ties

with Pyongyang in September and November 2017. All these were taking place amidst the US' increasing pressure on ASEAN member states to sever diplomatic and trade ties with the DPRK as Pyongyang stepped up its nuclear and missile tests throughout 2017.

Yet, each ASEAN member state and ASEAN collectively have chosen not to completely cut off relations with the DPRK. For instance, following the assassination of Kim Jong-nam, Malaysian Prime Minister Najib Razak said that his government had no intention to cut diplomatic ties with Pyongyang but would step up restrictions on bilateral interactions. This cautious attitude is likely to continue in the foreseeable future. All ASEAN member states share the view that it is better to keep the DPRK engaged because an isolated DPRK will be more prone to provocative behaviour, hence more dangerous to regional stability. ASEAN therefore was not amenable to the idea of expelling the DPRK from the ASEAN Regional Forum (ARF) on the grounds that the forum's goal is to foster dialogue, confidence building, preventive diplomacy, and conflict resolution in the region. As the Six-Party Talks has been discontinued since 2008, the ARF becomes the only multilateral security forum with the DPRK in the membership. This ASEAN-based platform could facilitate dialogue between the DPRK and other ARF members with major stakes in the Korean Peninsula, especially with China, the ROK, the US, Japan, and Russia.

There are both costs and benefits to ASEAN's approach of continued engagement with the DPRK. Engagement and socialisation have become ASEAN's traditions in dealing with difficult partners that used to include China, Vietnam and Myanmar. The counter-argument would be that the DPRK is a completely different case. Its nuclear-armed missiles present an existential or military threat not only to

Pyongyang's traditional adversaries – the US, Japan, and the ROK which are ASEAN's important partners – but potentially one day to Southeast Asia too. Furthermore, Pyongyang has skilfully maximised its manoeuvring space enabled by the engagement approach by ASEAN and its member states, without being held accountable to its transgressions, at least not in any significant degree.

With increasing provocative acts by Pyongyang and the higher risk of its security challenges spilling over from Northeast Asia to other parts of the world, ASEAN member states find themselves under growing international pressure, especially from the US, to curb North Korean illicit activities with more rigour. ASEAN and its member states should be more proactive in contributing to the search for a solution to the Korean Peninsula, leveraging its unique connection to the DPRK through the ARF. And while ASEAN and its members should continue engagement with Pyongyang when they can, they should not shy away from holding the DPRK accountable by intensifying economic and diplomatic pressure when they must. 🇰🇷

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The Angkor Panorama Museum in Siem Reap, Cambodia, built by North Korea's Mansudae Art Studio, opened in 2015.

ASEAN - DPRK in Numbers



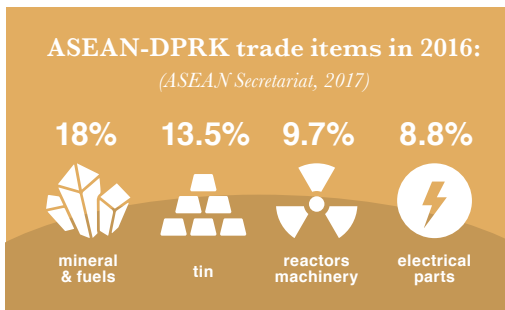
The DPRK has diplomatic missions in all ASEAN member states, except **Brunei** and the **Philippines**.



Only **Cambodia** and **Laos** provide visa on arrival to DPRK nationals. Malaysia and Singapore have cancelled visa-free entry to DPRK nationals. *(Passport Index, 2018)*

Malaysia, Singapore and Thailand have comprehensive export control legislations. **Indonesia** is preparing a nuclear security bill. *(Implementation reports by Indonesia, Malaysia and Singapore to the UNSC, December 2017; The Nation, 9 May 2017)*

Cambodia-flagged cargo ship **Jie Shun** detained by Egypt en route from the DPRK to the Suez Canal on 11 August 2016 was carrying more than **30,000 rocket-propelled grenades**. *(Washington Post, 1 October 2017)*


Malaysia imposed a ban on its citizens from travelling to the DPRK effectively from 28 September 2017. *(Ministry of Foreign Affairs of Malaysia, 2017)*

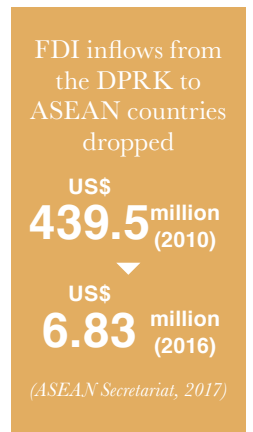


The **Philippines** carries **52%** of ASEAN's total trade with the DPRK in 2016. *(ASEAN Secretariat, 2017)*



There is currently **no direct flight from ASEAN countries** to Pyongyang and vice versa. *(GlobalSecurity.org)*

Part of **50,000 - 80,000** DPRK overseas labourers are found in all ASEAN countries except Brunei and the Philippines. *(2016 Human Rights Reports, US Department of State, 2017; Straits Times 2017)*




Cambodia, Indonesia, Laos, Malaysia and Vietnam have established embassies in Pyongyang.




