

# COMPARATIVE

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## C O N N E C T I O N S

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### US-SOUTHEAST ASIA RELATIONS

## WAITING ON WASHINGTON: SOUTHEAST ASIA HOPES FOR A POST-ELECTION BOOST IN US RELATIONS

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The resurgent COVID-19 pandemic and US elections constrained the conduct of US relations with Southeast Asia and of regional affairs more broadly in the final months of 2020. Major conclaves were again “virtual,” including the ASEAN Regional Forum, the East Asia Summit, and the APEC meeting. Over the year, ASEAN lost considerable momentum because of the pandemic, but managed to oversee completion of the Regional Comprehensive Economic Partnership (RCEP) in November. Some modest gains in US-Southeast Asian relations were realized, most notably extension of the US-Philippines Visiting Forces Agreement (VFA) for another six months, an opportunity for Manila and the new administration in Washington to put the VFA—and the US-Philippines alliance more broadly—on firmer ground. Another significant step, albeit a more controversial one, was the under-the-radar visit to Washington of Indonesian Defense Minister, Prabowo Subianto, in October.

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As Southeast Asian economies struggled under the crush of COVID-19, they looked to Washington for opportunities to “decouple” from China through stronger trade and investment with the United States. The results thus far are mixed: the US trade representative dealt blows to Thailand and Vietnam, but a concerted campaign by Jakarta to expand economic relations appears to be more promising. Political turbulence in the United States left Southeast Asian leaders unsure of the way forward for relations with Washington in the immediate aftermath of the election, but some countries were themselves embroiled in complex political dynamics. Thai Prime Minister Prayuth Chan-ocha faced escalating protests against his administration and the monarchy, while Malaysian Prime Minister Muhyiddin Yassin continued to have difficulty expanding his majority in Parliament. The headline political event in the region was general elections in Myanmar on Nov. 8. Aung San Suu Kyi’s National League for Democracy won an absolute majority in Parliament; this achievement is no guarantee of constitutional change, however, and Suu Kyi will likely remain an informal head of state for the next five years.

### **The Cost of COVID**

Although Southeast Asia does not rank among the world’s worst “hotspots” for COVID-19, the region is suffering from a [second surge of the virus](#). Indonesia remains the most seriously afflicted; by year’s end, the country had [logged](#) 818,000 cases and nearly 24,000 deaths. Thailand, which was lauded internationally for its handling of the first surge in early 2020, is in the midst of a COVID rebound that doubled cases in December. The pandemic has intensified sentiments against migrant workers in several countries—Singapore, Thailand, Cambodia—and forced governments to continue travel restrictions, which cuts deeply into tourism and trade in goods. In the ASEAN region in 2020, the overall GDP shrunk 4.2%, with the services sector being harder hit than manufacturing, particularly in tourism. Among individual member states, only Vietnam was able to eke out positive growth in 2020, of 2.91%. The Philippines recorded the largest contraction, falling 8.2%, with Thailand at -7.15%.

In the midst of the new surge, Southeast Asian governments are competing with one another to preorder vaccines and consider the logistical challenges of distribution and vaccinating their

publics. The pace of vaccination across the region is likely to vary widely: Indonesian officials estimate that a nationwide vaccine program may not be possible until the third quarter of 2021.

In the meantime, China has promised early access to its vaccines for countries of strategic interest: the Philippines, Indonesia, and Myanmar have been given priority. Vietnam, being reluctant to rely upon Beijing, has entered a large order for vaccine being developed by Russia. Although the United States is a leader in developing vaccines against the coronavirus, the need to produce and distribute a vaccine for the US public is too grave for Washington to mount a serious campaign of “vaccine diplomacy” in Southeast Asia.

### **Anti-China Diplomacy**

The Trump administration, and the State Department in particular, continued its strong [diplomatic push](#) against Beijing in Southeast Asia with a series of speeches excoriating China for the coronavirus, breeches of cybersecurity, increased assertiveness in the South China Sea, environmental conditions in the Mekong region, and human rights abuses, particularly against Hong Kong protestors. Administration officials argue, not without justification, that each of these issues supports their anti-China advocacy. Southeast Asian leaders do not necessarily disagree on a case-by-case basis, but they object to Washington’s messaging, which they view as an attempt to force ASEAN to abandon its principle of balancing regional powers and to join in a bloc with the United States.

