

Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



U.S.-Southeast Asia Relations: Domestic Drama and a New Path to ASEAN

Catharin Dalpino
Georgetown University

On a bilateral level, U.S. relations with Southeast Asia held steady in the face of complicated political transitions in Thailand and Malaysia. Incremental gains were seen in security ties with U.S. allies and partners in the region – Thailand, the Philippines, Indonesia, and Singapore – while two issues remaining from the Vietnam War era complicated relations with Vietnam and Cambodia. Although the U.S. is no closer to signing the ASEAN Treaty of Amity and Cooperation, three new initiatives with ASEAN were put onto the table in early 2008, suggesting an alternative path to a stronger regional role for the U.S. However, Burma’s deteriorating situation casts a long shadow over U.S. bilateral and regional relations with Southeast Asia. The regime’s determination to go forward with a constitutional referendum in May is creating new fissures within the region and will make it more difficult for Washington to pursue comprehensive plans of any kind to strengthen relations with ASEAN.

Political transitions and trials

In January, Thailand ushered in a government elected at the end of 2007. Led by Samak Sundaravej, the People’s Power Party (PPP) was an avowed partisan of former Prime Minister Thaksin Shinawatra. Samak leads a government coalition that contains several parties, leaving the Democrat Party as the sole opposition force. Although Thaksin’s Thai Rak Thai Party had been disbanded because of electoral abuse, the new coalition features a number of close associates and veterans from the Thaksin administration. In February, Thaksin made an emotional return to Thailand and, following a path that had been forged by his wife who returned before him, was arrested on corruption charges and released on bail. The trial of the Shinawatras, the date for which has not been set, will be a litmus test for the Samak government. If the judicial proceeding is perceived to be free and fair, it could help settle continuing tensions between pro- and anti-Thaksin groups. If, however, the government is charged with judicial interference, the popular uprising that developed in 2006 is likely to return with a vengeance. Thaksin’s return is a high-stakes strategy and will affect stability in Thailand for the next several months.

The return of elected government to Thailand enabled Washington and Bangkok to normalize relations that had suffered a legal and political setback because of the 2006 coup. The main impact of U.S. sanctions had been on security assistance to Thailand, which was restored in February. It is not clear if the gap of more than a year will make it

difficult to re-integrate Thai participants into the International Military Education and Training (IMET) program and pick up the relationship in other ways. In addition, the Samak government reversed currency controls that had been imposed after the 2006 coup, a move that pleased U.S. and other international investors. Fortunately, full relations were restored in time to mark the 175th anniversary of the U.S.-Thailand Treaty of Amity and Commerce, which makes Thailand the oldest treaty ally of the U.S. in Asia. To observe the occasion, Foreign Minister Noppadon Pattama visited Washington in March. His meeting with Secretary of State Condoleezza Rice underscored normalization of relations. After the coup, Foreign Minister Nitya Pibulsongkran, a former Thai ambassador to the U.S., was not received in Washington. The only jarring note to Noppadon's visit was Prime Minister Samak's trip to Burma a few days before, and Samak's statement while Noppadon was in the U.S. that Thailand supported the Burmese government's plans to hold a referendum on the new constitution in May.

Malaysia also entered into a turbulent political period during the quarter. In February, Prime Minister Abdullah Badawi dissolved Parliament and announced elections for early March. His timing was precise – he wanted to preclude the possibility that former Deputy Prime Minister Anwar Ibrahim, now a prominent opposition figure, could participate in the elections. Anwar was prohibited from running for office until April of this year, less than a month after the elections. However, this strategy did not save Abdullah and his Barisan Nasional (BN) coalition from a serious humiliation at the polls. Although the BN and its lead party the United Malay National Organization (UMNO) retained power, it lost five states, three of which are the wealthiest in the country. This signifies the coalition's poorest electoral result in the history of Malaysia and Abdullah has come under increasing pressure from within UMNO and the BN to step aside. Some Malaysian analysts doubt he will last the year.

A political upset of a very different sort took place in Timor Leste when President Jose Ramos-Horta was attacked by rebels on Feb. 11 and critically wounded. Prime Minister Xanana Gusmao escaped the ambush. Rebel leader Alfredo Reinado, who led the assault, was killed when Horta's guards opened fire in response to the attack. It is not clear whether the incident was an assassination attempt on the two leaders or a botched plan to kidnap them, with the aim of negotiating Reinado's surrender to the government. If there was a silver lining in this situation, it is that it dramatized the severity of the problem with disaffected soldiers and militia in Timor Leste – a problem that had been festering since the 2006 violence. In addition, it gave Prime Minister Gusmao an opening to demonstrate more decisive leadership.

