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ASEAN Focus



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ASEAN

The past two months have been eventful for ASEAN, which marked its 49th anniversary alongside Independence Day celebrations in four of its member states (Indonesia, Malaysia, Singapore and Vietnam). People across the region then watched with bated breath the performance of their national athletes at the Rio Olympics and Paralympics which spanned across most of August and September. For three days from 6-8 September, the world turned its gaze to the Lao capital Vientiane, which hosted the 28th and 29th ASEAN Summits as well as other Summits with their Dialogue Partners.

Despite occasional diplomatic drama during its tenure as the ASEAN chair this year, it is to Laos' credit that they have pulled off a smoothly sailing ASEAN summit week save for Philippine President Rodrigo Duterte's outburst against the United States. Despite its heavy economic dependence on China, Laos should be commended for keeping to ASEAN's script on the South China Sea issue while not letting it overshadow positive developments both within ASEAN and in its relations with China. After tense and stressful moments in the previous months, it appeared that considerable efforts had been made to give an upbeat note to the ASEAN-China Commemorative Summit in celebration of their 25 years of dialogue relations.

The summits in Vientiane were also significant because they were Barack Obama's valedictory encounters with ASEAN in his official capacity as US President. The US' increased and consistent engagement with ASEAN – or the “rebalance within its rebalance towards Asia” – would be one of the most important foreign policy legacies of the Obama administration. The jury nevertheless is still out on whether this engagement will be sustained in the next administration.

On the socio-economic front, the Master Plan on ASEAN Connectivity 2025 and the Third Work Plan for the Initiative for ASEAN Integration (IAI) were among the key highlights of the summits. The policies and initiatives elaborated in these two documents will add substance to the vision of a more integrated ASEAN as envisioned in the ASEAN 2025 agenda. Another deliverable that projects the spirit of ASEANess is the ASEAN Declaration on One ASEAN, One Response which provides a platform for member states' collective response to disasters both within and outside the region under the ASEAN flag.

Against this backdrop, this issue of *ASEANFocus* casts a spotlight on a number of pertinent issues facing ASEAN right now. Researchers from the ASEAN Studies Centre (ASC) at ISEAS-Yusof Ishak Institute assess the Vientiane summits and their impact on ASEAN's future as it heads towards its 50th anniversary next year under the Philippines' chairmanship. Dr. Malcolm Cook gives us a preview of what President Duterte's foreign policy might look like. Dr. Vannarith Chheang analyses the current state of geo-economic affairs in the Mekong River. Dr. Kasira Cheppensook proposes ways for ASEAN to handle the Rohingya humanitarian crisis.

Given that one of the key priorities of the ASEAN Economic Community is trade logistics, this issue is honoured to have leading logistics figure Raymond Yee share with us his thoughts on the ASEAN Single Window (ASW) initiative for *Insider Views*. This is coupled by an *ASEANInfo* piece by Evelyn Ooi explaining to us what the ASW is all about, and statistics on logistics for *ASEAN in Figures*.

Beyond the political and economic realms, we also feature pieces on the Nalanda University's less-talked-about connection with the East Asia Summit and ASEAN member states' performance in the Rio Olympics and Paralympics. For *People and Places*, we are proud to introduce renowned Malaysian fashion icon Jimmy Choo and the enchanting old town of Hoi An in Vietnam.

On the last note, we at ASC would like to pay tribute to the former President of Singapore and ISEAS Distinguished Senior Fellow, Mr. S R Nathan, who passed away on 22 August 2016 at the age of 92. One of ASEAN's outstanding diplomats and a true Southeast Asian statesman, he will be fondly remembered by all at ISEAS-Yusof Ishak Institute.

What Transpired at the ASEAN Summits?

TERMSAK CHALERMPALANUPAP provides an update on the developments that took place in the Vientiane summits.

Scene from the leaders' retreat at the 29th ASEAN Summit



Laos successfully hosted the 28th and 29th ASEAN Summits and Related Summits from 6-8 September 2016 despite human and financial resources constraints. This was the first time the two ASEAN Summits were held back-to-back since the ASEAN Charter's entry into force in 2008 – an innovative and cost-effective arrangement for member states with resource constraints like Laos whilst allowing it to comply with the stipulation in the ASEAN Charter on holding two ASEAN summits annually.

Lao Prime Minister Thongloun Sisoulith may have appeared to be a newcomer at the summit level, but he is actually an old ASEAN hand, having served as Lao Foreign Minister from 2006 to 2016. His experience in dealing with ASEAN has enabled him to chair all the summit meetings smoothly to round up a relatively successful Lao chairmanship this year.

To continue projecting ASEAN as a people-oriented, people-centred organisation, the ASEAN leaders met

with representatives from the business sector, youth and parliamentarians on the side-lines of the Summits. However, missing from the summit schedule this time was the interface between ASEAN leaders and representatives of ASEAN civil society organisations. This however did not come as a surprise since the intermittent convening of this interface over the years has become a regular reminder of ASEAN's uneasy relationship with civil society in the region.

At the 28th ASEAN Summit, the Master Plan on ASEAN Connectivity (MPAC) 2025 and the Initiative for ASEAN Integration (IAI) Work Plan III were delivered on schedule for incorporation into the ASEAN Community Vision 2025. Compared to the previous master plan, the MPAC 2025 is considered more practical and focused with five strategic areas – sustainable infrastructure, digital innovation, seamless logistics, regulatory excellence, and people mobility.

Adopting the same practical approach, the IAI Work Plan III (2016-2020), which aims to narrow development gaps in the region, does not overstretch over all areas of ASEAN cooperation. It instead focuses on five strategic areas that are most relevant to its less developed members – Cambodia, Laos, Myanmar and Vietnam (CLMV): food and agriculture, trade facilitation, micro, small and medium enterprises (MSMEs), education, and health and well-being. As a lesson learned from the predecessor frameworks, the MPAC 2025 and IAI Work Plan III place greater emphasis on implementation arrangements as well as monitoring and evaluation mechanisms. Various stakeholders have also been identified for implementation with detailed work plans.

The seven other outcome documents of the 28th ASEAN Summit relate to human development and human security in the ASEAN Socio-Cultural Community (ASCC). These documents outline priorities for the next phase of regional integration, and cover pressing issues such as disaster response, decent work, cultural heritage, education for out-of-school children and youth, biodiversity and climate change, and HIV/AIDS.

The need to protect people from disasters continues to be high on ASEAN's agenda with the endorsement of the One ASEAN One Response mechanism which is intended to improve ASEAN collective capability in disaster management. ASEAN has also taken a first step to bring down barriers for the 3.2 million out-of-school children in ASEAN countries in access to education opportunities. ASEAN cooperation in curbing the spread of HIV/AIDS has resulted in less than one percent of the region's population living with HIV/AIDS but that percentage translates to a staggering over 6 million people in a region of 630 million.

On the economic front, some achievements were recorded in the implementation of the priorities of the ASEAN Economic Community (AEC) this year, including the ASEAN Trade Facilitation Framework, the ASEAN Food Safety Regulatory Framework, the launch of the ASEAN Tariff Finder website, and the ASEAN Solutions for Investments, Services and Trade (ASSIST) web-based for practical solutions to practical issues in doing business in the AEC.

However, on a less upbeat note, the Joint Leaders' Statement on the Regional Comprehensive Economic Partnership (RCEP) on 8 September recognised that negotiations were still in progress and no new deadline for the conclusion of negotiations was set. The hope by the negotiating parties to conclude RCEP talks by the end of this year will not be met. The road towards the RCEP has become bumpier than expected.

Also missing (somewhat expectedly) was the political fireworks from disputes arising from the South China Sea. In his first outing in the ASEAN arena, Philippine President Rodrigo Duterte did briefly mention the highly sensitive ruling of the Arbitral Tribunal on the Philippines' case against China in the South China Sea, noting that it has now become part of international jurisprudence – but he attracted greater attention for other reasons. In the Chairman's Statement of the two Summits, it was mentioned that ASEAN Leaders “remain seriously concerned over recent and ongoing developments [in the South China Sea] and took note of the concerns expressed by some Leaders on the land reclamations and escalation of activities in the area, which have eroded trust and confidence, increased tensions and may undermine peace, security and stability in the region.” This formulation, together with six other paragraphs on the South China Sea, simply mirrored the Joint Communique of the 49th ASEAN Foreign Ministers Meeting in July.

Despite its cost-effectiveness, this arrangement of back-to-back summits has a notable downside. ASEAN's engagement with Dialogue Partners, especially the drama between Presidents Duterte and Obama, stole the show at the expense of intra-ASEAN cooperation and integration endeavours, which did not get the focus and coverage that they should have deserved. This shortcoming will not be an issue next year as the Philippines, the upcoming ASEAN Chair, has unveiled plans for two separate ASEAN summits: the 30th ASEAN Summit in Cebu on 26-29 April 2017, and the 31st ASEAN Summit in Clark Pampanga on 10-14 November 2017. ■

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“Despite its cost-effectiveness, this arrangement of back-to-back summits has a notable downside. ASEAN's engagement with Dialogue Partners, especially the drama between Presidents Duterte and Obama, stole the show at the expense of intra-ASEAN cooperation and integration endeavours, which did not get the focus and coverage that they should have deserved.”

The Politics and Processes of the East Asia Summit

HOANG THI HA looks into the impact of power rivalries on the workings of this crucial part of the ASEAN-led regional architecture.

Being the only regional platform that brings together the leaders of key powers in Asia-Pacific to discuss broad issues of strategic significance, the EAS stands out as a premier manifestation of ASEAN's central role in the regional architecture. However, this forum is under increasing pressure exerted by the participating major powers who want to drive the EAS in their different directions. Power rivalries which are affecting ASEAN unity and other ASEAN-led frameworks are also finding its way to the workings of the EAS.

The challenge facing ASEAN in the EAS is two-fold: how to manage and accommodate the diverging interests of non-ASEAN countries whilst maintaining ASEAN unity and centrality along the way. This challenge is being played out in the agenda setting and institutional building of the EAS process.