Brief visits to the region in late 2020 by Secretary of State Mike Pompeo and National Security Advisor Robert O’Brien were heavy on anti-Beijing rhetoric and light on deliverables. Official addresses at regional meetings adopted a similar tone. The exception to this may be the reshaping of the Lower Mekong Initiative (LMI) into the [US-Mekong Partnership](#) in September. Governments often pour old wine into new bottles, but the partnership signals renewed US interest in the Mekong region, a new tranche of funds, and a sharper rationale when compared to the LMI, with a focus on transparency, good governance, and connectivity. The receptivity of the Southeast Asian Mekong countries is likely due to growing concern regarding the connection between the upriver dams and chronic drought in the downriver countries.



Figure 1 US Secretary of State Mike Pompeo and Vietnamese Foreign Minister Pham Bing Minh bump elbows in greeting at a meeting in Hanoi on Oct. 30, 2020. Photo: Bui Lam Khanh/VNA via AP)

### Incremental—But Significant—Security Steps

As it has for the duration of the COVID-19 pandemic, the US Indo-Pacific Command continued to play a large role in US relations with Southeast Asia in the final months of 2020, through the continuation of some joint exercises and, wherever possible, “defense diplomacy.” The need for maintaining a high defense profile was obvious. Analysis from the [Asia Maritime Transparency Initiative](#) and other groups showed that the COVID-19 pandemic had little impact on Chinese Coast Guard forays in the South China Sea in 2020, with continued harassment of Philippine fishing activity and increased attempts to disrupt oil and gas activity in several Southeast Asian exclusive economic zones (EEZ’s).

The continued threat was underscored on Dec. 25, when [satellite images revealed](#) that China had flown its largest warplane, the Y-20 transporter, to Fiery Cross Reef, the first time that the plane had been deployed to the Spratlys. The deployment was followed by a set of military exercises in the waters surrounding Hainan. Although the Y-20 was not observed offloading or taking on cargo, its deployment was considered to be a sign of China’s intention to further militarize Fiery Cross, which could place major Philippine cities, ports, and military facilities within striking distance of Chinese air power.

This heightened threat environment likely persuaded Philippine President Rodrigo Duterte in November to extend the US-Philippines Visiting Forces Agreement (VFA) a second time,

for another six months, presumably to place the alliance on firmer footing with the change of administrations in Washington. This likely tracks with the intentions of the Philippine defense community, but Duterte’s own views are more opaque, particularly since he was one of the few US allies who developed a positive personal relationship with Trump.

Some [Philippine analysts believe](#) that Duterte hopes to move the alliance from a singular focus on the South China Sea to place counterterrorism on an equal plane. This would not only address an issue of greater domestic importance to Duterte, but also relieve some pressure from him in his quest to court Chinese investment. Washington’s response was to dispatch a parade of high-ranking defense officials to Manila, including Acting Secretary of Defense Christopher Miller, to reaffirm the value of the alliance in advance of negotiations on the continuation of the VFA.

A more low-key but still significant development in US security relations in Southeast Asia was the surprise visit of Indonesian Defense Minister Prabowo Subianto to Washington in October to meet with then-Secretary of Defense Mark Esper. Prabowo had been under a visa ban for two decades because of his association with Kopassus, the Indonesian military’s special forces, which was charged with a long list of human rights violations. The Pentagon’s invitation was intended to blunt the edge of Chinese overtures to Indonesia and deter Jakarta from purchasing Russian *Sukhoi* fighter jets. A [joint statement](#) from the visit mentioned increased cooperation on Indonesia’s military modernization and maritime security, but its only concrete commitment was to restart bilateral cooperation to recover the remains of US personnel lost in World War II. Accounting for US war dead is often used as an entry point for bilateral security cooperation, although, in this case, it was more a way of putting relations with a specific official on new footing.