None of these three situations affected U.S. bilateral relations in a significant way, other than the normalization of relations after the Thai elections, but each could have affected – and could still affect – regional security.

Pushing the security envelope

The first quarter of 2008 saw modest movement in security relations with the other U.S. treaty ally in Southeast Asia, the Philippines. In February the annual *Balikatan* exercises opened in Mindanao and the Sulu Archipelago. In contrast to the joint exercises after Sep. 11, 2001, which focused on counter-insurgency training, the 2008 exercises conspicuously avoided any appearance of “war games.” Instead, the three-week event focused on 23 joint humanitarian projects in these Muslim areas of the Philippines. The exercises were paired with a secret meeting that month between U.S. Ambassador Kristie Kenney and Al Haj Murad Ebrahim, chair of the Moro Islamic Liberation Front (MILF). Manila’s negotiations with the MILF broke down in December over issues of Muslim ancestral lands and the size of a promised autonomous zone. In addition, anti-American sentiment had increased in MILF territories because of a crackdown by the Philippine Navy that local Muslims assumed was supported by the U.S. Although the results of the meeting were not made public, its very existence signaled increased U.S. interest in seeing a negotiated settlement between the Philippine government and the MILF.

U.S.-Indonesian security ties also got a boost in February when Secretary of Defense Robert Gates visited Indonesia as part of a wide-ranging trip that included Turkey, India, and Australia. With the resumption of the security relationship in the past three years, Gates was forthcoming in discussing possible arms sales to Jakarta. However, his main thrust was to underscore Indonesia’s role in the region, which he described as “bedrock,” and its importance to the security environment. He downplayed counterterrorism cooperation, which was the entry point for the resumption of security ties in 2005.

U.S.-Singapore relations ventured into a different dimension of security. When Finance Minister Tharman Shanmugaratnam visited Washington in March and met Treasury Secretary Henry Paulson, the two countries (with Abu Dhabi) announced a joint initiative aimed at improving transparency and providing assurance that sovereign wealth funds, a new issue in economic security, will not use their investments to further their governments’ political goals. Although the program is relatively mild, urging funds to adopt voluntary codes of conduct, it was an attempt to reduce nationalist tensions that had been raised since the appearance of these instruments in the international economy.

As the U.S.-Singapore initiative suggests, U. S. economic policy in Southeast Asia is likely to be responsive rather than pro-active in the next several months. An attempt to restart free trade agreement talks with Malaysia was made early in the year, but that FTA is increasingly reckoned to be doomed, as was the U.S.-Thailand FTA. The U.S. Trade Representative has informally mentioned the possibility of a free trade agreement with Vietnam as the next hope for trade liberalization in the region. But, for domestic reasons on both sides, that is a mid-term goal at best. In the meantime, economic diplomacy in the region must also cope with the impact of the falling U.S. dollar and the U.S. recession, both of which have been cited as contributing to the rice shortage in Asia.

New business and old issues in Vietnam and Cambodia

U.S.-Vietnam relations began the new year with a disappointment over the cancellation of Deputy Secretary of State John Negroponte's planned visit to Vietnam, due to inclement weather in China, where he had participated in the U.S.-China Senior Dialogue. Negroponte's trip was to have been his first since the Vietnam War. However, the downturn was fleeting; at Washington's urging, Hanoi made tentative plans for Prime Minister Nguyen Tan Dung, who had been invited by President Bush during the 2006 APEC meeting, to visit Washington in the early summer. Vietnam worried about the impact that the Vietnam Human Rights Act, which would link U.S. non-humanitarian assistance to Vietnam to human rights improvements, would have on the visit. Over the past several years, the Act has passed in various versions in the House three times, but has always died in the Senate. In March, the Senate Foreign Relations Committee held hearings on U.S.-Vietnam relations that focused primarily on human rights, but it appears that the legislation will once again fail in that chamber.

