



Goldilocks and the Rules-Based Order: Major Power Diplomacy in Southeast Asia

By Rorry Daniels*
September 2020

In September 2020, the NCAFP's Forum on Asia-Pacific Security (FAPS) held a series of Track II meetings with participants from the US, Japan, and ASEAN countries to discuss regional opportunities and challenges in the era of major power competition. These discussions focused on the regional powers' many policy proposals to bolster ASEAN's economic development and integration, and reviewed the implementation and strategic implications of these plans. Scholars in the region are concerned about the deterioration of US-China relations as well as the fading leadership of the US in international institutions. In this context, what is the future of the rules-based order on which middle powers depend, and how can middle powers strengthen regional security and political architecture to strengthen the rules-based system and better insulate from major power rivalry?

Participants brought up the following top lines and policy recommendations:

- If the US or China are unwilling or unable to play a leadership role in updating and sustaining the global rules-based order, middle countries must take up the mantle. Japan—alongside ASEAN, Australia, South Korea and India—is and can continue to support inclusivity and multilateralism within a rules-based framework. The goal of middle power solidarity is to support stability and predictability through the rules-based order.
- Capacity-building is an urgent regional priority, particularly in maritime law enforcement but also regarding the digital economy. The ASEAN countries have benefited from the process of globalization and want to take full advantage of its opportunities, even as major powers sour on deepening their own integration over security concerns.
- There is no one-size-fits-all approach to the various regional challenges. Flexibility in format—multilateral, minilateral, ASEAN+, ASEAN minus (ASEAN-), and bilateral formats can all be incorporated. Additionally, performance-based evaluation, and not just agreement on principles, should guide the format of diplomatic efforts. But the ad-hoc and often overlapping nature of various groupings makes an institutional home for these efforts even more critical.

**This report reflects the notes and reflections of the author alone and is not a consensus document.*

- Most participants thought that ASEAN would be unwilling to review its consensus-based approach to policy decisions that has complicated efforts to move forward on sensitive or controversial issues, and instead recommended that existing institutions like APEC and EAS should be strengthened or expanded to propose multilateral and unilateral approaches to regional economic integration, security and capacity-building.
- China is both a security challenge and an essential economic partner in the region. This is a (long-time) issue for ASEAN unity as each country assesses for itself the risks and benefits of engagement with China. The role of the US and other like-minded countries should be to provide options that give regional countries some leverage and maneuvering room, not to force choices.
- Challenges to the rules-based order can be addressed through both inducements and penalties. Both China and the US are sensitive about their image in the world, and these sensitivities provide some normative weight to the rules-based order. However, the differences between domestic and international rules is increasingly blurry as countries seek to expand their jurisdictions in the international space.
- The rules-based order will need to define appropriate and inappropriate projection of values to forestall security dilemmas based on systems competition.

Points of Discussion

Participants discussed ASEAN's role in the current environment in terms of what the regional grouping is designed to do and what is out of the scope of its abilities. Several participants noted that ASEAN was set up to manage mistrust between its member countries, not to solve wider problems. ASEAN can be a vector for multilateral discussion in the region that clarifies the goals and motivations of its member states and various partners, and in this sense it can help to ease major power suspicion and promote inclusivity. However, the member states themselves lack capacity—both resource capacity and technical capacity—to drive a progressive development agenda or to solve the US-China security dilemma.

ASEAN participants felt their countries want the major powers in the region and the world to engage on deepening economic and social development in the region, and to provide diverse options for economic and security partnerships so that they are not forced to choose sides in major power rivalry. Some participants, including Americans and Japanese, noted the preference among ASEAN countries for a “Goldilocks” framework for Sino-US relations—neither too hot, where major powers make deals without regard to ASEAN interests; nor too cold, where major powers force ASEAN countries into taking sides.

Ultimately, ASEAN countries want to take advantage of the opportunities of globalization, including those that arise out of major power competition. Chinese infrastructure investments are mostly welcomed, but so are capacity-building programs from the US and Japan that address the legal, environmental and social aspects of those projects. In this way, ASEAN countries can take

advantage of the strengths of both sides and balance against the use of coercive leverage. ASEAN participants were equally enthusiastic about Japanese investment projects, and are interested in the Blue Dot Network to certify those projects for transparency and sustainability.

In fact, participants from all sides reminded each other throughout the sessions that Japan has more total investment in ASEAN than China, a statistic that is often overlooked in favor of framing regional developments in terms of Sino-US rivalry. What's more, the US private sector has also long been invested in Southeast Asia and remains a dynamic partner for regional development.

