

# Background

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## Guidelines for U.S. Policy in Southeast Asia

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Southeast Asia's half-billion people reside in the most dynamic area of the world. China, a rising economic and military power with an economy of more than \$2 trillion and a population of over 1 billion, sits on their northern doorstep. India, another billion-person nation, is outside their western door. Japan, which has the world's second largest economy, and South Korea, a country with such energy that it maintains an economy the size of India's with only 5 percent of India's population, are each a short flight away.

The Association of Southeast Asian Nations (ASEAN)—composed of Burma, Brunei, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam—faces the challenge of safeguarding its interests and prospering in this hyper-competitive neighborhood. The United States has an overarching interest in seeing that it succeeds while also remaining independent and outward-looking.

Securing this strategic imperative relies on two mutually reinforcing approaches to the region: bilateral and U.S.–ASEAN. While bilateral approaches to the countries are absolutely necessary, they are not sufficient. Without a coherent, robust U.S. approach to the region as a whole, the grouping will develop its common interests in association with alternative benefactors—likely China. In such a scenario, the interests of the U.S. and its partners in the region will drift apart. The U.S. has too much at stake in the region to let this happen.

ASEAN can be much greater than the sum of its parts. It can grow strong and remain independent, and

### Talking Points

- The United States has a strategic interest in the development of a strong, independent, outward-looking Association of Southeast Asian Nations (ASEAN).
- The U.S. military presence in the region is indispensable to hedging against rapidly growing Chinese military capabilities.
- Security and stability in the South China Sea and approaching waterways are irreducible American interests. It is critical to securing these interests that the U.S. remain their trusted guarantor.
- The ASEAN countries are necessary partners in combating international terrorism.
- The United States has major economic stakes in ASEAN. ASEAN is its fifth largest export market, and American private-sector investment in ASEAN is greater than U.S. investment in each of China, Japan, and India.
- Democratic reform strengthens ASEAN and facilitates its relationship with the U.S.

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it can be a reliable U.S. partner far into the future. It is this long-term vision that should be the basis of U.S. foreign policy aspirations.

The purpose of this paper is to lay out the stakes involved, guidelines for securing them, and specific policy recommendations.

### America's Stake in Southeast Asia

The U.S. has major economic, political, and security interests in Southeast Asia.

**Economic.** The U.S. exports \$50 billion in goods to ASEAN per year. Only Canada, Mexico, Japan, and the European Union (EU) are bigger markets for U.S. goods. U.S. private-sector investment in ASEAN exceeds \$80 billion, surpassing U.S. investments in each of China, Japan, and India.

These numbers, while clearly significant in themselves, reflect U.S. interest in maximizing Southeast Asia's economic performance. The better the performance, the greater the opportunity the U.S. will have to expand its stake; the greater that stake, the stronger will be the rationale for U.S.–ASEAN ties.

If the 1997 Asian financial crisis proved anything, it proved that global financial markets and convertible currencies impose an inescapable interdependence among national economies. Poor performance or financial crisis in one country can quickly affect U.S. economic and political interests elsewhere.

Economic performance is closely correlated with economic freedom. For 13 years, The Heritage Foundation has conducted an annual analysis that proves this thesis. The *Index of Economic Freedom*, published by The Heritage Foundation and *The Wall Street Journal*, systematically and empirically evaluates national economies on such things as ease of doing business, tariff and non-tariff barriers, property rights, corruption, and investment regimes. It uses data from internationally authoritative sources—the International Monetary Fund, World Bank, World Trade Organization, Transpar-

ency International, and others—to calculate a percentage rating for each country.

The *Index* has consistently ranked Singapore as the world's second freest economy, behind Hong Kong. Malaysia and Thailand rank eighth and ninth out of the 30 countries in the Asia–Pacific region. Others in ASEAN do not fare as well, but all of them rank higher than China, except for Vietnam, Laos, and Burma. As a region, ASEAN has a 55.2 percent rating on the economic freedom index, compared to China's 54 percent rating.<sup>1</sup>

The U.S. has an interest in ASEAN's improving its ratings, as does ASEAN itself. This dynamic economic interest makes the United States different from ASEAN's other economic partners. It is not content with the status quo, working around difficult environments to make or sell more widgets. It seeks positive economic change by way of broader, deeper economic freedom.

