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CAUGHT IN THE CROSSROADS OF MAJOR POWER TENSIONS

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Southeast Asian governments have warmed to the Indo-Pacific concept being promoted by the US, which reinforces their own inclination to expand the cast of regional powers to balance China's rise. However, they are still wary that a disorganized Trump administration will not be able to translate its rhetoric into policies. In the meantime, they fear being caught between Washington and its Northeast Asian adversaries. Apart from possible clashes between regional powers, Southeast Asia itself offers a number of challenges to smooth relations with the US. Recent elections in Malaysia and Cambodia are two of them, albeit for different reasons. In Indonesia, candidates have been declared for the 2019 presidential elections that could feed growing religious nationalism and anti-Americanism. The Rohingya refugee crisis has ratcheted up tensions between the West and Myanmar over the impact of the 2017 crackdown.

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Selling the Indo-Pacific vision

For the past decade, Southeast Asian leaders have generally been amenable to a larger role for India in the region in principle, so long as it does not diminish ASEAN's role in the region and does not overly rile China. New doubts about the reliability of the United States as a security partner coupled with a growing perception that China's militarization of features in the South China Sea is all but irreversible, give added impetus to the idea of expanding the region's power base. Thus, Washington's tag team to sell the Indo-Pacific concept – Secretary of Defense James Mattis at the Shangri-La Dialogue in June and Secretary of State Mike Pompeo at the ASEAN Regional Forum in August – was well-received by Southeast Asians, although major questions about its implications for both security and trade are still outstanding.

On the podium at Shangri-La, Mattis outlined the primary tenets of the US Indo-Pacific vision: (1) support for naval and law enforcement capacity building in regional partners; (2) promoting interoperability with allies; (3) strengthening the rule of law, civil society and transparency across the region; and (4) encouraging economic development led by the private sector.

Every administration attempts to refashion foreign policy through its own paradigm, but the security aspects of the policy that Mattis articulated showed strong continuity with the administrations of Presidents George W. Bush and Barack Obama. The Trump administration maintains that the economic aspects of the Indo-Pacific policy are new; it fell to Secretary Pompeo to explicate those aspects at the ASEAN Regional Forum.

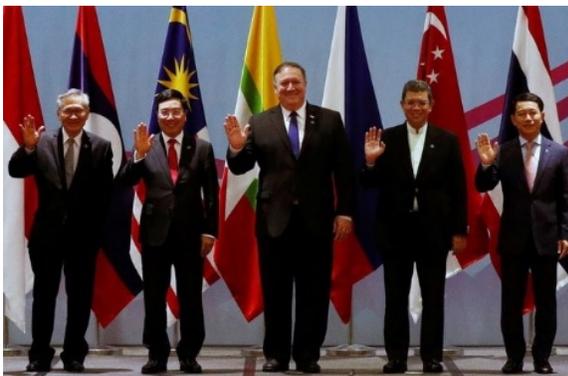


Figure 1 US Secretary of State Mike Pompeo attends an ASEAN-US Ministerial Meeting in Singapore. Photo: Reuters

Before then, Pompeo outlined the plan at an address to the Indo-Pacific Business Forum of the US Chamber of Commerce in Washington. The administration has pledged \$113 million in new funds for the second half of 2018 the administration. In addition, it will include a \$25 million project to improve digital connectivity in “partner countries” of the Indo-Pacific and a \$50 million program to improve energy security in the region. The administration will also create a new investment stimulation and financing mechanism, the United States International Development Finance Corporation, which will be empowered to guarantee investment loans; provide some funding for projects as a minor investor; provide insurance and reinsurance for projects; and offer technical assistance. Lastly, the administration has signaled that it would double the current amount that the Overseas Private Investment Corporation earmarks for the Indo-Pacific (about \$3.6 billion) in the next few years.

For the most part, Southeast Asian leaders welcome this new initiative, although they are inclined to view it as modest at best. Washington has not identified the “partner countries” that would figure in the new investment program. Some Southeast Asian officials have expressed fears that the White House will use the new investment program as a condition to force Southeast Asian governments to modify or abandon trade practices that Trump believes are unfair. They also fear that India will get preferential treatment, at the expense of ASEAN and individual Southeast Asian countries. They note that thus far, the administration's Indo-Pacific campaign has focused more on elevating India within in the region – and in US policy – than in defining a new regional framework. For example, in concert with the announcement of new economic programs, the Commerce Department granted New Delhi strategic trade authorization status with the US, which will enable India to import sensitive US military equipment without obtaining a license.

