

U.S.-ASEAN Relations:

Lingering Concerns Amidst Some Promising Developments

**by Samantha F. Ravich, Fellow, Asia Program
Center for Strategic and International Studies**

Despite continuing public criticism of the Indonesian military's conduct in East Timor, the U.S. quietly resumed limited military-to-military contact with Indonesia during the last quarter. Indonesia also was invited as an observer to the COBRA GOLD 2000 military exercises, which were expanded from the traditional Thai-U.S. bilateral format to include the participation of Singapore as well. In the Philippines, the U.S. FBI became frustrated with the lack of a legal framework for prosecuting cybercrime during the "Love Bug" incident, while President Estrada was also called to task over Manila's inability or unwillingness to settle its hostage crisis. This latter incident has raised further questions regarding ASEAN's cohesion as well. The 15th Annual U.S.-ASEAN Dialogue was convened in Kuala Lumpur, while ASEAN also sent a delegation to promote trade and investment to several U.S. cities. As the quarter closed, there were hopeful signs that a U.S.-Vietnam trade agreement would be concluded.

Indonesia: The Quiet Resumption of Military Ties

Developments in U.S.-Indonesian relations during the last quarter illustrate an attempt by Washington to balance concern over human rights issues against the need to have a stable political and military relationship with Jakarta. In late April, UN Ambassador Richard Holbrooke and U.S. Ambassador to Indonesia Robert Gelbard spoke out strongly against suspected complicity by the Indonesian military in the recruiting of militia members in West Timorese refugee camps. The swelling of the ranks of the pro-Indonesian militias is causing concern within the human rights community, which fears that retaliation may be sought against East Timorese who voted for independence.

Nonetheless, the United States quietly resumed its relationship with the Indonesian military in May, eight months after severing ties in protest of the military involvement in the East Timor massacres following the province's vote for independence. The resumed ties began with the invitation to a small contingent of Indonesians to observe COBRA GOLD 2000 U.S.-Thai military exercises. To avoid re-engagement with those who may yet be indicted by the Indonesian human rights commission, the invitation to COBRA GOLD was extended only to members of the Indonesian air force and navy. Joint exercises concentrating on humanitarian assistance and disaster relief are being scheduled this summer with the Indonesian marines. Contact with the army has not yet resumed.

Indonesia has pressed the United States for a resumption of the military relationship for the past few months but congressional concerns prevented the U.S. administration from taking action. Officials from Tentara Nasional Indonesia (TNI), Indonesia's armed forces, voiced concern that words of support alone to the Wahid administration cannot assist in the stabilization of the country. They maintain that the ban against military-to-military contacts has been cited by Wahid's political opponents as an American vote of no confidence for the Indonesian administration. A high ranking Indonesian military officer told a group of visiting Americans in May that the TNI rank and file, already demoralized by their loss of prestige in the society and clout within the government, viewed their isolation by the U.S. as a further condemnation. The official pointed out that TNI is looking for U.S. leadership in helping to professionalize the corps but may, if there is no other option, seek advice from others (China included). The official remarked that the Indonesians are particularly interested in learning how the U.S. Army, demoralized in the wake of Vietnam, recreated itself to become the formidable force it was during the Gulf War.

Aside from the more psychological aspects of renewed contact, the Indonesian military is desperately in need of a resumption of military sales from the U.S. Spare parts and materials are in severe shortage. This has led to the docking of ships and the grounding of planes. Yet, given the vocal opposition of Senator Russell Feingold (D-WI) and Representatives McGovern (D-MA) and Smith (R-NJ) in May, a resumption of military sales may not occur in the near future. Legislation has been introduced in both the House and Senate to forbid the resumption of such sales until certification that those responsible for the massacres in East Timor are being held accountable.

The Active Promotion of Ties with Thailand and Singapore--COBRA GOLD 2000

The 19th annual COBRA GOLD exercises took place between May 9-23 in Thailand. The traditional military exercises held between the United States and Thailand were augmented with the inclusion of 30 Singaporean service personnel. Observers from the Philippines, Australia, Malaysia, and Indonesia were also in attendance. COBRA GOLD involves nearly 13,000 U.S. and 7,000 Thai service personnel.