**Political Development.** Democratic reform strengthens ASEAN and facilitates its relationship with the U.S. The U.S. has an abiding stake in how it develops.

The current state of democratic development in ASEAN is diverse, complex, and fluid. Freedom House's annual index lists one ASEAN member country as "free," three as "partly free," and six as "not free."<sup>2</sup> The 2006 coup in Thailand was a big blow to freedom. Although most the countries in the region are listed as "not free," the number of people living in either "free" or "partly free" countries still outnumbers those in "not free" countries by 150 million.

Indonesia is the one "free" country in the region. Indeed, its political development since President Suharto's departure in 1998 has been astounding. National parliamentary elections were held in 1999. In 2004, a total of 350 million votes were cast in three national elections, including the two rounds of the 2004 presidential election—the first direct election of the president.<sup>3</sup> The final round involved

1. Tim Kane, Kim R. Holmes, and Mary Anastasia O'Grady, *2007 Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2007). The ASEAN ranking is an average weighted by the population of each of nine ASEAN countries included in the report. The report does not cover Brunei.
2. Freedom House, "Freedom in the World 2007: Selected Data from Freedom House's Annual Global Survey of Political Rights and Civil Liberties," at [www.freedomhouse.org/uploads/press\\_release/fiw07\\_charts.pdf](http://www.freedomhouse.org/uploads/press_release/fiw07_charts.pdf) (February 8, 2007).

117 million voters—the “largest single day election in the world.”<sup>4</sup> And there is far more than just elections to Indonesian democracy, as any perusal of its daily press will affirm.

In 2006, the Philippines and Thailand were downgraded from “free” to “partly free,” but the Freedom House categorization of the Philippines is debatable. In the Philippines, the political debate, press coverage, and jockeying of politicians are vigorous. President Gloria Macapagal-Arroyo has been under constant, sometimes serious assault by opposition politicians. The report is on firmer ground with Thailand. Since its 2006 downgrade, which was concerned primarily with the excesses of Prime Minister Thaksin Shinawatra’s democratically elected government, Thailand has taken yet another step backward with the September 2006 coup. It remains to be seen whether the generals will keep their commitment to return the country to constitutional democracy and elections by the end of the year.

By far the largest, most important regional power in the “not free” category is Vietnam. While this characterization is clearly correct, economic reforms have transformed the Vietnamese economy over the past 20 years. In short, Vietnam is opening to the world.

Burma presents the opposite case, with the situation showing no basis for improvement. In his most recent report, U.N. Special Rapporteur for Burma Paulo Pinheiro declared that the regime’s democratization effort is essentially null and void.<sup>5</sup> The rapporteur was forced to compile his report from authoritative sources outside Burma because he has been denied access to Burma since November 2003. In January 2006, U.N. Special Envoy for Burma

Rizali Ismail, a distinguished career Malaysian diplomat and energetic problem solver, resigned his post after being similarly denied access for two years. Engaging the Burmese generals has clearly not been effective.

Burma damages ASEAN’s standing in the world, bogs down its processes, and inhibits its global engagement, weakening ASEAN. ASEAN has begun to recognize this. Criticism has surfaced in the joint statements of its heads of states and foreign ministers. In July 2006, Malaysian Foreign Minister Syed Hamid expressed ASEAN’s collective frustration: “ASEAN has now reached a stage where it is not possible to defend its member when that member is not making an attempt to cooperate or help itself.”<sup>6</sup>

There are no easy answers to the problem of Burma. The best the U.S. can do is to keep it on the international agenda, build on ASEAN’s doubts, and bring pressure to bear where and when possible. In the meantime, the U.S. needs to be creative in finding ways around Burma to engage ASEAN fully. The U.S. cannot afford to allow developments in Burma to drive the broader U.S.–ASEAN relationship.

