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The 2017 ASEAN Foreign Ministers Retreat: Outlining ASEAN's Discussions about the South China Sea

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EXECUTIVE SUMMARY

- The AMM Retreat took place on 21 February 2017 in Boracay, the Philippines.
- US posturing vis-à-vis China has brought anxiety more than reassurance, while China's quest to establish a larger military footprint in the South China Sea continues apace. Meanwhile, China has announced that it would work with ASEAN to complete a framework of the code of conduct (COC) by mid-2017.
- The discussion on the SCS at the Retreat was subdued, and its Chairman's Press Release adopted a positive tone on the issue, which stood in contrast to post-meeting press comments made by the Philippines' Foreign Secretary.
- Perfecto Yasay's comments were in sharp contrast to President Duterte's policy of privileging economic engagement with China over territorial concerns. Manila is facing a conundrum in how to pursue this policy without compromising Philippine sovereignty.
- Unless a major development at sea shakes up the present calm appearance, ASEAN discourse on the SCS in 2017 will keep to the 'soft and safe' approach exhibited at the AMM Retreat.
- ASEAN member states will be trying their best to maintain an environment conducive for bilateral and multilateral engagement. ASEAN discussions about the SCS this year will focus on specific deliverables, especially the completion of the COC framework.

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INTRODUCTION

The 2017 ASEAN Foreign Ministers (AMM) Retreat was convened amidst new uncertainties in the regional strategic environment. Southeast Asia and ASEAN have been quite invisible in the first month of the Trump Administration, and whether President Donald Trump will carry on President Barack Obama's policy of robust, comprehensive and institutionalised engagement with ASEAN remains unanswered.

Trump's transactional and business-like approach does not sit well with ASEAN-style multilateralism and its reliance on consensual and slow-moving processes. However, there are signs that some continuity may be expected. Both Secretary of State Rex Tillerson and Defense Secretary James Mattis are considered to be in the "mainstream" of US foreign policy. Unfortunately, the new administration lost one of its last remaining "Asia hands" when Daniel Russel, Assistant Secretary of State for East Asian and Pacific Affairs, stepped down to take up a position at the Asia Society.

The fact that the Retreat Chairman's Press Release included an unequivocal reference to the South China Sea (SCS) is a clear sign that the issue is back in the limelight again and will continue to feature in the remainder of ASEAN's jubilee year. What is less certain is the tone with which the SCS discourse will be crafted. This article examines ASEAN's framing of the SCS issue amidst the changing political dynamics both in the US and in China.

FRAMING AN ASEAN DISCOURSE ON THE SCS

Situation in the SCS

As a security issue, the SCS had been tranquil in recent months. No big incident or new island-building was reported, and all ASEAN claimant states appear to be seeking to improve ties with China. There have been high-level visits to Beijing – by Philippine President Rodrigo Duterte in October 2016; Malaysian Prime Minister Najib Razak in November 2016; and General Secretary of the Communist Party of Vietnam Nguyen Phu Trong in January 2017. Lucrative economic deals were sealed while territorial concerns in the SCS were subdued. Meanwhile, ASEAN and China are moving towards completion of the COC framework by mid-2017. In short, the SCS disputes seem under control, both bilaterally and multilaterally.

However, there has been a fundamental change on the ground. Satellite images from the Asia Maritime Transparency Initiative in December 2016 indicated Beijing's installation of weapons, including anti-aircraft and anti-missile systems, for point-defense fortifications on all artificial islands in the Spratlys.¹ These moves enhance not only China's defense capabilities but also its power projection in the SCS.

¹ <https://amti.csis.org/chinas-new-spratly-island-defenses/>

Beijing's projection of force is also orchestrated within the larger scheme of countervailing US military presence in the area. Apart from arming the artificial islands, China has ramped up its military presence through more frequent naval drills in the SCS. In January, China's sole aircraft carrier, *Liaoning*, participated for the first time in a high-profile drill there, and just several days before the AMM Retreat, three Chinese warships completed a week of training exercises in the SCS which were conducted "as close as possible to real combat conditions."²

In Washington, the SCS appears to be the most notable reference to Southeast Asia in the Trump Administration thus far. Last December, Trump denounced Beijing's act of "building a massive fortress in the middle of the SCS". During his confirmation hearing, Rex Tillerson suggested that Washington deny China access to its artificial islands. White House Press Secretary Sean Spicer perplexingly confused the "islands" in the SCS with "international territories" that should be defended from being taken over by one country. The rhetoric is tough but confusing and shows that the Trump Administration has yet to develop an informed and consistent strategy on the SCS.