In prior years, the exercises focused exclusively on simulating an attack on the Thai homeland. This year, in addition to the more traditional simulations, COBRA GOLD included a theoretical peacekeeping operation attendant with the planning and execution of a noncombatant evacuation. COBRA GOLD involves joint and combined land and air operations, combined naval operations and amphibious operations, and medical and civil affairs projects. With the inclusion of Singapore, the exercises took on a decidedly multilateral nature, with focus given to interoperability and command and control issues. Broadening the focus away from its bilateral roots, the COBRA GOLD exercises were designed to enhance existing security relations and strengthen appreciation among the nations of Southeast Asia that the United States remains committed to playing an important strategic role within the region. The expanded nature of the exercises dovetailed with the June release of the Defense Department's "Joint Vision 2020" which places a greater emphasis on the Asia Pacific and on the role of peacekeeping operations.

The participation of Singapore signals the growing resolve of this small nation to play a more active role in regional defense and strengthen its relationship with the United States. Singapore is currently building a blue-water pier capable of meeting the docking needs of a nuclear-powered U.S. aircraft carrier. Singapore's participation was also designed as a comment on its concern over growing instability of the region and the potential rise of a hegemonistic China.

The invitation to the Philippines to participate as observers in the exercises comes almost ten years after the U.S. withdrew from its bases. The renewed cooperation was the latest step in a strengthening relationship that has, over the past year, witnessed the settling of a Visiting Forces Agreement and the planning of the U.S.-Philippine joint exercise, "Balikatan 2000." Like the Singaporeans, those in the Philippines recognize that the continued military presence of the United States within the region is the best hedge against instability within Southeast Asia as well as a balance to a more powerful China.

U.S.-Philippines Relations--The "Love Bug"

On May 4, millions of computer users around the world were hit with the "Love Bug" virus. Estimates of the damage range up to \$10 billion. Within a day of the attack, computer experts had pinpointed a Filipino former computer programming student as the creator of the virus. The FBI, working with their Philippine counterparts, put the apartment of the suspect under surveillance on May 5. Unfortunately, it took another three days for Philippine authorities to find a competent judge who understood the complexities of the case to issue a warrant. In the interim, valuable evidence was destroyed. On June 30, formal charges were finally filed against the young man.

Although the FBI officially praised its Philippine counterpart, unofficially Washington was extremely disappointed that Manila did not place a greater sense of urgency on harmonizing laws worldwide on cybercrime. While in early June the Philippine legislature adopted a new e-commerce law, it is highly unlikely that the country will be willing or able to put the necessary resources into law enforcement to make the deterrent viable. There have also been scattered reports that the FBI met with obstruction, mostly unofficial, during their investigation by Philippine nationals not altogether unhappy that a young Filipino could bring down some of the most sophisticated computer systems in the world and wreak havoc among U.S. corporations.

Doubts on the Cohesion of ASEAN

In a series of meetings held in Bangkok between a delegation of key U.S. Senate staff and Thai policymakers in early June, there was a great deal of discussion about the changing nature of ASEAN. In the words of a senior Thai official, "while Thailand wishes to keep non-interference as the basis of ASEAN, the lines between foreign and domestic issues are blurring." Thailand hopes that, in the future, ASEAN will be capable of "flexible engagement or enhanced interaction"--the ability within ASEAN to engage in a dialogue on internal events. The new doctrine took shape after the East Timor crisis and the inability of ASEAN, as an institution, to

handle the situation. Although the idea was not greeted warmly (it was met with an “uproar” said one Thai official), events during this past quarter have shown that the extent of interdependence among the ASEAN nations is changing the shape of the organization as well as its broader relationship with the United States. Cyberthreats, cross-border terrorism, and religious extremism have all highlighted these blurred lines.

While there is pressure upon the institution of ASEAN to engage in more “enhanced interaction” in order to confront the new challenges of a more globalized world, the transnational threats illustrated by the recent hostage situation in the Philippines may place an insurmountable obstacle to greater cooperation among the member states.

On April 23, a group of Muslim extremists known as the Abu Sayyaf group infiltrated the Malaysian diving resort of Sipadan, kidnapping 20 tourists. The hostages were then ferried back to the Philippine island of Jolo. Within days of the kidnapping, the terrorists issued their formal demands, which included the release of the World Trade Center bomber Ramzi Yousef from a U.S. jail; a demand the U.S. rejected.

The Philippine government has refused to consider the demands but has engaged the rebel group in negotiations. However, Manila has clearly not ruled out a military solution to the crisis. President Estrada has placed the kidnappings within a broader framework--there exists a concerted threat to undermine the country and the Philippines is at risk of becoming a “safe haven” for international Islamic guerilla groups.

