ASEAN AND ITS DIPLOMACY

ASEAN Updates
ASEAN, SAARC Share Experience in Creating Regional Disaster Management Mechanisms

ASEAN Supports Malaysia’s Post-Flood Relief Efforts

ASEAN Develops Tourism Strategic Vision 2016-2025

Looking for a Three-Level Balance: ASEAN and Palm Oil Diplomacy
Shofwan Al Banna Choiruzzad

Where Should ASEAN Go amid the Conflict in South China Sea?
Arfin Sudirman
Dear Readers,

Following the changes in global politics, many observers start to question the relevance of ASEAN. Can ASEAN provide more leverage for its member states in diplomatic arena? Can ASEAN positively and effectively contribute to the creation of better cooperation frameworks in the region? Can ASEAN help its member countries to navigate the turbulence stemming from the rivalry between great powers?

This February edition presents two articles that attempt to provide insights on important issues that might help us to answer abovementioned questions. The first article, by Shofwan Al Banna Choiruzzad from ASEAN Study Center, Universitas Indonesia, sheds light on the controversial issue of palm oil, an important commodity for ASEAN member countries. It also elaborates possible roles of ASEAN to help its member countries solving this complex issue. The second article, by Arfin Sudarman from Padjadjaran University, looks at the role of ASEAN in the issue of South China Sea.

Enjoy reading!

With best wishes,
Managing Editor
Can we really balance economic development with environmental sustainability? Furthermore: can we balance the two amidst complex political economic relations at global, regional, and national levels? The issue of palm oil provides us an illuminating example on how the search for a balance could be very challenging.

**Palm Oil as ASEAN’s Economic Interest**

Despite the fact that Southeast Asia is not the original habitat of oil palm (*Elaeis guineensis*), the region’s humid tropical climate has been conducive to the growth of the plant (Berger and Martin, 2000). Observations and trials by European colonizers in late 19th century found that oil palms in the region, especially in Sumatera, grew even better than in their original habitat in West Africa (PASPI, 2014). This has led to the growth of the palm oil industry. In the early 20th Century, oil palm plantations sprang in Southeast Asia, mainly in Sumatera and in Malay Peninsula. Southeast Asian plantations quickly surpassed African producers. In the early half of the 20th century, the Dutch East Indies (after independence known as Indonesia) was the largest exporter of CPO with 40% share (PASPI, 2014).

After some period of decline (between 1940s-1960s), palm oil has become, once again, one of the most important commodities of Southeast Asian countries. Currently, three ASEAN countries are the top three producers of palm oil in the world. Indonesia and Malaysia dominate the global market with around 90% share, while Thailand is on the third position (US International Trade Commission, 2010). Even Singapore, with no land to be converted into oil palm plantations, is the third largest exporter of oil palm in the world, below Malaysia as the largest and Indonesia as the second largest (US International Trade Commission, 2010).

Not only that Southeast Asian countries once again dominating the global market of palm oil, the commodity itself now dominating the global market of vegetable oils. According to the Oil World (as in Sipayung, 2014), the leading vegetable oil in early 2000s was soybean oil with 35.64% share. Palm oil was the second with 30.54% share, while rapeseed and sunflower were the third and the fourth with 20.20% and 13.62% market shares, respectively. (A small note: the United States is one of the largest producers of soybean oil, while European countries are among the largest producers of rapeseed and sunflower). This changed in the latter half on 2000s. In 2008, palm oil dominated the global vegetable market with 41.47% market share.
Soybean oil’s market share declined to 32.03%. But, the commodity that got the most impact from the rise of palm oil is sunflower oil. Sunflower oil’s market share plummeted from 18.14% in 1990 to 9.4% in 2008 (Sipayung, 2014).

Despite palm oil’s economic significance for ASEAN countries, it is also becoming a contentious issue. Many NGOs, most notably Greenpeace, alarm that rapid expansion of oil palm plantations frequently costs huge impacts on the environment. Other NGOs, such as SawitWatch, also note that the expansion of oil palm plantations often induced social problems, from the exploitation of labors to the use of excessive violence against indigenous people.

This situation set the stage for a dilemma for palm oil producer or exporter ASEAN Countries: should they go for economic development (i.e. palm oil industry) despite the environmental cost, or should they limit the growth for the sake of protecting the environment and preventing social problems?