### Tempering Expectations for Multilateral Trade

To the ASEAN states, the [finalization of RCEP](#) was a note of triumph for economic integration in the face of growing global protectionism. Although the agreement does little to advance trade liberalization, when it is ratified by its 15 member countries—the 10 ASEAN members, China, Japan, South Korea, Australia, and New Zealand—it will encompass nearly 30% of

global GDP, making it the largest trade bloc in history. It is also the first free trade agreement to include China, Japan, and South Korea. India's withdrawal from the negotiations in 2019 was a clear disappointment to ASEAN, and further proof that New Delhi may not be ready to take significant steps towards regional integration.

China is likely to be greatest beneficiary of RCEP, in economic terms and its image in the region. Although RCEP is a status quo agreement, consolidating existing trade agreements among the members, its tighter organization of trade and standardization of rules of origin will enable members to rewire or strengthen supply chains among themselves more easily. This could impede US attempts to persuade Southeast Asian countries to “decouple” from China in favor of closer trade relations with Washington. Because RCEP was signed in November, Beijing has [expressed interest](#) in joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the successor to the Trans-Pacific Partnership (TPP), which would increase its role in regional economic integration further.

As a result, many US companies and business groups have pressed Washington to seek entry into RCEP. They argue that China's role as the largest economy in RCEP (and potentially in the CPTPP) gives it greater leverage in defining the trade standards in the region. This will make it more difficult for Washington to negotiate trade agreements in the region with provisions that would help it win approval in Congress. For example, in negotiations for RCEP, China was successful in quashing Indian attempts to go beyond trade in goods to include a services agreement.

During the presidential campaign, Biden insisted that China could not be allowed to “write the rules of the road” for international trade, a view that the Trump administration clearly shared. However, Biden is unlikely to seek entry for the United States into either RCEP or the CPTPP, since both the US Trade Representative (USTR) and Congress would consider its standards to be too low. This leaves open the question of when and through what mechanism Washington might return to a multilateral framework in Asia.

In lieu of a quick return to the TPP or other broad trade agreement, Washington is more

likely to favor narrow agreements in areas that have not ordinarily been included in trade negotiations. At the [Indo-Pacific Business Forum](#) in Hanoi on Oct. 27, US business groups called for the United States to negotiate new sector-specific trade agreements in the region, pointing to the possibility of a digital trade agreement with Southeast Asia. As the world's fastest-growing internet market—with 360 million current internet users, 125,000 new users each day, and 914 million mobile connections—Southeast Asia is the [most digitally engaged](#) region in the world. In early 2020, the Trump administration informed Congress that it intended to open negotiations with Singapore on a digital agreement, as well as with Australia. If the Biden administration follows suit, it will likely employ an incremental, “plug and play” approach, with Southeast Asian countries entering into negotiations on a US digital trade agreement when their legal and regulatory structures can reach standards that are set out by Washington.

In the last quarter of 2020, the Trump administration endeavored to tie up some [loose ends](#) in bilateral trade in Southeast Asia in the final months of 2020. In October, the USTR suspended a portion of Thailand's benefits under the Generalized System of Preferences because of issues related to US pork products while allowing Indonesia and Laos to keep their benefits. As a result of a USTR investigation into currency manipulation in Vietnam, in November the Commerce Department announced preliminary countervailing duties (CVD) on Vietnam related to currency manipulation. In contrast, Indonesia hopes to expand and accelerate its economic relations with the United States: Jakarta is seeking US investment in Indonesia's new sovereign wealth fund and hopes to open negotiations with Washington on a trade agreement in 2021.

### **Political Transitions and Political Turmoil**

Despite Western criticism of the handling of the Rohingya crisis by the government led by the National League for Democracy (NLD)—and possibly because of it—the NLD turned in a stronger performance in the [Nov. 8 general elections](#) than it did in 2015. The party holds 82% of parliamentary seats and an overall 61% majority in the legislature, while taking reserved seats for the military into account. State Counselor Aung San Suu Kyi is still banned from the presidency under the constitution, but

she is likely to emerge again at the top after negotiating the selection of a proxy president with her party and the military. This will be a slow and opaque process, and a new government may not be announced until February.