In terms of agenda-setting, the EAS is zigzagging between two different views: China and its like-minded partners prefer to focus on functional and development cooperation while the U.S. and its allies put emphasis on political and security issues. The juxtaposition of the two visions have resulted in a double-layered agenda of the EAS which does not have a distinct and sustained focus, especially one that is relevant to the overall security and strategic environment in the region.

At the dialogue layer, the leaders have the freedom and flexibility to engage in candid exchange of views on pressing and emerging security issues, including terrorism, Korean Peninsula, and the South China Sea. However, these recurrent issues during summit discussions have barely trickled down into the operational cooperation layer which has thus far been limited to only six priority areas – energy, education, finance, global health including pandemics, environment and disaster

management, and ASEAN Connectivity. All of these areas are functional in nature and can hardly be considered 'hardcore' security issues.

The gap between the dialogue and cooperation layers in the EAS is most apparent with regard to maritime security. A regular topic of discussion among the EAS leaders over recent years, maritime cooperation featured prominently in the 2015 EAS Statement on Enhancing Regional Maritime Cooperation which states that its inclusion as a priority area merits "further consideration". However, maritime cooperation remains outside of the EAS priority list despite its strategic importance. Obviously, with the South China Sea anxiety at the background, China has been set to curtail the EAS strategic discussions, especially on maritime security.

The outcome of the 11th EAS this year is a delicate mix of both development and security issues, which blends the interests of ASEAN members with those of the non-ASEAN countries. The Vientiane Declaration on Infrastructure Development Cooperation is a timely call to mobilise support for the freshly launched Master Plan on ASEAN Connectivity 2025 by leveraging new financing initiatives in the region, especially the China-led Asian Infrastructure Investment Bank. On the security end, the EAS Statement on Non-Proliferation especially delivers a tough message to the Democratic People's Republic of Korea on its recent nuclear test and ballistic missile program. On emerging challenges, migrant crisis and trafficking in persons are on this year's radar with an EAS declaration on strengthening regional responses in this respect.

In terms of institutional building, there were no major developments from Vientiane. Things are moving at a slow

pace and with a modest scope, following the direction set by the 2015 Kuala Lumpur Declaration on the 10th Anniversary of the EAS. Representing ASEAN's usual pragmatic and evolutionary approach, the Declaration retains the EAS' informal nature as a leaders-led forum while introducing some institutional reforms to strengthen its functionality. An institutional reform underway is the establishment of regular engagement between the Ambassadors to ASEAN of EAS members in Jakarta to follow up on leaders' decisions and coordinate cooperation.

It is, however, by no means easy to reconcile the EAS' informal nature with its institutionalisation drive. Being leaders-led is the most important value-added of the EAS vis-à-vis other regional platforms, and there is a valid concern that the proliferation of subsidiary bodies may dilute this unique feature. On the other hand, without adequate action-oriented structures to follow up and pursue practical cooperation, the EAS risks being a mere 'talk shop'.

At present, the EAS members still hold diverse views about the pace and scope of EAS institutionalisation. China, for example, does not wish to see a full-fledged EAS apparatus that could overlap and overshadow the ASEAN Plus Three (APT) – the platform that China strongly advocates for being the main vehicle towards an East Asian Community. At the same time, China's interest in the APT is showing signs of fraying, with heightened interest towards bilateralism through the ASEAN Plus One framework in which ASEAN is obviously the weaker side of the un-equals.

On the other hand, other non-ASEAN members have been actively pushing for EAS institutionalisation. They have also sought to have a greater say in the process through proposals such as co-chairmanship or co-shepherd, secondment of their officers to the EAS Unit currently located in the ASEAN Secretariat, or establishment of a stand-alone secretariat.

Balancing and managing the interests and expectations of major powers in the EAS while keeping ASEAN's relevance will continue to shape the EAS evolution. ASEAN should remain mindful of the unfolding power shift and geopolitical contest in the region to ensure that the EAS will not drift aimlessly in this trajectory. It is therefore important to continue leveraging the EAS *forte* to nurture strategic trust at the highest political level and promote a rules-based regional order. ■

“The challenge facing ASEAN in the EAS is two-fold: how to manage and accommodate the diverging interests of non-ASEAN countries whilst maintaining ASEAN unity and centrality along the way. This challenge is being played out in the agenda setting and institutional building of the EAS process.”

Ms. Hoang Thi Ha is Fellow (Political and Security Affairs) at the ASEAN Studies Centre, ISEAS-Yusof Ishak Institute.

Three Strategic Issues for ASEAN and China

TANG SIEW MUN discusses the possibilities and challenges for arguably one of ASEAN's most important dialogue partnerships as ASEAN and China mark 25 years of dialogue relations.



China ASEAN Business Association

ASEAN's dialogue partnership with China is one of its most important and extensive. Dating back to 1991, when then-Chinese Foreign Minister Qian Qichen attended the opening ceremony of the 24th ASEAN Foreign Ministers' Meeting (AMM) at the invitation of the ASEAN Chair (Malaysia), the partnership has expanded by leaps and bounds. China is now ASEAN's largest trade partner, and the volume of bilateral trade expanded 43 times between 1991 and 2015, reaching US\$345 billion last year. To date, ASEAN and China have 44 areas of cooperation – the most among all of ASEAN's dialogue partners.

While this development points to the breadth and depth of the bilateral relationship, it belies the complexity underneath. To begin with, the ASEAN-China dialogue partnership is among the youngest. In fact, China – together with Russia – was the last to be granted full dialogue partner status in 1996, and trailed Australia – ASEAN's first dialogue partner – by a full 22 years. For the first decade of the relationship, both sides focused on harvesting the proverbial “low-hanging fruits”, although the ASEAN-China Free Trade Area (ACFTA) agreement was by no means an insignificant achievement.

Overall, the relationship is uneven and has a heavy tilt towards trade and economic issues, with political-security relations almost always playing second fiddle. For ASEAN and China to move forward the bilateral relations, both sides need to work on strengthening their political-strategic relations to complement the strong economic ties. It is simplistic to expect relations in this critical domain to simply fall into place on the basis of strong economic fundamentals. In fact, a strong case can be made that the economic gains could just as easily crumble under political pressure. The South China Sea disputes is a case in point as far as the Philippines is concerned.

The 19th ASEAN-China Summit held in Vientiane on 7 September provided a useful platform to reset the bilateral ties in the wake of a series of “road bumps,” such as last June's acrimonious Special ASEAN-China Foreign Ministers Meeting in Kunming, followed by the near disastrous AMM the following month. Moving forward, ASEAN and China need to agree on three strategic issues.

First, ASEAN should embrace China's re-emergence as a major power in all sense of the word. The 21st century incarnation of China is ideologically different from its predecessor – the Qing dynasty which ruled China from 1644 to 1912. Emperor Qianlong's response to Great Britain's envoy Lord Macartney that “there is nothing we lack, as your principal envoy and others have themselves observed. We have never set much store on strange or indigenous objects, nor do we need any more of your country's manufactures” were emblematic of an erstwhile contented and inward-looking China. Today's China under the Communist Party's leadership is outward-looking and confident, and yearns to resume its rightful place among the world's leading powers.

Beijing is correct to assess that ASEAN member states are comfortable in engaging China economically whilst being less willing to accept Chinese leadership. The stability of the region rests on creating strategic space for China to grow into a regional leader that will, first and foremost, respect and uphold international law, and secondly discharge its leadership in an objective and just manner. China will eventually emerge as a regional leader regardless of ASEAN's hedging or balancing strategies, but it is yet unknown what kind of leader China would become. The preferred outcome for ASEAN, which is also an equally enticing proposition for China as well, is for Beijing to undertake a benign leadership role. It is more cost-effective to be loved than to be feared.

“The stability of the region rests on creating strategic space for China to grow into a regional leader that will, first and foremost, respect and uphold international law, and secondly discharge its leadership in an objective and just manner.”

Second, China’s growing power is unsettling and puts ASEAN in the delicate position of finding an optimum solution to respond to this new strategic environment. The Greek historian Thucydides’ famous account in the *Melian Dialogue* that “the strong do what they can and the weak suffer what they must” epitomises ASEAN’s dilemma towards China. While ASEAN is powerless to arrest China’s rise – not that ASEAN has any intentions of doing so anyway – it fears that a powerful and increasingly nationalistic China may harbour aggrandisement designs to carve a sphere of influence in the region. How does ASEAN go about protecting and preserving its autonomy? What can China do to provide strategic assurances to ASEAN that China will remain a benevolent power?

Third, it is an existential imperative for ASEAN that the region keeps to its open and inclusive manifest. ASEAN is a collective of ten small states. Even the largest economy of the grouping – Indonesia – is still smaller than that of China’s Guangdong province. At the same time, ASEAN unity has shown signs of fraying lately and is not expected to hold up under intense external pressure. Therefore, a plurality of major powers holding substantive stakes in the region (i.e., foreign direct investment, trade and security) will ensure that the region does not fall under the hegemonic stranglehold

of any one power. On its part, China has to understand and accept this logic that is borne out of ASEAN’s survival instinct and not directed at containing the world’s second largest economy. The same logic will also ensure that the US or other major powers will not dominate the region, and thus it essentially provides the strategic space for China to pursue its interests in the region peacefully.

The best and most enduring partnerships are those that are founded on trust, understanding and compromises. The ASEAN-China partnership will not fulfil its full potential unless both sides reach an understanding on these three strategic issues. It is in ASEAN’s interest for China to do well, but the consequences of China’s success may also do ASEAN harm. The ball is in China’s court to soothe ASEAN’s strategic anxieties. The South China Sea is again instructive in serving as a litmus test on China’s dispensation of its enormous political, economic and military power. Will ASEAN, being the weaker party in this partnership, “suffer what they must”? Will China break the *Melian Dialogue* “curse” to establish itself as an enlightened major power? ■

Dr. Tang Siew Mun is Head of the ASEAN Studies Centre, ISEAS-Yusof Ishak Institute.