Additional concerns are broader. The region is still unclear on the Trump administration's position on new trade agreements; to date, it has focused more on unraveling existing ones. Some Southeast Asian leaders point out that Washington's opposition to multilateralism does not prepare it to launch a new regional framework. And they worry that the new US Indo-Pacific economic plan may be whistling in the wind: a tariff war between the United States

and China has the potential to create greater instability in the regional and global markets than could be countered by trade assistance that may be meager after it has been widely distributed.

These concerns in Southeast Asia about the US vision of an Indo-Pacific community should be noted but not overstated. With or without the United States, many Southeast Asian countries have growing reasons to support an Indo-Pacific community. First, three regional powers – Japan, Australia, and India – also support it, and Southeast Asians are attempting to forge closer relations with all three, to balance against China but also to compensate for a perceived lack of interest in the region on the part of the United States.

Second, many Southeast Asian leaders (particularly in Myanmar, Singapore, Indonesia, and Malaysia) fear that the Chinese strategic focus is expanding beyond the South China Sea to the Bay of Bengal and the Indian Ocean, and that maritime conflict will spread southwest. Stronger relations with India, as well as having regional powers pay closer attention to this new threat through the Indo-Pacific framework, will help reduce the risk of conflict for Southeast Asia.

Lastly, although connectivity within Southeast Asia is designed in large part to connect China to economic markets and strategic waterways, is it also intended to connect to India. An Indo-Pacific strategic and economic paradigm will support Southeast Asia's own infrastructure development, despite the fact that some Southeast Asian leaders feel that their region is being overlooked at present.

Brokers in a bind

When President Trump and North Korean Chairman Kim Jong Un agreed to meet, Prime Minister Lee Hsien Loong was quick to propose Singapore as the meeting ground. As the current chair of ASEAN, the suggestion had a ring of “ASEAN centrality,” or the belief that ASEAN is a foundation for regional frameworks in the Asia-Pacific. Although ASEAN played no part in bringing Trump and Kim into contact with one another, they can claim some pride of authorship, if only indirectly: by including Pyongyang in the ASEAN Regional Forum in 2000, they provided the only dialogue

mechanism for North Korea to engage the region.



Figure 2 Singaporean Prime Minister Lee Hsien-Loong and US President Donald Trump confer following the June 12 US-North Korea Summit, held in Singapore. Photo: Reuters

But Lee's motivations for offering Singapore as a summit site likely went beyond upholding the ASEAN imperative. Apart from the obvious implications for regional security, Southeast Asia has a vested interest in the success of the US-North Korea dialogue process and denuclearization of the Korean Peninsula. If the dialogue process fails, regional leaders fear that Washington will return to its “maximum pressure” policy, demanding that the ASEAN states sever all contact with Pyongyang. Under such pressure for the past two years, only Singapore and Malaysia have taken significant measures to downgrade relations with North Korea, although Prime Minister Mahathir Mohamed signaled that he may restore them to their previous levels.

Electoral upsets (or not)

A reversal in North Korea policy in Kuala Lumpur is one of many question marks hanging over the new Mahathir government in Malaysia. His electoral victory – as the head of a loose opposition coalition and a surrogate for Anwar Ibrahim, who was imprisoned during the campaign – was significant, in overturning the country's only ruling party since independence. The defeat of the United Malay National Organization (UMNO) was due in part to lingering scandals in the administration of Najib Razak, but also to worsening economic conditions. However, Mahathir's roots are in UMNO, and he has struggled to assemble a strong working Cabinet. Also at issue is Anwar's future role in leading the country. Mahathir, who turned 93 after the election, has said that he will transfer the reins to Anwar in two years, marking his own administration as an interim one.

Mahathir has signaled that he would like to roll back China's role in developing infrastructure in Malaysia, and has moved to void the Eastern Rail agreement. However, true to his maverick nature, he has also speculated on withdrawing from the Comprehensive and Progressive Trans-Pacific Partnership, which would please Beijing. However, for Washington and Malaysia's other major partners, the difficulty in relations with Kuala Lumpur will likely be that the administration will be focused more on domestic than foreign affairs. Mahathir has launched a criminal process against Najib related to the 1MDB scandal. Beyond that, he will be focused primarily on reducing the deficit in the national budget, which was revealed to be larger than estimated.