When that government is in place, its first priority will be to re-energize the peace process with armed ethnic groups. The NLD hopes to frontload this, with some government appointments for representatives of the ethnic political parties, which, as a group, drew the second-largest number of votes in the election after the NLD and ahead of the military-backed Union of Solidarity and Development. In the NLD government's first term, it made no real progress on the longstanding peace negotiations. Conflicts between the Tatmadaw (Myanmar's military) and ethnic insurgents on the Myanmar-China border strained bilateral relations with Beijing; moreover, India's conflict with Naga insurgents on its border with Myanmar added to Naypyidaw's problems. However, there are also compelling domestic reasons to complete the peace process: the 2017 crackdown on the Rohingya and international condemnation of it has strengthened Buddhist nationalism. This likely contributed to the NLD victory at the polls, but it also raises the risk of greater internal conflict and violence.



Figure 2 A child wears an NLD paper crown at an October campaign rally in Kyankse for Myanmar's Nov. 8 general elections. Photo: Kaung Zaw Hein/SOPA Images

Although neither Thailand nor Malaysia underwent political transitions in 2020, Thai Prime Minister Prayuth and Malaysian Prime Minister Muhyiddin have struggled to remain in power. For Prayuth, the struggle has intensified in the final months of the year as protests against his administration and, more dangerously, against the monarchy have expanded. The [annual military reshuffle](#) in

October placed King Vajiralongkorn's candidate for Army chief, Gen. Narongpan Jittkaewtae, into power above Prayuth's choice, signaling that Prayuth's leverage with the palace may be waning. In November, the government [restored the use of lèse majesté laws](#), which Vajiraongkorn had suspended, in order to expand arrests of protestors. In the last quarter of 2020, Muhyiddin struggled to keep his government coalition together so as to maintain his slim parliamentary majority in Malaysia. Although he is legally not required to hold general elections until September 2023, he is likely to do so earlier, at the first opportunity to solidify his power base and strengthen his legitimacy as an elected rather than appointed prime minister.

### Looking Ahead

In the immediate and tumultuous aftermath of the November presidential elections, only Singapore, Malaysia, and Indonesia [congratulated President-elect Joe Biden](#), but most other Southeast Asian leaders followed suit before the end of the year. Overall, the region expects the Biden administration to provide steadier and more consistent foreign policy, with continued attention to security, but, it is hoped, a trade policy that transcends Trump's "America First" approach. Southeast Asians generally applaud Biden's more multilateral orientation, but that is not likely to translate into US re-entry into the Trans-Pacific Partnership in the near-term; the region will benefit from Washington's return to the World Health Organization and the Paris Agreement on Climate Change.

Regional leaders will face the reality that US relations in the Indo-Pacific region will remain focused on the bilateral relationship with China, with Southeast Asia again in the position of a crossroads. However, they hope that a more conciliatory tone from Biden toward Beijing will lessen the "new Cold War" rhetoric of the Trump administration and remove them from the line of fire. When COVID restrictions ease, the Biden administration's diplomacy in Southeast Asia will be vigorous in comparison to the Trump administration, and the White House will move quickly to fill positions important to the region. One key slot will be the US ambassador to ASEAN, which the Trump administration never filled with a Senate-confirmed official.

A successful conclusion to negotiations between the Philippines and the United States on the Visiting Forces Agreement in the first half of 2021 would encourage hopes for a strong US security role in Southeast Asia, but that is not a given—President Duterte will remain a wild card, despite [continued support](#) from the Philippine defense sector and the public for the alliance. Bolstering US security partnerships in Southeast Asia would have an exponential benefit, since these partnerships encourage cooperation between Southeast Asia and other US allies, such as Japan and Australia. However, Biden could run aground if his proposal to convene a Summit of Democracies in his first year spurns allies, such as Bangkok and Manila.

Although the mid-term horizon is encouraging, Washington will struggle to keep pace with China, much less to surpass it, in Southeast Asia in the early months of 2021. Lingering disruption in regional transportation lines because of COVID-19 and the finalization of RCEP will enable Beijing to retain and even strengthen supply chains in the region. As much as Southeast Asian governments may wish to rebalance and diversify their economic relations, the pandemic will keep them close to China in the near-term. Moreover, Beijing will likely win the “vaccine war” in Southeast Asia, by [giving priority to many countries](#) for the sales of Chinese-produced vaccine and facilitating local vaccine production.