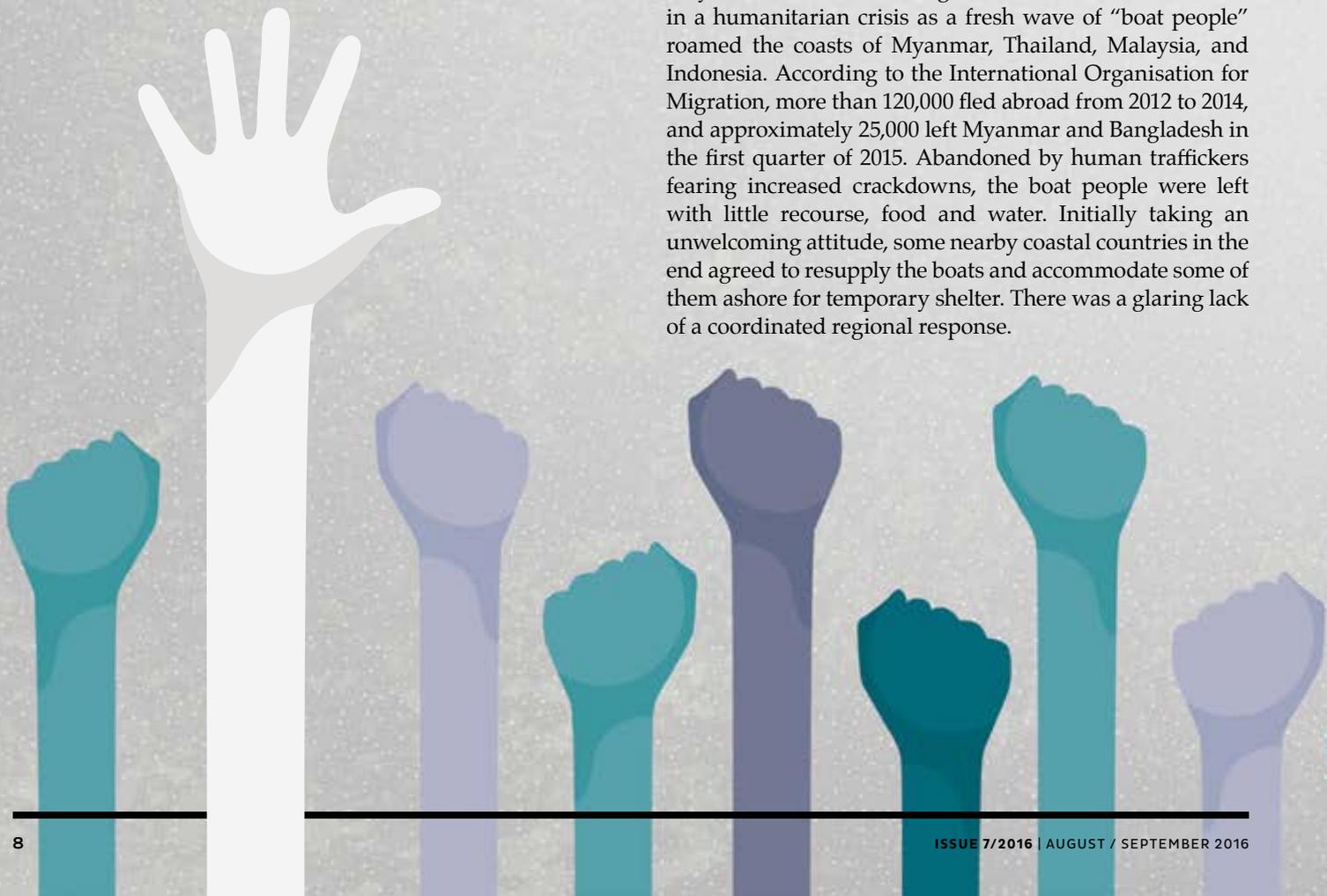
The Refugee Crisis in Southeast Asia

KASIRA CHEEPPENSOOK

discusses the Rohingya issue and proposes policy tools to both better tackle the humanitarian crisis and chart a way forward for ASEAN.

The Rohingyas in Myanmar are said to be one of the most persecuted peoples in the region. Rendered stateless even today, the Rohingyas are not officially considered indigenous races nor citizens of Myanmar under the 1948 Union Citizenship Act. They have been further alienated by being excluded from the Myanmar domestic political process. Last year, a large number of Rohingya holders of white cards lost their rights to vote when the government revoked them, and some were disqualified from competing for Parliament seats. This has exacerbated existing problems created by the 1982 citizenship law by denying them such benefits as educational and employment opportunities.

With limited rights, the Rohingyas continue to live perilously under the cloud of increasing inter-communal and inter-religious conflicts which culminated in the 2012 riots, with hundreds killed and thousands displaced. When thousands of Rohingyas were found stranded at sea in May 2015, Southeast Asian governments found themselves in a humanitarian crisis as a fresh wave of “boat people” roamed the coasts of Myanmar, Thailand, Malaysia, and Indonesia. According to the International Organisation for Migration, more than 120,000 fled abroad from 2012 to 2014, and approximately 25,000 left Myanmar and Bangladesh in the first quarter of 2015. Abandoned by human traffickers fearing increased crackdowns, the boat people were left with little recourse, food and water. Initially taking an unwelcoming attitude, some nearby coastal countries in the end agreed to resupply the boats and accommodate some of them ashore for temporary shelter. There was a glaring lack of a coordinated regional response.



Those who managed to flee the Rakhine state but have yet to be resettled in a third country were left stranded in detention centres such as those in Malaysia and Thailand. Their security and well-being are far from guaranteed, and it is not clear how Bangladesh's voluntary census of undocumented Rohingyas, with its final results due at the end of this year, will help.

EXPANDING ASEAN'S POLICY REPERTOIRE

ASEAN's inert response as a grouping and the lack of a coordinated and concrete remedy were heavily criticised following the 2015 crisis. None of the countries most affected by this crisis – namely Indonesia, Malaysia, and Thailand – are parties to the 1951 UN Convention on Refugees. They eventually and reluctantly allowed the migrants to come ashore, but maintained that it would be for temporary shelter only. None of the countries wants to commit themselves to settling the migrants, preferring to share this “burden” with the international community.

A Special Meeting on Irregular Migration in the Indian Ocean was held in Bangkok in the wake of the crisis, where participants agreed to cooperate on information sharing and combating transnational crime syndicates. It was then perceived that too much pressure on Myanmar and internationalisation of the issue would result in the further alienation of the country. The second Special Meeting that followed in December 2015 did not result in any concrete resolution for the growing problem.

Established in 2002, the Bali process on People Smuggling, Trafficking in Persons and Related Transnational Crime (the Bali process) might be a more promising tool for ASEAN in dealing with future refugee influx. The Bali process is by no means an ASEAN process, but ASEAN can still use it as a venue for consultations with its Dialogue Partners on relevant

“The Bali process... is an ideal gathering for pooling of resources and ideas when searching for solutions. ... The relevant parties should be able to address issues in a timelier manner rather than through a half-hearted ad hoc approach like before.”

migration and trafficking in persons issues. The Bali process, co-chaired by Australia and Indonesia, has almost 50 participating members including international agencies. It is an ideal platform for pooling of resources and ideas when searching for solutions. As it moves towards a more concrete and institutionalised mechanism, Australia and Indonesia now have the authority to call for a meeting with affected countries in the case of influx crisis. The relevant parties should be able to address issues in a timelier manner rather than through a half-hearted *ad hoc* approach like before. However, it remains to be seen if these discussions can translate into tangible and concrete actions.

In the meantime, ASEAN has agreed to establish a Trust Fund for Humanitarian and Relief Efforts for the Victims of Irregular Movement of Persons in 2015 to share the financial burden on matters related to irregular movement of people in the region. Its Terms of Reference were recently adopted in May 2016. Although the Trust Fund is a promising development in helping to improve the living standards in detention centres as well as in supporting a more sustainable resettlement programme, its long-term sustainability is in doubt as the fund operates on a voluntary basis.

The most recent migrant crisis has definitely posed challenges to the ASEAN Community's aspirations to become ‘people-centred’ and ‘caring and sharing’. As ASEAN is stepping up efforts through expanding its existing policy tools in this respect, it would be best equipped to manage this transnational problem with other partners in the Asia-Pacific region in the hope of achieving a long-term solution. ■

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The Past Is Not the Future

MALCOLM COOK gives us a glimpse into what Philippine foreign policy might look like under President Rodrigo Duterte.



Presidential Communications Group, Government of the Philippines

Lao Prime Minister Thongloun Sisoulith symbolically hands over the ASEAN chairmanship to Philippine President Rodrigo Duterte

When former Philippine President Benigno Aquino III decided to take China to court over disputes in the South China Sea and to strengthen the country's alliance with the US by signing the Enhanced Defense Cooperation Agreement (EDCA), it struck many in Southeast Asia as wrong and inimical to ASEAN. The former was taken with no prior notice given to its fellow ASEAN member states and dealt a blow to the idea of ASEAN centrality. The latter decision was viewed as Aquino moving away from his predecessor's

'balanced' approach to relations with the US and China that gave precedence to greater economic cooperation with China.

President Rodrigo Duterte's decisive win in the 9 May presidential elections and some of his Administration's early foreign policy steps provide reassurance to those opposed to Aquino's decisions and in favour of the Philippine foreign policy under President Macapagal-Arroyo. During and after the presidential campaign, Duterte questioned the wisdom of



Rodrigo Duterte campaigning for the presidency

filing the case against China and has focused on the economic cooperation benefits that would come to the Philippines from downplaying the tribunal ruling and recommencing private bilateral talks with China on the disputes. At the same time, he questioned the benefits to the Philippines of its alliance relationship with the US and used profane language in reference to both President Obama and the US Ambassador to the Philippines. Duterte pithily presented one reason to seek a more balanced relationship between the US and China that gives precedence to greater economic cooperation with China when he noted that “It’s China that has money, not America. America doesn’t have money.” Finally, Duterte’s first overseas trip following his first ASEAN Summit in Laos was to Indonesia, a fellow ASEAN member state – a reassuring sign for the incoming ASEAN chair and host of the Association’s golden jubilee in 2017.

Duterte’s reorientation is more than rhetoric. In 2012, ASEAN crashed into an impasse when the Philippines ruled out any joint communique of the 45th ASEAN Foreign Ministers Meeting (AMM) in Phnom Penh without mention of Chinese actions in Scarborough Shoal while Cambodia in particular opposed such a reference. Four years later, Cambodia opposed any mention of the 12 July ruling on the arbitration case and this time the Philippines acceded. The joint communique of the 49th AMM failed to mention the ruling, and ASEAN unity was proclaimed to have been upheld.

