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ASEAN Focus



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ASEAN today and into the future. We begin in this issue with the consensus decision-making model, the core of ASEAN's *modus operandi* that has attracted legions of both vocal critics and staunch defenders. We are honoured to invite six of ASEAN's most distinguished diplomats – Dr. Nur Hassan Wirajuda, Tan Sri Dato' Seri Dr Syed Hamid Albar, U Ohn Gyaw, Amb. Delia Albert, Amb. Ong Keng Yong, and Amb. Pham Quang Vinh – to share their thoughts on the future of consensus as ASEAN approaches its new milestone.

ASEAN would not have made this far without the cooperation and support of its partners and friends right from the early days. In this regard, we are delighted to have Australian Foreign Minister Julie Bishop reflect on Australia's close ties with ASEAN since it became its first dialogue partner in 1974.

Throughout this year, we will also feature a special section entitled *Outlook at 50*, where we examine six thematic issues that have long-term effects on ASEAN's future. For this issue, we begin with the ever-looming problem of climate change, which has impacted ASEAN member states in a very visceral way given our rich biodiversity and proximity to the seas. Mr. Stephen P. Groff of the Asian Development Bank provides an analysis of the economic costs of climate change in the region. This is followed by an article by Mr. Leonard Simanjuntak from Greenpeace Indonesia on the human and environmental costs of climate change in Southeast Asia. Prof. Euston Quah and Mr. Tan Tsiat Siong delve into how green technologies and solutions might pave the way for ASEAN's sustainable development. Last but not least, Dr. Lee Poh Onn helps explain the prospects of the Paris Climate Change Agreement under the Trump Administration and what it means for our resource-rich region. To complete the picture, *ASEAN in Figures* offers some revealing statistics on climate change and environment in the region.

For *Insider Views*, we are honoured to have former Singapore Prime Minister Goh Chok Tong share with us his thoughts on the ASEAN Economic Community given his role as the progenitor of this landmark initiative. He also gave his views on important issues facing ASEAN today, including its enlargement, decision-making process, and its top three challenges going forward.

For *Know Your ASEAN*, Dr. Termsak Chalermphanupap analyses the future of the Singapore-Kunming Rail Link, one of ASEAN's signature infrastructure projects. Ms. Nur Aziemah Aziz and Ms. Eliza Chee introduce us to Tonlé Sap in Cambodia and Laotian silk weaving entrepreneur Kommaly Chanthavong for *People and Places*.

We thank Konrad-Adenauer-Stiftung (KAS) for supporting *ASEANFocus* in 2017. KAS has been our valued partner in advancing Southeast Asian studies and promoting constructive regional dialogue in political and socio-economic fields. KAS' support of *ASEANFocus* showcases its longstanding friendship and collaboration with ISEAS-Yusof Ishak Institute that has spanned 38 years. ■

The first two months of 2017 have been nothing short of exhilarating in the realm of world affairs. To name just a few, Chinese President Xi Jinping defended globalisation and free trade in the high altar of capitalism at the World Economic Forum in Davos; UK Prime Minister Theresa May outlined her Brexit negotiation strategy and objectives; and Donald Trump was inaugurated as the 45th President of the US and one of his very first executive orders was to withdraw the US from the Trans-Pacific Partnership Agreement.

In Southeast Asia, the Philippines formally assumed the chairmanship of ASEAN in its golden jubilee year. In Indonesia, the Jakarta gubernatorial elections, which was one of many regional elections simultaneously held on 15 February, took place in the midst of growing religious tension. Talk on the 14th General Election in Malaysia is reaching feverish pitch, and political pundits are suggesting that the much-anticipated contest might be held as early as this year. We expect an interesting year to unfold as the seismic shifts in many countries' domestic politics translate themselves into tremors in regional geopolitics.

This year, the ASEAN Studies Centre is proud to celebrate ASEAN's 50th anniversary with the entire Community. This would be an opportune moment to reflect upon the past journey and to break new grounds for the path ahead of the regional organisation. For this purpose, we will start off a series of discussions on a number of issues of special importance to

Reconciling Consensus with New Realities

BY HOANG THI HA

In the past five decades, ASEAN’s consensus decision-making model has had its fair share of both praise and criticism. A hallmark of the ASEAN Way, consensus guarantees that all member states, big or small, are equal in ASEAN’s decision-making. As such, consultation and consensus constitute the only path towards all ASEAN decisions and agreements.

Consensus was credited for bringing and keeping ASEAN members united on the path of regional cooperation despite their vast diversity. In the early years, unity must be earned diligently as the member states learned how to cooperate with each other and at the same time grapple with their different security outlooks, historical issues and territorial disputes. Consensus was the bonding glue that inculcated mutual trust and comfort. As nascent nation-states who just threw off their colonial shackles, ASEAN countries readily embraced consensus as a ‘twin brother’ of non-intervention to guard against any potential infringement on their national sovereignty. Consensus therefore has been indispensable to both ends of ASEAN’s existence – unity in diversity.

ASEAN however has evolved significantly beyond a loose association towards a more integrated community. The world itself has also moved on from the rigidly bipolar Cold War to a more complex and fluid state. In Asia-Pacific, the power shift precipitated by the US’ relative decline and China’s re-emergence is intensifying major power rivalries and pulling ASEAN members into different vectors further away from their intra-mural unity.

Meanwhile, politics within some ASEAN countries has inched towards greater democratisation, resulting in a faster turnover of national leadership. While the older generation of ASEAN leaders had decades to cultivate their personal bonding, friendship and mutual understanding, less time and political capital could be invested into forging camaraderie among today’s regional leaders. As a result, the sense of familiarity and give-and-take approach built up at the highest level is now giving way to more entrenched national perspectives to the detriment of ASEAN unity and the collective interest.

In that context, building consensus has become much more difficult, especially on substantive and sensitive issues. The line between preserving legitimate national interests and free-riding at the expense of the region’s overall interests is blurred and subjective. Where consensus is reached, decisions in many cases end up being the lowest common denominators, affecting ASEAN efficiency and credibility.

ASEAN’s ambitious agenda of building an ever more integrated community would require a more effective and efficient decision-making process. How should ASEAN position consensus in this trajectory? Would consensus remain relevant as ASEAN is stepping up its concerted voice and actions to address emerging challenges in the region? Is ASEAN ready yet to make the hard choice of replacing or supplementing consensus with alternatives, e.g. broadening “ASEAN minus X” beyond economic issues or a supermajority voting model? If not, how can ASEAN deter free-riding and what improvements can be made to ease itself out of the current dilemma? ■

Ms. Hoang Thi Ha is Fellow at the ASEAN Studies Centre, ISEAS-Yusof Ishak Institute.



ASEANFocus is honoured to have six distinguished ASEAN public figures and thought leaders share with us their reflections on the merits and limits of consensus as well as the future of this decision-making mode as ASEAN approaches its 50th anniversary.

HE Dr. Nur Hassan Wirajuda was the Minister of Foreign Affairs of Indonesia from 2001 to 2009.

ASEAN's decision-making by consensus was subject to an intense public debate during Indonesia's ratification process of the ASEAN Charter in 2009. Those parliament members who rejected the ratification criticised consensus as a slow and inefficient procedure that ultimately produces only the lowest common denominator. They insisted on voting as the alternative decision-making mechanism.

In response to the skeptics, the Indonesian Government argued that decision-making by consensus can produce high-quality decisions. One cannot argue that such decisions by the ASEAN leaders to transform ASEAN from a loose association of nations into a community, or to create the ASEAN human rights body, as the lowest common denominators.

In another example, promoting democracy, the rule of law, human rights and good governance – a strategic component of the ASEAN Political-Security Community – was a very controversial issue during the inception of the ASEAN Community. If the Community had been drawn up by voting, this component would have certainly been voted out. Consensus allowed various pertinent concerns to be addressed and overcome, and has proven to be an effective mechanism for resolving intractable positions.

Consensus is a decision-making process that involves intensive dialogue and reasoning on matters of common interest, and entails mutual accommodation. There is no problem of voices from “big” members overwhelming those from “small” members. Neither are there majority and minority views. What matters is the quality of member states' concepts, reasons or arguments.

ASEAN still has much to do to improve its consensus model. Consensus is not unanimity, and therefore the “10 minus 1” mode should be allowed. One member state should not prevent others from implementing their mutually agreed decisions. Nor should it impose the “tyranny of one” and hold back other members. ASEAN may establish a working group to define the modalities and criteria of issues covered under the “10 minus 1” mode of decision-making.

On the other hand, the alternative voting system would be problematic for ASEAN. Understanding the diversity of its members in size, population, economic and political systems, the debate between the “one state one vote” or “weighted voting” systems would easily lead to discord.

In the past five years, ASEAN has shown a lack of unity and centrality. However, this cannot be blamed on consensus. Instead, this can be attributed to the absence of effective leadership, including intellectual leadership.

“*Musyawarah dan mufakat*” has actually created unity and progress for ASEAN in the past 50 years. As such, it should be preserved and improved.

“One member state should not prevent others from implementing their mutually agreed decisions. Nor should it impose the ‘tyranny of one’ and hold back other members.”

HE Tan Sri Dato' Seri Dr. Syed Hamid Albar is the Chairman of the Malaysian Land Public Transport Commission and Special Envoy of the Organisation of Islamic Cooperation to Myanmar. He was the Minister of Foreign Affairs of Malaysia from 1999 to 2008.

As a regional organisation, ASEAN represents a success story in defending the principles of territorial integrity and non-interference in each other's internal affairs. Adopted on 20th November 2007, the ASEAN Charter has persisted over the years despite the constantly shifting landscape of international politics. Strict adherence to the principles of non-interference and consensus (which is often understood as unanimity) makes ASEAN decision-making cumbersome and ineffective. It gives each member country veto power as seen in the Phnom Penh Summit in 2012.

In order for ASEAN to play a more meaningful role for peace, stability and security, there is a need for empathy and openness to deliberate upon complex issues which affect member states; directly or indirectly. For example, in the situation in Northern Rakhine, Myanmar, where there are allegations of human rights violations and crimes against humanity, ASEAN must be seen as being able to find common ground on serious issues of conflict which could have a spillover effect on other countries in the region.

Unfortunately, the Retreat in Yangon, Myanmar on December 2016 did not produce any result for conflict resolution. Similarly, on the South China Sea dispute with China, ASEAN does not have a common or consensus approach. Its reaction to the judgment of the arbitral tribunal clearly demonstrates the region's reticence to form a collective and cohesive stand on the subject.

Evidently, ASEAN remains divided on certain issues of regional and international concerns. It still lacks creativity and flexibility when it comes to preventive diplomacy or settlement of disputes or conflicts. ASEAN seems to prefer to be a forum of meetings to debate and discuss non-contentious issues. It is timely for ASEAN to re-examine its internal structure and decision-making process for it to remain relevant, to current realities and thus able to play an effective role, regionally and internationally.