If the outcome of the Malaysian elections was a surprise, the Cambodian polls in late July were not. Prime Minister Hun Sen declared that the Cambodian People's Party (CPP) had won all 125 available seats. This turned out to be an exaggeration, but the CPP secured 114, or 77 percent, of seats, which by any definition is an electoral landslide. This was a considerable gain (46 seats) for the CPP over the 2013 elections. The royalist party FUNCINPEC won 6 seats, the next largest number, or 6 percent. The remaining seats were divided among 18 small and inconsequential parties, most of whom won less than 1 percent of the total vote.

Hun Sen's thorough and deliberate elimination of any effective political opposition over the past year, which culminated in the dissolution of the Cambodian National Rescue Party (CNRP) by the courts and the imprisonment of CNRP leader Kem Sokha, made the CPP electoral sweep all but inevitable. Longtime opposition leader Sam Rainsy remains in exile, contemplating his next move, but he has few entry points through which to influence Cambodian politics in the near term.

Because Hun Sen had so thoroughly scrubbed the electoral landscape of any real opposition, Western governments and democracy promotion NGOs – particularly in the United States and the European Union – had withdrawn electoral support for the 2018 elections. Significantly, China, which had professed not to intervene in the domestic politics of its regional partners, stepped into this breach. Beijing provided some assistance to the July elections, primarily in the form of voting machines, and sent observers to monitor the July polls. Chinese

observers were joined by a ragged group of election monitors from rightwing, nationalist parties in Europe (from the UK, Hungary, the Czech Republic, and Italy). The Cambodian government housed this group in a 5-star hotel; the monitors declared the elections to be “free and fair.” No major Western or Asian election monitoring groups observed the polls, a departure from past general elections in Cambodia.

Western reaction to the elections was sharp, but with an outcome that is far from conclusive. The White House issued an unusually long condemnation of the polls and made clear that the results were not acceptable. The US, EU, Canada, and Australia all threatened sanctions, but it is not clear what the conditions for those would be, with the elections now complete. The EU has threatened to cancel its tariff preferences for Cambodia, which would negatively affect tens of thousands of garment workers and threaten Cambodia's nearly \$4 billion trade with the EU. Thirty percent of the garments produced in Cambodia are destined for the EU; 25 percent go to the US. US-Cambodia trade, which is roughly \$3 billion, is also vested primarily in the garment trade. In the recent past, both the US and the EU have been reluctant to impose broad trade sanctions on Cambodia, which would likely hurt ordinary Cambodians more than the leadership.

In contrast to previous years when it took a keen interest in preserving the political system introduced in Cambodia by the United Nations in 1993, US Congressional interest in the elections was tepid at best. This could be because of the Hill's own internal distractions, or because of a more intense focus on the Rohingya refugee crisis. It is also a function of dwindling interest in Cambodia for most of this decade, not only because of Hun Sen's intransigence on political opposition but also because of the perception that Cambodia has been drawn fully into China's orbit. Indeed, stronger Western sanctions on Myanmar or Cambodia would create an opening for both China and Russia to strengthen political and economic ties with those countries. China's current \$1.5 billion in infrastructure projects with Cambodia cushioned the impact of the West's pre-election sanctions on Phnom Penh; if further sanctions are applied, Beijing would expand its aid accordingly.

Washington will likely view presidential elections in Indonesia next year as more

significant. Aug. 1 was the deadline for candidates to register for the polls, to be held in April 2019. A broad consensus holds that the two main contenders are President Joko Widodo and former military leader (and former son-in-law of late President Suharto) Prabowo Subianto, who is on the US visa blacklist for his role in *Kopassus*, the Indonesian special forces unit accused of human rights abuses in East Timor. Joko and Prabowo were also the top two candidates in the 2014 election. At the time, Joko ran as a populist outsider; Prabowo represented the business and military elite. Joko is a moderate who has attempted, with mixed success, to implement a reform agenda. Prabowo is a nationalist with strong links to Islamists.