Philippine Foreign Secretary Perfecto Yasay went further, rejecting accusations that he had caved into pressure to keep the ruling out of the joint communique by arguing that the ruling (and by extension its implications) was purely a bilateral issue between Manila and Beijing. President Duterte quickly appointed former president Fidel Ramos as his envoy to restart bilateral talks with China. China, Cambodia and their friends across Southeast Asia have long

supported the view that the South China Sea disputes are neither an issue of regional concern nor an ASEAN matter and that they should be dealt with solely through bilateral negotiations between the disputing parties. This is the position that the Aquino Administration rejected after China took *de facto* control of Scarborough Shoal in 2012, but one that Duterte and his current Foreign Secretary seem to support.

It is an instinctual but impossible urge to wish that the future could be more like the selectively remembered past. Hopes in the Philippines and in the wider region that under President Duterte, the future could or

should be the past are an example. Since 2012, China’s unlawful activities in the South China Sea have intensified and expanded further south. This continuing escalation means that these actions at the core of the Philippine case against China are becoming a more central security concern for Southeast Asia and the world as a whole. The argument that they are not a rightful concern of ASEAN is less tenable. This brings into starker relief that the biggest threat to ASEAN centrality – its strategic autonomy and balanced relations with major powers – is the apparent success Beijing has had in convincing some ASEAN member states to place their relations with China above their commitment to these ASEAN norms.

Finally, these same actions and the 12 July ruling that deems them unlawful will limit the scope that President Duterte and his Administration have in balancing relations between the US and China. Philippine Defense Secretary Delfin Lorenzana has already stated that China’s rejection and continued infringements in the Philippine exclusive economic zone mean that the Philippines must continue with the Aquino Administration’s maritime-focused military modernisation programme. President Duterte is in favour of stopping all patrols beyond the Philippines’ 12-nautical-mile territorial waters, suggesting some disagreement in Manila.

There will be no return in the Philippines to the Macapagal-Arroyo Administration’s approach to foreign and strategic policy of balancing between the US and China. The Philippines’ relations with the US and China mean that it needs to strengthen relations with the US to balance against the unlawful threats to its sovereignty it faces from China. President Aquino recognised this to be the case for the foreseeable future. President Duterte should do the same. ■

Dr. Malcolm Cook is Senior Fellow at ISEAS-Yusof Ishak Institute.

A New Strategic Frontier

VANNARITH CHHEANG
points out emerging challenges in cooperation between mainland Southeast Asia and China over the Lancang-Mekong River.

The Mekong River, on the border of Thailand and Laos

Located at the intersection of two Asian economic powers, China and India, the Mekong region has emerged as a new growth center of Asia. It has also become a new strategic frontier in Southeast Asia in addition to the South China Sea, given the considerable involvement of some major Asia-Pacific powers in projecting their power and interest in this region.

It comes as no surprise then that ASEAN's Dialogue Partners have vied for influence by sponsoring various development initiatives in the Mekong. Thus far, five initiatives have been developed, namely the Mekong-Ganga in 2000 by India; the Japan-Mekong Regional Partnership in 2007 by Japan; the Lower Mekong Initiative in 2009 by the US; the Mekong-Korea Comprehensive Partnership for Mutual Prosperity in 2011 by South Korea; and the Lancang-Mekong Cooperation (LMC) by China in 2015.

The newest initiative, LMC focuses on five areas of cooperation, namely connectivity, production capacity, cross-border economic cooperation, water resources management, and agriculture and poverty reduction. This initiative also covers three pillars of political-security, economic, and socio-cultural cooperation in line with the three ASEAN Community blueprints.

The LMC principally adheres to the spirit of "openness and inclusiveness", complementing the existing regional and sub-

regional cooperation mechanisms such as the Greater Mekong Sub-region (GMS), ASEAN-Mekong Basin Development Cooperation (AMBDC), and Mekong River Commission (MRC). It is also meant to complement China's Belt and Road Initiative (BRI) especially in infrastructure development and connectivity, and narrowing of the development gaps.

Oriented towards pragmatic cooperation, multi-participation, and project-based partnership, the LMC aims to mobilise resources from the public and private sectors to implement development projects. The Mekong countries are expected to benefit from early harvest projects, which include water resources management, poverty alleviation, public health, infrastructure, science and technology, and personnel exchanges.

One core component of the LMC is enhancing production capacity with specific areas of cooperation in various sectors of energy, automobile, building materials, supporting industries, light industry, information and communications, transport and agriculture, among others. The goal of this component is two-fold: improving the infrastructure and manufacturing capacity of regional countries and at the same time helping to address China's surplus production capacity at home.

The main challenge facing the LMC arises from sustainable water resources management. The differences and conflicts of



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interests between the upstream and downstream countries over the construction of controversial hydropower dams along the Mekong River have hampered and sowed discord regional cooperation.

To reduce mutual suspicion and tension, China has stated its willingness to share more data relating to quantity and quality of water in its Lancang River, particularly during the dry season. To project itself as a responsible upstream country, China decided to discharge water from Jinghong hydropower station to the Mekong River to assist downstream countries to deal with the worst drought in decades last April.

On their part, the downstream countries prefer to see China become an official member of the MRC so that regional consultation and joint management of the Mekong River would be more effective. However, China does not want to be bound by the rules set by the MRC.

China's interest is to set its own rules of regional engagement and cooperation so that it can stay at the helm of managing the regional agenda and constructing a China-centric regional architecture amidst its power competition with the US. China aims to keep the US out from the Mekong region, which China holds as its traditional sphere of influence and core strategic backyard.

The LMC will also contribute to narrowing the development gap in China by linking the less developed areas in the Southwestern part of China with a growing market and attractive investment destination in the Mekong region. As China has become the top trading partner and main investor of the Mekong region, it is perceived by the Mekong countries as an opportunity and driving force for their economic development and poverty reduction efforts.

Increasing economic interdependence has brought about a new type of South-South cooperation in the Mekong region in which China serves as the hub while its neighbours form the spokes to complete the Sino-centric model of economic integration. However, such core-periphery development cooperation does not serve the long-term interest of the small and medium-sized economies in the Mekong region.

Of notable concern is the fact that Chinese development assistance to the region has not helped to strengthen good governance and institutional capacity in the recipient countries. In many cases, such assistance breeds corruption due to the provision of unconditional loans that lack transparency and accountability.

Another hidden agenda of China's charm offensive in the Mekong region is to neutralise the non-claimant states in the South China Sea disputes, which in turn prevents ASEAN from taking a united position on this important issue. As a result, differences among the ASEAN member states with regard to the South China Sea issue are putting ASEAN unity and centrality at greater risk.

It is an uphill struggle for ASEAN to stay relevant in both the security and economic realms in the context of China's ever-expanding economic and political clout and the Sino-US power rivalry. Moreover, since ASEAN member states do not seek to build a common foreign and security policy, they do not have a collective hedging strategy, which is the collective offsetting of opportunities and risks while engaging with or being engaged by major powers.

Empowering ASEAN-led multilateral institutions is in the long-term interest of small- and medium-sized countries in Southeast Asia. The Mekong countries need to be more cautious in their bilateral relationship with any major powers. It is not wise to put all eggs in one basket. It is also risky to completely align national interests to one or two major powers.

To survive and thrive in the long term, countries in the Mekong region need to ensure that all regional initiatives, including the LMC, do not weaken ASEAN's central role in shaping the evolving regional architecture. ■

Dr. Vannarith Chheang is Co-Founder and Chairman of the Cambodian Institute for Strategic Studies, and Southeast Asia Consultant at the Nippon Foundation.



The remnants of ancient Nalanda

Crossroads of the Past, Hope for the Future

JASON SALIM highlights the potential of Nalanda University as an example of collaboration between the participating countries of the East Asia Summit.

History was made late August this year in Bihar state of India as President Pranab Mukherjee conferred the first degrees of the Nalanda University in his capacity as the University's Visitor. With that, the long-cherished dream of resurrecting a university where once stood the fabled Nalanda Mahavihara was becoming a reality.

For eight centuries, the Nalanda Mahavihara ("mahavihara" meaning "great temple") in present-day Bihar, India, was the pre-eminent centre of learning that stood as a living crossroad of cultures and civilisations. The word "Nalanda" is a combination of the Sanskrit words "nalam" (the lotus of knowledge) and "da" (to give). Flourishing on a major trade route that ran through today's northeastern India, Nalanda however would have faded into oblivion if it had not been for the legendary chronicles of Xuanzang and Yijing, two Chinese

monks who made the journey to Nalanda in the 7th century CE. Beyond the awe-inspiring remnants of Nalanda, the two venerated monks' rich descriptions of Nalanda's vibrant intellectual environment are perhaps the few remaining testaments to this great place of learning. Boasting an enrolment of close to 10,000 students at its zenith, Nalanda was very much ahead of its time because it not only promoted Buddhist teachings, but also taught and debated topics like philosophy, mathematics, and science. As such, it was instrumental in facilitating the spread of both religious and secular knowledge from India to other ends of Asia – as far as China up north and Java to the east.

Today, the Nalanda University project inspired by this legendary place of learning is one of the most tangible accomplishments of the East Asia Summit (EAS) thus far.

During the inaugural EAS in 2005 which brought together ASEAN states and Australia, China, India, Japan, Republic of Korea and New Zealand for the first time, India proposed Nalanda University as an EAS project to further solidify its burgeoning relationship with fellow EAS participating countries – a proposal that was formally approved in the following year’s EAS.

Since then, the support poured into this notable EAS project has been overwhelming. By 2013, Thailand had committed US\$100,000 for the project, China US\$1 million, Australia a dean-level chair of ecology and environment worth A\$1 million, Japan a pledge to invest up to US\$100 million, and Singapore \$5-6 million for the design and construction of the library.

