US-Southeast Asia Relations:
Obama Passes

Sheldon Simon, Arizona State University
Carl Baker, Pacific Forum CSIS

Faced with a government shutdown and a debt default crisis, President Obama canceled an extended visit to Southeast Asia that would have included several bilateral and multilateral meetings. While Secretary of State Kerry filled in for the president at these venues and most regional leaders expressed understanding, several also expressed anxiety over Washington’s ability to carry out a consistent policy toward Southeast Asia. The US rebalance toward Asia continued with financial commitments to enhancing maritime security, announcements of military sales, deployment of an additional Littoral Combat Ship to Singapore, and calls for accelerated negotiations on the Trans-Pacific Partnership agreement. The robust response by the US to Typhoon Haiyan in the Philippines was widely viewed as a concrete example of the ongoing US security commitment to its allies and partners and garnered goodwill in the region.

President Obama absent from Southeast Asia

Stymied by a government shutdown and a looming debt default brought about by a dysfunctional Congress held in thrall by a minority faction of the Republican Party, President Barack Obama canceled a long-planned Asia visit that would have brought him to Brunei for ASEAN-related meetings (ASEAN-US Summit and the East Asian Summit) and to Indonesia for the APEC Economic Leaders Meeting, along with side trips to Malaysia and the Philippines. Although the “second team” stood in for the president – Secretary of State John Kerry, Secretary of Defense Chuck Hagel, Commerce Secretary Penny Pritzker, and US Trade Representative Michael Froman all spent time in the region – there was some concern expressed by regional leaders as this was the third time in Obama’s presidency that he was forced to cancel an Asian trip because of pressing domestic issues.

Several leaders from the ASEAN states expressed their understanding of the president’s cancellation. A senior Thai diplomat noted that President Obama’s commitment to the region’s importance was evident in the fact that he had not missed an ASEAN Summit since taking office in 2009. Indonesian Foreign Minister Marty Natalegawa downplayed Obama’s absence, noting that “it won’t bring any fundamental impact to US engagement in the region. This is something extraordinary, and we believe Secretary Kerry is able to voice support previously planned to be brought by President Obama.” Other regional commentators and officials expressed greater concern, however. On Oct. 3, a senior Singapore Foreign Ministry official stated that the US and Japan should step up their economic influence in Southeast Asia or risk ceding leadership to China. Rizal Sukma, the executive director of Jakarta’s Center for Strategic and International Studies, averred that the huge cuts in the US defense budget as well as the president’s trip cancellation called into question Washington’s ability to sustain its rebalance to Southeast
Asia. At the Bali APEC Economic Leaders Meeting, Singapore Prime Minister Lee Hsien Loong expressed the dismay privately voiced by other leaders: “Obviously, we prefer a US government that is working to one that is not. And we prefer a US president who is able to travel and fulfill his international duties to one who is preoccupied with national domestic preoccupations.” At the ASEAN-US Summit in Brunei, Secretary Kerry reassured ASEAN leaders that “these events in Washington are a moment in politics and not more than that. The partnership we share with ASEAN remains a top priority for the Obama administration.”

The president’s absence may have particularly weakened momentum toward the negotiation of the Trans-Pacific Partnership (TPP) agreement. One of his major goals at the APEC and ASEAN meetings was to nudge those countries toward completing their negotiations by the end of the year, though few believed that timetable was realistic. Moreover, given Obama’s battle with Republicans in the House of Representatives, many Asian leaders have doubts about whether the president possesses the political capital to get the trade pact through Congress.

**Adding substance to the rebalance**

Secretary of Defense Hagel used his Southeast Asian stops in late August and early September to flesh out defense-related components of the rebalance. In Malaysia, he announced a funding increase of over 50 percent for military training and education for Southeast Asian states. In Jakarta, just prior to the ASEAN Defense Ministers Meeting Plus (ADMM+), he announced the sale of Apache helicopters to Indonesia. During his stop in Manila, Hagel discussed plans for a new framework agreement that would allow a larger rotation of US forces on Philippine military bases, authorize prepositioning of US equipment and supplies at several locations in the Philippines, and authorize additional US operations in Philippine waters. There was also a reconfirmation of the US commitment to the importance of ASEAN’s centrality for Southeast Asian security at the ADMM+ where Hagel warned against unilateral actions at sea that would advance territorial claims since they “increase the risk of confrontation, undermine regional stability, and dim the prospects for diplomacy.”