“It is timely for ASEAN to re-examine its internal structure and decision-making process for it to remain relevant, to current realities and thus able to play an effective role, regionally and internationally.”

HE U Ohn Gyaw was the Minister of Foreign Affairs of Myanmar from 1991 to 1998. He signed Myanmar's instrument of accession into ASEAN in 1997.

This year of 2017 marks not only the golden jubilee of ASEAN but also the 20th anniversary of Myanmar's admission into ASEAN which took place on 23 July 1997.

I initiated the possibility of Myanmar's ASEAN membership to both domestic and regional decision-makers. Decision-making by consensus was ASEAN's key principle that impressed upon me first when I started talking with my counterparts in ASEAN countries. This same principle was exercised in ASEAN's decision to admit Myanmar. So, in Myanmar, there is a certain affinity for the way ASEAN consultation and consensus is put into practice.

Given Southeast Asia's diversity, there are sound historical, cultural and political reasons for ASEAN to lean towards informal and voluntary arrangements rather than legally binding agreements. I retired long before the ASEAN Charter was established, so my familiarity with the way ASEAN worked was through my own experience of ASEAN's constructive engagement with Myanmar under a military government. I do note that under Article 20 of the ASEAN Charter, consultation and consensus remain at the heart of ASEAN's decision-making.

I believe that how ASEAN makes its collective decisions will continue to be influenced by a realistic acceptance of the differences among the ten member states. This is how I experienced the process of consensus building in action right after Myanmar joined ASEAN: prior closed-door discussions took into consideration differing views and

positions of some ASEAN members on the subject matter pertaining to Myanmar, but the final outcome was publicly presented as an ASEAN collective decision. It is therefore important to note that consensus should not be confused with unanimity. Instead, consensus means “agreeing to disagree without being disagreeable” among ASEAN member states.

We are now living in times of uncertainty and unprecedented challenges, which put our long-established regional processes into test. When Myanmar chaired ASEAN in 2014, my former colleagues in the Ministry of Foreign Affairs were faced with the challenge of getting consensus for ASEAN’s position on the South China Sea. They succeeded, but the issue will linger on into the future. There are also other emerging challenges to regional peace and security, and building consensus among ASEAN members will continue to be an uphill task. But it is important that we do not let our differences affect our common destiny.

ASEAN turns 50 and has had its share of ups and downs. At times, it has failed to rise to the occasion in responding to regional security exigencies, especially when having to face up to the major powers’ diverging interests. Much of the blame is pointed to its consensus way of doing business which was criticised as slow and ineffective.

However, a different mode of decision making, such as one based on majority rule, would not work. To put it bluntly, it may cause division and foster disunity within ASEAN. The “ASEAN minus X” mode is a unique formulation applicable only for economic issues, which allows for gradual and delayed participation but does not impede the consensual nature of the subject matter.

At the core, consensus helps ASEAN’s diverse membership to remain united. But consensus in ASEAN is not unanimity. Consensus à la ASEAN is about a meeting of the minds. Hence, the assurance that ASEAN member states do not abuse the veto power is critical. Here, the past experience, both successes and failures, is instructive for ASEAN.

More than ever, ASEAN must reinstate and deepen the mindset of ‘agree to agree’ and even ‘agree to disagree’ within its membership. This long-held ASEAN way has at times been sidelined.

Related to this, the role of the ASEAN Chair is of critical importance. ASEAN should develop rules to establish the Chair’s duty in fostering and sustaining consensus, while striking an appreciative balance between the Chair’s discretion and the common interest of all member states. Where consensus appears hardly possible on difficult issues, ASEAN must wisely refer to its relevant previously agreed policies and dissuade veto-like behavior.

Despite national prerogatives and interests, member states must remain resilient and steadfast in fostering a mindset of shared duty, of belonging to and acting on behalf of ASEAN.

ASEAN has weathered time and change, and it has come a long way in promoting regional peace and integration. The world ahead is even more complex. ASEAN should and can present itself as a credible player, especially vis-à-vis issues critical to its immediate security environment. There is much more that ASEAN can do. Strengthening the power and dynamics of consensus will certainly help ASEAN along the path ahead.

“I believe that how ASEAN makes its collective decisions will continue to be influenced by a realistic acceptance of the differences among the ten member states.”

HE Pham Quang Vinh is Vietnam’s Ambassador to the United States. He was the Deputy Minister of Foreign Affairs of Vietnam from 2011 to 2014, and Vietnam’s ASEAN SOM Leader from 2007 to 2014. (The views expressed here are his own.)

“A different mode of decision making, such as one based on majority rule, would not work. To put it bluntly, it may cause division and foster disunity within ASEAN.”



Did You Know?

Article 21 of the ASEAN Charter provides for the “ASEAN minus X” formula in the implementation of economic commitments. One example of this is in the implementation of the ASEAN Single Aviation Market.

HE Delia D. Albert is Senior Adviser at SGV & Co/Ernst & Young. She was Secretary of Foreign Affairs of the Philippines from 2003 to 2004.

“ASEAN at fifty should now be mature enough to adjust its decision-making process while keeping alive the practice of consensus-building.”

As ASEAN celebrates its 50th year, one question comes to mind: How did this widely diverse group of Southeast Asian countries manage to hold together through five decades of harmonious relationship without seriously fracturing the very essence of its existence?

As a keen observer and participant in the evolution of ASEAN from day one of its history I can think of many reasons. Surely, among them is the decades-old practice of consultation and consensus in decision-making, which means that all members must agree before a decision can be made.

In my early days as a member of the Directors-General circle that supported the ASEAN Standing Committee consisting of ASEAN Foreign Ministers which in turn served as the “neck” connecting the various ASEAN bodies to the Summit, I was terribly impatient with lengthy consultations that required consensus before a decision could be reached.

In time, however, I learned to accept and appreciate the practice. After several meetings, I realised how deeply diverse the group of six countries were. Historically most of us experienced the colonial rule of different countries which certainly left footprints mainly on our political systems. These varying colonial experiences kept neighbors away from each other, and certainly influenced our own national approaches to ASEAN issues.

The Philippines, in particular was found to be extremely “legalistic” in its approach. We almost always looked for the “legal basis” for arguments which sometimes was too much for the other members to take.

To reach decisions that would satisfy all concerns, reservations, doubts and even conflicting interests, it was necessary to find a common ground to everyone’s satisfaction which took time, effort and patience. Building consensus was time-consuming, but in the end it was the only way to go in those early days of building ASEAN. The practice was inscribed in the 1976 Treaty of Amity and Cooperation and then the ASEAN Charter which gave ASEAN its legal personality.

Today, however, ASEAN is confronted with a myriad of urgent issues and with an enlarged membership at different levels of development. Consensus building among the ten ASEAN states has become more complicated and perhaps less efficient. There are emerging issues faced by ASEAN that require flexibility and adjustments in decision-making. ASEAN at fifty should now be mature enough to adjust its decision-making process while keeping alive the practice of consensus-building. After all, it has kept us together and brought about the peace dividend we now enjoy.

My long-term view is to follow the consensus path while building blocks and developing a consciousness for the common good of the Community. This could be undertaken through various measures such as procedural reforms, innovative institutions, trust-building efforts and certainly the balancing of national and regional interests. This is a challenge to ASEAN as it celebrates its golden anniversary.



Did You Know?

The first ASEAN Summit was only convened in 1976 in Bali, Indonesia – nine years after the establishment of ASEAN.

Many people have maligned ASEAN because they claim that ASEAN is an ineffective organisation as all major decisions are made by consensus. The fact is this approach has enabled ASEAN to survive as the only viable regional inter-governmental body in Southeast Asia. With all member states having a say in what ASEAN does, the organisation has constructed the foundation of the ASEAN Community based on political cooperation, economic integration and socio-cultural development. Skilful diplomacy and clever convergence of diverse interests have produced reasonable results to secure the peace and stability we witness in the region.

All regional and international organisations work on consensus as their member states must protect the respective national positions. The important thing is to have an efficient way to break deadlock and stalemate when that occurs. Several multilateral bodies resort to voting to get a decisive outcome. Some of them categorise issues into procedural or fundamental questions before activating a vote.

In ASEAN, we have the summit of ASEAN leaders where they serve as the ultimate decision makers for the organisation. Over the years, the leaders have made strategic moves to keep ASEAN in functioning mode albeit cautiously. The key is to bring major issues affecting the solidarity and credibility of ASEAN to the leaders in a timely manner and they have a mechanism to follow up expeditiously on their decision.

Is there a case where a decision by 8 or 9 out of 10 member states be enough to move forward with a majority position? I feel that the best option for ASEAN is to maintain the consensus decision-making modality. Taking a vote or having a majority will not mean we can get a better outcome. It is better to devise an appropriate mechanism to cross-examine the merits of sticking to consensus or to make an exception as the situation warrants it.

Going forward, ASEAN member states ought to innovate and set up a system of reporting to alert the leaders on divisive matters and the potential damage to ASEAN if further delay is encountered. A component of this innovation is to activate the Secretary-General of ASEAN to meet the leader of the member state concerned to provide detailed analysis of the pros and cons of acting on a particular course. The Secretary-General of ASEAN should tap the inputs of Track 2 bodies to reach a considered view on damage control.

For operational and technical issues, the existing ASEAN Minus “X” principle can be applied. To assist in a more efficacious application of ASEAN Minus “X”, a formalised guideline should be drawn up. This will minimise random invoking of the Minus “X” provision or its non-use even when the situation requires it.

HE Ong Keng Yong is the Executive Deputy Chairman of the S Rajaratnam School of International Studies at Nanyang Technological University and Ambassador-at-Large, Ministry of Foreign Affairs, Singapore. He was Secretary-General of ASEAN from 2003 to 2007.

“Taking a vote or having a majority will not mean we can get a better outcome. It is better to devise an appropriate mechanism to cross-examine the merits of sticking to consensus or to make an exception as the situation warrants it.”

Consensus
Mufakat ເຫັນດີເປັນເອກະສັນ
ការຍູ້លຍະຄືគ្នា Konsensus
တူညီဆန္ဒ Đồngthuận
Pagkakasundo
ฉันทามติ



Australian Prime Minister Malcolm Turnbull meets with fellow ASEAN leaders for the first ASEAN-Australia Biennial Summit in September 2016.

Enduring Partners for Regional Peace, Stability and Prosperity

THE HON. JULIE BISHOP reflects on Australia-ASEAN relations as both sides celebrate 43 years of constructive dialogue partnership.

On 8 August 1967, Indonesia, Malaysia, the Philippines, Singapore and Thailand formed the Association of Southeast Asian Nations with the aim of promoting economic growth, social progress, cultural development, and promoting peace and stability throughout Southeast Asia.

Then Australian Minister for External Affairs, Sir Paul Hasluck, was among the first to welcome the news. Australia’s rapid recognition of the importance of ASEAN was no coincidence. It was as clear then as it is now that ASEAN’s unity and effectiveness is important to Australia’s stability, security and prosperity.