The already confusing dilemma is becoming more complicated because it is inevitably affected by political economic relations at the global level. As many observers would note, international trade – palm oil included- is the stage where the gap between developed and developing countries is the most visible.

Diplomatic Challenge to Palm Oil

In 2009, EU issued the Renewable Energy Directives as part of the organization’s climate and energy strategy. While RED is not specifically talking about palm oil, it is perceived by Southeast Asian palm oil industry as a regulation that justify trade barrier against palm oil. The RED established sustainability criteria for using biofuels to meet renewable energy targets. Biofuels that can fulfil the sustainability criteria are eligible to get financial support (subsidies) from the EU.

As noted by D’Agostino and Sovacool (2010), the directives benefit EU’s own vegetable oil producers (sunflower and rapeseed) at the expense of palm oil. According to the directives, palm oil is given a default GHG saving of 19%. This is below the 35% threshold, and thus excluding palm oil use for biofuels.Furthermore, European biofuel producers are allowed to use the ‘typical/average GHG’ according to the RED table, while non-EU producers must show ‘actual GHG’ number (D’Agostino and Sovacool, 2010). The industry argued that the RED is a discriminatory practice that breach WTO rules.

The United States issued similar policy in 2012. The US Environmental Protection Agency concluded that biodiesel made from Indonesian and Malaysian palm oil doesn’t meet the requirements to be added to its renewable fuels program because its greenhouse-gas emissions are too high. The EPA document, on the other hand, allows the use of soybean oil.

Until today, ASEAN countries tried to face this obstacles through individual diplomacy. Indonesian government started to see the barriers against palm oil as a priority in the country’s economic diplomacy since the late period of President Yudhoyono. In a press conference before his last presidential trip to New York, referring specifically to palm oil, President Yudhoyono pledged to “ensure that there is no barrier against Indonesian products abroad.” The new President, Joko Widodo, has promised the same commitment. In his first meeting as a President with the President of the European Council, Herman Von Rompuy, President Joko Widodo is reported to request EU to eliminate barriers against Indonesia’s palm oil. In his meeting with President Obama during the APEC Summit, President Joko Widodo also mentioned the issue.

So far, the effort has been ineffective.

The Way Forward: In Search for Three-Level Balance

It seems that individual diplomatic efforts by ASEAN member countries (Indonesia and Malaysia, particularly) are ineffective. In this context, can ASEAN, as a regional institution, come into the rescue? Unfortunately, an affirmative answer must wait. At regional level, the issue of palm oil is also a site of contention. Despite the position of some important ASEAN member countries as palm oil producers and exporters, there is no consolidated position between them in this issue. Furthermore, this issue is closely linked with the ‘annual’ haze problem that create rifts between at least three important members of ASEAN: Indonesia, Malaysia and Singapore (Varkkey, 2012).

To find the right balance between economic development and environmental sustainability in the issue of palm oil, ASEAN member countries must understand that this is not a single level
dilemma. ASEAN member countries have to strike the right balance at three levels: global (developed-developing countries divide), regional (palm oil industry-haze and other transnational regional problems), and national (national priority on land use).

In this context, ASEAN as a regional institution can play an important role to align the efforts to create balance at those three levels. At global level, ASEAN could help palm oil producing/exporting member countries to ward off discriminatory practices by stronger actors by strengthening the countries’ leverage in the diplomatic arena. At regional level, ASEAN could help to regional mechanism to mitigate the transnational impacts of the expansion of oil palm plantation. At national level, agreement on ASEAN level would be useful to push domestic reforms and end the confusion of priority between different government agencies that stems from the land use dilemma.

References


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The issue of South China Sea conflict has been regarded as a highly sensitive issue in the last 5 years in ASEAN. Amid the dispute, China and the US have been using the South China Sea as the “New Cold War Arena” of power and military hegemonic competition in the South East Asia region. ASEAN has a burden to take a major role in managing and resolving the South China Sea.

This paper argues that ASEAN, at this moment, must maintain its role as mediator-instrument and independent-negotiator actor in the region but at the same time its principle must gradually adapt to the new international system. We hope that in the future, ASEAN can take a major role as regional governance in the South China Sea and the South East Asia region.