While filling in for President Obama at the APEC meeting in Bali, the EAS meeting in Brunei, and the Global Entrepreneurship Summit in Malaysia (a trip to the Philippines that was also on the schedule was canceled at the last minute because of an approaching typhoon), Secretary Kerry stayed on message, noting that the rebalance also involved enhanced diplomatic and trade relations, even though an increased military presence was more visible. Kerry’s remarks at the APEC meeting on Oct. 5 reflect a message that was reiterated throughout his Southeast Asian visits: “Nothing will diminish our commitment to Asia, the rebalance that President Obama’s engaged in. We will continue to fulfill our responsibilities and our engagement around the world, and I think people are confident of that.... On our fundamental commitments ... to maritime security and freedom of navigation through the seas and so forth, our commitment is not going to change.”

Secretary Kerry also expressed the US commitment to a rule-based order in the region when he weighed in on the South China Sea Code of Conduct controversy. At the ASEAN-US Summit in Brunei on Oct. 10, He stated that “[a] finalized code of conduct, in which all abide by a common set of rules and standards, is something that will benefit the entire Asia-Pacific community of
nations – and beyond.” Kerry also indirectly endorsed the Philippine submission to the UN International Arbitral Tribunal on the Law of the Sea that has been asked to issue an opinion on the definitions of land features in the South China Sea pertaining to disputants’ territorial claims. At the EAS, he said all countries with claims in the South China Sea have a “responsibility to clarify and align those claims with international law.... They can engage in arbitration and other means of peaceful negotiation.” Although “consultations” on a future code of conduct were agreed to in September at an ASEAN-China meeting in Suzhou, no actual negotiations have begun, and everyone agrees that it is unlikely a code of conduct would in any case be able to resolve the conflicting South China Sea claims.

During his mid-December trip, which included stops in Vietnam and the Philippines, Secretary Kerry again sought to demonstrate that the US was delivering on its promise that the rebalance involved real commitments and substantial benefits. While in Hanoi, he promised $32 million (with $18 million allocated to Vietnam) for improving the capacity of countries in the region to patrol their territorial waters. He also reaffirmed the US commitment to concluding the TPP agreement and announced an initial package of $4.2 million designed to help Vietnam implement the agreement once it is concluded. Similarly, while in Manila, Kerry announced that the US would provide an additional $40 million in security assistance to the Philippines, some of which will be allocated to enhancing maritime patrol capacity in territorial waters.

The Philippines: resetting the relationship?

The Philippines has become the centerpiece of the US military rebalance in Southeast Asia as the US has ramped up military assistance and its presence in the islands. From only 50 ship visits in 2010, nearly 90 US Navy vessels made port calls in the Philippines from January through October 2013. Washington is also stationing surveillance aircraft and has appropriated up to $30 million for building coastal radar stations to monitor Philippine maritime space in the South China Sea. Additionally, both countries are working on a new framework agreement that would provide for increased US forces rotating through the Philippines for joint exercise and would include prepositioning of US equipment at Philippine bases for use in these exercises.

While progress has been slow, the framework agreement, which was originally proposed in July, continued to receive attention in final months of 2013. Sensitive to concerns about whether the proposed agreement would violate Philippine sovereignty and a constitutional prohibition against permanent basing of foreign forces in the country, Manila’s negotiators at an Aug. 29-30 meeting in Washington stipulated that no US military bases would be established in the country and that US access to Philippine facilities would be at the specific invitation of the Philippine government. Philippine Secretary of Defense Voltaire Guzman stated, however, that the US would be given access to the former naval base at Subic Bay, which until the early 1990s was the most elaborate US naval facility in Asia. Some local concerns are being raised about an enhanced US military presence at the Subic facility. In September, the Subic Bay Metropolitan Authority (SBMA) worried that more US ships accessing the port would hinder the operation of Subic as a free port for commercial traffic and reduce the number of paying customers. As an alternative, SBMA proposed that the US Navy pay commercial rates for its use of Subic Bay. The details regarding the extent of US access to Subic remains unsettled pending the outcome of the broader framework agreement negotiations.
The third round of talks, which was held in Washington on Sept. 13-18, resulted in more progress as negotiators agreed that the framework agreement would address the scope of activities involved; the installations/AFP facilities that would be included; the prepositioning of US defense equipment, supplies, and materiel; ownership; and security. However, when negotiators met again in early October in Manila, they reached an impasse over the issue of access to US-built facilities by Philippine authorities. A fifth round of talks is anticipated for early 2014, but no date has been set and resolving the access issue will not be easy given the acrimonious experience over the past several years concerning access to US facilities located on Philippine military installations in Mindanao.