There is a good reason for the consistency of Australia’s approach to ASEAN over decades. It is grounded in the recognition that ASEAN countries are Australia’s nearest neighbours; their sea

lanes are our sea lanes; their security challenges are our security challenges; and their prosperity helps drive our own.

Our relationship with ASEAN is longstanding – Australia became ASEAN’s first Dialogue Partner in 1974. In the past four years, our relationship with ASEAN has been elevated to the level of a Strategic Partnership. We have established biennial ASEAN-Australia Leaders’ Summits and a resident diplomatic mission to ASEAN in Jakarta.

As Minister for Foreign Affairs, I have made 22 visits to ASEAN member states, with several more already planned for 2017.

Next year, we will take our relationship to new heights when Prime Minister Malcolm Turnbull welcomes all 10 ASEAN leaders to Australia for the first time for an ASEAN-Australia

Special Summit. This Summit represents an unprecedented opportunity for Australia and ASEAN to further strengthen our strategic and economic partnership.

One factor driving the increasingly close relationship between Australia and ASEAN is that our people-to-people relationships are becoming more extensive. Over 1.3 million Australian residents were born in ASEAN countries or have Southeast Asian ancestry.

In 2016, more than 90,000 ASEAN students were enrolled in Australian universities, including nearly 1000 studying under Australian Government scholarships. Many ASEAN alumni have forged careers in politics, business, academia and the arts while maintaining their close ties to Australia.

The flow of students runs both ways. In just four years, more than 7,700 New Colombo Plan scholars under the Government's signature public diplomacy initiative have undertaken study across all 10 ASEAN member states. These young Australians are developing connections to Southeast Asia and creating a new generation of Asia-literate Australian professionals.

People-to-people links underpin a robust commercial relationship. As a whole, ASEAN was Australia's third largest trading partner in 2016 while Australia was ASEAN's sixth. In 2015, two-way trade amounted to more than A\$90 billion and two-way investment totalled around A\$227 billion. Australian businesses, from large companies such as Linfox and Blackmores to smaller start-ups, increasingly see the potential of the dynamic economies of Southeast Asia.

With its combined GDP trebling over the past 15 years and with many members among the fastest growing economies in the decade ahead, ASEAN's economic influence will expand rapidly.

Its combined population of over 630 million means ASEAN has the world's third largest labour force behind China and India. Its middle class of over 80 million households is expected to double by 2030, potentially providing an opportunity for much greater two-way trade.

ASEAN and Australia are leading the way in forging agreements to deepen regional economic integration for common benefit.

“There is a good reason for the consistency of Australia’s approach to ASEAN over decades. It is grounded in the recognition that ASEAN countries are Australia’s nearest neighbours; their sea lanes are our sea lanes; their security challenges are our security challenges; and their prosperity helps drive our own.”

The 2015 declaration of an ASEAN Economic Community (AEC) is a resounding endorsement of the benefits of open and integrated economies. Australia is partnering with ASEAN to advance the AEC's implementation, including to improve regional connectivity and to narrow the development gaps between ASEAN member states.

The ASEAN-Australia-New Zealand Free Trade Agreement – the organisation's most comprehensive trade agreement thus far – enables businesses to take advantage of the opportunities created by the AEC. The early conclusion of the Regional Comprehensive Economic Partnership (RCEP) will enhance the already considerable economic links between ASEAN and the

six regional countries with which it has existing free trade agreements – a grouping with a combined GDP of around US\$23 trillion and a population of over 3.5 billion.

Beyond trade, Australia recognises ASEAN's indispensable role in helping the region meet its strategic challenges. Under ASEAN's leadership, the East Asia Summit (EAS) has become the preeminent meeting for multilateral discussion of difficult issues.

The EAS allows all member states to advance their views and policies in a setting which encourages dialogue rather than conflict. Without these discussions, the prospect for misunderstandings would inevitably increase.

Importantly, ASEAN-hosted meetings allow member states and their partners to collectively advocate approaches consistent with a rules-based order and international law.

Economic growth has made ASEAN more prosperous and more stable. That has been the real success story of ASEAN – 50 years of peaceful relations among its member states.

ASEAN's leadership is more important than ever, and its strength lies in its unity. In 2017, Australia will celebrate ASEAN's remarkable achievements. Fifty years ago, few would have foreseen the success of the ASEAN project. Australia applauds ASEAN's contribution to peace, stability and prosperity in our region. ■

The Hon. Julie Bishop is the Minister for Foreign Affairs of Australia.

The Price of Climate Change

STEPHEN P. GROFF analyses the cost of climate change to Southeast Asia's burgeoning economies.

2016 was a historic year for climate change. While the Paris Agreement gave hope that countries could commit to reducing dangerous greenhouse gas (GHG) emissions, we also witnessed the hottest year in recorded history and a resurgent El Nino cycle that wreaked havoc on many ecosystems.

Asia and the Pacific, especially Southeast Asia, was among the regions hardest hit by severe weather last year: widespread drought affected harvests in Cambodia; Thailand was forced to ration water; Vietnam and the Philippines saw a reduction in fish landings; and Indonesia had the worst forest fires in a quarter century. This takes on special significance considering Asia and the Pacific is home to half of the world's poor.

The link between poverty, economic development and climate change has never been stronger. Underlying this is the need for countries to work together to mitigate and adapt to climate change.

ECONOMIC CONSEQUENCES

Climate change is about much more than extreme weather. There are socio-economic dimensions of a changing climate that are important determinants of whether Southeast Asia can tackle poverty, develop clean cities, and continue to deliver improvements in quality of life. The poor are most vulnerable to food and water insecurity, are more likely to live in low-lying areas and often depend on climate-sensitive sectors, such as agriculture, for their livelihood.

On the economic impact, a 2015 Asian Development Bank (ADB) study estimated that economic losses from climate

change in Southeast Asia could be 60% higher than 2009 estimates if rapid mitigation measures are not taken. This would result in 11% lower gross domestic product (GDP) across the region by 2100.

Moreover, severe weather related to climate change will intensify, with one-in-20-year flooding predicted to occur as frequently as every four years by 2050. When combined with rising sea levels, this is expected to cause massive swaths of land to disappear, forcing millions to migrate, and wreaking havoc on infrastructure and agriculture. Since 1970, economic losses to East Asia from climate-related natural disasters have amounted to more than US\$340 billion.

It is increasingly clear that the net benefits from acting to stabilize the climate and impacts far exceed the net costs, in some cases up to 11 times greater. Direct benefits from less severe climate change include improved crop yields, as well as the effects of improved air quality and better transportation that come directly from steps to reduce emissions.

LOW-CARBON ECONOMIES

The first step in tackling climate change is the need for a fundamental shift toward low-carbon economies across the region. While the composition of each economy will largely determine where the largest reductions can be made, two of the biggest opportunities are to reduce deforestation and to ramp up the use of better technologies, especially carbon capture.

In Southeast Asia, one of the biggest opportunities will be to sharply reduce the rate of deforestation, which accounts for



“In Southeast Asia, one of the biggest opportunities will be to sharply reduce the rate of deforestation, which accounts for the majority of Southeast Asia’s current emissions. Averting deforestation represents the lowest cost opportunity for emissions reductions and could generate half of the cumulative regional mitigation through the mid-2030s.”

the majority of Southeast Asia's current emissions. Averting deforestation represents the lowest cost opportunity for emissions reductions and could generate half of the cumulative regional mitigation through the mid-2030s.

Last year's forest fires in Indonesia are a prime example of the impact of deforestation and the need for regional cooperation. In 2015, Indonesian fires were the largest in nearly 20 years, destroying three million hectares of land and causing an estimated US\$14 billion in losses related to agriculture, forest degradation, health, transportation and tourism. More alarming was the climate impact. Indonesia is already among the world's biggest carbon emitters.

Asian countries must also step up efforts to employ technology, such as carbon capture and sequestration (CCS) and energy efficiency technologies that improve and reduce power use, which is found to be the biggest source of long-term emissions reduction. Without changing existing energy use patterns, which include fast growing use of coal and oil, GHG emissions in Southeast Asia are likely to be 60% higher in 2050 than in 2010.

CCS is one essential component of curbing GHG emissions and propelling countries in the region toward more sustainable economic growth. It is the only near-commercial technology available that can cut up to 90% of emissions from coal-fired plants. While CCS requires large upfront investments and has relatively high operating costs, it is already cost-competitive compared to other clean energy solutions such as wind or solar.

COOPERATION IS KEY

In the context of the immense challenges countries face from climate change and the universal commitment to tackle it, regional cooperation has never been more important. The economic costs are too great, and the externalities of carbon emissions too widely shared for countries not to collaborate against this global challenge. Countries in Southeast Asia provide important reminders of why this collaboration is so important.

Regional cooperation holds great promise for tackling the problem of deforestation. Indonesia and Malaysia have agreed to establish the Council of Palm Oil Producing Countries, which will harmonize standards and promote environmentally sustainable production practices. This is important as together the two countries account for 85% of the world palm oil market, one of the key causes of deforestation in Southeast Asia.

To build on this, consumers and markets also need to send signals to companies that directly or indirectly support slash-and-burn farming. The 2014 Indonesia Palm Oil Pledge – in which five major producers committed to more sustainable solutions that preclude deforestation, respect human and community rights, and deliver shareholder value – is a good model.

On the issue of technology, Southeast Asian countries can benefit from the experience of more developed countries,

which have already implemented higher energy efficiency standards. Countries such as Australia, Canada, Norway, the United Kingdom and the United States together have about 14 large-scale CCS projects underway, and eight more under construction. Together, all 22 projects will be able to capture about 40 metric tonnes of emissions per year, and present excellent opportunities to share knowledge and lessons learned about applying the technology.

Another important way Asian economies can work together to reduce carbon emissions is to establish a regional carbon trading arrangement. If countries across the region were to form a regional emissions pool and trading scheme (ETS), the ADB estimates that most countries could avoid the much higher cost of reducing domestic emissions by their own efforts. The Paris Agreement has the potential to create demand for carbon permits and to put in place potential pathways towards international carbon markets.

TRILLION-DOLLAR QUESTION

Against the clear challenges Southeast Asia faces in combatting climate change, there is cause for optimism. Perhaps the most striking feature of the Paris Agreement is its universality, in which all countries share the burden to tackle climate change, erasing the developed versus developing country dividing lines.

The big question for all countries in the region is the financing that will be made available to allow them to make the transition to a low-carbon future and climate-resilient development. In 2009, developed countries outlined their goal of providing a US\$100 billion flow annually by 2020.