A "new" issue in the bilateral relationship is actually a very old one: the continuing impact of dioxin, the toxic chemical in Agent Orange and other herbicides used in Vietnam during the war, on the Vietnamese environment and the population in the areas where it was sprayed or stored. A \$3 million earmark to begin addressing this issue was placed in the 2007 Appropriations Act by Senator Patrick Leahy. The administration's inter-agency process to determine responsibility for disbursing the funds was protracted, with responsibility ultimately given to the U.S. Agency for International Development. But, the earmark has not yet been paid out. Pressure in this regard increased when the U.S. Court of Appeals in New York turned down the petition of the Vietnamese Victims of Agent Orange/Dioxin (VAVA) to reconsider the lower court's dismissal of their class action lawsuit against 30 U.S. chemical companies that manufactured the herbicides during the war. For the foreseeable future, the best hopes for finding funds to remediate the dioxin problem in Vietnam are the Congressional earmark and philanthropic groups that have moved into this issue in recent years. Laos was also affected by herbicides sprayed during the war, but there is as yet no process to address this problem.

Although U.S.-Cambodian relations continue on a positive trajectory, a legacy issue with that country has surfaced as well. The government of Cambodia is responsible for over \$300 million in loans (including debt servicing costs) made by the U.S. government to the Lon Nol regime in the early 1970s. Many Cambodians favor settling with a debt-to-development scheme that would allow the government to apply the outstanding balance to development projects. This was done with the debt owed to the U.S. by South Vietnam, and is the basis for the U.S.-Vietnam Education Foundation. However, in hearings held by the House Asia Subcommittee in February, the Bush administration indicated that it was not willing to consider this option for Cambodia. This issue is not likely to be a major problem in the bilateral relationship, but it will be an irritant.

A new ASEAN game plan

Many Southeast Asians continue to complain that the U.S. is not sufficiently engaged in relations with the Association of Southeast Asian Nations (ASEAN), particularly in contrast to new regional powers such as China and India. Events this quarter suggest that Washington is picking up the pace, albeit down a path of its own making. An earlier momentum in Washington to consider signing the ASEAN Treaty of Amity and Cooperation, a necessary step in joining the East Asia Summit, appears to have cooled. However, three initiatives unveiled this quarter are quantum steps, if not leaps, forward.

On Jan. 7, former Thai Foreign Minister Surin Pitsuwan took up his new position as ASEAN secretary general. Surin was the author of the “flexible engagement” proposal to amend the “ASEAN way” in 1998, which was not adopted formally but has become a *de facto* alternative for ASEAN on occasion. Harvard-educated, Surin is particularly adept at explaining Southeast Asians to Americans, and vice-versa. He lost no time in midwifing a new U.S. initiative with the ASEAN Secretariat, the ASEAN Development Vision to Advance National Cooperation and Economic Integration, which was given the acronym ADVANCE. The ADVANCE program is intended to complement the ASEAN-U.S. Trade and Investment Framework Agreement (TIFA) signed in 2007. At present, it has three features: joint policy studies; an ASEAN Single Window program to standardize customs clearance for goods going to or from the U.S. and ASEAN countries; and a series of activities to promote market integration within ASEAN. Like most initiatives of this kind, some activities are old wine poured into new bottles, but the appearance of the ADVANCE program so early in Surin’s tenure signals that he will actively work to strengthen U.S. relations with ASEAN.

Washington has demonstrated momentum in this regard as well in recent months. In February, the Bush administration nominated Scot Marciel, current deputy assistant secretary of state in the East Asia Pacific Bureau with primary responsibility for Southeast Asia, to be the first U.S. ambassador for ASEAN Affairs. That position will be Washington-based and held concurrently with the Southeast Asia DAS position. Marciel would be the first ambassador to ASEAN from any country sparking the potential for other regional actors to follow suit.

Another U.S. initiative is the informal proposal for a full U.S.-ASEAN Summit in Singapore later this year while President Bush is in the Asia-Pacific region. The tacit ground rule for a meeting with all 10 ASEAN governments is that Burmese representation would be downgraded to the foreign minister level at most. It is unclear if this will be acceptable to Burma, or to ASEAN as a whole, and when the Summit would take place. The two possibilities are July, after Bush attends the G8 meeting in Tokyo, or August, after he attends the Olympics in Beijing. Despite the potential problem with Burmese representation, a summit under these terms would be significant, creating a precedent that subsequent administrations would be expected to follow.

Burma: A new spiral down

Despite attempts on both sides of the Pacific to improve U.S. relations with ASEAN, Burma continues to be a sticking point. It also creates friction within ASEAN itself. To date, the Philippines has abstained from ratifying the ASEAN Charter because of President Arroyo's objections to the situation in Burma. However, Arroyo continues to be besieged by political and public opposition to her administration, and some Philippine analysts believe that she will eventually accede to ratification. With Thai Prime Minister Samak's proclamation of support for the constitutional referendum in May, new cracks within ASEAN could develop over Burma.