South China Sea: The Complexity

The South China Sea is part of the Pacific Ocean. Geographically, it is located among these territories: i) the plain south of China, ii) the West Philippine, iii) northwestern Malaysia (Sabah, Sarawak) and Brunei; iv) the northern part of Indonesia; v) the Northeast of Malaysia and Singapore; and vi) East part of Vietnam. With an area of approximately 3,500,000 km², the South China Sea has enormous natural resources, including 28 million barrels of oil reserves, 7,500 km³ of natural gas reserves, and considered as a one of third marine ecosystems of all over the world.

In addition to its natural resources, the South China Sea is also one of busiest sea traffic channeling international trade and transportation between the Strait of Malacca, the Sunda Strait and the Lombok Strait. Furthermore, there are numerous small islands scattered in the South China Sea, which would become a potential asset for all countries’ future development. By looking to its geographical facts, it is safe to say that the South China Sea has a great value of geopolitical and geostrategic importance to the countries that are located in the surrounding area. The geopolitical and geo-economic advantages can be used as a high bargaining power in interaction between countries including ASEAN.

Its geopolitical and geo-economic position has led to territorial dispute between several states that have direct maritime contact with the South China Sea. The South China Sea’s claimant states are comprised of:

1. Indonesia, China and Taiwan over the Natuna Islands waters;
2. Philippine, China and Taiwan over the Malampaya gas field and Camago;
Where Should ASEAN Go amid the Conflict in South China Sea?
Arfin Sudirman

3. Philippine, China and Taiwan over Scarborough Shoal;
4. Vietnam, China and Taiwan over west of the Spratly islands waters. Claiming conflict in this area also involves Brunei, Malaysia and Philippine;
5. The Paracel Islands are disputed between China and Vietnam;
6. Malaysia, Cambodia, Thailand, and Vietnam who claimed the area in the Gulf of Thailand; and
7. Conflict of claims between Singapore and Malaysia along the Strait of Johor and the Strait of Singapore.

In addition, the complexity of the South China Sea dispute involves not only the ASEAN countries and China. Powerful states outside the region also appeared to exploit the potential for geopolitical and geostrategic advantages of the South China Sea. Therefore, ASEAN as a regional organization in Southeast Asian region cannot rule out the complexity of regional security mainly caused by external factors, such as the involvement of the US, Britain and Russia (that have defense cooperation with few ASEAN member countries involved in the South China Sea dispute: Cambodia, Malaysia, Vietnam, Philippines and Brunei Darussalam). Since the ASEAN was initially formed to build the unity and integrity of the countries in Southeast Asia through harmonization and cooperation in various fields, ASEAN must be critical to understand the international system constructed by the powerful countries in the world, especially in the case of the South China Sea dispute.

Those facts have made ASEAN as the “New Cold War Arena” between the great powers in the world. ASEAN confronted with dilemmas regarding its efforts to maintain the basic principles contained in the charter of ASEAN, namely the peaceful settlement of disputes through management approaches and conflict resolution in accordance with the ASEAN Political and Security Community’s blueprint. In fact, it is clearly stated in the action lines B.2. Conflict Resolution and Pacific Settlement of Disputes, specifically in point number B.2.1. Build upon the existing modes of pacific settlement of Disputes and Consider strengthening them with additional mechanisms as needed number lines of actions i, ii, iii. The action lines implies that in order to achieve peaceful
resolution, ASEAN must adapt to the current international system and the regional security complex between ASEAN member states in order to challenge the hegemonic competition between the US and China in the South East Asia region.

Both dilemmas may have logical consequences. By retaining the basic principles of ASEAN to achieve peace amid the uncertainty of balance of power, ASEAN must postpone the negotiation with China because of its military power that has taken into account by the US and also there has been no guarantee if ASEAN member states would united against both super powers. Some problems can be identified from the South China Sea conflict claims, including:

1. The Political aspect. The claim area has its own value of prestige for a country's political image. The success of the claim will improve the image. Conversely, the failure of the claim will reduce the image. Thus, a state would seek its political image as much as possible and to be able to retain any risk that claims to the territory.

2. The Economic aspect. The South China Sea’s natural resources and its geographical channel for international trade would be an important asset as a source of foreign exchange.