The attractiveness of the increased US presence for the Philippines centers on the fact that the Philippine armed forces have very limited funds and need outside assistance to develop capacity to patrol its territorial waters and develop a credible territorial defense capability. The overwhelming proportion of its military budget goes to salaries and allowances rather than the building of capabilities. What’s more, the 1987 Constitution prohibits the government from allocating more funds to the military than for education. Thus, in the proposed 2014 budget, $6.5 billion is pledged to education and only $1.9 billion for defense. In the past, the armed forces has been almost exclusively focused on internal defense requirements driven by longstanding conflicts between the central government and strongly entrenched rebel groups in Mindanao as well as the New People’s Army throughout the country.

In recognition of the need for enhanced external defense, the Philippine Department of National Defense plans up to 25 modernization projects in the next three years, including the acquisition of fighter jets, naval helicopters, patrol aircraft, frigates, and coastal patrol vessels. Among the most high-profile acquisitions are three decommissioned Hamilton-class cutters from the US Coast Guard, two of which are now in Philippine possession. There is considerable skepticism that the Philippine government will have the funds to implement these plans, however. The Philippines is also receiving assistance from other sources: it is about to receive 10 former Japanese patrol boats and is negotiating with South Korea for a dozen FA-50 fighters/trainer aircraft. Also under consideration is the purchase of two Maestrale-class frigates from Italy.

The growing recognition of the need for increased US-Philippine cooperation to enhance external defense capabilities is also evident in recent bilateral military exercises. Earlier this year, the annual Balikatan exercise, which has traditionally focused on humanitarian assistance and disaster relief (HA/DR), added a naval component. It included a squadron of F/A-18s and three naval ships and incorporated mock combat maneuvers to retake an oil rig supposedly seized by terrorists near the South China Sea. In September, the annual joint US-Philippine Amphibious Landing Exercise, (PHIBLEX), shifted focus from counterterrorism to simulated amphibious assaults to capture small islands held by hostile forces. In both cases the exercises were held on the western coast of Luzon facing the South China Sea (Philippines: West Philippine Sea).

The Philippines: to the aid of an ally

When Typhoon Haiyan (Philippines: Yolanda) devastated a huge swath of central Philippines on Nov. 8, the US was quick to respond. Even before the storm hit, the US Agency for International
Development (USAID) deployed a Disaster Assistance Response Team (DART) to the area. Within 48 hours, 90 US Marines along with C-130s and MV-22s were deployed to the Philippines and began providing relief goods. Within a week, the *USS George Washington* Carrier Strike Group arrived in Philippine waters off the coast of Leyte, and helped expand search and rescue operations, provide medical care, and deliver supplies using its 21 helicopters. Subsequently, two US amphibious ships brought additional manpower and heavy engineering equipment needed to support the recovery operation. In addition, US Pacific Command established a Humanitarian Assistance and Disaster Relief-certified Joint Task Force to coordinate assistance provided by other US allies and security partners including Australia, UK, Japan, Thailand, Singapore, and Indonesia.

The US response operation, codename *Damayan* (sympathetic aid), was described by a *Reuters* newswire release as “breathtaking.” Implications for the US rebalance to Asia and the prospect for an increased rotational presence of US forces in the Philippines were readily apparent. Australian analyst Carl Thayer stated that the operation served as evidence that “rebalancing enabled the US to respond so decisively.” A Philippine official remarked that “in the future, we’ll be better prepared to deal with disasters if our two governments signed the framework agreement on enhanced defense cooperation and increased presence.” Philippine Foreign Secretary Albert Del Rosario agreed saying that the humanitarian deployment underlined the need for the “framework agreement that we are working on with the United States for increased rotational presence.”