Institutional linkages have also been established with universities and research institutes within the EAS membership such as Chulalongkorn University, the Nalanda-Sriwijaya Centre based at Singapore’s ISEAS-Yusof Ishak Institute (which receives students from Nalanda University on summer and winter internships annually), Yale University and the University of Illinois-Urbana-Champaign. The University’s Governing Board embraces a remarkable diversity, with distinguished luminaries such as former Singapore Foreign Minister George Yeo (who is also Chancellor of the University), ISEAS-Yusof Ishak Institute Chairman Prof Wang Gungwu, Chulalongkorn University Professor Prapod Assavavirulhakarn, *Manyoshu* scholar Professor Susumu Nakanishi, and Peking University Professor Wang Bangwei joining eminent Indian figures like Harvard University Professors Amartya Sen and Sugata Bose.

In the 2006 Nalanda Buddhist Symposium, George Yeo gave what is perhaps the best summary on the meaning of this noble endeavour when he said:

“We should develop Nalanda as an icon of the Asian renaissance, attracting scholars and students from a much wider region as the ancient university once did. It should be a centre of civilisational dialogue and inter-faith understanding as it once was. In this way, the Nalanda project is not only a celebration of the past but an inspiration for the future of Asia and the world.”

It has been 11 years since the EAS started, and so far it remains an underutilised platform for its now-18 participating countries (with Russia and the US’ admission in 2011). Projects such as Nalanda University not only help enhance cross-cultural understanding but in a way they are also confidence-building measures between countries. Furthermore, given that most of EAS’ initiatives are centred within Southeast Asia, the Nalanda project shows the potential of EAS benefiting places outside of ASEAN. Although collaborations in matters such as Nalanda, energy security, disaster management and infectious diseases might not often appear in the headlines, these are nonetheless vital in fostering crucial people-to-people exchanges that will strengthen relations between the EAS participating countries. Nalanda’s success will not only mark the rebirth of an ancient seat of wisdom, but also provide the EAS with the confidence and impetus to launch more joint projects in the hope that this age of Asia will also be an era of mutual understanding and peaceful renaissance. ■

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Bihar Governor Ram Nath Kovind, Indian President Pranab Mukherjee, Nalanda University Chancellor George Yeo and former Nalanda University Chancellor Professor Amartya Sen at Nalanda University’s first Graduation, August 2016

Southeast Asia at Rio 2016

The Rio Olympics and Paralympics were momentous for Southeast Asia. The region achieved a record haul of 18 medals in the Olympics, which is nearly twice as many as its previous best performance in 2004, and 31 medals in the Paralympics, which is leaps and bounds more than the 13 won in London in 2012.

It was a proud moment for shooter Hoang Xuan Vinh and swimmer Joseph Schooling, whose tireless efforts made it possible for their Vietnam and Singapore's national anthems to resound for the first time ever in the Olympic Games' history. Indonesia clinched one gold in the badminton mixed doubles and two silvers in weightlifting. Thailand excelled at weightlifting, winning two golds, one silver and bronze, and won two medals in taekwondo, exceeding its performance at both Beijing 2008 and London 2012. For the Philippines, it was their best performance and first medal since Atlanta 1996. Weightlifter and silver medallist Hidilyn Diaz also became the first ever female athlete from the Philippines to win an Olympic medal. Malaysia won three silver medals in badminton, its first silver for synchronised diving and its first bronze in cycling. It was also World No. 1 Lee Chong Wei's third silver medal, making him the Southeast Asian athlete with the most medals thus far.

Of the 31 Paralympic medals won by ASEAN member states, a whopping 18 went to Thailand. Nine of this 18 (including four gold) were won in athletics, and the rest were split up between boccia, archery, fencing, and table tennis. Malaysia won three gold and one bronze medals – all from athletics – in its best ever showing in a Paralympic Games. Not to be outdone, Vietnam too managed to score its best ever performance by winning its first four Paralympic medals in history, including Le Van Cong's gold in 49kg powerlifting. Singapore once again excelled at swimming with two gold medals from its "golden girl" Yip Pin Xiu, and one bronze. The Philippines ended their 16-year medal drought with a bronze in women's table tennis by Josephine Medina, and Indonesia rounds off Southeast Asia's run at Rio 2016 with a bronze in women's 41kg powerlifting.

Our hearty congratulations to all of Southeast Asia's Olympians and Paralympians, and best wishes to all of them as they prepare for the next Olympics and Paralympics in Tokyo come 2020! ■

Rio
2016



1st Row (L-R): Yip Pin Xiu (Singapore Paralympics Gold medallist, swimming); Hidilyn Diaz (The Philippines Olympics Silver medallist, weightlifting)
2nd Row (L-R): Hoang Xuan Vinh (Vietnam Olympics Gold medallist, shooting); Mohamad Ridzuan Mohamad Puzi (Malaysia Paralympics Gold medallist, athletics)

Country	Olympics achievements	Paralympics achievements
	  Badminton Weightlifting	 Powerlifting
	   Badminton Diving Cycling	  Athletics
	 Weightlifting	 Table Tennis
	 Swimming	 Swimming
	 Weightlifting	 Athletics Archery
	 Taekwondo	  Boccia Wheelchair Fencing Table Tennis
	 Shooting	   Powerlifting Swimming Athletics

Did You Know?

The first Southeast Asian to win an Olympics medal was Teófilo E. Yldefonso from the Philippines at the 1928 Amsterdam Olympics. He was competing in the Men's 200 metre breaststroke. The first Southeast Asians to win Paralympian medals were Indonesia's Itria Dini (gold, men's precision javelin) and Syarifuddin (gold, men's singles lawn bowls) at the 1976 Toronto Paralympics.

Another Cinderella Story

Born in Penang, Malaysia, to a family of cobblers, Jimmy Choo became a household name for his exquisite and luxurious shoes which were loved by the rich and famous A-listers. BY NUR AZIEMAH AZIZ



Jimmy Choo

Some of his more iconic designs



Prague Fashion Scene

Jimmy Choo Yeang Keat's entire life revolved around shoemaking, gaining an early and first-hand introduction to the craft from his father. Those formative years inspired him to follow in his father's footsteps. By the age of 11, he had already created his first pair of shoes, a pair of flat sandals for his mother sewn under his father's loving eyes and guidance. He later moved to England to study at the Cordwainers Technical College, now part of the renowned fashion institute, London College of Fashion. Graduating with Honours, he continued to stay in Hackney and set up his first shop in an old hospital building.

Choo got his first break when his shoes were featured in an eight-page spread in the fashion bible *Vogue* in 1988. In 1990, the late Princess Diana was so fond of his shoes that she wore them everywhere she went and became one of his cherished clients for many years. Not surprisingly, his popularity and reputation rose with the royal patronage. His handmade shoes were highly sought after with a limited run of 20 pairs per week. This also earned him a respectable place among those designers who pursue this craft of shoemaking with the highest quality and finesse. He mastered the art of making shoes to fit perfectly, balancing comfort and elegance.

Choo later collaborated with Tamara Mellon, an accessories editor in *Vogue's*

fashion shoots, to create a line of ready-to-wear footwear. The partnership saw the opening of his first boutique shop in London and subsequently, in Los Angeles and New York. Major high-end retail stores like Saks Fifth Avenue carried his shoes which helped bring his brand name far and wide. He also expanded his line to handbags and other accessories. The coveted items from Jimmy Choo are priced in between US\$400 for a simple classic design and US\$16,000 for the limited edition line. Jimmy Choo became a global brand and a fashion icon revered by many. Then in 2001, at the pinnacle of worldwide fame, he decided to take a step back from the fast-paced corporate life and has since returned to his passion and calling of making bespoke shoes for selected discerning patrons.

With such an impressive career, Choo has garnered over the years various accolades at home and abroad. A Southeast Asian standing tall amongst fashion giants like Christian Louboutin and Manolo Blahnik, he was conferred the *Darjah Setia Pangkuan Negeri* award, which carries the title "Datuk" by the Governor of Penang. He is also a recipient of the O.B.E. (Officer of the Most Excellent Order of the British Empire) from Queen Elizabeth II.

Even with all the fame and glory, Choo remains very much the same spirited

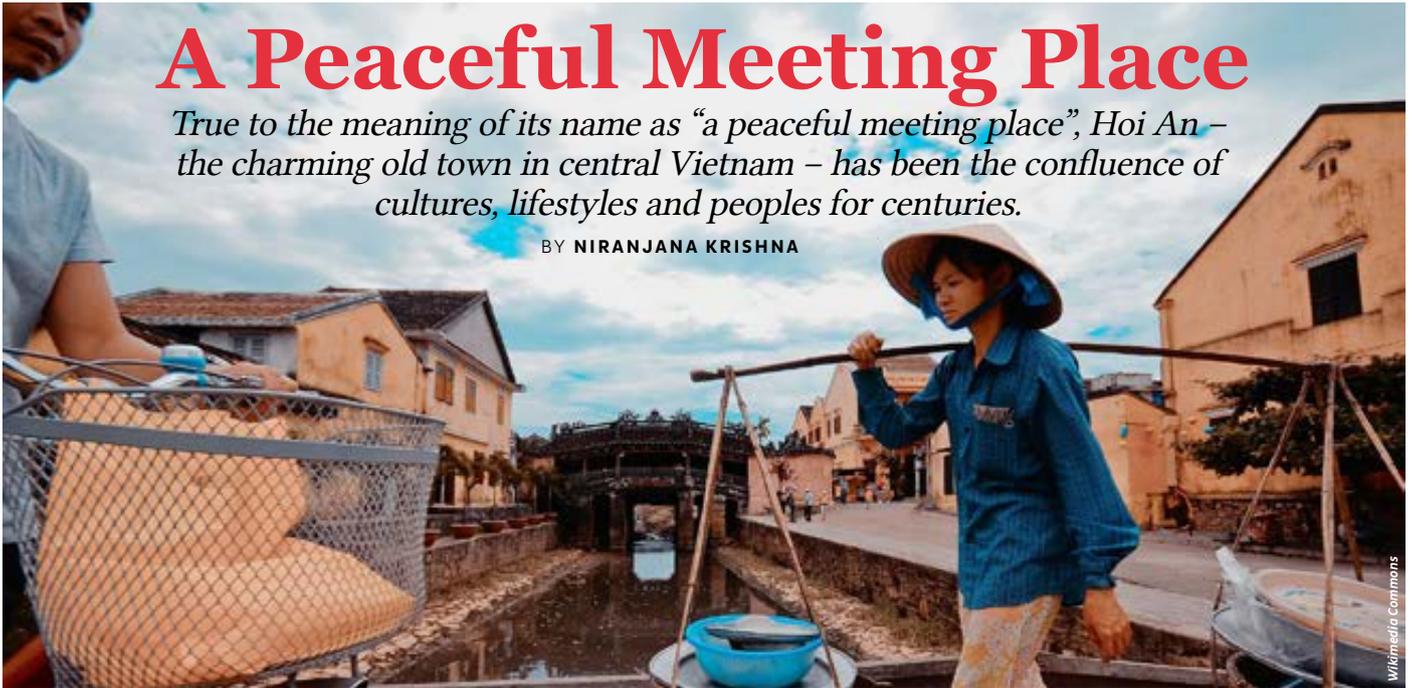
young lad today as when he first started out. He is closely rooted to his birth country where he is the ambassador for Malaysia's tourism and serves on the organising committee of the Malaysia Fashion Week as the Honorary Advisor. He believes in contributing back to his *tanah air* as well as the region through his contributions to make Malaysia a famed tourist destination.