3. The Security aspect. The maritime claims in the South China Sea conflict will threaten the stability and the regional security if we could not find the best conflict resolution as soon as possible. The role of intrusive actor such as US, China and Britain could also aggravate the problem that could possibly lead to an open war. Therefore, ASEAN must take major role in managing and resolving the South China Sea dispute peacefully apart from the fact that ASEAN has no defense pact unlike NATO.

The China and US intervention in the South China Sea Dispute as a cause of DoC deadlock in Cambodia

The disagreement in the Joint Communiqué on the ASEAN Foreign Ministers Meeting ASEAN (ASEAN Ministerial Meeting / AMM), 45th in Phnom Penh and Cambodia’s alignments to China was considered as a huge stumbling block for solidity and neutrality in ASEAN. The fragmentation was created due to uncompromised status of the South China Sea between Cambodia, the Philippines and Vietnam. Allegations over Cambodia who was trying to accommodate China’s interest in the South China Sea conflict had intensified the fragmentation in ASEAN. The incident was regarded as the first incident of ASEAN’s fragmentation since its establishment in 1967.

We cannot deny the fact that China, as a new global economic power, has a natural behavior to seek a bigger role in Asia. This could affect the balance of power in the region due to the fact that some of the ASEAN’s member countries have defense cooperation with China, the US and the United Kingdom.

Since its establishment, ASEAN has been creating an image as a regional organization which emphasizes on the respect of sovereignty among member states, the principle of non-intervention and the settlement of disputes through peaceful means and does not form a defense pact. The basic principles of ASEAN are relatively unchanged until today.

In the state-to-state interactions, a high bargaining power can only be achieved if a country has a modality such as economic and military power. ASEAN does have economic power through cooperation and collaboration, but by maintaining the principle of not building a defense pact or collective military power, ASEAN created a gap in ASEAN unity against great power rivalry in the region. As a consequence, this “defense gap” is exploited and filled by the great powers that are competing in this region.

Therefore, no wonder if ASEAN member countries that are involved in the South China Sea Conflict approaching the US to balance its military power against China, while Malaysia could rely on its collective defense commitment with the Five Power Defense Arrangements (FPDA) with the UK, Singapore, Australia and New Zealand. Potentially, ASEAN will be divided into small bipolarity in the South East Asia region and eventually ending the principle of neutrality and centrality.

On the other hand, if ASEAN would revise its basic principle, such as building a defense pact, the ASEAN’s bargaining position against China would increase rather than relying on economic aspect. However, such a move is not without risk, ASEAN will be seen as a new military power bloc in the world that would disrupt the balance of the region, especially if ASEAN eventually abandon the principle of South-East Asia Nuclear Weapon Free Zone or SEANWFZ. It is not impossible that ASEAN
Where Should ASEAN Go amid the Conflict in South China Sea?
Arfin Sudirman

actually adds to the complexity of the problem in the Southeast Asian region.

There is nothing wrong if ASEAN ultimately chose the middle way policy through Conflict Resolution and Pacific Settlement of Disputes to prevent the South China Sea to become a war zone between the US and China with their allies. This option has always been a difficult choice for ASEAN because by choosing the middle way, the South China Sea territorial dispute will always end in stalemate without any certainty when the conflict will end.

In fact, the establishment of a regional organization such as ASEAN is supposed to become a collaborative forum to fill the gap between the state levels with global level such as the United Nations. Ideally, regional organizations could also become a driving force in the alteration of the international system. Neutrality and the centrality of ASEAN should remain a major emancipatory power of the countries in the Southeast Asian region amid an international system that is likely to be controlled by the powerful countries. Unfortunately, the legacy of the Cold War still echoes strong today so that regional organizations such as ASEAN must adapt to these conditions.

We need a radical step so that ASEAN and its Member States are not dependent to the rivalry of great powers. High appreciation should be given to the policy makers in the ASEAN who has always been consistent in upholding the principles of the ASEAN Charter. However, we must put into a consideration for ASEAN to create a structure that accommodates the needs for defense and military cooperation. This structure is essential to avoid defense sector being exploited by the major states in the form of proxy war.