**Islamic Politics.** Islam in ASEAN is overwhelmingly mainstream. Significantly, Indonesia, the world’s largest Muslim-majority nation, is not an “Islamic state.” An effort to make it more Islamic failed in 2002, receiving so little support in the freely elected Indonesian parliament that the proposal was withdrawn from consideration.<sup>7</sup> President Susilo Yudhoyono has purposefully and explicitly projected Indonesia’s model of moderate, democratic Islam onto an increasingly active foreign policy—a decidedly positive development.<sup>8</sup>

In Malaysia, Prime Minister Abdullah Badawi has coined the term *Islam Hadhari* (civilizational

3. Susilo Bambang Yudhoyono, address at United States–Indonesia Society dinner, Washington, D.C., May 25, 2005, at [www.indonesia.nl/articles.php?rank=1&art\\_cat\\_id=49](http://www.indonesia.nl/articles.php?rank=1&art_cat_id=49) (March 7, 2007).
4. U.S. Department of State, Bureau of East Asian and Pacific Affairs, “Background Note: Indonesia,” January 2007, at [www.state.gov/r/pa/ei/bgn/2748.htm](http://www.state.gov/r/pa/ei/bgn/2748.htm) (February 8, 2007).
5. Paolo Sergio Pinheiro, Special Rapporteur on the Situation of Human Rights in Myanmar, statement before the Third Committee, U.N. General Assembly, October 20, 2006, at [www.ibiblio.org/obl/docs3/GA2006-SRM-oral2.pdf](http://www.ibiblio.org/obl/docs3/GA2006-SRM-oral2.pdf) (February 12, 2007).
6. Syed Hamid Albar, speech at ASEAN Inter-Parliamentary Myanmar Caucus, Kuala Lumpur, Malaysia, July 2006, at [www.aseanmp.org/index.php?option=com\\_content&task=view&id=99&Itemid=19](http://www.aseanmp.org/index.php?option=com_content&task=view&id=99&Itemid=19) (February 12, 2007).
7. Paul M. Cleveland, testimony before the Committee on Foreign Relations, U.S. Senate, September 15, 2005, at [www.senate.gov/~foreign/testimony/2005/ClevelandTestimony050915.pdf](http://www.senate.gov/~foreign/testimony/2005/ClevelandTestimony050915.pdf) (February 8, 2007).

Islam) to encompass his views. He described this philosophy to an audience in London in January 2007 by pointing out its compatibility with modernity, respect for the rights of women, and protection for minorities and its positive example for the Muslim world.<sup>9</sup>

The U.S. is not in a position to commend this version of Islamic politics to others in the global Islamic community, but it can help moderate countries to succeed with the secular tasks of economic and political reform that build their credibility at home and abroad. Vigorous engagement with them is perhaps the best way to demonstrate to the world that the current global conflict is with militant Islamism, not with Islam itself.

**Security.** “Southeast Asia is the Front Line of the War on Terror in PACOM [U.S. Pacific Command]” is how Admiral William J. Fallon summed up his command’s perspective on Southeast Asia.<sup>10</sup>

Terrorism and insurgency are real, if manageable, threats in Southeast Asia. Indonesia has faced major attacks including the Bali bombings of October 2002 and 2005, the 2003 bombing of the Jakarta Marriott Hotel, and the 2004 bombing of the Australian embassy. The Philippines is fighting Jemaah Islamiyah, the Abu Sayaf terrorist group, the Moro Islamic Liberation Front, the Rajah Sulaiman Movement, and an armed communist movement. Thailand has struggled to find a solution to a persistent insurgency in its far south.

The U.S. military is helping the region to fight terrorism by “building and strengthening the ability of countries in the region” to resist it.<sup>11</sup> The Philippine armed forces’ recent success against

Abu Sayaf in the southern islands is due in large part to close cooperation with the U.S. military. All indicators suggest that the deaths of Abu Sayaf leader Khaddaffy Janjalani in September 2006 and his possible successor in January 2007 have significantly degraded the group’s strength.

The U.S. plays a critical role in helping the region combat terrorism. Americans know well from experience that allowing terrorists to operate in isolated circumstances halfway around the world can lead to tragic consequences at home.