At the end of 2020, Vietnam passed the ASEAN chair to Brunei. Hanoi had hoped that another strong performance as regional chair would be a strong lead-in for the 13th National Party Congress in late January 2021, when President and Party Secretary-General Nguyen Phu Trong is expected to hand power over to a handpicked successor. Hanoi sent up a trial balloon in the fall, hoping to retain the chair for another year because of the pandemic, without success. Brunei is expected to provide balanced leadership of ASEAN, but it has neither the administrative capacity nor the political heft of larger states, and some leaders in the region fear that, with ASEAN led by two of its smallest states (Cambodia will take the chair in 2022), China will be able to strengthen its strategic presence in the South China Sea and the Mekong region with greater ease.

# CHRONOLOGY OF US-SOUTHEAST ASIA RELATIONS

## SEPTEMBER – DECEMBER 2020

**Sept. 11, 2020:** Foreign ministers of Southeast Asian Mekong countries and Secretary of State Mike Pompeo [launch](#) the Mekong-US Partnership, successor to the Lower Mekong Initiative.

**Sept. 12, 2020:** ASEAN [holds](#) 27th ASEAN Regional Forum meeting virtually, attended by 26 ARF participating countries and entities, including North Korea and the European Union.

**Sept. 15, 2020:** The United States [imposes](#) sanctions on Chinese state-owned Union Development Group for its role in corrupt activities in Cambodia. Beyond corruption, the US is concerned that the UDG project at Dara Sakor could be used to host Chinese military assets.

**Sept. 16, 2020:** 11th US-Singapore Strategic Security Policy Dialogue [convenes](#) in Singapore, co-chaired by Acting Under-Secretary of Defense for Policy James Anderson and Singapore Permanent Secretary of Defense Chan Heng Kee. They discuss the COVID-19 response across the region, developments in the South China Sea, and counterterrorism.

**Sept. 22, 2020:** US [announces](#) an additional \$200 million in humanitarian assistance to benefit Muslim Rohingya refugees in Bangladesh and those in Rakhine State in Myanmar, for a total of \$437 million in Fiscal Year 2020.

**Sept. 23, 2020:** The United States and Vietnam [conduct](#) the 11th US-Vietnam Political, Security and Defense Dialogue, discussing defense cooperation, maritime security, and war legacy issue.

**Oct. 6, 2020:** The annual US-Vietnam Human Rights Dialogue [is held](#) virtually. Convened after normalization of relations, the Dialogue has continued without disruption for 24 years.

**Oct. 16, 2020:** Secretary of Defense Mark Esper [meets](#) Indonesian Minister of Defense Prabowo Subianto at the Pentagon to discuss regional security, bilateral defense, and defense acquisitions. They sign a Memorandum of Intent to restart work in Indonesia to recover the remains of US personnel lost in World War II. Prabowo, a former commander of Indonesia's special forces that had been under US sanctions for human rights abuses, had not visited the US in over 20 years.

**Oct. 25, 2020:** Indonesian Parliament passes a controversial omnibus bill that [covers](#) investment, taxation, labor, the environment, and other areas related to the country's economic development.

**Oct. 25-29, 2020:** Secretary of State Pompeo [visits](#) Indonesia and meets President Joko Widodo, Foreign Minister Retno Marsudi, and other officials.

**Oct. 28-29, 2020:** The Indo-Pacific Business Forum, co-hosted by Vietnam and the United States, is [convened](#) online in Hanoi.

**Oct. 30, 2020:** Pompeo [meets](#) Vietnamese Prime Minister Nguyen Xuan Phuc in Hanoi and announces a \$2 million assistance package to strengthen response to Tropical Storm Linfa and Typhoon Molave.

**Oct. 30, 2020:** United States Trade Representative (USTR) [announces](#) that the Trump administration will suspend \$817 million in trade preferences for Thailand under the Generalized System of Preferences (GSP) because of continued restrictions on US pork products. USTR also announces that, following eligibility reviews of Indonesia and Laos, both countries will retain their GSP benefits.