The quick, decisive US response was especially poignant in comparison with China’s belated response and ASEAN’s lack of any coordinated response. As noted by Robert Sutter and Chinhao Huang in their China-Southeast Asia article in this issue of *Comparative Connections*, China was seen as letting the ongoing dispute with the Philippines over territorial claims in the South China Sea override humanitarian concerns. Meanwhile, as Euan Graham noted in *PacNet #82*, ASEAN was slow at best and ineffective at worst despite years of emphasis on working to develop a regional HA/DR capability. In the end, this inability or unwillingness to respond at a time of crisis should serve to bolster the US argument that it remains the primary security guarantor in Southeast Asia.

**Malaysia and TPP negotiations and Indonesian geopolitical ambivalence**

Malaysia’s primary foreign policy focus with the United States in recent months has been its proposed membership in the TPP. Speaking at the Council on Foreign Relations in New York on Sept. 27, Prime Minister Najib Razak, who also serves as Malaysia’s finance minister, stated that TPP membership would increase the country’s trade and foreign direct investment. However, International Trade and Industry Minister Mustapa Mohamend said the Parliament would not compromise on the interests of native-born Malays (the Bumiputeras) who are primarily owners of small and medium enterprises (SMEs) and fear that imports from large US companies would undercut their businesses. Moreover, the TPP also requires a more even playing field for government procurement contracts, state-owned enterprises, intellectual property protection, and labor and environmental regulations. While Secretary of State Kerry on Oct. 12 stated that the US was willing to engage in “flexible negotiations” on the TPP agreement, it was unclear how far other signatories were prepared to exempt those parts of Malaysia’s
Indonesia seems ambivalent about the US rebalance in Southeast Asia. Jakarta has warned that strengthening and deepening military alliances with Australia, the Philippines, and Vietnam as well as diversifying the US military presence in the region could trigger reactions that exacerbate tension and distrust. Foreign Minister Marty Natalegawa in a *Sydney Morning Herald* interview on March 16, 2012, referencing the deployment of US Marines to Darwin, stated that countries should not react to China’s rise through traditional alliances and fault lines. Rather, President Susilo Bamgang Yudhoyono has advocated the establishment of strategic partnerships with multiple countries. Last May, in a speech at CSIS in Washington, Natalegawa elaborated on how these strategic partnerships could be realized when he proposed an Indo-Pacific treaty of friendship and cooperation. This arrangement might build on the well-established India-Indonesia cooperative naval patrols around the Andaman Sea entrance to the Strait of Malacca.

Despite Indonesian reservations about the implications for regional stability of the US military buildup, bilateral defense ties with Washington are strengthening. In a detailed *Defense News* article on Sept. 30, 2013 several developments were highlighted: a US-Indonesian Joint Counterterrorism Exercise involving several ADMM+ countries; Secretary of Defense Hagel announced the sale of eight *AH-64E Apache* helicopters to the Indonesian Army for $500 million, including a training package; Washington is also in the midst of a multiyear $700 million sale of 24 used *F-16* fighter jets that are being upgraded to include air-to-ground missiles. These sales will mean that the Indonesian Air Force will consist of US, Russian, and South Korean combat jets – complicating logistic and training while avoiding over-reliance on a single source for defense equipment.

**Myanmar: UN nuclear surveillance agreement signed**

Washington welcomed Myanmar’s mid-September signature of the Additional Protocol to the International Atomic Energy Agency (IAEA) Comprehensive Safeguards Agreement, which will permit inspections of the country’s nuclear activities. The State Department praised Nay Pyi Daw’s decision as moving it “increasingly in line with international nonproliferation norms and standards.” Nevertheless, US officials remain concerned about Myanmar’s purchase of missiles and other equipment from North Korea which is prohibited under UN Security Council sanctions, despite the government's pledge to halt these transactions.

On Oct. 11, at the EAS meeting in Brunei, President Thein Sein told Secretary Kerry that Myanmar would release its last political prisoners by the end of the year. The promise came as Myanmar accepted the next rotating chairmanship of ASEAN and stated that it now possessed the capabilities needed to run the hundreds of international meetings that post requires. To assist Myanmar – for generations an isolated country with a depressed economy – its leaders have asked diplomats from Singapore, Thailand, and South Korea for advice. At ASEAN’s insistence, Myanmar passed on the last rotating chairmanship that came around several years ago. Now, all members agree that the country has made sufficient economic and political progress to accept the responsibility.
Vietnam: A Growing Partnership?

