



## U.S.-ASEAN: Good News and Bad News

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There's good news and bad news this quarter when it comes to U.S. relations with the various members of ASEAN. On the plus column, Philippine relations have improved markedly with the passage of the Visiting Forces Agreement, making possible military exercises between the two allies once again. U.S.-Indonesian relations are also on the upswing, given its sudden embrace of democracy. However, relations with America's other formal ASEAN ally, Thailand, remain strained due to U.S. failure to support the bid by Thailand's Deputy Prime Minister to become Director General of the World Trade Organization.

### **The Visiting Forces Agreement**

Since 1996, when the Philippine Justice Department ruled that there was no legal framework covering U.S. forces visiting the Philippines, no large-scale joint exercises have been held. Both President Fidel Ramos and his successor Joseph Estrada hoped to remedy this situation through the passage of a Visiting Forces Agreement (VFA). Because the Philippine Senate insisted the VFA was a treaty, a two-thirds ratification vote was required. However, the Senate had also been the legislative body in 1991 that refused to renew the comprehensive bases agreement with Washington, leading to the U.S. Navy and Air Force exit from Subic Bay and Clark Field. The Senate's composition in 1999, though somewhat less anti-U.S. forces, remained strongly nationalistic. Concern over being seen as too accommodating to the Americans led many senators to conceal their preference until the Senate actually voted to ratify 18-5 on May 27.

The great difference between 1991 and 1999 that led to the ratification is China's presence in the southern Spratlys, adjacent to the Philippines. The PLA Navy built permanent structures on Mischief Reef in 1995 and significantly upgraded them in 1999. Although Manila protested these developments in ASEAN meetings, the ASEAN Regional Forum (ARF), and even the United Nations, no reduction in China's presence occurred. Rather, Beijing enhanced its Mischief Reef facilities and established markers on other Spratly features in the vicinity.

As the weakest military force among the ASEAN states, the Philippines could not defend its own Spratly claims against a growing Chinese presence. While ASEAN had backed Manila's earlier protest (1995) against unilateral Chinese actions, the Association's members have been silent this year. This current reticence to criticize

China is probably a result of Southeast Asia's concentration on economic recovery rather than territorial concerns that are seen as peripheral issues, as well as a demonstration of regional gratitude to Beijing for not exacerbating the economic crisis by devaluing its currency. Moreover, China had also contributed \$1 billion to an international financial aid plan for Thailand.

With its ASEAN partners apparently in no mood to back the latest Philippine confrontation with China, a reinvigoration of ties with the U.S. military appeared timely. Although the United States has declared its neutrality with respect to the Spratlys' claimants many times, and although the VFA only covers military exercises, President Estrada stated that a U.S. presence could balance China's. Further, some Philippine officials have made the argument that, despite Washington's insistence that the Spratlys are not regarded as Philippine territory under the Mutual Defense Treaty (MDT), if Philippine ships or forces are attached, then the MDT can be invoked (since Philippine forces and installations fall under the MDT).

With the passage of the VFA, the United States is considering the transfer of excess defense equipment to the under-equipped Philippine armed forces. Coast Guard cutters, Vietnam War vintage UH-1 helicopters, and A-4 fighters are among the possibilities.

Nevertheless, while Philippine public opinion generally supports the VFA, strong sentiment against it has been displayed by a combination of nationalists, the Philippine communist party, and the Catholic Church, whose Philippine leader, Cardinal Jaime Sin, claimed the arrangement will encourage a "culture of war."

### **The Indonesian Elections**

Indonesia's first free elections since 1955, held on June 7, generated considerable interest in the U.S. policy community. Washington's hopes centered on peaceful, transparent campaigns and elections that would restore confidence in the political process for all ethnic and religious groups, stem the localized violence that had prevailed beginning in late 1997, and begin the process of political legitimacy and economic recovery.

To assist, the United States sent police officials to Indonesia in May to train their counterparts in non-lethal crowd control. Several hundred American election observers also spread out around the archipelago to monitor the vote, including representatives from the Carter Center in Atlanta. All agreed that the vote was remarkably free of violence and intimidation, though the slowness of the count in rural areas and outlying islands delayed a final determination of which parties will dominate the new Indonesian Parliament.