Encouragingly, the COP21 conference in Paris reaffirmed this commitment, indicating a willingness to provide financing to the least developed countries, small island developing states and the most vulnerable countries. But a clear roadmap to reaching the US\$100 billion is still under discussion among major donors. One certainty is that governments cannot undertake this task by themselves. All relevant actors, such as national governments, donors and multi-lateral development banks will have to work together with the business community, private philanthropy and local governments to find creative solutions. For its part, the ADB has committed to doubling financing for climate change in the next five years, reaching US\$6 billion for mitigation and adaptation by 2020.

As part of the world's economic growth engine but also a global biodiversity hotspot, Southeast Asia is uniquely placed to provide a blueprint for combating climate change. The challenge is not the will, but rather the how – how this diverse set of countries can work together for everyone's benefit. ■

Mr. Stephen P. Groff is Vice President of the ADB for East Asia, Southeast Asia and the Pacific. An expanded version of this opinion piece appeared on Knowledge@Wharton, the online publication of The Wharton School of the University of Pennsylvania.

Why Climate Change Matters to Southeast Asia?

LEONARD SIMANJUNTAK
explains the human and environmental costs of climate change.



Super typhoon Haiyan flattened Tacloban in Leyte, the Philippines, in 2013, killing more than 10,000 people in the world's worst ever recorded cyclone-caused disaster. The Philippines regularly faces more than 20 typhoons per year, and the intensity and frequency of these typhoons are moving alarmingly upward in the past decade. The number of super typhoons (category 5 incidences with wind speed of at least 150 miles/hour at landfall) has also increased, and their arrivals are getting more unpredictable. Human casualties and damage incurred have been unprecedented.

Widespread forest fires that engulfed at least 261,000 hectares of Indonesia's forests and peat lands in 2015 have caused suffering to half a million people. Approximately 100,000 people in the region face the threat of premature death caused by the intoxication of hazardous materials from the suffocating haze, according to a joint research by Harvard and Columbia universities in 2016. The forest fires made Indonesia one of the global top emitters of CO₂, equaling the US' carbon emission for that year. An extreme El Nino played some part in causing the forest fires, while poor forest management and regulatory control played the other part.

2014, 2015 and 2016 have consecutively broken record as the global hottest years. Between 2005 and 2016, these records have been broken five times, and since the 1970s the temperature warming trend has been consistent.

In addition, the earth's rising temperature has made the oceans warmer, and this phenomenon has also been a consistent and alarming trend. As the ocean is continuously getting warmer,

so will the intensity and frequency of typhoons and hurricanes as the latter draw energy from the warmth of the ocean water. The warming of the ocean is also the primary cause of coral bleaching. Last year, Australia's Great Barrier Reef suffered the worst-ever recorded coral bleaching. Indonesia, the world's largest archipelagic country, saw more than 60% of its coral reef bleached in 2016.

While El Nino is a normal and regular phenomena in the Pacific region, it has been showing up with devastating effect in the region with greater frequency and ferocity. What Indonesia experienced in 2015 was a showcase of both the causes and impacts of climate change. The burning of huge areas of forests and peat lands that caused unprecedented level of carbon emission from Indonesia was primarily associated with a series of irresponsible acts in forest management. It was then exacerbated by extreme weather caused by an extreme El Nino. Recent studies show that more extreme and frequent El Nino is one of the clear impacts of climate change.

Disasters influenced by climate change as mentioned above have exposed increased vulnerabilities of this region. This

situation will get worse in the coming years, unless there is a pivotal turn in how the region will go about its economic development, particularly in forestry and energy sectors.

Today, worrying trends are taking place in both sectors. Indonesia, one of the three last strongholds of tropical rainforest, is continuously losing ground in its fight against deforestation. Worse still, a significant amount of Indonesia's peat lands were lost to palm oil plantations over the last decade, releasing even more carbon to the atmosphere. After the 2015 forest fires, the Indonesian government acknowledged that more than two million hectares of Indonesia's peat lands have been damaged.

In the energy sector, contrary to the rest of the world, Southeast Asia is going to burn even more coal for electricity. More than 60% of Indonesia's 35,000 MW national electrification scheme, which runs until 2020 will be coal fired. Vietnam and Myanmar will follow the same path. The number of coal fired power plants in Indonesia and Myanmar will increase more than two-fold by 2030, from 147 to 323 in Indonesia, and from 3 to 16 in Myanmar. It is estimated that by 2030 the level of coal emissions from Southeast Asia will be tripled.

While China and India are pursuing big and ambitious renewable energy development programmes, Southeast Asian countries continue to rely on coal – a conventional and hazardous energy option. Coal not only is the top contributor of CO₂ emission from the energy sector but also produces a range of hazardous particles such as nitrous and sulphur oxides. Furthermore, coal emission also produces particulate matter (PM) 2.5 that is very hazardous and is expected to contribute to more than 70,000 premature mortalities in Southeast Asia by 2030, according to a 2016 study by Greenpeace and Harvard University.

“The responsibility falls equally on all the ASEAN member states’ shoulders to undertake remedial and pro-active steps to protect the environment.”

ASEAN member states can and must act swiftly to turn things around. The planet has warmed 1.1^o C since the late 19th century, only 0.4^o C away from the 1.5^o C warming threshold. There is no time and space left for conventional and pro-status quo approaches. If China can radically shift its energy development strategy to have a 20 GW renewable energy scheme, Indonesia and other ASEAN member states, with more abundant renewable resources, can surely follow this path and need to start keeping their fossil fuels deposit underground.

In the same vein, if Brazil can finally overcome the insatiable waves of deforestation that brought so much detrimental impacts to the Amazon in the 1990s and 2000s, Indonesia should have the capacity to protect what's remaining of its tropical rainforest and peat lands, particularly in the highlands of Sumatera and Kalimantan, and in Papua, where the bulk of tropical rainforests remain intact. While the spotlight is perhaps unfairly shone on Indonesia, given its largest ecological footprint in the region, the responsibility falls equally on all the ASEAN member states’ shoulders to undertake remedial and pro-active steps to protect the environment.

ASEAN governments and business actors should look over the current horizon, and think about a future regional economy that is decarbonised, inclusive and adaptive to climate impacts, and suits the regional carrying capacity. ■

Mr. Leonard Simanjuntak is Country Director of Greenpeace Indonesia.



ASEAN's Energy Mix, 2013 and 2040

(International Energy Agency, 2015)

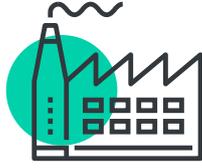
Energy sources	Share of total electricity produced (%)	
	2013	2040
Coal	32	50
Oil	6	1
Gas	44	26
Hydro	14	12
Bioenergy	1	3
Wind	0	2
Geothermal	2	3
Solar PV	0	2



Climate Change in ASEAN



The average temperature in Southeast Asia has increased by 0.1°C to 0.3°C every decade between 1951 and 2000. (Asian Development Bank, 2009)



Indonesia and Myanmar had the highest total greenhouse gas emissions of 780,550 and 528,416 kilotonnes (kt) of CO₂ equivalent respectively in 2012. Brunei and Singapore produced the least emissions at 14,828 and 55,910 kt of CO₂ equivalent. (World Bank)



The share of renewable energy in each ASEAN country's total energy consumption in 2012 ranges from 0.01% (Brunei) to 78.7% (Myanmar). (World Bank, 2012) (Data is unavailable for Laos)



Brunei has the highest level of CO₂ emissions per capita in ASEAN at 18.9 metric tonnes, whereas Myanmar has the lowest level at 0.2 metric tonnes. (World Bank, 2013)

Total greenhouse gas emissions in ASEAN in 2012 amount to 2.87 million kt of CO₂ equivalent, an increase of 10% compared to 2005. (World Bank)

Between 1990 and 2011, CO₂ emissions recorded a two-fold increase in the Philippines, Myanmar and Singapore, and eight-fold increase in Vietnam, and tripled in the remaining countries. (OECD, 2014)



ASEAN energy-related CO₂ emissions comprise 3.7% of the global total in 2011, which is low compared with the region's share of the world population at 8.6%. (International Energy Agency, 2013)



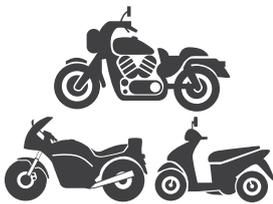
Brunei has the highest level of electricity consumption per capita in ASEAN at 9,704kWh. (World Bank, 2013) (Data is unavailable for Laos)



The region's greenhouse gas emissions are estimated to be at least 60% higher in 2050 than the actual value in 2010 if no action is taken. (Asian Development Bank, 2015)



ASEAN cities on average do not meet the World Health Organisation air quality standards in terms of concentrations of particulate matter, which contributes to premature death from cardiovascular disease and lung cancer. (OECD, 2014)



More than 80% of the respective households in Thailand, Vietnam, Indonesia and Malaysia own motorcycles. (Pew Research Centre, 2015)



Climate change adaptation cost for agriculture and coastal areas in Indonesia, the Philippines, Thailand and Vietnam is estimated to be US\$5 billion per year by 2020. (Asian Development Bank, 2014)



Coal is projected to generate the greatest share of electricity in Southeast Asia's primary energy mix in 2040, increasing from 32% in 2013 to 50%. Gas has a decreasing share from 44% to 26%. (International Energy Agency, 2015)

Singaporeans dispose up to 8,402 tonnes of waste per day, more than three times the mass of a female Asian elephant. (National Environment Agency, 2015)



ASEAN's electricity consumption in 2013 is at 1,178 kWh per person, which is less than half of the global average. (ASEAN Centre for Energy, 2016)



Highest temperatures

(Weather Underground, 2016)

Country	Temperature (°Celsius)	Date
Cambodia	42.6	15 April 2016
Laos	42.3	13 April 2016
Malaysia	40.1	9 April 1998
Myanmar	47.2	14 May 2010
Philippines	42.2	May 1969
Singapore	37.0	17 April 1983
Thailand	44.6	28 April 2016
Vietnam	42.7	12 May 1966

As one of the 11 deforestation hot spots that will account for over 80% of forest loss globally by 2030, the Greater Mekong could lose an additional 5-30 million hectares of resource-rich forest in the coming decades if no immediate action is taken. (WWF 2015)



The 2015 forest fires in Indonesia cost the country an estimated **US\$ 16.1 billion**.
(World Bank, 2016)



Indonesia has the largest forest area in ASEAN, accounting for 43% of the region's forest area. Its forest area declined from 65% in 1990 to 50% in 2015. Indonesia loses 620,000 hectares of rainforest annually, an area almost 9 times the size of Singapore.
(World Bank, Greenpeace International)

Salinity intrusions in the Mekong Delta, which cost an estimated economic loss of **US\$700 million** in 2015, is reaching further up to 140 km into the Delta due to over-extraction of water from the Mekong River.
(WWF 2016)

Sea levels are expected to rise by **33cm** by 2050 and **one metre** by 2100. **22 million people** in Vietnam, especially those living in the Mekong Delta, will **lose their homes** if the sea level rises by one metre. (UNDP, 2008)

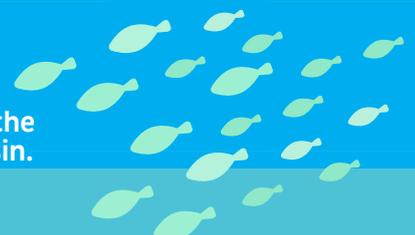
Bangkok may be **underwater** in the **next 15 years** due to sinking land and rising global sea levels. (The Weather Channel, 2015)

A **30cm rise in sea level** in 2040 could result in the **loss** of about **12% of rice production** in the Mekong Delta of Vietnam. (World Bank, 2013)

The coastal provinces of Kampot and Kaeb in Cambodia have seen their **coastlines recede up to 200 metres** in recent years. (The Straits Times, 2015)



Fisheries, especially from wild capture, make up between **47% and 80%** of animal protein consumed by the people in the Lower Mekong Basin.
(WWF, 2014)



Going Green in Southeast Asia

PROF. EUSTON QUAH and TAN TSIAT SIONG present the opportunities for green, technologies in Southeast Asia.