The key result from this registration process was that candidates were compelled to declare their running mates, which provides insight into how closely they want to identify with (or distance themselves from) Muslim groups. Both candidates are also hoping to balance their tickets by selecting vice presidents with credentials that complement their own. Joko chose Ma'ruf Amin, head of the Indonesian Ulema Council, the country's leading clerical body, as his running mate. He is also head of Nadhlatul Ulama (NU), the world's largest independent Muslim organization. Prabowo selected Sandiaga Uno, deputy governor of Jakarta. (Joko was governor of Jakarta before becoming president.) The logic behind each of these selections is fairly obvious. Joko is hoping to strengthen his Islamic credentials; Prabowo already has those, but is hoping to balance his ticket by attracting more of the urban vote, particularly among the younger generation who have little experience with the Suharto years.

The election campaign will be a delicate period in US-Indonesian relations. The composition of these two tickets suggests that religion will be a major issue. Joko has reasonably positive relations with Washington, but Amin will be tempted to exploit Islamist resentments of the United States – public opinion surveys show that President Trump's anti-Muslim remarks and his immigration policy have had a negative impact on the US image. On the other hand, Prabowo's reputation as a human rights abuser and his current status with the US government will make US relations with that ticket awkward. If Prabowo wins, the Trump administration will have to decide whether to remove him from the blacklist. In the meantime, US human rights

groups have objected publicly to both Amin and Prabowo, which could create short-term tensions with Jakarta.

Rohingya crisis

On Aug. 27 the United Nations released a report on the crisis involving nearly 1 million Rohingya refugees from Rakhine State in Myanmar, focusing on crimes related to the *Tatmadaw's* (military) crackdown on Muslims in August 2017. Several thousand Rohingya were reportedly killed by the military, and nearly 700,000 fled or were forced across the border into Bangladesh. Despite an agreement between the governments of Myanmar and Bangladesh for the repatriation of the Rohingya, few have elected to return.



Figure 3A Rohingya refugee and child in refugee camp in Cox's Bazar, Bangladesh. Photo: bdnews24.com

The UN report states that the military's 2017 actions in Rakhine had "genocidal intent" and recommends that military leaders involved in violent repression of the Rohingya be investigated and prosecuted. It further advocated that Min Aun Hlaing, the *Tatmadaw* commander-in-chief, also be held to account. The word "genocide" is very important, because it requires that signatories to the 1948 Convention on the Prevention and Punishment of the Crime of Genocide take action if they believe that a genocide has occurred. Beyond an accountability exercise, the UN urges an arms embargo on Myanmar.

The institutional framework for a tribunal for the Rohingya could be difficult to convene, and the US is not likely to take a leading role. Washington is not a member of the International Criminal Court; nor is Myanmar. Legal scholars believe that Bangladesh, an ICC member, could bring Myanmar to account through that court because it hosts the Rohingya

refugees. Any such exercise would be strongly resisted by Nay Pyi Taw – including State Counselor Aung Sang Suu Kyi. Within the US policy community, sufficient support for Aung Sang Suu Kyi remains to view her as unable rather than unwilling to affect the Rohingya crisis, and this will soften US policy on accountability.

In lieu of a formal accountability exercise, targeted sanctions on parts of the *Tatmadaw* are all but inevitable. Since the August 2017 crackdown, the US, EU, and Canada have imposed sanctions on individuals within the Myanmar military associated with atrocities against the Rohingya, or in the line of command. These include visa bans and financial sanctions, targeting the assets of these individuals. On Aug. 17, the Trump administration extended these sanctions to include 4 more individuals.

More significantly, the administration has also sanctioned two divisions of the *Tatmadaw* associated with the crackdown: the 33rd and 99th Light Infantry Divisions. Sanctioning an entire military division is a major step forward, in that it targets an institution rather than an individual. It is rarely done, and tends to be difficult to undo. For example, US sanctions imposed against *Kopassus*, the special forces unit in the Indonesian military, in the 1990s are still in place, despite considerable normalization in US-Indonesian relations.