Chinpo Shipping Company Pte. Ltd. found guilty of transferring **US\$72,017** to help a DPRK vessel carrying jet fighters and other military gear transit through the Panama Canal. *(Straits Times 2016, 2017)*

The Philippines was the DPRK's **1st**, **2nd**, **3rd** largest trading partner in 2016. *(WTO, 2016)*



Since August 2017, **Laos and Thailand** have **stopped granting work permits** to DPRK workers. *(Implementation reports by Laos and Thailand to the UNSC, December 2017)*



Glocom, a front company of Pan Systems Pyongyang advertises radio systems for military organisations on its Malaysian website through two Malaysia-based companies. In response to this finding, Malaysia's authorities informed that the two companies were being "struck off." *(Straits Times, 28 February 2017)*

Night Markets Shine a Light into Southeast Asia's Local Fare

Cheryl Teh takes us on a journey across the night markets of Southeast Asia.

As the sun sets on Chiang Mai and the daytime hustle and bustle dies down, another part of the city comes to life. A stone's throw away from *Sapaan Lek* (Iron Bridge), the Chiang Mai night bazaar is a sight to behold. With rows of stalls that one may walk for hours to cover, the market has a rich history dating back to the original Yunnanese trading caravans, which stopped en route from Simao, China, to Mawlamyaing, Myanmar. You can find everything at the night bazaar, from bits-and-bobs to quaint antiques, and indulge in some great food at the restaurants and cafes lining the streets. There is always something new to see or do, and the night is always young.

The Chiang Mai Night Bazaar is just one of the many night markets dotting the colourful landscape of Southeast Asia, which are also foodies' paradise offering authentic Southeast Asian cuisine. One such instance is Bến Thành Market in Vietnam. The market is ensconced in the heart of Ho Chi Minh City, with clear views of the imposing Bitexco Financial Tower looming above. In the market, meat skewers sizzle on open charcoal barbecues, tended by friendly hawkers all night long.

Other ASEAN member countries are also home to countless night markets, each boasting their share of unique local

delicacies. In Penang, the Pulau Tikus Night Market on the edge of Georgetown serves Malaysian treats like duck meat *kway teow soup*, *satay*, *chee cheong fun*, and the wildly popular *lok lok* – a dish of skewered meats and vegetables deep fried or boiled on-the-spot and garnished with a dollop of irresistible peanut or chilli sauce. At *lok lok* stalls, locals and tourists stand side-by-side, digging into plate after plate of skewered delights, from time to time sharing a smile or two.

Meanwhile, *Pasar Malam Sindu* (also known as the Sanur Night Market) in Denpasar, Bali, is a favourite haunt of discerning locals and tourists alike. Just off Sindhu beach, the market attracts visitors who make their pilgrimage to indulge in a variety of delectable dishes every night of the week. Of these dishes, seafood and traditional Balinese dishes are hot favourites, including *siomay*, steamed Indonesian fish dumplings served in peanut sauce.

The Yangon Night Market along Strand Road offers a taste of traditional Myanmar cuisine including street-side snacks, drinks and desserts. Some of them are quite unique such as *Pa Yit Kyaw* (crunch deep-fried crickets) and *Htamanae* (sticky rice with peanuts, sesame seeds, and coconut flakes). Also on offer is a multicultural mix of tastes and smells, which give a sensory overload – including the Indian-inspired *Ga Nan*



Luang Prabang Night Market

Shutterstock



Bến Thành Street Food Market

Diana Manuog

Hinn (crabs cooked in masala curry), *Pae Mont* (Chinese bean and flour pastries) and cooked-to-order seafood dishes. The night market is right at the heart of the old-world charm of Yangon with worn-out buildings that look as if they were frozen in time.