At the ADMM+ in late August, Vietnam Defense Minister Phung Quong Thanh told Secretary of Defense Hagel that he was “very happy to witness recently the defense and military cooperation between the two countries.” Nevertheless, the positive rhetoric is constrained by the fact that Hanoi is still not allowed to buy weapons from the US because of the country’s human rights record. Still, on the sidelines of the EAS, Secretary of State Kerry and Vietnamese Prime Minister Nguyen Tan Dung signed a Civilian Nuclear Cooperation Agreement providing for the transfer of US civilian nuclear technology to Vietnam.

Additionally, Hanoi is a party to the negotiations for the TPP agreement. According to an Oct. 31 CSIS report “Amending Vietnam’s Constitution: Why Washington Cares,” by Murray Hiebert and Kyle Spring, US officials have noted that Vietnam has been a very cooperative negotiating partner on the TPP even on such difficult issues as SOEs and market access.

Southeast Asian pushback on the Snowden NSA leaks

At the end of October, a document leaked by former NSA contractor Edward Snowden, Southeast Asian surveillance targets revealed for the first time. A signals intelligence program called Stateroom involved US and Australian embassies in Bangkok, Hanoi, Kuala Lumpur, Port Moresby, and Dili. Predictably, reactions from the governments in these capitals expressed outrage at the revelations initially published in the German magazine Der Spiegel and subsequently picked up on Oct. 31 by the Sydney Morning Herald. Indonesian Foreign Minister Marty Natalegawa said “…such action is not only a breach of security but also a serious violation of diplomatic norms and ethics, and certainly not in tune with the spirit of friendly relations between nations.” Similar statements were expressed by Malaysian and Thai officials, though any repercussions remain unclear. The Malaysian Home Minister Ahmad Zahid Hamidi stated his government “would investigate whether the US embassy ... was being used for spying.” The Thai head of his country’s National Security Council said that Thailand would not cooperate with US espionage, while Australian Prime Minister Tony Abbott said only that the government had not broken any laws.

Looking ahead

Security is likely to be high on the agenda in US relations with Southeast Asia in early 2014. With the ongoing angst over China’s intentions regarding maritime territorial claims and concerns over the sustainability of the US commitment to the rebalance, we should expect close scrutiny to any developments that would suggest a change in the status quo, especially in the South China Sea. Other developments will revolve around the resumption of US-Philippine talks on the framework agreement for increased US rotational presence, further improvement in US-Myanmar relations, election politics in Malaysia and Indonesia, and the political crisis in Thailand. US economic engagement in the region will likely be driven by TPP negotiations.
Chronology of US - Southeast Asian Relations  
September - December 2013

Aug. 29, 2013: ADMM+ meets in Brunei with Secretary of Defense Chuck Hagel in attendance. Hagel invites all 10 ASEAN defense ministers to meet in Hawaii next year.

Aug. 29-30, 2013: Secretary Hagel visits Manila to discuss increasing US troop presence with Philippine counterpart Voltaire Guzman.

Sept. 2-12, 2013: Singapore, Indonesia, Malaysia, Brunei, Thailand, Philippines, and US conduct an annual Southeast Asia Cooperation against Terrorism (SEACAT) military exercise.

Sept. 5-14, 2013: In his first trip to Asia as US assistant secretary of state for East Asian and Pacific affairs, Danny Russel visits Brunei and Indonesia.

Sept. 9-13, 2013: US participates in an Indonesian-hosted counterterrorism exercise that is sponsored by the ADMM+.


Sept. 17, 2013: Leonard Glenn Francis, a Malaysian national residing in Singapore and CEO of Glen Defense Marine, is arrested on two counts of bribery. US Navy CMDR Michael Vannak Khem Misiewicz and NCIS Special Agent John Bertrand Beliveau II are also charged with giving Francis confidential scheduling information in return for luxury travel and prostitutes.

Sept. 18, 2013: US welcomes Burma’s signing of a UN International Atomic Energy Agency Comprehensive Safeguards Agreement Additional Protocol that requires Nay Pyi Daw to declare any nuclear activities and to allow inspections.