When he is not busy designing shoes, Choo devotes his time to sharing his expertise and mentoring upcoming young and promising designers. As a firm believer in the importance of education, he has also taken on the role of ambassador for Footwear Education and visiting professor at the London College of Fashion, as well as a spokesperson for the British Council in its efforts to reach out to foreign students. If he is not out giving interviews or appearing at fashion shows showing support to fellow Asian fashion designers, he can be seen raising funds for charities and education projects. Datuk Jimmy Choo believes in staying true to one's roots while being humble at all times. His life is a living example that a strong commitment to deliver excellent craftsmanship will always be in fashion and rewarding. ■

A Peaceful Meeting Place

True to the meaning of its name as “a peaceful meeting place”, Hoi An – the charming old town in central Vietnam – has been the confluence of cultures, lifestyles and peoples for centuries.

BY NIRANJANA KRISHNA



From the 7th to the 10th century, Hoi An was a flourishing trade port and commercial centre of the former Champa empire with linkages to far-flung places from India to Sinai. After the fall of the Champa empire, Hoi An continued to prosper under the Nguyễn Lords. Ships from Asian neighbours such as Japan, China, and the Philippines, as well as from far-away lands like Portugal, Spain, Britain and America, regarded Hoi An as one of the best destinations for trade in the world. Traders came from far and wide for its famous fine silk, porcelain, tea and traditional medicines, among others. These visitors left remnants of their cultures behind and created a rich melting-pot city with an international flavour that have lasted until today.

However, what is remarkable about Hoi An is how it has retained its cultural fabric through the years despite its eventual decline as a trading port after Thu Bon River silted and the French came to dominate the region in mid-19th century. Hoi An was recognised as a UNESCO World Heritage Site in 1999 for its well-preserved architecture as a traditional Asian trading port in the early modern era, with original street plan, wooden buildings and traditional houses.

The heart of Hoi An is its Old Town which is lined with rows of traditional Chinese-style shop-houses and peppered with



museums, assembly halls, and long winding lanes. Visitors will be able to meet people living in the old houses, and visit many congregational assembly halls (or *hoi quan*) which still hold a special place in the rituals and celebrations of the ethnic Chinese in southern Vietnam.

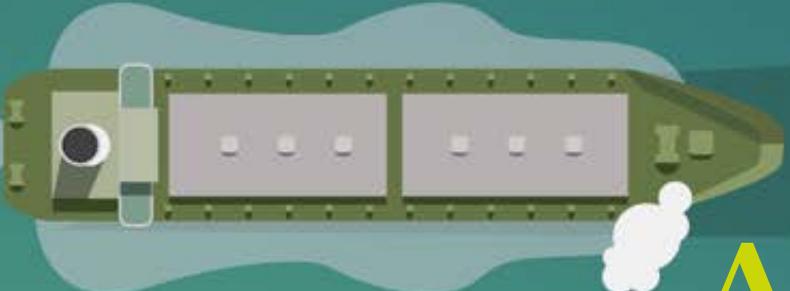
Also situated in the Old Town is Quan Cong Temple, a masterpiece of craftsmanship in praise of the legendary ancient Chinese general who won many military victories. Another key site is the Japanese Covered Bridge, a pagoda-covered bridge built by Japanese settlers to link with the Chinese community. A symbol of peace in those early days, the bridge is also emblematic of Hoi An today. The exchange and mingling of different cultures over many centuries have shaped the unique architecture of Hoi An as well as the way of life of its people.

A distinct feature of Hoi An is its fascination with lanterns. The Old Town is most picturesque in the evening when

the streets are lit up with lanterns in many designs and colours. On the 14th and 15th days of each lunar month, the Full Moon Festival is celebrated with many events, including traditional games and performances of folk songs. The Old Town is decorated with lanterns along every small lane, and the banks of Thu Bon River are lined with sampan boats traversing through the maze of lanterns floating on the river.

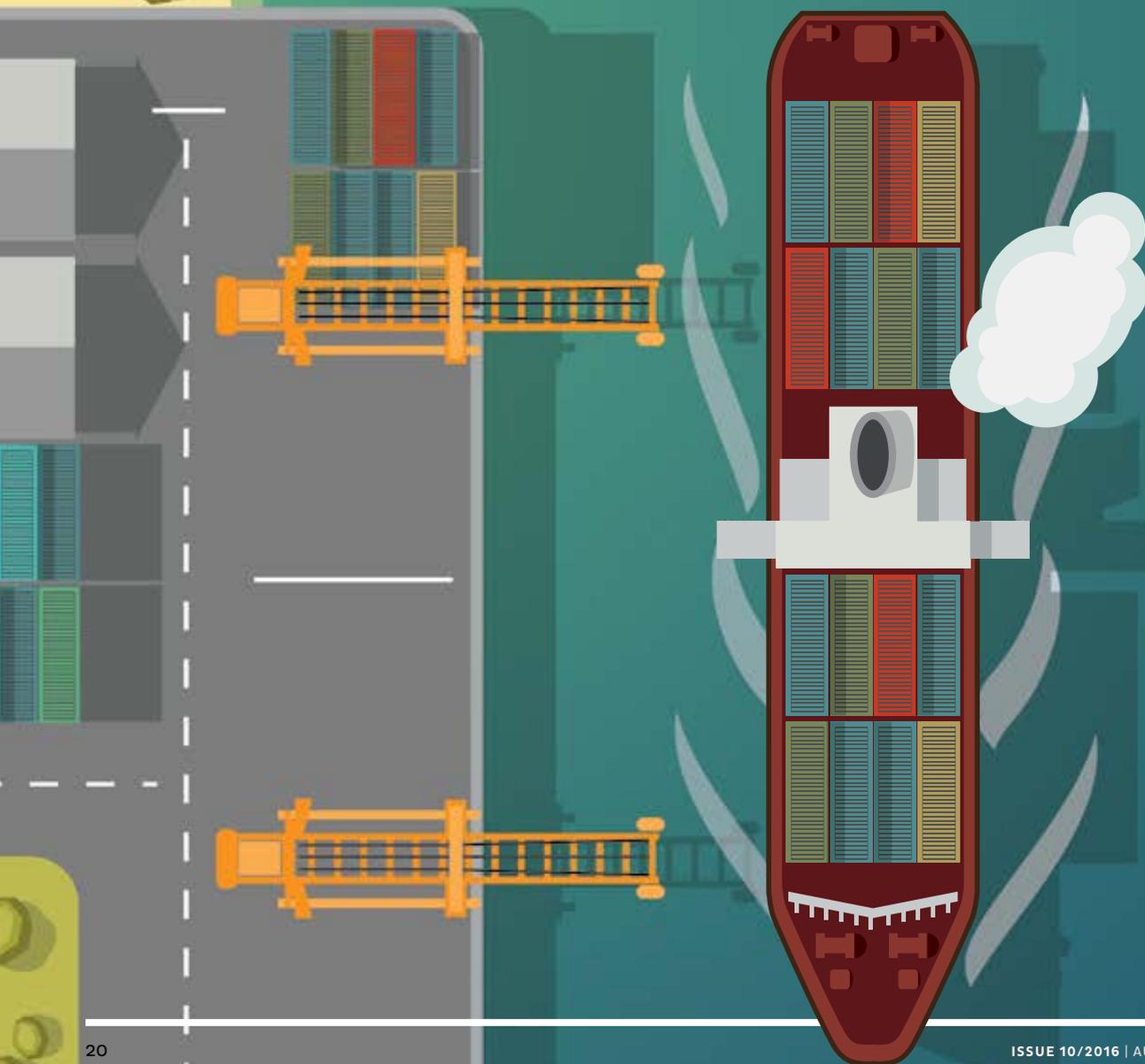
Hoi An's economy is mostly dependent on tourism with a great emphasis on its tangible heritage while less focus is given to preservation of its intangible cultural heritage. Tourism revenue is being sought fervently, which at times leaves the local culture in neglect. For example, the monthly lantern festival is designed specifically for tourists and is not particularly significant for the spiritual life of the locals.

While the cultural and architectural richness of Hoi An should be showcased to the world, it is also important to get it done in a way that values the authenticity of the local people and their way of life. To ensure the sustainability of Hoi An's heritage tourism, greater emphasis needs to be placed on preserving the intangible essence of the historic town. Through this, the marriage between the traditional and the modern would become one of harmony and perpetuity. ■



A Challenge to Reach

EVELYN OOI examines the viability of the ambitious ASEAN Single Window initiative in achieving seamless trade across the region.



“Essentially, the ASW aspires to be the one-stop portal for seamless intra-ASEAN trade. Companies that operate in countries with NSWs can use one unique identification number to register for licences, complete customs clearance forms, track their delivery and other administrative tasks.”