The recent spate of Muslim extremist activities within the region has also quietly begun a debate over how, and if, ASEAN (and its member states) can play a positive role in defusing existing situations and minimizing the likelihood of future ones. Malaysian Prime Minister Mahathir flirts with weighing in on the situation but, given his thorny relationship with President Estrada on the one hand and the fact that he is under tight surveillance by his more Muslim-oriented opposition, the Pan Malaysian Islamic Party (PAS), on the other, he has done little.

Late in June, a Malaysian cabinet minister accused Manila of dragging its feet in talks with Abu Sayyaf and condemned the Philippine government for politicizing the situation through the suggestion that the Malaysian government had paid a ransom to the kidnappers in order to win the release of one of the Malaysian hostages. Officials in the Philippines have also suggested that the terrorists have received arms and supplies through Malaysian channels. Kuala Lumpur has reacted quickly in denouncing that suggestion but, along with a number of other ASEAN countries, has warned Estrada against using force to resolve the crisis. Estrada has steadfastly reaffirmed that the use of force remains a sovereign right of the Philippine government.

Economic Relations**

The 15th Annual U.S.-ASEAN Dialogue was convened on May 24-25 in Kuala Lumpur. Co-chaired by Datuk Abdul Kadir Mohamad, Malaysian Secretary General of the Ministry of Foreign Affairs, and Mr. Ralph L. Boyce, U.S. Deputy Assistant Secretary of State for East Asia and Pacific Affairs, the dialogue included issues relating to economic cooperation, regional and international security, as well as social and environmental issues. ASEAN stressed that trade matters should not be linked to labor and other non-trade related issues, and urged the World Trade Organization (WTO) to work to develop the confidence of developing countries in the benefits of globalization and trade liberalization.

A positive sign of private sector activity was the U.S.-ASEAN Business Council's coordination of a senior level delegation of economic trade officials from all ten ASEAN countries for a five-day visit to the U.S. in mid-May to promote trade and investment. (ASEAN also sent investments missions to Europe and Japan this quarter, reflecting the broad need for increased investment in the region.)

Washington, as well as U.S. multinationals, remain concerned about backsliding on ASEAN's commitment to implement the ASEAN Free Trade Agreement (AFTA). ASEAN trade ministers have agreed, for example, to Malaysia's request for a minimum two-year exemption from AFTA for its car industry and some agricultural products, which is due to come into effect in 2003. U.S. car manufactures are particularly eager to see liberalization of the automobile sector to fulfill their strategy of selling cars manufactured in Thailand region-wide. Excluding Malaysia, ASEAN is committed to reducing tariffs on cars and parts to a ceiling of five percent by 2003, which is low enough to allow development of a genuine pan-regional market place. Perhaps reflecting concern over Malaysia's exemption, U.S. Trade Representative Charlene Barshefsky opined, "...it is important [AFTA] proceed on the ground as rapidly as it has on paper, and that individual ASEAN governments not selectively opt out of more sensitive industries if it is to have the credibility and effect it should."

As the quarter closed, mid-level officials from Vietnam were in Washington, D.C. hoping to conclude a bilateral trade agreement that has been through four years of negotiations. In July 1999, the two countries initialed a preliminary draft of the agreement (see Sheldon Simon, "Relations with Vietnam and the East Timor Tragedy," *Comparative Connections*, Vol. 1, No. 2 http://www.csis.org/pacfor/cc/993Qus_asean.html), but as the document became more widely disseminated in Hanoi, officials became nervous about the degree of opening that would be required. Since then, U.S. officials speculate that China's entry into the WTO may have had some bearing on official sentiment. In any case, it was unclear at quarter's end whether the agreement would be ready for signing in early July by U.S. Trade Representative Charlene Barshefsky and Vietnamese Trade Minister Vu Khoan. Stay tuned: if such as agreement is signed, it will require Congressional approval, which will encounter some resistance.

Policy Implications

The limited resumption of military contacts with Indonesia is an excellent start, but the relationship has to be broadened and deepened. There are many people in the U.S. Congress and the Clinton administration that believe the Indonesian military remains the brutal, repressive organization it was during the Suharto years. For those that hold that view, nothing short of the completion of full-scale military restructuring will suffice before more comprehensive dialogue can resume. Such a strategy is foolhardy. The Indonesian military has made significant strides in ending its political role, arranging to place itself under the control of the civilian-led Ministry of Defense, and withdrawing all military personnel posted in villages (a vestige of the Suharto years when the military would spy on political activities that could threaten the regime). Undoubtedly, the progress of reform has only begun. But it *has* begun and the U.S., as a friend of the new democratic Republic of Indonesia, should applaud these steps and lend the necessary support to assist in the creation of a professionalized corps.