References


ASEAN Supports Malaysia’s Post-Flood Relief Efforts

As part of ASEAN’s solidarity, the ASEAN Coordinating Centre for Humanitarian Assistance and Disaster Management (AHA Centre) symbolically handed-over disaster emergency relief items to MajlisKeselamatan Negara (MKN) Malaysia on 8 January 2015. The assistance was distributed in the wake of flood which struck Malaysia in late December 2014, which was dubbed as the country’s worst in 30 years. The day before, the Secretary-General of ASEAN, H.E. Le Luong Minh conveyed his deep sympathy to the affected Malaysian communities, and promised that the AHA Centre will continue to monitor the situation and support the on-going relief efforts carried out by the Malaysian Government. Similarly, Mr. Said Faisal, Executive Director of the AHA Centre, also expressed his deep sympathy and condolence to the victims, while remaining confident that the Malaysian Government and people will be able to rebuild the lives of the affected population.

The AHA Centre, in close coordination with MKN, has deployed its field team and mobilised relief items from its Disaster Emergency Logistic System for ASEAN (DELSA), located in Subang, Malaysia. The relief items consisted of 538 family tents, 538 ASEAN family kits, 498 shelter toolkits, 1000 rolls of tarpaulins, 2 Mobile Storage Units (MSUs), and 1500 kitchen sets. These relief items were made available with the support of Japan-ASEAN Integration Fund (JAIF). In addition, the field team has been in close coordination with MKN to provide any necessary assistance, while the AHA Centre’s Emergency Operation Centre in Jakarta closely monitored the situation and shared updates with other member states. (Source: ASEAN Secretariat News).

ASEAN, SAARC Share Experience in Creating Regional Disaster Management Mechanisms

Officials from the South Asian Association for Regional Cooperation (SAARC) member states, SAARC Disaster Management Centre (SDMC), and SAARC Secretariat visited ASEAN Secretariat as part of a one-week study exchange. The officials also visited the ASEAN Coordinating Centre for Humanitarian Assistance (AHA Centre) with the objective of learning about ASEAN’s regional disaster response mechanisms and the Association’s experience in running the AHA Centre. The program was supported by the United States Agency for International Development (USAID) through the US Forest Service, and facilitated by the AHA Centre and the SDMC.

According to the Deputy Secretary-General of ASEAN for the ASEAN Socio-Cultural Community H.E. Alicia Dela Rosa Bala, “recognising that natural disasters cut across boundaries, strengthening the relationship between Southeast Asia and South Asia is an urgent imperative.” Similarly, H.E. Arjun Bahadur Thapa, Secretary-General of SAARC, also expressed that “regional cooperation between ASEAN and SAARC for disaster management could be a stepping stone for larger cooperation between the two regions”, indicating a possible future spill-over cooperation between neighbouring regions. Participants to the program also expressed their optimism that cooperation between SAARC and ASEAN will continue to grow.

(Source: ASEAN Secretariat News).
ASEAN Develops Tourism Strategic Vision 2016-2025

To replace the current ASEAN Tourism Strategic Plan (ATSP) 2011-2015, ASEAN National Tourism Organisations (NTOs) and the ASEAN Secretariat are working together to develop the new ATSP for the 2016-2025 period. The Head of Malaysia NTO, Y. Bhg. DatukDr. Ong Hong Peng, expressed that “AEC, with the goal of ASEAN economic integration, presents immense opportunities for the advancement of ASEAN as a single tourism destination”, and hoped that a draft of ATSP 2016-2025 can be developed and endorsed by the ASEAN Tourism Ministers during the ASEAN Tourism Forum (ATF) 2015 in Myanmar. He added that the new ATSP “will chart the strategic directions, focus areas and game changers to expedite the growth and development of ASEAN tourism.” For the first implementation period, the NTOs have established a Task Force, whose key responsibilities include developing the Strategic Direction, Strategic Actions, Measures, Outcomes, and Timeline of ASEAN Tourism for the 2016-2025 period. The Task Force has engaged and coordinated with related ASEAN Committees and other relevant international, regional, sub-regional and bilateral organizations, as well as the private sector and development partners to share their insights on this strategic tourism planning and implementation process. The ATSP is expected to be launched at the 2016 ATF in the Philippines. (Source: ASEAN Secretariat News).