Indeed, the Burmese referendum on the regime-driven new constitution and the government's announcement of elections in 2010 have occasioned a new round of political repression in the country. In February, the regime promulgated the Constitutional Approval Law, establishing a three-year imprisonment as penalty for disrupting the referendum. A companion law, Decree 5/96, punishes critics of the junta's "road map" to democracy with up to 20 years in prison. The law that authorizes the referendum denies monks, nuns, and political prisoners the right to vote, a widespread attempt to disenfranchise both the leaders and the foot soldiers of last year's "Saffron Revolution."

In March, UN Special Envoy for Burma Ibrahim Gambari made his third trip to Burma since the confrontation between the junta and Buddhist monks last year. He met with members of the constitutional drafting and review committees but was denied a meeting with Senior Gen. Than Shwe. Gambari admitted that the visit produced no "tangible results," but vowed to continue his efforts.

The tense political situation in Burma is further exacerbated by persistent rumors that Than Shwe is in very poor health, with attendant speculation on shifts, purges, and even internal coups within the junta. If Than Shwe loses his leadership position for whatever reason, it is not likely to lead to a democratic moment in Burma, much less a democratic transition. As in previous junctures over the past 20 years, any sudden vacancy at the top will likely be filled promptly with a senior – and hard line – regime veteran. The nervousness of the Burmese military elite may have increased with the recent release of *Rambo 4*, in which Sylvester Stallone's self-styled avenger takes up the cause of Karen guerrillas in Burma against the government. In the vast majority of governments in the world, this would be a comic coincidence, but the xenophobic junta may take it as concrete proof that the outside world is ready and willing to take it over.

A busy and volatile new quarter

The spring and early summer should reveal how well the Samak government settles into place in Bangkok and whether Abdullah can rescue his political career in Malaysia. Absent a major shift in internal dynamics within the regime, the Burmese junta is not likely to be dissuaded from conducting the May referendum, and this turning point will

have regional and international repercussions. On the economic track, Washington will not be positioned to pursue serious trade initiatives in the region until a new administration and Congress are in place – and the president’s fast-track authority is restored. Therefore, the main focus of U.S. relations with Southeast Asia for the remainder of the year will be on diplomatic moves. The confirmation of a U.S. ambassador for ASEAN affairs will be a milestone, although Burma issues will set the tone of the hearing process this spring. Because it will be held with a lame duck U.S. administration, a 10-plus-one U.S.-ASEAN Summit will be discounted in Southeast Asian eyes, but it too would set a precedent for greater U.S. engagement in the region. For that reason alone, it is worth pursuing.

Chronology of U.S.-Southeast Asia Relations January-March, 2008

Jan. 14, 2008: Malaysia and the U.S. resume discussions on a bilateral free trade agreement, after nearly a year’s hiatus.

Jan. 15, 2008: Singaporean Defense Minister Teo Chee Hean visits Washington.

Jan. 19, 2008: Deputy Secretary of State John Negroponte cancels a planned visit to Vietnam after the U.S.-China Security Dialogue due to protracted winter storm in China.

Jan. 25, 2008: Lionsgate Productions releases *Rambo 4*, in which the mercenary played by Sylvester Stallone turns his attentions to the plight of Karen guerillas in Burma.

Jan. 27, 2008: Former Indonesian President Suharto dies, sparking a public mourning period but little political disturbance.

Jan. 29, 2008: Samak Sundaravej, leader of the People’s Power Party, is inaugurated as Thai prime minister and leader of a broad coalition of parties.

Jan. 30-31, 2008: FBI Director Robert Mueller visits Vietnam and Cambodia.

Feb. 5 and Feb. 25, 2008: Under targeted sanctions laws passed in late 2007 in the wake of the crackdown in Burma, the Bush administration adds nine new individuals and their companies to the sanctions list.

Feb 6, 2008: Deputy Secretary of State Negroponte certifies to Congress that a democratically elected government has taken office in Thailand, enabling the Bush administration to remove legal restrictions on assistance to the Thai government applied after the September 2006 coup.

Feb. 11, 2008: Rebel forces in Timor Leste critically wound President Jose Ramos-Horta in an attack in which rebel leader Alfredo Reinado is killed by Horta’s guards. Prime Minister Xanana Gusmao escapes harm.