The rapid pace of industrialisation and growth throughout the latter half of the 20th century had brought about substantial poverty reduction and notable economic development in Southeast Asia. But these gains had not come without significant trade-offs in environmental degradation and pollution. Growth is still very much needed despite its environmental costs. Thus, the notion of implementable sustainable development is important primarily to mitigate some of these environmental costs and yet allow for higher economic growth.

The key challenge for Southeast Asian countries is to pursue green growth – the twin goals of continued economic growth and affluence on the one hand, and environmental conservation and protection on the other. Much of it hinges on whether developing countries can grow sustainably, for which pragmatism is required at all policy levels. At the local levels, governments should adopt sound environmental policies whereas at the regional and global levels, they should play their part as responsible international citizens given their societies’ priorities, which in turn depend on their respective stages of economic development.

There are a number of policies crucial for sound environmental management, backed by good basic economic principles: Getting prices right so that they reflect the social opportunity cost in using resources for growth; greater employment of appropriate and inclusive social cost-benefit analysis – such that the proposed projects yield the largest net benefits and capture all intended and unintended effects, and that there should not be large asymmetry of costs and benefits; accounting for externalities; expanding market solutions rather than strict command and control regulations; establishing baseline levels for environmental pollutants; working with stakeholders; and last but not least, pursuing green technology for long-term sustainability.

Did You Know?

According to a report by Clean Energy Pipeline, investments in solar projects in Southeast Asia increased at an annual growth rate of 8% between 2010 and 2014, amounting to US\$1.83 billion in 2014, of which Thailand and the Philippines respectively account for 55% and 22%.

Green technologies, defined as manufacturing processes that reduce or even eliminate the source of production of any pollution or waste, have the great potential to realise both environmental and economic goals as against conventional and seemingly simplistic end-of-pipe technologies.

Benefits from clean technologies include increased profitability thanks to lesser inputs of raw materials and energy, reduction in pollution abatement cost, diffusion of new production processes, and increased innovation. Market forces will eventually provide the necessary incentives for cleaner and less resource-intensive methods of production and consumption.

Governments can further promote clean technologies through a combination of policy instruments, which might include taxes and subsidy schemes, green and eco-labeling systems, and direct funding for research and development. Extended producer responsibility programs, which aim to integrate environmental costs throughout the product lifecycle and distribution of goods, are also critical.

“Ultimately, the success of clean technologies very much depends on a given society’s willingness to shift from a strong reliance on present higher-cost technologies to greener and lower-cost technologies to raise their quality of life.”

Clean and sustainable technologies must generate gains for companies, which in turn create supportive economic interest groups including the consumers. Ultimately, the success of clean technologies very much depends on a given society’s willingness to shift from a strong reliance on present higher-cost technologies to greener and lower-cost technologies to raise their quality of life. Once this change becomes more evident, incentives for sustainable technologies, cost-reducing economies of scale, and more research and development will evolve.

SUCSESSES AND CHALLENGES

In recent years, Southeast Asia has witnessed some success in its environmental objectives. These include not only climate change strategies but also other initiatives such as constructing resources-efficient and environmentally friendly buildings, forestry conservation and restoration, and shifting production to low-carbon goods and services. For example, the number of green buildings has grown substantially in Singapore from 17 in 2005 to 104 in 2014; illegal logging hotspots has shrunk in the Philippines, coupled with reforestation projects that increased forest coverage to 30% of its total land area; and the introduction and expansion of green labels for many products.

Nevertheless, the region remains highly dependent on oil and coal as primary energy sources, simply because fossil fuels are cheaper than alternative cleaner energy. Renewable energy sources are relatively less competitive, aggravated by fossil fuel subsidy programmes. Different types of renewable or clean energy also face their own limitations. For example, nuclear energy involves problems of nuclear waste disposal, or the siting of hazardous generation plants (also known as the Not In My Backyard problem – NIMBY). It is therefore imperative to properly involve stakeholders and deal with land acquisitions to minimise resistance and delay in project development. Hydroenergy, on the other hand, has greater potential for development in Laos, Cambodia, Vietnam, Myanmar, and to varying degrees in Malaysia, Indonesia, Thailand and the Philippines. However, the construction of Xayaburi Dam in Laos revealed that hydropower projects

of transboundary nature can be easily impeded by cross-border environmental effects on agriculture and marine life migration.

Targets on adopting green technology, diversifying the energy mix, and reducing carbon emission, among others, have been set across Southeast Asia, but obstacles continue to stand in the greening path. Other pressing national priorities such as addressing income inequality and aging labour pool compete for national budgets. Environmental conservation in itself is also elusive as costs are incurred in the short term, whereas benefits, often uncertain, only accrue to the longer term. This further demands the continuity of political will and policies that go beyond electoral cycles.

Most importantly, developing Southeast Asian nations with low per capita income will continue to prioritise economic growth and poverty alleviation, and will be willing to do so at the expense of the environment when required. As such, the adoption of green technology can be facilitated in developing countries with foreign investments and financial assistance from international banks and agencies, accompanied by research and development. With newer, greener technologies, there is a need to adjust management thinking, public awareness, education and training of the workforce.

In all, the problems of poverty, education, and inequality will still take priority over the environment in developing nations. Foreign investments and assistance may help but they too have their own limitations. Adopting green technology is needed but not sufficient without other aspects of sound environmental management as above-mentioned. Nonetheless, there is room for optimism as Southeast Asia continues to explore its way around and towards green growth. ■

Professor Euston Quah is Head of Economics at Nanyang Technological University (NTU) and President of the Economic Society of Singapore, and Mr. Tan Tsiat Siong is a researcher at NTU.



Did You Know?

According to the UN Framework Convention on Climate Change, the Philippines is the world’s second largest producer of electric power from geothermal sources.

Donald Trump's Ascent, Paris Agreement's Descent

DR. LEE POH ONN analyses the future of the Paris Agreement and whether this portends the unravelling of global collective action on climate change.

Since Donald Trump assumed the US presidency, uncertainty has become the order of the day on American positions on many global issues, including climate change. Trump's pledge to pull the US out of the Paris Agreement on Climate Change (PACC) during his election campaign shook the international community. Shock soon turned into fear as Myran Ebell, who led the Trump transition team for the Environmental Protection Agency (EPA), announced in late January 2017 that Trump could pull the US out of the Paris Agreement "within days." While that spectre has yet to materialise, Trump's commitment to combating climate change is tenuous at best.

As governments around the world are waiting for an official US position, it is cold comfort that Trump has included among his cabinet and close circle climate sceptics and personalities with close links to the oil and coal industry. Regardless of whether the Trump Administration stays in or withdraws from the Paris Agreement, the President's inconsistent and often contradictory views on climate change do not bode well for international cooperation on climate change.

In 2009, Trump signed a public letter calling for cuts to America's greenhouse gas emissions. He made an about-turn in 2012, when he dismissed climate change as a hoax by the Chinese to make American companies uncompetitive. Trump changed his position again in late November 2016, saying that he had an open mind on the Paris deal and that human activity and climate change were to some extent interconnected. In January 2017, Secretary of State Rex Tillerson stated that the risk of climate change certainly exists but the degree of threat remains unclear. Given his strong links to

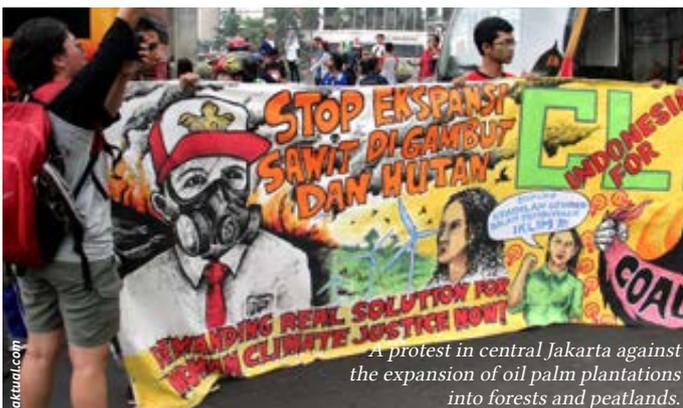
the oil industry, there is little expectation that Tillerson will prioritise climate change on the US diplomatic agenda.

To add fuel to the fire, the Paris Agreement, which entered into force on 4 November 2016, is not iron-clad as it is based on non-binding nationally demanded contributions by each signatory. The commitments are self-enforcing, and tied to the signatories' political will rather than legally binding. However, what is important is that the agreement has "codified" the roles of the international community. That there is universal participation by developed and developing countries, and the acceptance of equal responsibility amongst all parties to reduce greenhouse gas emissions is a major achievement. Past climate deals have floundered because they have singularly imposed mitigation targets on developed countries. As of end-December 2016, 194 countries have signed and 129 have ratified the Agreement, including China, India and the US. All ASEAN member states except Myanmar and the Philippines have ratified the agreement.

If Trump decides to pull the US out of the Paris Agreement, other states may follow suit by invoking Article 62 of the Vienna Convention on the Law of Treaties, which allows for such a course of action under the "fundamental change in circumstances" clause. In another scenario, the Trump Administration may choose to stay within the Agreement and yet disregard its implementation with impunity as there are no sanctions if national climate objectives are not met. Other signatories could mimic by taking little or no action to reduce emissions.

In both scenarios, the US' leadership and standing as a responsible major power would be severely undermined. The Trump Administration would have set the scene for lowering the bar on climate action and a bad precedent for international cooperation. Such a domino effect could unravel the hard fought gains of the Paris Agreement.

Closer to home, how would Southeast Asian countries respond if the US withdraws or fails to fully participate in the Paris Agreement? The American pull-out would mean the continuing release of 15% of the world's emissions and the evaporation of US financial support (rich nations have pledged to provide US\$100 billion in funds per year by 2020 for developing countries to cope with reducing greenhouse gas emissions). A sense of frustration combined with a lack



A protest in central Jakarta against the expansion of oil palm plantations into forests and peatlands.

of financial incentives may prompt regional countries to backslide on their commitments, delay ratification of the Agreement, or consider withdrawing from it altogether. Such is an unlikely but not entirely improbable fallout.