While the United States, over the last three months, has strengthened its military relationships with Thailand, Singapore, the Philippines, and Indonesia, ASEAN's ability to cooperate on transnational issues of significance has weakened. If the rise in tensions between Malaysia and the Philippines is more than just heat generated by an isolated incident, it may have significant repercussions on the broader U.S.-ASEAN relationship. Within Southeast Asia, problems of cybercrime, cross-border terrorism, religious extremism, and drugs and weapons trafficking first affect the states within the region. But given the vested interests of the United States within Southeast Asia, such transnational issues quickly affect the U.S.

An ASEAN that can work together toward a goal of "enhanced interaction" will be a more able partner for the U.S. in confronting these issues. Alternatively, an ASEAN that is unwilling to recognize the blurred lines between internal and external problems and unable to craft policies for confronting these issues, will force the international community to pick up the slack.

***Economic analysis for U.S.-ASEAN relations was provided by Jane Skanderup, Assistant Director of Programs and Development of the Pacific Forum CSIS.*

Chronology of U.S.-ASEAN Relations April-June 2000

Apr. 2000: Vietnam requests a meeting to reopen dialogue on a draft U.S.-Vietnam trade agreement.

Apr. 21, 2000: Malaysian Prime Minister Mahathir remarks that electronic commerce is being used by rich nations to impoverish developing countries.

Apr. 23, 2000: Six Philippine Abu Sayyaf terrorists kidnap 20 hostages from the Malaysian resort island of Sipadan and transport them to the Southern Philippines.

Apr. 25, 2000: USAID budget for East Timor in 2001 is reported at \$10 million, \$15 million less than FY2000.

Apr. 26, 2000: A senior Indonesian official reports that Indonesia has asked the U.S. to help trace assets held by former President Suharto.

Apr. 27, 2000: UN Ambassador Richard Holbrooke remarks that, “my government remains deeply disturbed...concerning the relationship between elements of the Indonesian military and the militia operating in the refugee camps in West Timor... the Indonesian military must...stop all military activities in areas under their control.”

Apr. 27, 2000: State Department expresses deep concern about continuing violence in the Indonesian province of Aceh and urges the Free Aceh Movement to renounce violence and enter into dialogue.

Apr. 28, 2000: While visiting Vietnam to commemorate the 25th anniversary of the end of the Vietnam war, former prisoner of war U.S. Senator John McCain tells local journalists, “the wrong guys won the war.”

Apr. 28, 2000: U.S. environmental and labor rights groups protest U.S. Ambassador to Indonesia Gelbard’s pressure to cut funding for an Indonesian environmental organization working to hold an American mining company accountable for environmental and human rights abuses.

Apr. 28, 2000: U.S. Senator John Kerry visits Phnom Penh and hammers out agreement for Hun Sen to cooperate with foreign jurists to create a tribunal to prosecute Khmer Rouge leaders for genocide.

May 2000: Human rights organizations petition the Secretary of State not to resume military engagement with Indonesia.

May 1, 2000: The U.S. is “deeply concerned” over the April 29 decision of Malaysia’s Appeals Court to reject former Deputy Prime Minister Anwar Ibrahim’s appeal, amid “widespread concerns about the lack of due process.”

May 1, 2000: The U.S. begins enforcement proceedings at the World Trade Organization (WTO) against the Philippines’ local content requirements for motorcycles, automobiles, and commercial vehicles.

May 2, 2000: The U.S. moves Indonesia down to Watch List from the Special 301 Priority Watch list with regards to Intellectual Property Rights (IPR) protection; Malaysia remains on the Priority Watch List for IPR infringement.

May 3, 2000: Representatives McGovern (D-MA) and Smith (R-NJ) introduce a bill that would forbid U.S. military cooperation with the Indonesian military while East Timorese continue to be hindered from returning to their homeland.

May 3, 2000: U.S. House of Representatives calls on the President to “restate and make clear to [Vietnam] that the American people are firmly committed to political, religious, and economic freedom for the citizens of [Vietnam].”

May 4, 2000: The *Far Eastern Economic Review* reports that U.S. Ambassador Gelbard has “earned the ire of Amien Rais, chairman of the People’s Consultative Assembly, for appearing to interfere in issues such as the leadership of the Indonesian Bank Restructuring Agency.”