To match his rhetoric, Trump does not shy away from force posturing. His budget proposal suggested a sharp increase in national defense spending amounting to US\$603 billion, which would help build a more robust US military presence in key international waterways and choke points, including the SCS.³ The US has also stepped up its freedom of navigation operations with the aircraft carrier *USS Carl Vinson* patrolling the SCS on 18 February for first time in the Trump presidency.

These moves took place at a time when Sino-US relations were taking a wild ride with tension mounting over several critical issues, from Taiwan to trade to North Korea and to the SCS. Trump will want to deal with China from the position of strength while Xi Jinping, who is cementing his grip on power in the lead-up to the coming National Peoples' Congress, cannot afford to look weak either. As things stand, the SCS is witnessing heightened risks of military encounters among the major powers, albeit more by accident than by design. A recent example was an "unsafe interaction" which took place on 8 February in the vicinity of the Scarborough Shoal when a US Navy P-3 plane and a Chinese military aircraft flew within 305 meters of each other.

Chairman's Press Release

The outcome document of the Retreat was the Chairman's Press Release by the Philippine Foreign Secretary.⁴ It was not a negotiated text although it did take into account the views of all ASEAN members. Its perfunctory language did not reflect the intense discussions that

² <http://www.voanews.com/a/chinese-warships-exercises-south-china-sea/3728607.html>

³ <http://www.todayonline.com/business/trump-vows-offsetting-spending-cuts-he-seeks-beef-defense>

⁴ <http://asean.org/press-release-by-the-chairman-of-the-asean-foreign-ministers-retreat-amm-retreat/>

took place at the closed-door meeting. However, the depth of its contents can be measured against the Press Statement of the last AMM Retreat, which was held in February 2016 in Vientiane.⁵

The most notable continuity from 2016 is the reinsertion of the phrase “full respect for legal and diplomatic processes” as a tacit and indirect acknowledgment of the arbitral tribunal’s ruling in July last year. Nevertheless, on other scores, the 2017 Press Release was a clear attenuation. Whereas the 2016 Retreat registered the unanimous serious concern of the Ministers over developments in the SCS, the 2017 one noted the concerns of only some Ministers. Furthermore, the 2016 Retreat emphasised the importance of non-militarisation – the first ever mention of “militarisation” in an ASEAN document, which was then repeated throughout last year. There is however no reference to militarisation in the 2017 Press Release, despite disconcerting developments on the ground in the run up to the Retreat.

The Press Release reflects a cautious and restrained approach since ASEAN is navigating through uncertain regional geo-politics and all ASEAN claimant states are seeking to improve bilateral relations with China. While the divide within ASEAN on the SCS still runs deep, all ASEAN member states have a shared interest in nudging China towards greater self-restraint. They are therefore careful not to upset Beijing, and the 2017 Retreat carried a positive and forward-looking note on the need to sustain the momentum of dialogue.

The Press Release also underscored efforts to complete the COC framework. After years of feet-dragging, China last year agreed to complete the framework by mid-2017. That may seem like a breakthrough but a framework is just a skeletal structure. Nevertheless, even a semblance of progress on substance will allow for ASEAN to strike a constructive tone and push the process forward.

The Philippine Dilemma

The ‘soft and safe’ language of the Press Release stands in contrast however to some bold comments made by the Philippine Foreign Secretary Perfecto Yasay during the press conference. Some press reports quoted Yasay as saying that “the ASEAN members have been unanimous in their expression of concern about what they see as a militarisation of the region”, alluding to China’s installation of weapon systems on its manmade islands.⁶ Such a direct and bold reference to Chinese acts of militarisation is not typical of the ASEAN way which always avoids mentioning China by name.

⁵ http://www.asean.org/wp-content/uploads/2016/02/Press-Statement-by-the-Chairman-of-the-ASEAN-Foreign-Ministers27-Retreat_ENG_FINAL-as-of-27.pdf

⁶ <http://www.reuters.com/article/us-asean-philippines-idUSKBN1600I3>

Beijing was quick to dismiss Yasay's statement as "opinions of his own, not of the whole ASEAN group" and framed it as a departure from President Duterte's policy which focuses on improving China-Philippines relations.⁷ In fact, this aberration is much less about Yasay-Duterte divergence, and more about the inherent conundrum that the Philippines finds itself caught in: how to pursue Duterte's policy without compromising Philippine sovereignty. If anything, Yasay's press comments unveiled early signs of anxiety over the limits of such an approach.

Duterte's policy has been about privileging economic imperatives over sovereignty concerns, but this has not delivered the desired results. And while the atmosphere has cooled down and Philippine fishermen can now cast their fishing nets around Scarborough Shoal, the fundamental dynamics in the SCS have not changed in Manila's favour but have instead accentuated its vulnerability. China continues to change facts on the ground and it would be naïve to expect Beijing to relent just because of Manila's about-turn. Besides, economic benefits based on an unequal footing are just as fragile as otherwise. A case in point is the last-minute postponement of Chinese commerce minister's visit to Manila reportedly because of Beijing's discontent with Yasay's statements.