Most attention in the region will focus on Indonesia, which has committed to reducing emissions by 29 percent by 2030 and by up to 41 percent if financial aid is available. If Indonesia backtracks, the consequences will be severe to the regional environment. Indonesia's forest fires between September to October 2015 released 11.3 trillion tonnes of carbon emissions per day, making it the world's fourth largest emitter in 2015.

Without the US leadership, the region would have to rely on other key players and continuous global pressure to keep climate change as a priority agenda. At this point, withdrawal seems unlikely by any other major emitters or the EU. In early February 2017, Brussels energy chief Maros Sefcovic insisted that the bloc will continue to push the Paris Agreement. China also vowed to stay the course, maintaining that any change in US policy will not affect its climate change commitment.

In this respect, the case of the Kyoto Protocol could offer a good lesson learned: the US backed out of the Protocol but Japan and the EU carried the torch in pushing forward its implementation and galvanised the international community with them. This time around, if the US pulls out again, even a stronger troika of leadership may emerge with the inclusion of China.

As a new technological frontier, China would now have the opportunity to establish its leadership as an innovator, manufacturer, and exporter of green energy. Indeed, China's

political leaders have identified low-carbon technologies as the future. So far, China has invested over US\$100 billion in renewable energy technology and presently possesses the world's largest installed capacity of wind and solar power. China also stands to become the world's largest carbon-trading market, with a pilot carbon-trading programme planned for nationwide expansion in 2017.

But can China sustain the momentum given its still heavy reliance on coal as a primary energy resource? Would Europe have the 'persuasive power' over China in this respect? The EU is already reportedly working with China to ensure the success of the Paris Agreement. Both could take the lead in developing low-carbon economies. The US has been active in developing carbon friendly technologies as about 60% of its capacity in new electricity has been generated from wind and solar power. By walking away from the Paris Agreement, the US could miss out on the potential to sell these green technologies to other countries who would turn to China and the EU instead.

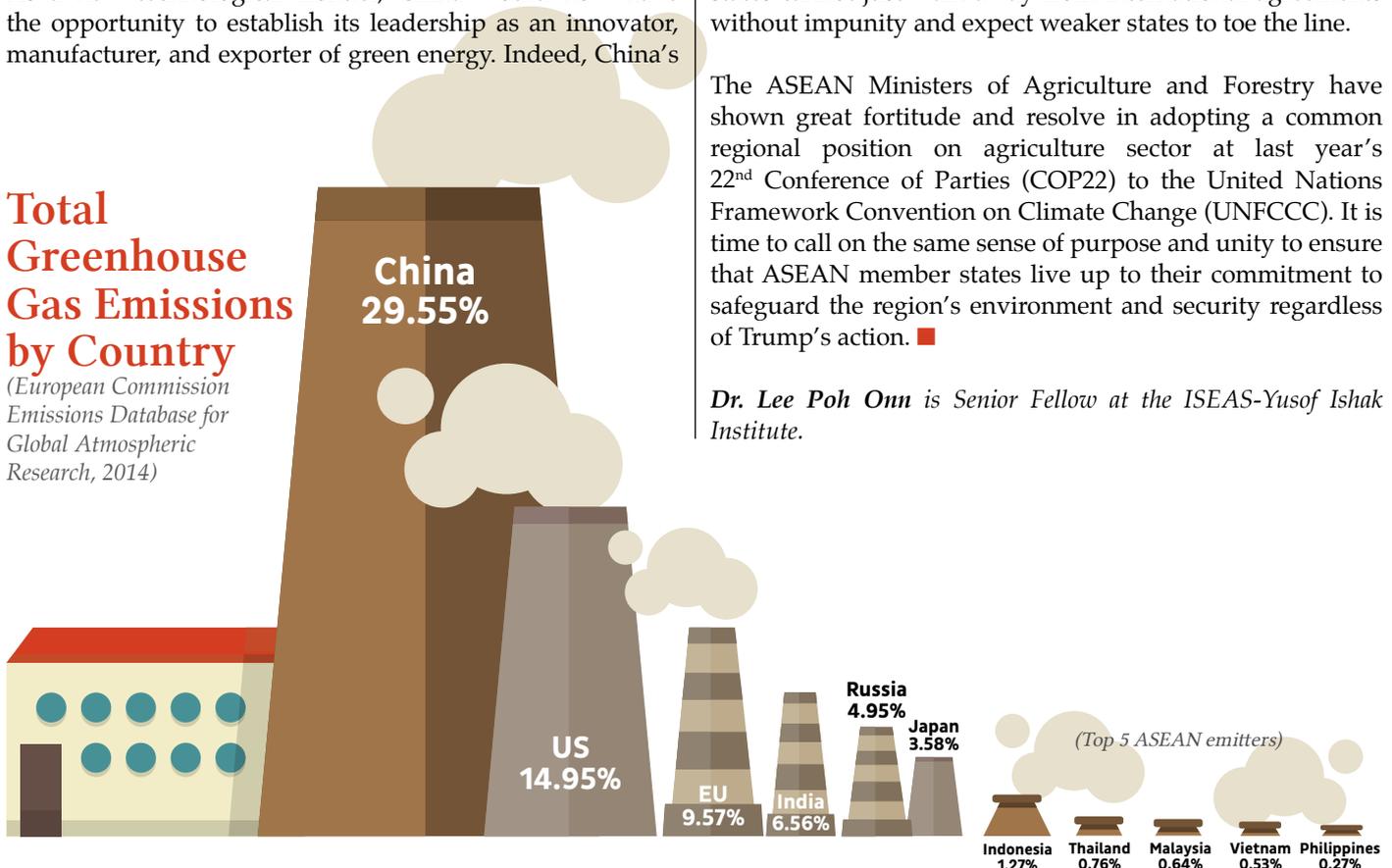
This ambitious but critical climate change undertaking could be salvaged if other countries stay firm against the headwinds brought about by the Trump presidency. It is also important to discourage free-riders through punitive actions. Financial disincentive are a useful tool since the World Bank and the International Monetary Fund have a provision against lending to energy projects using coal. There are also suggestions of imposing a carbon tax on US products in case of the American withdrawal. That would send a strong message that strong states cannot just walk away from international agreements without impunity and expect weaker states to toe the line.

The ASEAN Ministers of Agriculture and Forestry have shown great fortitude and resolve in adopting a common regional position on agriculture sector at last year's 22nd Conference of Parties (COP22) to the United Nations Framework Convention on Climate Change (UNFCCC). It is time to call on the same sense of purpose and unity to ensure that ASEAN member states live up to their commitment to safeguard the region's environment and security regardless of Trump's action. ■

Dr. Lee Poh Onn is Senior Fellow at the ISEAS-Yusof Ishak Institute.

Total Greenhouse Gas Emissions by Country

(European Commission Emissions Database for Global Atmospheric Research, 2014)





Kommy Chanthavong at her silk loom

Born in a farm village in Same Neua in the mountains of Eastern Laos in 1944, Kommy Chanthavong never let her humble beginnings deter her ambitious vision. In 2015, the Ramon Magsaysay Awardee was lauded for “her fearless, indomitable spirit to revive and develop the ancient Laotian art of silk weaving, creating livelihoods for thousands of poor, war-displaced Laotians, thus preserving the dignity of women and her nation’s priceless silken cultural treasure”. Chanthavong’s journey towards this amazing feat has been nothing short of epic, through her own adversity and her country’s tragedies.

Caught in the vortex of violence that devastated Laos in the Second Indochina War (1954-1975), Chanthavong’s childhood came to an early halt – by 13, she had lost her father and home. US bombings of the Ho Chi Minh Trail had ravaged her village, and the young Chanthavong trudged barefoot over 600 kilometers for Vientiane. By sheer fortitude, she persevered and pursued her studies afterwards, earning a nursing diploma in 1966.

Despite her embarking on a new life in Vientiane, Chanthavong stayed rooted to her family heritage. When she fled for Vientiane, her meagre belongings included heirloom pieces of woven silk left behind by her grandmothers. The Laotian art of silk weaving is “the proud ancient knowledge of Laotian women”, passed on “from mother to daughter for many generations”, says Chanthavong, who had learnt the art from age five.

Weaving Tradition into the Future

BY ELIZA CHEE

From a single silk loom, Kommy Chanthavong has woven together a tapestry of transformative change for Laotian women.



Some of the silkworms used by Chanthavong

However, the war and social-economic disruptions have dislocated entire villages, forcing weavers to seek other means of living and leaving the survival of the treasured tradition to the whims of chance. Chanthavong was determined to revive it.

Much hardship continued to afflict her own countrymen after the war ended in 1975. Whilst buying and selling goods between Laos and Thailand, Chanthavong encountered desperately poor families displaced from their rural livelihood and traditions. Galvanised into action, she purchased looms with her savings and founded the Phontong Weavers, a cooperative for silk production with 10 women, most of whom were widows without education from her home province. Chanthavong enabled them to improve their families’ living standards with their existing skills, and simultaneously preserving the revered art.

Chanthavong’s work wove hope and opportunity into the fabric of her society. To date, her Mulberries Organic Silk Farm has hired over 1000 farmers and created 3000 jobs. Out of barren bombed-out fields once laced with landmines, rose fertile lands of mulberry trees and silkworm farms, covering all stages of silk production – vegetables are grown for natural dyeing and cattle are reared to produce manure for organic

fertilisers. An example of inclusive and self-sustainable development indeed.

Chanthavong had further goals in mind. In 1990, she founded Camacrafts, a non-profit social enterprise that markets handicrafts made by Laotian and Hmong village women. Three years later, the Lao Sericulture Company was established to initiate income-generating projects, ranging from mulberry tea to soap production. This benefited more than 2000 villagers in five provinces. Furthermore, Chanthavong’s initiatives have fundamentally transformed women’s roles, empowering them to exert positive social change. In Camacrafts, 70% of the women workers are sole breadwinners for their families, and stable incomes help elevate their status and independence.

Chanthavong’s efforts have not gone unnoticed. On 31 August 2015, Chanthavong became the first Laotian woman and only the third Laotian to win the Ramon Magsaysay Award, which is dubbed Asia’s Nobel Prize, celebrating “greatness of spirit” and “transformative leadership” in the region.