However, there was skepticism and concern among all three sides about the future role of US regional engagement. The Trump administration's decisions not to staff major posts in Southeast Asia—including US Ambassador to ASEAN—as well as a patchwork record of high-level attendance at regional fora did not inspire regional confidence that policy proposals like the BUILD act or the newly announced Mekong-US Partnership would be supplied with sufficient resources. American participants were particularly critical of the overreliance on the military aspect of the Indo-Pacific Strategy while participants from all sides noted that long-term trends in US domestic politics—a souring on free trade deals, and a potential military budget crunch—would hamper US aspirations to comprehensively balance China's growing power in East Asia.

Additionally, the much broader undermining of the rules-based order by the Trump administration and by the Chinese leadership was a major cause of discussion and concern, because smaller powers like ASEAN rely on that rules-based order to protect their interests. A Japanese participant wondered if the rules-based order could be protected by a coalition of “squeezed” middle powers while separate balance of power arrangements could help to manage China's rise. In other words, the US-Japan-Australia-India Quad could focus on China's aggressive maritime behavior, while a middle-power quad of perhaps ASEAN-ROK-Japan-Australia hedges against erosion of the rules-based order.

Underlying anxieties about the role of the US and China in the region was a sense that major powers will not voluntarily constrain their power in a set of predictable rules or institutional norms. Worsening Sino-US relations was viewed as a symptom of this dominant realist mindset. There was speculation, given the timing of these meetings, about whether a change in US leadership would reverse these trends, but participants were divided on whether a potential Biden administration approach to China would be more effective or less effective than the current approach on addressing China's coercive behavior. And there was some concern about the Biden campaign's emphasis on values and human rights as an organizing principle in international relations, given the less-than-stellar record on these issues in some ASEAN countries and the divisive implications of differing “camps.” Most participants asserted that a Biden administration would be process-oriented, would use alliances and partnerships as a basis for confronting Chinese assertiveness, and would place emphasis on diplomacy as a means to address contentious issues. These attributes were generally seen as preferable to disengagement or unpredictability, but ASEAN participants stressed the importance of regional presence and worried that the US was too distracted.

Developments in the South China Sea were seen as a major stressor on the rules-based order, but also and perhaps surprisingly, as an emerging success story. While some American participants felt that Manila's dismissal of its own successful tribunal ruling was a blow to international maritime law, an ASEAN participant noted that the ruling still served other ASEAN claimants as a basis for pushback against China's expansive maritime territorial claims. There have been a series of *notes verbale* submitted through UN mechanisms clarifying specific country positions in the context of the ruling. And, China has refrained in official statements and media from justifying its claims through the "nine-dash line" that the tribunal declared illegitimate. It was also helpful to those claimants that the US State Department associated itself with the tribunal's 2016 decision, though it would be even more helpful if the US would actually ratify the UNCLOS treaty.

That said, China's maritime military and paramilitary activities remain a serious challenge to regional peace and stability. A Japanese participant suggested that the US, Japan and others build on existing programs to strengthen maritime civil law enforcement and build capacity among regional coast guards. Because of the similarities in Chinese behavior in the East and South China Seas, it may be worth viewing the two areas as a single challenge. And, the participant continued, it would be helpful to build coordination mechanisms that bridge maritime civilian law enforcement with the US military, to better manage the escalation between harassment of fishing vessels, for example, and China's use of military force.

At the same time, an ASEAN participant noted that it is not helpful for the US to conduct Freedom of Navigation Operations (FONOPs) or other military surveillance activities without communicating and coordinating with the area's claimants. Three-way confusion is a recipe for disaster.

Discussion of how to resolve tension in the South China Sea highlighted and emphasized the points made above about the limits of ASEAN's problem-solving capabilities and the competing priorities of major power engagement. ASEAN's consensus-based mandate—designed to prevent smaller members from ganging up on larger members and larger members from dominating the institutional agenda—was a source of frustration for some ASEAN participants as it guarantees that any one country can veto the recommendations of others, even if or especially if their interests are unaffected by the outcome. China was seen by some participants as exploiting the interest-based divide in ASEAN between maritime claimants and continental countries.

But ASEAN participants were split on whether the consensus-based approach should or could be reformed without destroying the institution itself, and American and Japanese participants were skeptical that reform would occur. One ASEAN participant suggested that what is needed to better solve regional problems is a multitude of ad-hoc formats, including bilateral, and minilateral groupings like ASEAN+ and ASEAN-, based on the overlapping interests of the countries on any specific question. The key for this participant was to judge institutions on performance and not just organizing principles or values.