Equally important is an anticipated report from the State Department, based on interviews of over 1,000 Rohingya refugees in Bangladesh camps in the spring of 2018. Although Secretary of State Pompeo indicated that he would release the report in late August, the State Department has yet to do so, and no new target date for a release has been announced. The delay is due primarily to internal debate within the Trump administration over whether to designate the *Tatmadaw's* actions against the Rohingya in 2017 as genocidal. US Ambassador to the United Nations Nikki Haley has said publicly that the State Department report is “consistent” with the UN report, but she has not signaled whether Washington agrees that genocide has occurred. In the past, the United States has been reluctant to label large-scale human rights abuse as genocide.

Without doubt, however, the findings of the US report are grim. According to information released by the State Department, of the

refugees who were interviewed 82 percent witnessed a killing or their home or village destroyed by the military; 65 percent witnessed an abduction of a Rohingya; 64 percent saw a family member or fellow villager injured by the military; more than 50 percent witnessed sexual violence committed by military personnel; and 20 percent witnessed more than 100 Rohingya killed or injured by the military in a single event.

Bringing it back home: immigration issues

Southeast Asia has not come under direct fire from the Trump administration’s immigration policies. Although Indonesia is the world’s largest Muslim-majority country, it has not been singled out in executive orders for visa restrictions. However, below high-profile public battles over immigrants from Muslim countries or from the US southern border, the Trump administration is moving to remove other current residents in the US, either because of illegal immigration status or because they have been convicted of a felony. Illegal immigrants can be deported, but repatriation of legal immigrants who have committed felonies requires that their countries of origin agree to accept them, unless a court agrees to forcibly return them. The United States has consistently attempted to return immigrants who are convicted felons. Over the past decade, several Cambodians who were brought to the US by their parents as children but never became citizens were forcibly returned to Cambodia after convictions.

In May the Trump administration decided to move against Myanmar for its refusal to enter into an agreement to accept nationals in the United States under order for removal. Officials from two ministries – the Ministry of Labor, Immigration and Population and the Ministry of Home Affairs – are banned from receiving B1 or B2 visas to enter the United States.

The administration has also signaled that it may forcibly return as many as 8,000 Vietnamese immigrants under these conditions. Previous administrations had not targeted Vietnamese, because the refugee flow after 1975 was created by defeat of an ally by a communist force. The optics of forcing Vietnamese back while Washington continues to protest Hanoi’s human rights policies are unfortunate, and could spark opposition to this action in the human rights community and in Congress.

Looking ahead

Southeast Asian leaders were encouraged by the increased diplomatic activity with the United States in the summer months, and view Washington's promotion of its Indo-Pacific vision as an attempt to remain engaged in the region. However, solid conclusions about the Trump administration's position and presence in Southeast Asia have been deferred into the fall. Potential changes in Congress with the November midterm elections are unlikely to affect US policy in Southeast Asia but could turn the administration further inward. Another short-term marker for the region will be President Trump's recently announced decision to not participate in the APEC meeting in Papua New Guinea and the East Asia Summit in Singapore.

CHRONOLOGY OF US-SOUTHEAST ASIA RELATIONS

MAY – AUGUST 2018

May 5, 2018: State Department issues a statement in concert with calls from the Netherlands and Australia to hold Russia accountable for its role in the July 2014 downing of Malaysian Airlines Flight 17 over eastern Ukraine, causing the deaths of 298 civilians. Despite urging from the Washington, ASEAN declines to join efforts to hold Moscow accountable.

May 17, 2018: US Treasury's Office of Foreign Assets Control (OFAC) removes seven state-owned enterprises and three state-owned banks in Myanmar from the Specially Designated Nations (SDN) list, leaving few Myanmar banks under OFAC sanctions. At the same time, six companies linked to the former regime are added to the list. On balance, these measures reflect US acknowledgement of progress in administrative reform in Myanmar.

May 17, 2018: The 22nd US-Vietnam Human Rights Dialogue is convened in Washington. Although the two countries continue to disagree on a number of issues, including an appropriate role for political dissidents, the dialogue has continued uninterrupted since its inception.

May 19, 2018: The Trump administration bars officials from Myanmar's Ministry of Labor, Immigration and Population and the Ministry of Home Affairs from receiving B1 or B2 visas to enter the US because of Myanmar's refusal to accept the return of their nationals under final order of removal from the US.

May 29, 2018: US Secretary of Defense Jim Mattis meets Indonesian Defense Minister Ryamizard Ryacudu in Honolulu, on the margins of the change of command ceremony at US Pacific Command.