Markets in major cities in the Philippines provide the casual visitor with a glimpse of how locals live their daily lives. In the markets, one may find famous tropical fruits associated with the places – freshly-cut pineapples in Bukidnon; row upon row of Mambajao lazones in Camiguin, sweet and succulent mangoes in Guimaras, and red, juicy strawberries in Baguio. The weekend bazaars scattered across the Philippines are, certainly, gems worth exploring – and a treat for the tastebuds as well.



Angkor Night Market

Santa Clara Cambodia

The night markets in Southeast Asia cater not only to foodies, but also to those in search of interesting knick-knacks and locally produced souvenirs. Many Singaporeans might still remember fondly the *pasar malam* of their childhood. The *pasar malam* (“night market” in Malay) was composed of traditional makeshift tarpaulin tents that would pop up virtually overnight. With the periodic and somewhat random appearance of the tents came the scent of mouth-watering skewered snacks and cheap candy bars, as well as toys, clothes and shoes. These *pasar malam* were a heartland staple, and a relief amidst the concrete and mortar of the modernising nation. Now, these *pasar malam* have somewhat “evolved” into festive markets coinciding with cultural events such as the market at Chinatown during the Lunar New Year, and the Hari Raya Bazaar at Geylang. Singaporeans of all races still flock to the markets during these occasions – admiring the flowers and Lunar New Year goodies lining the streets of Chinatown, and being spoilt for choice at the Geylang Serai Ramadan Bazaar.



Singapore's Chinatown Night Market

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In the high mountains of Laos, the Luang Prabang Night Market brings the city out of its slumber, occupying an entire street every night. Beginning at Wat Mai and running along Sisavangvong Road to the town centre, the night market itself is a must-see destination in Luang Prabang. The stalls in the market are manned by friendly locals. Strolling down this street, one may find unique pieces of jewelry handmade and sold by over 300 handicraft vendors. Also on display are paintings, quilts, silver, bamboo lamps, textiles and exquisite ceramics, and even a variety of rare spices. One may lose track of time while strolling amongst the stalls, and may leave not only with a valued souvenir, but with a fresh insight into Laotian culture.



Samur Night Market

Pinterest

One of the newer markets in Southeast Asia, Angkor Night market, also features a variety of local goods. Located in Siem Reap, Cambodia, the night market was constructed in 2007 with the purpose of preserving traditional Khmer handicrafts. The market has over 250 stalls, constructed with natural raw materials like bamboo and wood. A traveller may find not only traditional clothing, art and handicrafts, but also items made of recycled products such as wallets, bags and pouches created from repurposed bags, fabrics, and pieces of plastic.



Pulau Tikus Market

Smartdory

The night markets have become prominent tourist attractions across Southeast Asia, recommended by many a traveler for the exciting nightlife within the locale. Having experienced a valuable slice of local culture, a traveler often departs a night market with memories of its myriad sights and sounds and contributes to the livelihoods of the many hardworking people who make the market so exciting and enriching. The night markets are an important part of the local economy and a social centre of the community which enables local craftsmen to uplift their life and preserve their crafts and skills. To this day, it remains the jewel of tradition and local culture that shines bright, all night long. 🌃

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Yangon Night Market

Frontier Myanmar.Net



Chiang Mai Night Bazaar

Flickr



A Philippine night market

Pinterest

The Evolving Legacy of Chinese Clans in Southeast Asia

Nur Aziemah Aziz looks at how Chinese clan associations in Southeast Asia transformed over the centuries.

For waves of immigrants who took long sea voyages from China in search for a better life in Southeast Asia in the 18th and 19th century, hearing the dialects from their hometowns or meeting their fellow villagers in a foreign land was a remedy for homesickness, while providing comfort and a sense of kinship. Away from the assuring presence of home, these early settlers formed clan associations to help each other acclimatise to the new environment, and then extend a helping hand to their fellow kin hailing from the same province.

Clan associations, usually known as ‘Huay Kuan’ and sometimes known as ‘Kongsi’, can be broadly classified into three categories: the location of their hometown or the provinces such as Fujian or Guangdong; kinship ties under the same or related surnames like Lee, Lim, Khoo, Gan, and Cheng; or according to their dialects (i.e. Hokkien and Cantonese). In their early days, they primarily functioned as an aid provider for employment opportunities and housing matters. They also became a contact point for clansmen to link back to their ancestral home. Most notably, clan associations played multiple roles from officiating weddings to conducting prayers and religious rituals for those who have passed on and arranging for the remains of the deceased to return to their homeland. Subsequently, many clan associations took to purchasing

plots of land for use as cemeteries. One such example is the Bukit Brown Cemetery in Singapore.