The U.S. Congress expressed approval on Indonesia's progress toward a free press, independent labor unions, and political plurality and also welcomed the prospect of

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a peaceful referendum on the future of East Timor scheduled for this August. Congress also expressed hope that the Indonesian military would return to its barracks and abandon its participation in domestic politics, a trend that had characterized the Suharto New Order government (1967-1998).

### **U.S.-Thai Relations and the WTO**

Thailand is one of America's oldest allies in Southeast Asia, a signatory of the Manila Pact (1954) and beneficiary of the Rusk-Thanat Agreement (1962) promising U.S. assistance in the event of external attack. Yet, over the past two years Bangkok has experienced two instances of U.S. "abandonment." The first occurred with Thailand's financial meltdown in July 1997, which elicited no significant initial assistance from Washington. This disregard was particularly disappointing to the Thais when the U.S. subsequently provided large-scale financial aid through the IMF to South Korea and Indonesia when their currencies collapsed. Then, in 1999, the United States reversed what the Thai government believed would be American support for Deputy Prime Minister Supachai Panitchpakdi's candidacy for WTO Director General and instead backed former New Zealand Prime Minister Mike Moore.

In May, a number of Thai officials called for a review of the country's pro-U.S. foreign policy. Parliamentary members urged the government to turn more toward Europe, Japan, and China, charging that Washington had once again revealed how little Thailand meant to U.S. foreign policy. The Clinton Administration's apparent support for Moore is based on policy preferences concerning labor and environmental standards that the U.S. and European countries propose to link to trade. This posture is opposed by many developing states, which view it as a form of protectionism. The United States may additionally oppose Supachai because he is seen as more apt to listen to less developed states' objections to revising WTO anti-dumping statutes. U.S. opposition to Supachai is also perceived as part of a larger American hegemonic goal for the WTO to become more like the IMF and World Bank, which many perceive as answering first to Washington.

In late May, the U.S. sent Deputy Assistant Secretary of State for Asia and Pacific Affairs Ralph Boyce to Bangkok in an effort to reaffirm America's friendship. Nevertheless, in an era of Asia-Pacific relations dominated by economic issues, Thai officials see the U.S. position on the WTO as another reason to broaden Thailand's foreign policy links to other like-minded developing states.

## **U.S.-ASEAN Member Relations Chronology**

**April – June, 1999**

**April 16, 1999:** Philippine Foreign Minister Domingo Saizon states ASEAN will not support a new round of WTO trade negotiations in November if there is a U.S. attempt to link trade with labor and environmental conditions.

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**May 4, 1999:** 13 of 16 Philippine senators needed to ratify the U.S.-Philippine Visiting Forces Agreement indicate they will support it after receiving a letter from U.S. Ambassador Thomas Hubbard stating that the Agreement is legally binding on the U.S. Government.

**May 5, 1999:** U.S. offers riot-control training to Indonesian police in preparation for forthcoming June elections. Training includes how to improve police relations with news organizations and opposition political parties.

**May 7, 1999:** Thai officials express anger at what they see as U.S. efforts to block the election of Thai Commerce Minister and Deputy Prime Minister Supachai Panitchpakdi as the next Director General of the World Trade Organization.

**May 7, 1999:** U.S. House of Representatives conducts hearing on the upcoming Indonesian elections.

**May 19, 1999:** Upon the recommendation of the United States, the World Bank delays a \$1.1 billion loan to Indonesia until after the June elections so that the money cannot be used by the ruling Golkar party.

**May 24, 1999:** Philippine President Joseph Estrada admits that the Visiting Forces Agreement with the U.S. is not a security guarantee for Manila's Spratly Islands claim.

**May 24, 1999:** U.S. Deputy Assistant Secretary of State Ralph Boyce meets with Thai officials to explain Washington's position on the WTO Director General elections.

**May 27, 1999:** Philippine Senate ratifies the Visiting Forces Agreement with the United States by an 18-5 vote.

**June 5, 1999:** U.S. Ambassador to Thailand Richard Hecklinger states in a press interview that U.S. trade policy is separate from strategic and diplomatic ties with Thailand, alluding again to the stalemated WTO Director General election.

**June 16, 1999:** U.S. House of Representatives conducts hearings on the political situation in Malaysia.

**June 22, 1999:** The Philippine government asks the U.S. Export-Import Bank not to seize four Boeing 747s from the debt-laden Philippine Airlines, saying that the move would set back the airline's rehabilitation.