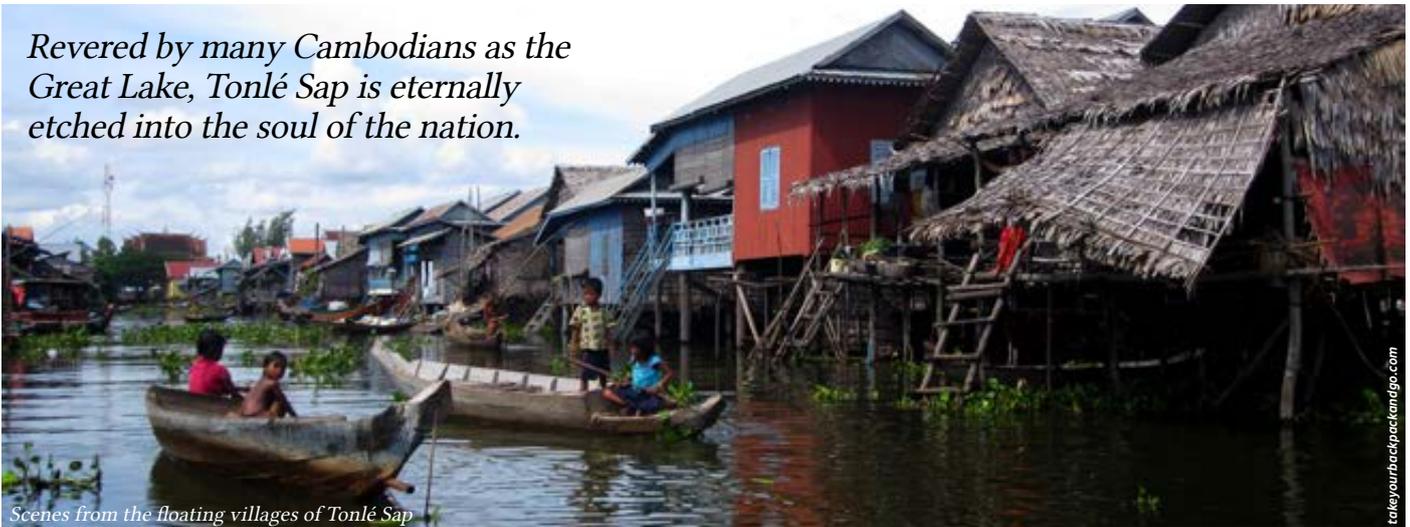
Today, Chanthavong travels across Laos, personally conducting weaving lessons and setting up silk houses. She visits schools to pass down the art of silk weaving to young girls, and invites expert weavers to hone their weaving skills. She is an exemplar role model for modern-day entrepreneurs, displaying that progress and profit can go hand in hand while preserving and honouring one’s roots. Chanthavong hopes that the next generation of young Laotian women will carry the torch to strengthen their community, following her pioneering path. ■

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The Beating Heart of Cambodia

BY NUR AZIEMAH AZIZ

Revered by many Cambodians as the Great Lake, Tonlé Sap is eternally etched into the soul of the nation.



Scenes from the floating villages of Tonlé Sap

takeyourbackpacktango.com

As the first light of dawn glimmers on the lake's surface, the fishermen that have plied these waters for generations would have already cast their nets to reap the day's catch. Scenes like this pretty much define Tonlé Sap, Southeast Asia's largest freshwater lake and one of Cambodia's most beautiful natural landscapes. Located 15 kilometres south of Siem Reap town in Cambodia, this complex yet diverse and highly productive ecosystem holds immense environmental, cultural and economic significance to the country.

In Khmer, Tonlé means "large river" while Sap is "not salty", and it is indeed connected to the Mekong river. The size of Tonlé Sap can vary over the course of the year, covering approximately 2,500-3,000 hectares during the dry season and swelling up to 1.6 million hectares during the rainy season. Between the monsoon months from June to October, the Mekong river flows towards Tonlé Sap to fill up the lake. By the end of the monsoon season in November, the flow is reversed towards the Mekong.

Tonlé Sap has one of the most productive fisheries in the world. Almost 60% of Cambodia's production of freshwater fish, or 230,000 to 300,000 tonnes annually, originates from the lake. This number however has dipped alarmingly since the yield used to be up to 400,000 tonnes just a few decades

ago. Aside from fisheries, there is a booming business of snake, eel and crocodile farming. Cambodians also rely on Tonlé Sap to plant and harvest cash crops on the floodplain. From rice and vegetables like corn, beans or sweet potatoes to timber and forest products from the wetlands, the lake is central to the life of villagers living near its coasts since way back in the Angkor Period.

For more than three million people living on stilted houses in the floating villages of Chong Kneas, Kompong Phluk and Kompong Khleang, Tonlé Sap is both a home and a means of living. Their lives are weaved into the ebbs and flows of the lake. Residing in the floating villages turns them into seasonal nomads during the monsoon season when the lake swells. Unfortunately, many of these villagers live in poverty and the seasonal moves can drive them into debt to money lenders. The villages also rely on tourism for extra jobs and cash flow. Some of the villagers drive river taxis or make souvenirs for tourists. To get to Tonlé Sap, it takes up to six hours by ferry from Phnom Penh before stopping at Kompong Chhang, the docking port of the lake.

Apart from depleting fish catch, the Tonlé Sap region is seeing the over-clearing of forest areas to create more residential land for Cambodia's ever-growing population, which affects the

habitat of young fish. Overfishing and exploitation of wildlife have put certain species of animals in the endangered list. Some large mammals, such as elephants and wild buffaloes, can no longer be seen in the area. With climate change, the dry seasons will only get warmer and longer, affecting the lives of the villagers and fishermen whose harvest have become lesser.

To address these pressing issues, many conservation projects have been undertaken to save Tonlé Sap, including the Tonlé Sap Environmental Management Project jointly sponsored by the Asian Development Bank, relevant United Nations agencies and the government of Cambodia. Scientists are working with local fishermen to build a computer model that tracks and monitors connections between human activities and natural occurrences. These projects may not offer quick solutions to the problems, nor will they be able to double or triple the number of fish catch. But they will certainly prevent Tonlé Sap from turning into a huge patch of dry and barren land in a distant future. Only with diligent efforts and a mindfulness of sustainability can one preserve Tonlé Sap as the mother lake and the 'beating heart' of Cambodia. ■

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The Story of the ASEAN Economic Community



Prime Minister's Office, Singapore

Mr. Goh Chok Tong is the Emeritus Senior Minister of Singapore. Mr. Goh was first elected into Parliament in 1976, and served as Minister in the Ministries of Trade and Industry, Health and Defence respectively. He was appointed Deputy Prime Minister in 1985, and succeeded Mr Lee Kuan Yew as Prime Minister of Singapore in 1990. He relinquished the premiership in August 2004 to pave the way for leadership renewal. Mr. Goh remained in the Cabinet as Senior Minister and was Chairman of the Monetary Authority of Singapore (MAS) from 2004 to 2011. Upon leaving Cabinet in 2011, Mr. Goh was given the honorary title of Emeritus Senior Minister, and was appointed Senior Advisor to MAS.

AF: It is generally acknowledged that you were the one who convinced your fellow ASEAN heads of government to adopt the ASEAN Economic Community (AEC) as a goal. Could you share with us how you managed to convince them? And what were the concerns of the ASEAN Member States on the AEC proposal?

GCT: The context for this was the post-1997 Asian Financial Crisis climate and the growth of China as a competitor for investments. A month before the ASEAN Summit in Phnom Penh in 2002, I floated the idea of an ASEAN Economic Community at a World Economic Forum in Kuala Lumpur to emphasise that ASEAN must deepen its integration to attract investments and compete with China. The ASEAN FTA by itself was too narrow. It focused only on tariffs reduction. I felt that ASEAN economies should go beyond that and evolve into an economic community.

At the ASEAN Summit in Phnom Penh, I explained the rationale for the AEC proposal. Anticipating some of the concerns the Leaders might have, I emphasised that it would not be a supranational organization or a formal community like the European Union, and there would not be free flow of people like in the EU, only goods, services and capital. Understanding the ASEAN way, I suggested that the proposal be referred to the officials for study. The officials would submit their recommendations for the Leaders' consideration at the next Summit. As the Leaders were only asked to decide on the proposal to be studied by Ministers and officials, they agreed readily.

The High-Level Task Force on ASEAN Economic Integration in 2003 found merit in evolving ASEAN into an Economic Community by 2020, and the Leaders supported the vision.

AF: How has the AEC evolved today from the vision you had in the early 2000s?

GCT: There is a freer flow of goods, services, skilled labour and capital. It is now easier to do business here. ASEAN has also embarked on other areas of integration, for example in air, telecommunications and other connectivity.

When I became Prime Minister of Singapore in 1990, ASEAN had six members, a total population of 321 million, and a combined Gross Domestic Product of US\$320 billion. The income gap among the six ASEAN Member States (AMS) was wide. Today, ASEAN has a big population of 630 million and a sizeable GDP of US\$2.4 trillion.

The strong economic performance over the past two decades can be attributed to the liberalisation of intra-regional trade in goods and services, and the institutionalisation of external linkages through economic agreements and strategic partnerships. ASEAN has dismantled most tariffs in goods and signed Free Trade Agreements with its key trading partners.

However, the AEC continues to be a work-in-progress. While 2015 marked the formal establishment of the ASEAN Community, a significant milestone in ASEAN's history, it is only one stage in the long journey of community-building.

AF: How do you see the AEC's continued success given the emerging protectionist sentiments in some member states as well as the prevailing anti-globalisation mood in other parts of the world?

GCT: In this time of rising geopolitical uncertainty, protectionist sentiments and slow economic growth, the way forward is

deeper integration, not less. The ASEAN market will continue to grow as it reaps the benefits of its demographic dividend. The size of the middle class in the region is also projected to rise from 24 per cent to 65 per cent of the population by 2030. ASEAN should aim to become the fourth largest single market in the world by 2030 (after the EU, US, and China).

For AMS, each country's economic growth is more assured with regional cooperation. Each country's prosperity is better secured when we set out to prosper one another with cooperation than beggar one another with nationalistic economic policies. Remember, ASEAN countries are not competing among themselves only. They are also competing against the rest of the world.

The AEC must also continue to evolve as we face a future where technology is 'creatively disrupting' old economic structures. As traditional ways of doing things are upended, there is deep-seated frustration with the effects and pace of change. This makes it vitally important to secure the buy-in of our respective populations for this ongoing project.

AF: The Initiative for ASEAN Integration (IAI) was launched in 2000 under Singapore's leadership to help bridge the development gap between the newer ASEAN countries (Cambodia, Laos, Myanmar and Vietnam) and the rest. However, some of the older ASEAN countries such as Indonesia and the Philippines have also lagged behind, especially in some of their more outlying areas. Should the IAI be expanded beyond the CLMV countries to also address pockets of underdevelopment in these countries with a needs-based approach?

GCT: Indonesia and Philippines are unlike the CLMV countries. They have better infrastructure and are more open to the global economy than the CLMV countries. They lagged behind only for some years mainly because of their domestic political situation. Now, they are the better performers in ASEAN, better than Singapore in fact!