With the growth of the Chinese community in Southeast Asia, temples devoted to the different patron deities as well as hospitals and schools linked to the clans started springing. Clan houses became meeting places for clansmen to partake in communal worship and bonding activities as well as to celebrate holidays and festivities together, allowing them to network with fellow members for business and friendship. With the cohesiveness and support rendered from clan associations, many traditions and crafts have been preserved, including the practice of ancestral worshipping and Chinese festival celebrations. However, these clan associations face the challenge of appealing to a younger generation of its clansmen to carry the torch and keep these valued traditions alive.

With the passage of time and the development of nation-building in Southeast Asia, clan associations’ ties to mainland China had become more distant and detached. Likewise, the rationale, organisational structure and membership composition of clan associations in post-colonial Southeast Asia have undergone the inevitable transformations. Today, clan associations have a decidedly “local” focus, primarily but not exclusively on heritage and

A quiet day at the Khoo Kongsi



cultural preservation, with a special emphasis on passing down ancestral traditions to the younger generations. Clan associations also play an important economic role by linking local companies to potential business opportunities in China. They continue to facilitate community bonding, provide financial assistance through scholarships and charity drives, and celebrate traditional festivals.

The clan houses' continued presence in Malaysia, Myanmar, Singapore, Thailand and Vietnam today help new generations of Southeast Asians to reconnect with their roots and learn about their rich history, traditions and culture, while maintaining their national identities. However, the influence and visibility of clan associations vary from country to country according to the degree of assimilation of this ethnic group into the wider community. Although clan associations may have passed its prime, they still continue to occupy an important socio-economic space in various parts of Southeast Asia, especially in Malaysia and Singapore.

Central to the survival and continuity of clan associations is the clan house. One of the most famous clan houses in Southeast Asia is the Khoo Kongsi clan complex, an iconic structure of Penang and a UNESCO World Heritage Site. Also known as Leong San Tong (the Dragon Mountain Hall), the intricately decorated clan house tells the story of how 102 businessmen from the Khoo family banded together and set up a clan house resembling those back in their village in China. The complex is made up of the clan temple, an administrative building, a meeting hall, offices, an opera stage and several units of shophouses.

Based on this, one could see how closely knitted the Khoo clansmen were by creating a home away from home. They had strict membership criteria – only taking in those who are 'Khoo' whose ancestors originated from Sin Kang Village, Fujian Province, China, as explained in the Khoo Kongsi Museum. Like most associations, they took care of the needy, provided education and conducted religious ceremonies for their ancestors. Exploring the Khoo Kongsi, one would be mesmerised by the fine details of the murals and carvings on the different walls and pillars, and the cohesive architecture of the different buildings produced by artisan craftsmen, artists and sculptors, some of whom came from China specially to work on it. Not to be missed is the ancestral hall, where the ancestral tablets displayed showcase the Khoo family's extensive lineage dating back all the way to more than 600 years ago.

Today, the Khoo Kongsi complex stands as a living testament to the continuing role and relevance of clan associations even as identities and affiliations have become more complex in the globalised twenty-first century. Far from being a relic of the past, the Khoo Kongsi is a living and breathing space where people still come to worship, celebrate Chinese festivals, and watch the occasional Chinese opera. It is more than just a mere museum or tourist attraction. In fact, it is possible for one to savour the lifestyle of a clansman, albeit in more luxury and comfort, by staying in one of the old shophouses within the grounds which have been converted into a heritage hotel. In a sense,



Ornaments decorating the Khoo Kongsi Leong San Tong entrance



Gold-leafed wood panels surrounding the altar

by turning part of its compound as a hotel and charging admission fees to offset the cost of preserving this cultural heritage, the Khoo clan has found the fine balance between commercial interests and heritage preservation.

As the Khoo clan enters into the 47th generation, the clan's presence and continued role as welfare provider and guardian of culture and tradition throughout the centuries testify to the strong and enduring bonds between its members, adding diversity and vibrancy our multicultural societies. In this respect, the Khoo Kongsi clan association house bears witness to the important role played by this unique social-economic organisation in Penang, Malaysia. 🏡

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Malayan Tapir

Number remaining in the wild:
Less than 2500

Found in Cambodia, Indonesia,
Laos, Malaysia, Myanmar,
Thailand, and Vietnam

The Malayan Tapir, the largest of the five species of tapir and the only one native to Asia, can be 2.5m long and 1.1m tall. The tapir is easily identified by a distinctive, light-coloured patch along its back, which helps it camouflage easily. The tapir is on the Red List of Threatened Species of the International Union for Conservation of Nature.