A litmus test for Duterte's policy is whether China will turn Scarborough Shoal into another man-made militarised island – the final piece of a "strategic triangle" that connects with the Paracels and other China-occupied features in the Spratlys to form a controlling arc over the SCS.

Manila is already on the alert. On 10 February, Philippine Defense Secretary Lorenzana predicted that China would build an artificial island on the Scarborough Shoal. On 24 February, Yasay announced Beijing's assurance that it had no such plan at this time. Both Secretaries characterised such a construction, should it happen, as a "very, very disturbing development" and "a serious provocative act" that would be a real game-changer.⁸

While hoping for Duterte's overtures towards China to work, the Philippines is preparing itself to expect the unexpected. Manila is warming up to the US after Trump's election with Duterte's promise to respect their defense treaties and the Pentagon's agreement to upgrade facilities on Philippine bases this year. And although the arbitration ruling is currently taking a back-seat, Manila has not shut down legal avenues completely. The Philippines is not "deviating from the four corners of the ruling" and "I will bring it up someday" is the card that Duterte is holding.⁹

⁷ http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1440651.shtml

⁸ <https://www.pressreader.com/philippines/philippine-daily-inquirer/20170208/281603830206555>;
<http://news.abs-cbn.com/focus/02/23/17/yasay-no-china-plan-to-alter-scarborough-shoal>

⁹ <http://www.philstar.com/headlines/2016/12/20/1655206/philippines-not-deviating-arbitral-court-ruling-scs>

ASEAN Discourse on the SCS in 2017

The Philippines being the ASEAN Chair and a key claimant state, how Manila postures itself vis-à-vis Beijing on the SCS will largely determine ASEAN discourse on this issue in 2017. This has been a ASEAN tradition. Vietnam leveraged its chairmanship in 2010 to play up the SCS issue which was most remembered in the debate between US and Chinese Foreign Ministers at the 2010 ASEAN Regional Forum (ARF). Will Manila follow in Hanoi's footsteps?

As things stand now, ASEAN discourse on the SCS in 2017 may turn out to be less robust than in previous years. The 'soft and safe' approach of the AMM Retreat is likely to set the tone for upcoming key ASEAN meetings such as the 30th ASEAN Summit and the 50th AMM. ASEAN will be careful not to take a hard line so as to create an environment conducive for engagement with China both bilaterally and multilaterally. Provoking China will risk derailing improved bilateral ties and spoiling the prospect of completing the COC framework.

Furthermore, there is a tacit understanding that this commemorative year of ASEAN's 50th anniversary should not be defined by a single issue, especially when that issue is more likely to expose ASEAN vulnerability than credibility. There are indeed other priority issues that beg the group's attention, especially how to intensify regional economic integration to overshadow rising protectionism and anti-globalisation in the West.

ASEAN discourse on the SCS is nevertheless contingent on other external developments, especially the prospects of Sino-US relations which remain unpredictable. The SCS has become a potential flashpoint of the unfolding Sino-US strategic rivalry. Unintended encounters between Chinese and American vessels/aircraft, or China turning Scarborough Shoal into a fortress may well change the course of events and the rules of the game.

While major power contestation is beyond ASEAN's control, ASEAN does have an important role to play in promoting peace and stability in the SCS. Its current priority is towards establishing a legally binding COC with China which would be instrumental in reducing the risk of incidents and defusing tensions not only among claimant states but also the major powers. In addition, ASEAN discourse on the SCS this year will focus on other specific deliverables, including operationalisation of the ASEAN-China hotlines and Code for Unplanned Encounters at Sea in the SCS.

CONCLUSION

The Trump Administration has yet to sketch out its policy vis-à-vis Southeast Asia while Chinese influence is becoming omnipresent in the region. Making overtures to China appears the only rational choice if diplomacy is to have a chance, both at bilateral talks and through the ASEAN-China process. Such overtures may come at a high price, which makes

the ‘soft and safe’ approach exhibited at the AMM Retreat the likely template for ASEAN discourse on the SCS throughout 2017.

That said, the SCS will continue to be an important topic on ASEAN agenda. It may not be at the front and center but it will not be swept under the carpet either. It continues to be a key point of reference for two out of six priorities of the Philippine chairmanship, namely (i) peace and stability, and (ii) maritime security and cooperation.

In the end, sovereignty concern is a reality that cannot be wished away. Furthermore, the SCS is a prelude to the strategic puzzle that ASEAN has to face sooner than later: how to accommodate China’s rising influence and at the same time keep Southeast Asia from falling into Beijing’s orbit.

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