May 5, 2000: Admiral Dennis Blair, U.S. Commander-in-Chief in the Pacific, visits Indonesia and remarks that military links won’t fully resume until the crisis in West Timor is resolved.

May 6, 2000: The U.S. “cautiously welcomes” an ASEAN+3 (Japan, China, and South Korea) currency operation agreement to handle future financial crises and voices support for the Chiang Mai Initiative.

May 9, 2000: COBRA GOLD exercises among the U.S., Thailand and Singapore begin. Observers from the Philippines, Australia, Malaysia, and Indonesia attend.

May 11, 2000: U.S. House of Representatives holds hearings on human rights abuses in Indonesia and East Timor.

May 12, 2000: The Indonesian government and the leadership of the Free Aceh Movement agree in Geneva to embark on an “humanitarian pause” beginning on June 2.

May 15, 2000: Secretary Albright hails the truce agreement between the Indonesian government and Aceh separatists and pledges humanitarian aid.

May 16, 2000: Secretary Albright reaffirms Washington’s call for the establishment of democracy in Burma and lauds opposition leader Aung San Suu Kyi. The Burmese government releases a statement accusing the U.S. of misunderstanding the process of democratization in Burma.

May 18, 2000: U.S. Trade Representative Charlene Barshefsky announces that Cambodia’s apparel quota has been raised by 5%, recognition that Phnom Penh is progressing in enforcing internationally recognized core labor standards. The U.S.-Cambodia textile agreement is the first bilateral textile trade agreement containing a labor provision.

May 19, 2000: Air industry executives and U.S. officials press ASEAN countries on open-skies issues and customs practices that they fear needlessly slow international transportation.

May 23, 2000: Senator Russell Feingold (D-WI) introduces a resolution calling on Laos to “respect the basic human rights of all of its citizens” and ratify the Universal Declaration of Human Rights.

May 23, 2000: *The Washington Times* reports that FBI has placed Vietnam among a list of 10 countries deemed “a hostile intelligence threat to the U.S.”

May 25, 2000: ASEAN officials meeting in Kuala Lumpur call upon the U.S. to dismantle trade practices that “create barriers and discriminate against ASEAN exports.”

May 24-25, 2000: The 15th ASEAN-U.S. Dialogue is held in Malaysia.

May 24, 2000: Malaysian Prime Minister Mahathir tells delegates at an Asia-Africa forum that Western governments are “encouraging the formation of cartels and oligopolies to dominate the world... the U.S. is even opposing the setting up of an Asian Monetary Fund for fear it might undermine the IMF and therefore U.S. hegemony.”

May 25, 2000: The Thai Air Force reaches an agreement with the U.S. to buy 18 used F-16 fighters with advanced medium range air-to-air missiles.

May 26, 2000: U.S. Senate staffers visit Jakarta, meet with President Wahid, Foreign Minister Shihab, Attorney General Marzuki Darusman, and Speaker of the Parliament Akbar Tandjung.

Jun. 1, 2000: Abu Sayyaf rebels meet Philippine government negotiators for talks.

Jun. 1, 2000: U.S. Senate staffers visit Bangkok, travel to refugee camps on the Thai-Burmese border.

Jun. 2, 2000: President Clinton recommends a continuation of the waiver of the Trade Act of 1974 for Vietnam for a 12-month period.

Jun. 4, 2000: A massive earthquake measuring 7.9 on the Richter Scale devastates parts of southern Sumatra in Indonesia. Washington pledges \$25,000 in immediate assistance.

Jun. 7, 2000: Thai Foreign Minister Surin Pitsuwan warns of Laotian instability, a rare occurrence given the non-interference policy of ASEAN.

Jun. 8, 2000: U.S. State Department hosts its eighth round of human rights dialogue with Vietnam.

Jun. 13, 2000: Akbar Tandjung, Speaker of the Indonesian House of Representatives, strongly rejects President Wahid’s plans to seek assistance from U.S. authorities to carry out corruption investigations.

Jun. 13, 2000: Indonesian President Wahid meets with President Clinton to outline Indonesian economic and military reforms.

Jun. 21, 2000: The U.S. Supreme Court invalidates a Massachusetts law prohibiting State agencies from dealing with companies that do business in Burma.

Jun. 26, 2000: Demonstrators gathered outside U.S. Embassy in Jakarta to demand that Washington take action to halt the religiously motivated violence in the Moluccas.

Jun. 27, 2000: Vietnam leaders begin a series of meetings that will focus on economic reforms and integration into the world economy.