However, American participants tended to think the complexity of multiple and sometimes competing formats creates even greater need for one institutional coordinating hub. One American suggested that APEC, if strengthened, might serve this function as it has an

organizational track record of convening separate, interest-based minilateral working groups with voluntary compliance from member states. APEC is also the most inclusive multilateral organization in the region and the one focused on the economic development issues that were identified as most important to the interests and goals of ASEAN countries.

Other American participants suggested that the East Asia Summit (EAS) be strengthened, including with permanent country representatives, to fulfill a similar type of coordinating role. But some Americans were wary of creating more mechanisms and fora in a region already described as an 'alphabet soup' of institutionalism. What would guarantee that these institutions would be solution-oriented, and would American officials be ready to invest even greater time and attention to these institutions if the US government is already falling short of regional participation expectations?

Although solutions to regional challenges seem elusive, these dialogues revealed the urgent need to deepen and strengthen communication between US, Japanese and ASEAN scholars. American participants were particularly eager to hear directly from ASEAN scholars on regional expectations and needs at a time when so much of the US policy conversation is filtered through the lens of major power competition. An overemphasis on US-China rivalry as the basis for engagement with ASEAN countries reduces ASEAN agency in ways that lead toward greater misperceptions and policy miscalculations. One participant emphasized the need to focus on the youth of ASEAN, given demographic trends in Asia, and advocated more cultural exchange. More discussions, including with a wide intersectional range of ASEAN scholars, officials and civil society organizations would better inform the US on the opportunities for promoting peace, stability and prosperity in Southeast Asia.

THE NATIONAL COMMITTEE ON AMERICAN FOREIGN POLICY'S
FORUM ON ASIA-PACIFIC SECURITY (FAPS)
PRESENTS

A US-JAPAN-ASEAN VIDEOCONFERENCE SERIES

SEPTEMBER 2020

PARTICIPANTS
(in alphabetical order)

Mr. Kavi CHONGKITTAVORN
*Senior Fellow, Institute of Security and
International Studies*
Chulalongkorn University

Ms. Rorry DANIELS
*Deputy Project Director, Forum on Asia-Pacific
Security*
NCAFP

The Honorable Susan M. ELLIOTT
President & CEO
NCAFP

Mr. Michael FUCHS
Senior Fellow
Center for American Progress

Professor Akiko FUKUSHIMA
Senior Fellow
Tokyo Foundation for Policy Research

Mr. Brian HARDING
Senior Expert, Southeast Asia
United States Institute of Peace

Mr. Richard HEYDARIAN
Fellow
Stratbase-ADR Institute (Manila)

Dr. Chiew Ping HOO
*Senior Lecturer, Strategic Studies and
International Relations Program*
National University of Malaysia

Professor Ken JIMBO
Professor, Faculty of Policy Management
Keio University

Mr. Nobukatsu KANEHARA
Senior Advisor, The Asia Group
Professor, Doshisha University

The Honorable Bilahari KAUSIKAN
Chairman, Middle East Institute
National University of Singapore

Ms. Juliet LEE
*Project Manager, Forum on Asia-Pacific
Security*
NCAFP

Mr. Mark MANYIN
Asian Affairs Specialist
Congressional Research Service (CRS)

Dr. Oriana Skylar MASTRO
Fellow, Foreign and Defense Policy Studies
American Enterprise Institute Fellow
Freeman Spogli Institute for International Studies
Stanford University

Dr. Shafiah MUHIBAT
Head of Department of International Relations
Centre for Strategic and International Studies (CSIS) Indonesia

Professor Nam Duong NGUYEN
Associate Professor of Political Science
Diplomatic Academy of Vietnam

Mr. Sampson OPPEDISANO
Program Assistant
NCAFP

The Honorable Daniel R. RUSSEL
Vice President for International Security and Diplomacy
Asia Society Policy Institute

The Honorable Jeffrey R. SHAFER
Chairman of the Board
NCAFP

Mr. Noriyuki SHIKATA
Assistant Minister & Director-General, Economic Affairs Bureau
Ministry of Foreign Affairs, Japan

Professor Yoshihide SOEYA
Professor Emeritus
Keio University

Professor Takashi TERADA
Professor
Doshisha University

Ms. Susan A. THORNTON
Project Director, Forum on Asia-Pacific Security
NCAFP

Professor Donald S. ZAGORIA
Senior Vice President
NCAFP

The Honorable James P. ZUMWALT
Chairman of the Board
Japan America Society of Washington, DC

US Government Official