Sept. 18-19, 2013: Philippines and US conduct joint military exercise PHIBLEX 2014, which focuses on natural disaster response as well as maritime security and territorial defense.

Sept. 22, 2013: US Ambassador to Cambodia William Todd attends the opening session of Parliament boycotted by the opposition following a bitterly contested election. He states that his attendance is “not an endorsement of any election outcome or any political party.”

Sept. 22-29, 2013: Malaysian Prime Minister Najib Razak visits the US to address the UN General Assembly and attend meetings in San Francisco and New York. He also delivers an address to The Asia Society.

Sept. 27, 2013: Secretary of State John Kerry attends the ASEAN Ministerial Meeting in New York, affirming that “ASEAN has been at the center of the Asia Pacific’s regional architecture” and the “center” of the US rebalance strategy to Asia.

Oct. 2, 2013: President Barack Obama cancels the Malaysia and Philippine portions of his Asia trip because of the US government shutdown. Secretary of State Kerry will visit the countries instead. (Subsequently, Obama cancels his whole Asia trip.)


Oct. 4-12, 2013: Secretary Kerry travels to Bali for APEC Economic Leaders Meeting, Brunei for the ASEAN-US Summit and East Asia Summit, and Malaysia for the Global Entrepreneurship Summit. A stop in the Philippines is canceled due to an approaching typhoon.

Oct. 10, 2013: At the APEC meeting in Bali, Secretary Kerry and his Vietnamese counterpart sign a civil nuclear cooperation agreement, permitting US companies to export nuclear equipment to Vietnam. The agreement requires approval by the US Congress.

Oct. 25, 2013: Assistant Secretary of State Russel at the 180th anniversary celebration of US-Thai relations held at the National Archives in Washington, notes that the two countries engage in over 40 joint military exercises annually and that hundreds of US companies in Thailand employ about 250,000 Thai workers.

Nov. 1, 2013: Edward Snowden’s NSA leaks link Australian embassies to US electronic espionage in a number of Southeast Asian countries, including Indonesia, Thailand, Vietnam, and East Timor.

Nov. 1-3, 2013: Indonesia, Malaysia, and Myanmar ask the US and Australia to clarify media reports about embassy espionage allegations.

Nov. 6, 2013: US and Philippines negotiations over increased US rotational presence halt after disagreement about level of access Philippines troops will have to US facilities.

Nov. 6-8, 2013: US Navy CMDR Jose Sanchez is arrested for disclosing sensitive US Navy information to the CEO of Glen Defense Marine Asia and for accepting bribes for inflated and fraudulent services. US Vice Adm. Ted Branch and Rear Adm. Bruce Loveless are also implicated in scandal.

Nov. 8-11, 2013: Typhoon Haiyan moves through the Philippines, Vietnam, and Southern China.

Nov. 10, 2013: A 90-person US Marine task force from Okinawa arrives in the Philippines to provide disaster relief assistance in response to Typhoon Haiyan.

Nov. 13, 2013: USS George Washington accompanied by seven supply ships arrives in the Philippines to provide emergency response relief in aftermath of Typhoon Haiyan.
Nov. 14-15, 2013: Former US President Bill Clinton visits Myanmar and meets President Thein Sein, Parliamentary Speaker Shwe Mann, and Aung San Suu Kyi.

Nov. 15, 2013: US Navy Captain David Haas is suspended from duty for his role in the US Navy bribery scandal involving Glenn Defense Marine Asia, the sixth Navy officer to be implicated.

Nov. 20, 2013: Amphibious ships USS Ashland and the USS Germantown, equipped with helicopters, small boats, trucks, equipment to produce potable water and other supplies, take over US disaster relief operations in response to Typhoon Haiyan.

Nov. 21, 2013: Philip Goldberg is sworn in as the new US ambassador to the Philippines. He arrives in Manila on Nov. 26.

Nov. 22, 2013: Second former US Hamilton-class Coast Guard cutter is commissioned as BRP Ramon Alcaraz by the Philippine Navy.

Dec. 10-14, 2013: US Acting Assistant Secretary of State for Political-Military Affairs Tom Kelly visits Malaysia to discuss defense cooperation.