Feb. 11, 2008: The State Department issues strong criticism of Burmese military regime, maintaining the plans for a constitutional referendum and subsequent elections are “further evidence of [the junta’s] refusal to pursue a meaningful and time-bound dialogue with Burma’s democratic and ethnic minority representatives.”

Feb. 13, 2008: Malaysian Prime Minister Abdullah Badawi dissolves Parliament in preparation for snap elections.

Feb. 14, 2008: Philippine security officials announce they have uncovered an assassination plot against President Gloria Arroyo by groups linked to Al-Qaeda. Some in the Manila political community express skepticism given the timing of anti-Arroyo rallies planned for the next day.

Feb. 14, 2008: U.S. House of Representatives Foreign Affairs Committee Subcommittee on Asia, Pacific and the Global Environment holds hearings on “United States and Cambodia: Bilateral Relations and Bilateral Debt.”

Feb. 18, 2008: The 24th annual US-Philippine *Balikatan* exercises open in Mindanao and the Sulu Archipelago.

Feb. 18, 2008: Amnesty International issues an open letter to ASEAN foreign ministers urging them to move quickly to implement Article 14 of the new ASEAN Charter, which calls for the establishment of a regional human rights body.

Feb. 19-20, 2008: ASEAN foreign ministers hold retreat in Singapore to discuss further regional integration.

Feb 19, 2008: U.S. Ambassador to the Philippines Kristie Kenney holds unprecedented secret meeting with Moro Islamic Liberation Front (MILF) chair Al Haj Murad Ebrahim.

Feb. 22, 2008: U.S. Appeals Court in New York rejects the request of the Vietnamese Victims of Agent Orange (VAVA) to reverse the lower court’s dismissal of VAVA’s class action lawsuit against 30 American chemical companies that manufactured Agent Orange and other herbicides used in the Vietnam War.

Feb. 25, 2008: White House nominates Scot Marciel as first U.S. Ambassador for ASEAN affairs. The position is to be held concurrently with Marciel’s present role as deputy assistant secretary of state for Southeast Asia.

Feb. 25, 2008: U.S. Secretary of Defense Robert Gates visits Indonesia as part of a multi-region tour of U.S. security partners that includes Australia, India, and Turkey.

Feb. 25, 2008: USAID and the ASEAN Secretariat announce their new joint effort, the ASEAN Vision to Advance National Cooperation and Economic Integration (ADVANCE) to promote development of an ASEAN Community by 2015.

Feb. 27, 2008: Burmese government announces a new Constitutional Approval Law, with harsh penalties for political dissent.

Feb. 28-March 4, 2008: Assistant Secretary of State for East Asia/Pacific Christopher Hill visits Thailand and Vietnam.

Feb 28, 2008: Former Thai Prime Minister Thaksin Shinwatra returns to Thailand and, according to plan, is arrested on corruption charges and released on bail.

March 6-10, 2008: UN Special Envoy for Burma Ibrahim Gambari makes third trip to Burma since the confrontation between the junta and Buddhist monks last year, which he reports produced “no tangible results;” he vows to continue his efforts.

March 6, 2008: With the help of U.S. security forces, Thai police arrest Russian arms trafficker Viktor Bout on suspicion of terrorism in a sting operation, in which Bout attempted to purchase millions of dollars worth of weapons for sale to the Columbian insurgent group Fuerzas Armadas Revolucionaries (FARC).

March 8, 2008: Malaysian elections enable the Barisan Nasional (BN) to retain power but show dramatic new inroads by opposition parties.

March 12, 2008: Senate Foreign Relations Committee holds hearings on U.S.-Vietnam relations, with a strong emphasis on human rights.

March 14, 2008: Thai PM Samak travels to Burma and meets Senior Gen. Than Shwe.

March 19, 2008: The White House releases statement commemorating 175th anniversary of the U.S.-Thailand Treaty of Amity and Commerce, which established Thailand as the oldest treaty ally of the U.S. in Asia.

March 19-21, 2008: Thai Foreign Minister Noppadon Pattama makes his first official visit to Washington in his new capacity.

March 20-21, 2008: Singaporean Finance Minister Tharman Shanmugaratnam visits Washington for consultations with Treasury Secretary Paulson. The two countries, joined by Abu Dhabi, release a set of common policy principles for sovereign wealth funds, urging that SWF’s adopt voluntary best practices.