June 1-2, 2018: Secretary of Defense Mattis meets with several counterparts from Southeast Asia (Malaysia, the Philippines, Singapore, and Vietnam) at the Shangri-La Dialogue in Singapore. Mattis also meets Singapore Prime Minister Lee Hsien Loong. Conspicuously lacking from the agenda was a bilateral meeting with Thailand, an acknowledgement that security relations have not been normalized after the 2014 coup in Bangkok.

June 5, 2018: Secretary of State Mike Pompeo meets Indonesian Foreign Minister Retno Marsudi when she visits Washington.

June 12, 2018: Singapore hosts high-profile summit meeting between President Trump and North Korean Chairman Kim Jong-un. Singapore was selected as a venue, in part because the island city-state could provide a high degree of security.

June 19-20, 2018: Pentagon hosts fifth US-Vietnam Dialogue on Maritime Issues and Law of the Sea in Washington. Washington and Hanoi will rotate in as new co-chairs of the ASEAN Defense Ministers Meeting-Plus Working Group on Maritime Security in 2020.

June 21, 2018: The 13th Annual Pacific Partnership Mission concludes after several weeks. Among the participants were the United States and five Southeast Asian countries (Indonesia, Singapore, Malaysia, Thailand, and Singapore). Focusing on humanitarian aid, the mission completed 765 host country activities.

June 27-Aug. 2, 2018: Vietnam makes its debut in the 26-nation *Rim of the Pacific Exercises (RIMPAC)*, which also included Indonesia, Malaysia, Singapore, the Philippines and Thailand.

June 28, 2018: State Department releases the 2018 Trafficking in Persons Report. Thailand is upgraded from the Tier 2 Watch List to Tier 2, while both Malaysia and Myanmar are downgraded (to the Tier 2 Watch List and Tier 3, respectively).

July 8-9, 2018: Secretary of State Pompeo visits Vietnam and meets senior officials, including Nguyen Phu Trong, secretary general of the Vietnamese Communist Party.

July 9, 2018: US and Philippine naval forces conduct maritime training activity *Sama Sama* at Naval Station Ernesto Ogbinar in the Philippines. The engagement features fast transport ship USNS Millinocket and includes air defense, diving, and search and rescue.

July 10, 2018: Leading an international rescue team, Thai officials in Chiang Rai province evacuate the last of 12 members of a youth soccer team, with their coach, who had been trapped in an underground cave for 17 days. The US Department of Defense provided 42 military personnel, who assisted in planning and logistics and helped transport the evacuees through the final chambers of the cave system.

July 29, 2018: White House issues a statement heavily criticizing general elections in Cambodia, calling them “neither free nor fair.”

July 30, 2018: Secretary of State Pompeo delivers speech before the Indo-Pacific Forum of the US Chamber of Commerce in Washington, outlining the economic aspects of the US vision of an Indo-Pacific community.

Aug. 2-3, 2018: Secretary Pompeo visits Kuala Lumpur in advance of the ASEAN Regional Forum in Singapore and meets Prime Minister Mahathir Mohamed.

Aug. 3-4, 2018: Secretary Pompeo attends his first ASEAN Regional Forum in his new capacity, and co-chairs the US-ASEAN Ministerial meeting.

Aug. 4, 2018: The 11th Ministerial Meeting of the Lower Mekong Initiative (LMI) is held on the margins of the ASEAN meetings in Singapore.

Aug. 4-5, 2018: Secretary Pompeo visits Jakarta; he meets President Joko Widodo and discusses bilateral cooperation under the US-Indonesia Comprehensive Partnership.

Aug. 10, 2018: US and Malaysian navies open the 24th annual Cooperation Afloat Readiness and Training Exercises.

Aug. 17, 2018: Trump administration announces new sanctions on Myanmar related to the August 2017 crackdown on Muslim Rohingyas in Rakhine State.

Aug. 27, 2018: United Nations releases a report on the Rohingya refugee crisis, which maintains that the *Tatmadaw* had “genocidal intent” in the 2017 crackdown on Muslims in Rakhine State.

Aug. 28, 2018: Indonesian Minister of Defense Ryamizard Ryacuda visits the Pentagon to discuss expansion of bilateral cooperation on maritime domain awareness.