**Nov. 8, 2020:** General elections [conducted](#) in Myanmar in most of the country, although some polls are cancelled in conflict zones. Aung San Suu Kyi's National League for Democracy wins an absolute majority in Parliament, although the constitution still gives the military a quarter of seats in the legislature and other forms of political leverage.

**Nov. 10, 2020:** Philippine Foreign Affairs Secretary Teodoro Locsin [announces](#) that President Rodrigo Duterte will extend the US-Philippines Visiting Forces Agreement (VFA) another six months to give the two countries time to negotiate a more permanent continuation of the agreement amid growing tensions with China in the South China Sea.

**Nov. 14, 2020:** 15th East Asia Summit\_(EAS) is [held](#) via video conference, hosted by Vietnam as the ASEAN chair. Washington is represented by National Security Advisor Robert O'Brien, who also participated with Secretary of Commerce Wilbur Ross in the 2019 EAS.

**Nov. 15, 2020:** The Regional Comprehensive Economic Partnership (RCEP) is [signed](#) in Hanoi, creating the world's largest trade bloc.

**Nov. 16-Dec. 11, 2020:** US Coast Guard instructors [conduct](#) a Small Boat Operations course in Manila for Philippine Coast Guard participants, to enhance maritime law enforcement capability. It marks the first training event conducted by the USCG in the Philippines since the onset of the COVID-19 pandemic.

**Nov. 17, 2020:** Bipartisan group of eight Senate and House members [call](#) on the State Department to levy stronger sanctions on Cambodian Prime Minister Hun Sen for a wave of new arrests of opposition figures, journalists and activists.

**Nov. 17-18, 2020:** Indonesian Coordinating Minister for Maritime Affairs and Investment Luhut Binsar Pandjaitan [visits](#) Washington to discuss expansion of Indonesian-US trade and investment relations. He signs a \$750 million memorandum of understanding with the US Export-Import Bank for infrastructure financing and pitched the new Indonesian sovereign wealth fund to the Development Finance Corporation. Luhut met Vice President Mike Pence and had an unscheduled meeting in the Oval Office with President Trump and White House Advisors Ivanka Trump and Jared Kushner.

**Nov. 23, 2020:** US National Security Advisor O'Brien [visits](#) the Philippines and meets with his counterpart, Philippine National Security Advisor Hermogenes Espero and other top officials. O'Brien announces the delivery of new US military assistance in support of emergency counterterrorism needs and disaster relief for recent typhoon victims.

**Nov. 25, 2020:** US Secretary of the Air Force Barbara Barrett [visits](#) the Philippines to meet with a broad spectrum of Philippine defense and security officials, including Armed Forces Chief of Staff General Gilbert Gapay and Air Force Commander Lt. General Allen Paredes. Her visit coincides with the handoff to the Philippine Navy of a *ScanEagle* Unmanned Aerial System drone to strengthen Philippine maritime domain awareness.

**Dec. 8-9, 2020:** ASEAN [holds](#) 7th ASEAN Defense Ministers Meeting-Plus (ADMM-Plus) online, discussing maritime security, stability in the Mekong region, terrorism and North Korea. Acting Secretary of Defense Christopher Miller participates. Miller, however, is in the region and visits the Philippines and Indonesia.

**Dec. 9-14, 2020:** US Navy, US Marine Corps, and the Republic of Singapore Navy [conduct](#) 26th annual Cooperation Afloat Readiness and Training (CARAT) maritime exercises, in international waters in the South China Sea and on Changi Naval Base in Singapore.

**Dec. 11, 2020:** Malaysia [hosts](#) virtual APEC meeting, the culmination of a year of APEC events held completely online. The 21 members discuss reorienting the APEC agenda toward post-COVID economic recovery, as well as continuing work on the digital economy and efforts to improve the investment climate. The 2021 APEC meeting will be hosted by New Zealand in February, also online.

**Dec. 22, 2020:** Indonesian President Joko Widodo [reshuffles](#) his Cabinet, replacing six ministers, in part to strengthen the government's response to COVID-19.

**Dec. 25, 2020:** A Chinese air transporter is [detected](#) arriving on Firey Cross Reef in the West Philippine Sea, raising alarm that any plans for Beijing to build a military base on the feature could place the entirety of the Philippines within striking distance of Chinese air power.