Yes, there are pockets of underdevelopment in the outlying areas in Indonesia, the Philippines and some older AMS. But the IAI will not address this. The reason is simple: the contributors to the IAI are the older members. These pockets of underdevelopment require domestic policies to correct the unbalanced growth in the country concerned.

What Singapore and others can do is to encourage investments in these areas if the countries concerned introduce policies that will make these areas attractive for foreign and domestic investments.

AF: During your term as Prime Minister, you saw ASEAN membership expand from six to ten member states. What were the challenges accompanied with this enlargement, and do they still exist today?

GCT: A major challenge was to narrow the developmental gap between the six existing member states and the four new member states. At that time, ASEAN was in the process of implementing the Common Effective Preferential Tariff (CEPT) for the ASEAN FTA. ASEAN membership also came with financial obligations which were challenging for the new AMS.

To address this challenge, the IAI was launched in November 2000 in Singapore. To show tangible support for the IAI, Singapore established training centres in Hanoi, Phnom Penh, Vientiane and Yangon. More than 35,000 officials from the CLMV countries have been trained under the IAI so far.

Narrowing the developmental gap within ASEAN is a long-term effort. I am glad that the IAI Work Plan III was endorsed at the 28th and 29th ASEAN Summits.

The expansion of ASEAN also made the task of fostering ASEAN unity more challenging, given the diverse cultural and historical backgrounds of the new member states.

The ASEAN Charter, which entered into force in 2008, was an important step in fostering ASEAN unity as it provided legal status and the institutional framework in ASEAN. It strengthened AMS' common stake in the region's peace, stability and prosperity. Regional integration through ASEAN is vital to AMS as we navigate the geopolitical headwinds of the world. A sense of ASEAN unity is crucial to the success of this endeavour as AMS need to work together to pull in one direction to defend our common interests. This is all the more pertinent for ASEAN today as the world becomes more unpredictable and volatile.

AF: In recent times, there have been calls for the consensus decision-making approach to be modified to follow the ASEAN-X approach already in place for economic matters. Do you think this will help to move things along when dealing with difficult issues?

GCT: While the ASEAN Charter includes a provision for flexible participation, including the ASEAN Minus X formula, to be applied in the implementation of economic commitments, this is only applied when there is a consensus to do so.

The rationale for adopting an ASEAN Minus X approach for some economic commitments is to allow the AMS that are

“In this time of rising geopolitical uncertainty, protectionist sentiments and slow economic growth, the way forward is deeper integration, not less. The ASEAN market will continue to grow as it reaps the benefits of its demographic dividend.”

ready to take on those commitments to implement them first, while allowing others that needed more time to come on board later. However, the basic principle of decision-making in ASEAN remains one that is based on consultation and consensus, a key underpinning of ASEAN's unity.

ASEAN is not a supranational entity; it is an organisation of 10 diverse sovereign member states. It has worked by consensus and can only work by consensus. A decision-making process based on majority votes risks exacerbating differences and could tear ASEAN apart.

AF: How should ASEAN better communicate its benefits and relevance to its 630 million stakeholders across the region in view of the current leaders-led approach?

GCT: This is a perpetual question. While the leaders and the business people understand the importance of ASEAN, the ordinary people of ASEAN probably do not fully appreciate the value of ASEAN. They have yet to embrace an ASEAN identity in addition to their national identity.

Governments should continue to communicate the relevance and benefits of regional integration to local communities, women and children, youth, businesses, Civil Society Organisations (CSOs), influencers, media, and global audiences, through traditional platforms and new social media, community events, and forums. But more importantly, ASEAN cannot remain an elite construct. Tourism plays a big part. Hopefully, low-cost airlines will encourage ASEAN nationals to travel to each other's country and promote greater interaction amongst the people.

In Singapore, we have made efforts at various levels to generate awareness of the ASEAN Community, and promote ASEAN identity among Singaporeans, especially among the young. Our students learn about ASEAN, including its formation and significance through the History and Social Studies syllabuses. Our schools also have twinning programmes with schools in AMS in different areas of interest such as sport, cultural and academic exchanges.

At the community level, Singapore Polytechnic's ASEAN Outreach Thrust programme has made excellent contributions towards ASEAN's community-building efforts in the areas of youth and education through various activities such as the annual Youth Model ASEAN Conference and Learning Express programme. Such programmes done at the community-level help promote a sense of community especially among the young people in AMS.

On a broader level, the government has worked with local media on several AEC-related programmes and produced an AEC Video to communicate the benefits of the AEC in a way that the man-in-the-street or the farmer-in-the-field can identify with. The AEC Video was posted on social media platforms such as Facebook and YouTube to maximise outreach.

AF: With respect to ASEAN leadership, how can Singapore lead from behind as it has done?

GCT: Singapore will work closely with the ASEAN Chair for this year – Philippines – to continue to implement the ASEAN Community Vision 2025 and the three Community Blueprints to deepen ASEAN integration and realise a rules-based, people-oriented and people-centred ASEAN Community.

Singapore takes over as ASEAN Chair in 2018. Singapore is a staunch believer in the need for ASEAN integration, ASEAN centrality and unity. Deepening ASEAN's economic integration, as well as maintaining ASEAN centrality and role within the evolving regional architecture, will continue to be our priority.

Generally, when Singapore has ideas, we share them openly. They must benefit all member states. We are all stakeholders. Singapore does not and should not seek the limelight. We will continue to work closely with our fellow AMS to uphold the three Cs of Centrality, Cohesiveness and Credibility to maintain regional peace and stability.

AF: ASEAN is turning 50 in 2017. What do you think are the top three challenges facing ASEAN going forward?

GCT: One, deepening political and socio-economic rifts among major countries and in East Asia and Southeast Asia; two, rising "my country first" trend and rising populism to cater to domestic sentiment toward globalisation; and three, potential deep frustration in AMS that economic growth is only benefitting the rich at the expense of the lower and middle classes.

ASEAN's ability to remain relevant should not be taken for granted. It must continue to be outward-looking to play a central role in the peaceful development of the region. With the geopolitical uncertainty, ASEAN must remain cohesive and not allow disagreements, which will surface from time to time, to divide its member states.

ASEAN leaders must focus on the big picture and forge a meaningful consensus that is in line with their national and regional interests. ASEAN must also continue to speak with one voice on issues of common interest, including countering violent extremism, cybersecurity and the need to keep sea lanes and trade open.

With the slowing economic growth and the onslaught of disruptive technology, ASEAN needs to hold out hope for its peoples for a brighter future. The size of the middle class has grown to 24 per cent but this is still low. ASEAN needs to more than double this percentage to 50 per cent by 2025. To do so, ASEAN must press on with its integration efforts and ensure that the dividends, both economic and otherwise, reach its peoples in a fair and equitable manner. The common people must feel concrete improvements in their standard of living. ■

Is the Singapore-Kunming Rail Link on track?

BY TERMSAK CHALERMPALANUPAP

The Singapore-Kunming Rail Link (SKRL) project was endorsed by the 5th ASEAN Summit in Bangkok, 14-15 December 1995, with the aim to enhance ASEAN-China cooperation through a railway network that will run from Singapore to Kunming, China. Targeted to be completed by 2015, the SKRL was included as a priority land transport project in the (first) Master Plan on ASEAN Connectivity (2009-2015).

Follow-up studies determined that the 6,600km eastern route (Singapore, Kuala Lumpur, Bangkok, Phnom Penh, Ho Chi Minh City, Hanoi, and Kunming) is more feasible and visible as it will serve five capital cities. The western route (Singapore, Kuala Lumpur, Kanchanaburi, Three Pagoda Pass, Thanbyuzayet, Yangon, Mandalay, Lashio, Muse, Dali, and Kunming) was secondary in priority. Also considered was a 466km spur line from central Vietnam to Laos.

Thailand and Cambodia have completed linking their railways at Aranyaprathet – Poipet. Cambodia has completed the construction and rehabilitation of a 48km railway from Poipet to Sisophon, which used to be one of the three missing links on the eastern route. The second missing link of 255km from Phnom Penh to the Cambodian border town of Tra Peang Sre is more daunting due to lack of funding support. On the Vietnamese side at Loc Ninh, there is the third missing link of about 129km going to Ho Chi Minh City.

On the western route, Thailand and Myanmar have agreed to a new route from Kanchanaburi across the border to Htiki and Dawei deep sea port on the Bay of Bengal in southern Myanmar, instead of going through the Three Pagoda Pass. The Dawei deep sea port is a joint Myanmar-Thailand project, which includes a special economic zone. China will fund the construction of a 330km railroad from Dali in Yunnan to Myanmar's border river port Ruili in Muse with the estimated cost of US\$3.67 billion. But from Muse to Lashio and Yangon, China's railway diplomacy with Myanmar has not been fruitful.

The spur line from Vietnam to Laos now appears somewhat less important because of a new plan to construct a 427km railway from Yunnan through Lao northern border province of Luangnamtha to Vientiane. From Vientiane, the new railway, which will cost about US\$6.04 billion, can link up with the Thai railway over the Lao-Thai Friendship Bridge across the Mekong River. The construction will be done mostly by Chinese workers and investments supplemented with a Chinese loan of



US\$480 million to Laos. While awaiting the completion of the Sino-Lao railway, Thailand now focuses on domestic rail development with the emphasis on linking major Thai cities with Bangkok through high-speed trains.

On paper, the SKRL remains a high priority for ASEAN. The new Master Plan on ASEAN Connectivity (2016-2025) targets 2020 for completion of the two SKRL routes and harmonisation of cross-border procedures for a “seamless” operation. This is also a target in the ASEAN Transport Strategic Plan 2016-2025 which further included a feasibility study on extending the SKRL via ferry from Singapore to Surabaya, Indonesia. This is in line with the original SKRL vision of linking the Mekong subregion

with Indonesia.

However, attention to the SKRL is giving way to new initiatives of the ASEAN Single Aviation Market and the ASEAN Single Shipping Market. This is understandable since ASEAN governments would rather spend their limited resources on airports and highways rather than on costly rail construction with low returns. In the case of Thailand, the priority funding will go mostly to domestic high-speed passenger train instead of freight train service for international or regional shipping.

Ordinary electric train service (speed below 150km/hour) on the SKRL will face difficulties in generating enough revenues just to pay interest on investment loans, let alone making any operational profit. This is one crucial reason behind the reluctance in Phnom Penh and Hanoi, both among the governments and the private sector, to push for the construction of the two remaining missing links on the eastern route. Furthermore, the train service has to compete with booming regional road transport.

As ASEAN itself lacks financial resources, new hope to speed up the SKRL may come from China's drive to advance its Belt and Road Initiative. Establishing rail links through the SKRL can help increase ASEAN-China trade, tourism and economic interdependence. Seen from this perspective, Beijing may consider overriding financial or commercial concerns and play an even greater role in supporting the SKRL, especially in linking the Sino-Lao railway with the Thai railway. But will the payoff be positive for ASEAN countries who will bear the high and long-term costs of maintenance and operational losses? ■

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