The ASEAN Single Window (ASW) agreement, signed in December 2005 in Kuala Lumpur, has the grand objective of integrating the customs and administration systems of ten ASEAN member states into a single platform to facilitate the process of submitting documents for cross-border trade in the region. Its development is a natural process following the reduction of tariff lines through the signing of the Agreement on the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area (AFTA) in January 1992 and the ASEAN Trade in Goods Agreement (ATIGA) in 2009. Before the implementation of the ASW, national-level equivalents need to be in place in all member states. To date, the ASEAN-6 countries and Vietnam have developed their national single windows (NSWs) while Cambodia, Laos, and Myanmar are in the process of doing so.

The ASW represents an effort to see deeper economic integration among ASEAN member states. It will harmonise systems and customs procedures as well as reduce the number of administrative customs procedures across borders. The ASEAN Customs Declaration Document (ACDD) was adopted in 2005 to serve as a standardised document containing 48 parameters. Due to the complexity of implementing a cross-border system, a pilot test is necessary to iron out issues that arise. Currently, the ACDD and the ATIGA Form D are used in this pilot phase, involving ASEAN-5 (excluding Brunei Darussalam) and Vietnam. These countries are also conducting cross-border analysis to identify other processes and data to be used in the ASW architecture.

Essentially, the ASW aspires to be the one-stop portal for seamless intra-ASEAN trade. Companies that operate in countries with NSWs can use one unique identification number to register for licences, complete customs clearance forms, track their delivery and other administrative tasks. This means that if the ASW reaches its fullest form of implementation, a trader in Malaysia can request quotations for trucking services in Indonesia via the ASW as well as track the delivery of goods.

Already, NSWs have reduced the cost of doing business since companies access one system to complete cross-border trade matters, attaining a much higher level of efficiency than having multiple lines of communication with different government agencies. By using technology to store digital information, government agencies only need to log into a single system to view the information of companies applying for licences, which leads to a reduction in the number of days

required for licence approval. Businesses operate at a swifter pace and with greater ease with an NSW in place.

According to the World Bank, “software” problems such as fulfilling customs clearance requirements and document processing account for 50-60 per cent of the total time spent on export and import in many countries in the world. With the ASW, regional and international companies that conduct trade in the region will find a simplified process of doing business. Other stakeholders that will benefit from this include the logistics and banking industry, as well as other government agencies.

Nonetheless, the process of building the ASW is an uphill task. The necessary high degree of coordination required among stakeholders and technical harmonisation is difficult to reach. All agencies, whether at the front-end monitoring the arrival of cargos or at the back-end reviewing licence applications, have to work in a seamless manner, with similar levels of digitalisation of documents. Each country also has different levels of English proficiency in its bureaucracy, and therefore may face language barriers if English is the only language used in the system. Member states operate on different levels of technology, and place emphasis on integrating different elements of customs procedures. Technically, the interoperability of the system in different countries is crucial in ensuring the success of the ASW. Currently, each country uses a different vendor (e.g. Crimson Logic for Singapore and Dagang Net for Malaysia), hence the need to include all NSWs into the wider ASW system architecture. A separate set of rules is required to govern the usage of the system and to ensure integrity and confidentiality of data transmitted.

The ASW has reached some level of success with NSWs being in place in seven ASEAN countries and is currently running its pilot project. Nonetheless, a lot of work needs to be done to reach the level of integration that ASEAN leaders have envisioned. Countries that are in the process of setting up an NSW should tap into the know-how of the more advanced ASEAN countries as well as the US (USAID is providing financial assistance) to speed up the implementation and completion of the ASW project. Already, the ASW pilot project has seen a million messages transmitted through the system. Hopefully, ASEAN can see the ASW materialise in full form by 2018 as Cambodia, Laos, and Myanmar develop their NSWs in parallel. ■

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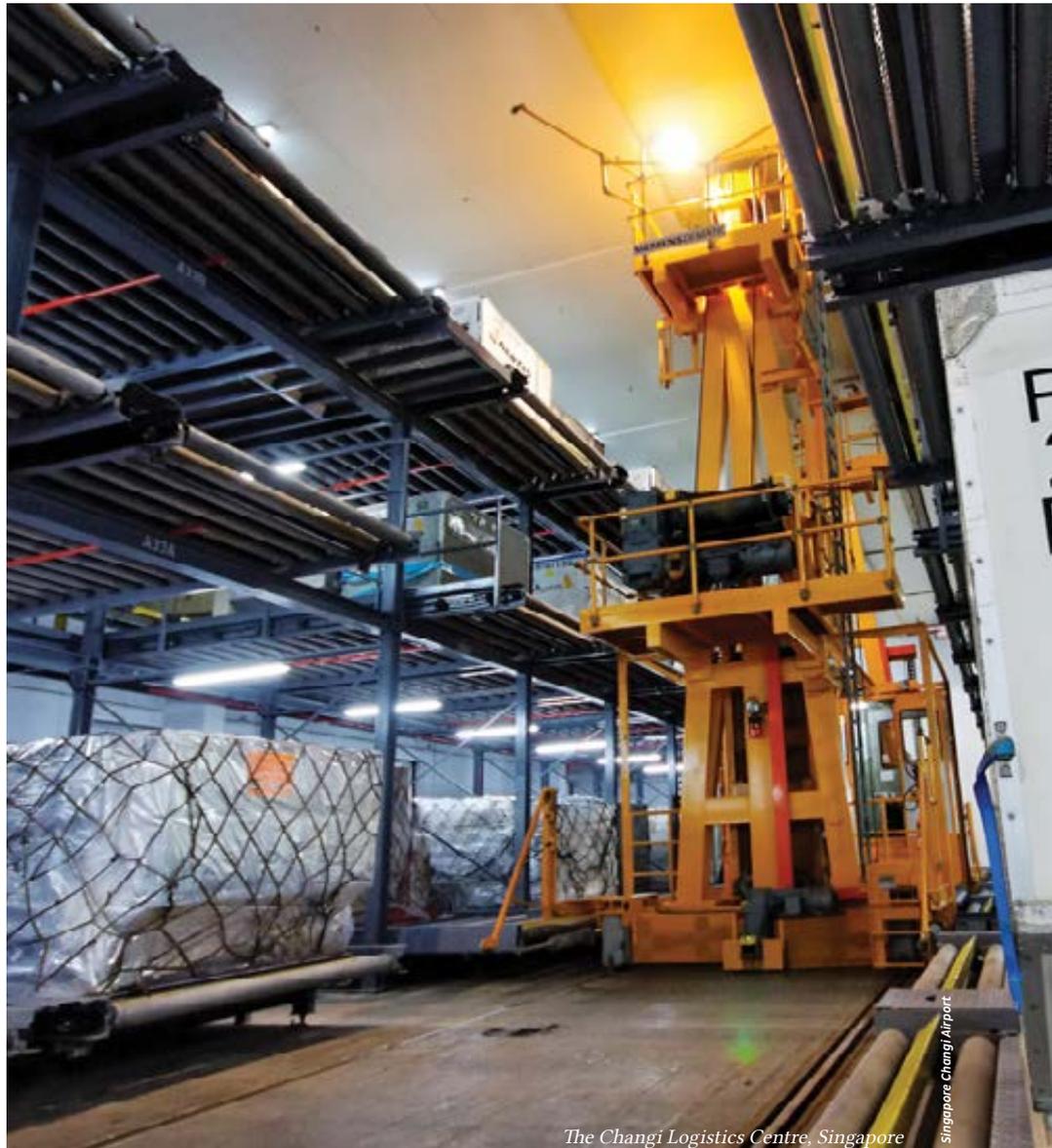
Where Art Thou, ASW?

RAYMOND YEE gives a valuable industry perspective on the future of the ASEAN Single Window.

When ASEAN first declared in 2004 the creation of a Single Window which includes the “electronic processing of trade documents at the national and regional levels by 31 December 2005”, industry held its breath with what could be the next big thing after the ASEAN Free Trade Area. Today, 11 years on, the idea of a “Single Window” is arguably still a dream. Indeed the path to stardom seems to be a painful and drawn-out one.

ASEAN made the political decision to create a Single Window at national and regional levels and signed this into a legally binding agreement in 2005. Since then, a series of technical and capacity building initiatives have been undertaken ostensibly with funding and support from ASEAN Dialogue Partners, including the United States. Whilst one cannot underestimate the significance of these developments and the efforts involved, the business sector ultimately assesses the utility of these initiatives with the realities on the ground.

Indeed, there have been improvements at clearance in some ASEAN countries with a semblance of a “Single Window”. For example, Vietnam has recently implemented its new Customs Electronic Data Interchange with some measure of success, and announced plans to progressively include other government agencies into a “Single Window” clearance. The Philippines, Thailand and Indonesia already have a “Single Window” running, with a handful of agencies included in varying degrees, in the approval process at the back-end. Singapore, having the most developed Single Window in the region, recently announced plans to develop the next-



The Changi Logistics Centre, Singapore

Singapore Changi Airport

generation National Trade Infrastructure which includes developing a common platform to integrate data and document exchange across different players in the supply chain. These are welcome developments and industry is no doubt encouraged by the reform and modernisation initiatives taking place in the region.

However, there is apparently a big gap between ASEAN rhetoric and reality. The path to develop a Single Window at the national level has been a long and slow one. Many line agencies in government have yet to be fully integrated into the Single Window application and approval process. The process of coordinating across agencies and building consensus seems to be an arduous one in many ASEAN countries. Businesses still have to submit and obtain multiple applications and approvals across different agencies before a shipment can be cleared. For example, obtaining approvals and a license to import mobile phones in some countries involve at least two agencies, including trade and telecommunications, prior to customs clearance.

Even where agencies are already integrated into the Single Window, some still require a two-step approval process. For example, mobile phone manufacturers in some countries have to submit technical specifications manually to specific agencies for approval prior to importation. This is usually done directly with the line agencies. Only then can they begin importation, and data of imported shipments be submitted to the Single Window for a synchronous step-two approval.

Furthermore, the approval processes for many line agencies continue to be manual at the back-end. This means that while data may be submitted electronically through the Single Window, such data is processed by individuals manning computer terminals at the back-end in the relevant line agencies. For example in one particular ASEAN country, while licenses were previously accorded on a “blanket” basis, these were amended into shipment-by-shipment license requirements after Single Window implementation. However, the manual processing of such applications at the back-end meant that license approvals were delayed by manual processing speeds and resourcing constraints. The touted benefits of speedier and streamlined Single Window clearance were thus negated.

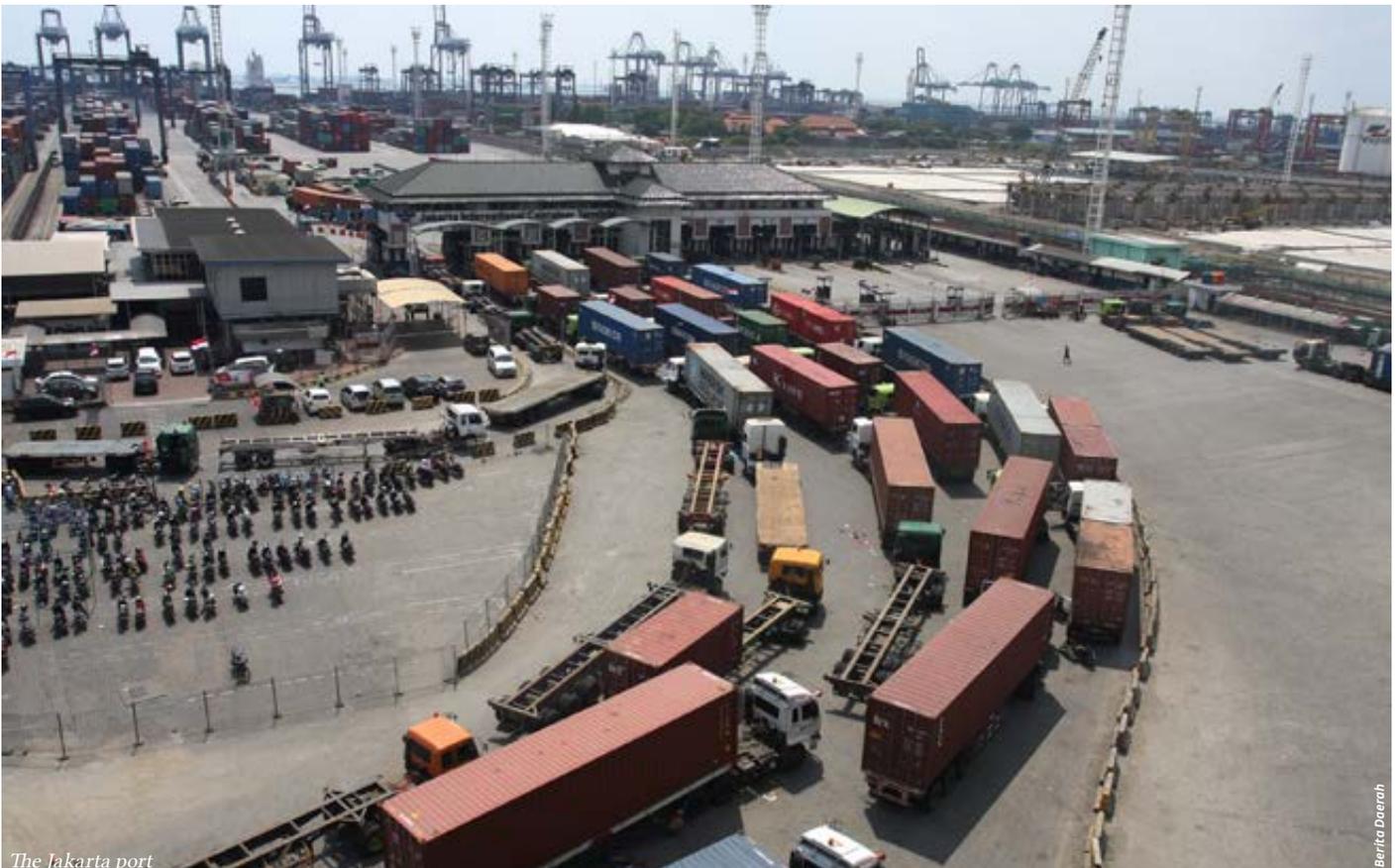
In many ASEAN countries, one cannot import or export unless they are registered as an importer or exporter. This registration process is usually manual and generally not part of the Single Window process. It can take as long as one month for approval, involving multiple agencies like trade and

customs and requiring submission of onerous documentary evidence. So the process is already cumbersome before one can even begin importation.

These are some of the real-life challenges businesses face on the ground. In addition, there are other issues regarding how the Single Window should be designed in terms of data requirements, response times, inclusion of multi-modal transportation and low value simplified clearances.

ASEAN has announced that they would begin the exchange of Certificates of Origin (e.g. Form D) to symbolise the cross-border element of the Single Window. Perhaps it would do well to first focus on the Single Window fundamentals at the national level before any aspirations should be explored regionally. With the increasing complexity of global value chains, fast movement of medium-term capital flows across borders, and the rise of e-commerce, ASEAN needs to act quickly and coherently to make the ASEAN Economic Community a reality, not just from a strategic perspective, but also for businesses and individuals on the ground. Businesses are clearly committed to the region and want to see ASEAN successful. With common aspirations, there is certainly an opportunity for closer public-private partnerships in the region. Perhaps focusing on a few “low-hanging fruits” like the ASW could be one way forward. ■

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The Jakarta port

Berita Daerah

Trade Logistics in ASEAN

Pham Thi Phuong Thao

Identified as ASEAN's 12th priority integration sector in 2006, logistics plays an important role in supporting trade and economic integration in the region. The Roadmap for the Integration of Logistics Services adopted in 2007 was set to achieve substantial liberalisation of logistics services and enhance the competitiveness of an ASEAN production base through the creation of an integrated ASEAN logistics environment.

According to the 2016 World Bank's Report on Trade Logistics which features the Logistics Performance Index (LPI) as a comprehensive measure of the efficiency of international supply chain, Singapore continues to top the group as the leading logistic hub, followed by Malaysia and Thailand with their respective scores and global rankings of 4.14 (5th), 3.43 (32nd) and 3.26 (45th). The report however shows a big gap in logistics performance among ASEAN member states, with Myanmar and Laos ranked 113th and 152nd respectively among 160 countries in the LPI report.

While infrastructure quality is one of the key determinants of logistics performance, ports and airports in ASEAN and their shipping capacities are crucial for logistics efficiency given their strategic locations for cargo transport. One third of the total regional container port traffic in 2014 was handled

through Singapore – the world's second busiest container port. Listed as one of the world's ten largest airports for international freight traffic in 2015, Changi Airport of Singapore continues to be the key hub for air cargo transport in the region, followed by Bangkok's Suvarnabhumi International Airport at 15th place. On land transport infrastructure, the ASEAN Highway Network and the Singapore-Kunming Rail Link projects are expected to boost connectivity and improve cargo transport in the region.

While disparities in infrastructure quality and logistics services efficiency among ASEAN member states remain a big challenge for the logistics services integration, a number of ASEAN initiatives have been undertaken, including expediting cargo clearance through the ASEAN Single Window, and liberalising air and maritime transport services that support trade through the establishment of the ASEAN Single Aviation Market and the ASEAN Single Shipping Market. The Kuala Lumpur Transport Strategic Plan (2016-2025) was also launched in 2015 to set out the goals for regional connectivity with an aim of developing ASEAN as a single market and production base. ■

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LOGISTICS PERFORMANCE INDEX 2016

Country	Overall Score	Ranking	Customs Score	Infrastructure Score	International Shipments Score	Logistics Competence Score	Tracking and Tracing Score	Timeliness Score
Brunei	2.87	70	2.78	2.75	3.00	2.57	2.91	3.19
Cambodia	2.80	73	2.62	2.36	3.11	2.60	2.70	3.30
Indonesia	2.98	63	2.69	2.65	2.90	3.00	3.19	3.46
Laos	2.07	152	1.85	1.76	2.18	2.10	1.76	2.68
Malaysia	3.43	32	3.17	3.45	3.48	3.34	3.46	3.65
Myanmar	2.46	113	2.43	2.33	2.23	2.36	2.57	2.85
The Philippines	2.86	71	2.61	2.55	3.01	2.70	2.86	3.35
Singapore	4.14	5	4.18	4.20	3.96	4.09	4.05	4.40
Thailand	3.26	45	3.11	3.12	3.37	3.14	3.20	3.56
Vietnam	2.98	64	2.75	2.70	3.12	2.88	2.84	3.50

(SCORE INDEX: 1 = LOWEST; 5 = HIGHEST)

SOURCE: WORLD BANK

CONTAINER PORT TRAFFIC
UNIT: MILLION TEUS (TEU: 20 FOOT EQUIVALENT UNITS)

Country	2010	2011	2012	2013	2014
Brunei	0.1	0.1	0.1	0.1	0.1
Cambodia	0.2	0.2	0.3	0.3	0.3
Indonesia	8.5	9.0	9.6	11.3	11.9
Lao PDR	-	-	-	-	-
Malaysia	18.3	20.1	20.9	21.2	22.7
Myanmar	0.2	0.2	0.2	0.2	0.2
Philippines	4.9	5.3	5.7	5.9	5.9
Singapore	29.2	30.7	32.5	33.5	34.8
Thailand	6.6	7.2	7.5	7.7	8.3
Vietnam	6.0	6.9	7.5	9.1	9.5
ASEAN	74.0	79.8	84.3	89.3	93.8
World	542.2	587.5	622.3	649.5	679.3

SOURCE: WORLD BANK

TOTAL INTERNATIONAL AIR FREIGHT TRAFFIC 2015

Rank	Airport City/Country	Freight (metric tonnes) - Loaded and unloaded
1	Hong Kong	4,380,139
2	Dubai	2,505,507
3	Incheon, Korea	2,489,539
10	Singapore	1,853,100
15	Bangkok	1,189,105

SOURCE: AIRPORTS COUNCIL INTERNATIONAL



ASEANFocus IS ONE!

It has been a year since we launched the revamped ASEANFocus, and we are grateful for your encouragement and valued feedback. We have had the great privilege of featuring the thoughts and opinions from a wide range of policymakers, business figures, public intellectuals and academics. We thank all of them for their support, and look forward to providing you with the insights on the latest developments in ASEAN.

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