In addition to its focus on counterterrorism, the U.S. military presence in the region is indispensable to hedging against a burgeoning Chinese military capability.<sup>12</sup>

Beyond geopolitics, what is most tangibly at stake is the security of sea lines of communication and resources of the South China Sea and who guarantees regional security. According to the Energy Information Administration, “more than half of the world’s annual merchant fleet tonnage, with the majority continuing on into the South China Sea,” passes through the straits around Indonesia. This includes “more than 80% of crude oil supplies for Japan, South Korea and Taiwan.” Estimates of oil reserves in the South China Sea range from 28 billion barrels to as high as a Chinese estimate of 213 billion barrels.<sup>13</sup> If proved, the lower total would rank it just after Nigeria; the higher total would rank it just after Saudi Arabia.<sup>14</sup>

U.S. security relations with Southeast Asia are centered around two treaty allies: the Philippines and Thailand. The U.S. holds major military exercises with both during the year. The U.S.–Thai

8. Dewi Fortuna Anwar, “Foreign Policy, Islam and Democracy in Indonesia,” keynote paper presented at Understanding Indonesia 2006 Seminar, Wellington, New Zealand, May 1, 2006.
9. Abdullah Ahmad Badawi, speech at the International Institute for Strategic Studies, London, January 23, 2007, at [www.iiss.org/conferences/recent-key-addresses/hon-dato-seri-abdullah-address](http://www.iiss.org/conferences/recent-key-addresses/hon-dato-seri-abdullah-address) (February 8, 2007).
10. Admiral William J. Fallon, testimony before the Committee on Armed Services, U.S. Senate, March 7, 2006, at [www.pacom.mil/speeches/sst2006/DAR-FY07-Fallon%2003-07-06.pdf](http://www.pacom.mil/speeches/sst2006/DAR-FY07-Fallon%2003-07-06.pdf) (February 8, 2007).
11. *Ibid.*
12. For a discussion of China’s defense buildup and its strategic implications, see John J. Tkacik, Jr., “Hedging Against China,” Heritage Foundation *Backgrounder* No. 1925, April 17, 2006, at [www.heritage.org/Research/AsiaandthePacific/upload/96070\\_1.pdf](http://www.heritage.org/Research/AsiaandthePacific/upload/96070_1.pdf).
13. U.S. Department of Energy, Energy Information Administration, “South China Sea,” *Country Analysis Brief*, updated March 2006, at [www.eia.doe.gov/emeu/cabs/South\\_China\\_Sea/pdf.pdf](http://www.eia.doe.gov/emeu/cabs/South_China_Sea/pdf.pdf) (March 14, 2007).
14. “Worldwide Look at Reserves and Production,” *Oil and Gas Journal*, Vol. 103, Issue 47 (December 19, 2005), p. 24.

Cobra Gold exercise is the largest U.S. exercise in Asia. “The May 2006 drill featured over 7,800 troops from the U.S. and 4,200 from Thailand.”<sup>15</sup> Japan, Singapore, and Indonesia also participated. The 2006 Balikatan exercises with the Philippines involved approximately 5,500 U.S. personnel and 2,800 Filipino personnel. With these exercises and others in the region, the U.S. improves the interoperability of its forces and those of its partners, improves joint response to emergencies, and enhances their military capacity. Joint military exercises are essential to joint readiness.

The U.S. also has a very close security relationship with Singapore. The U.S.–Singapore Strategic Framework Agreement covers cooperation in “areas such as counterterrorism, counter-proliferation, joint military exercises and training, policy dialogues, and defense technology.”<sup>16</sup> Combined with Singapore’s first-class full accommodation of the U.S. Navy, the framework provides a perfect example of the “places, not bases” approach to aligning security cooperation.

### The Field of Play

The nations of Southeast Asia have created a variety of international institutions to address common political, economic, and security issues.

**ASEAN.** The 10 heads of ASEAN governments convene once a year to develop approaches to common interests, to expand cooperation, and to address the issues of the day. On different cycles, a variety of ASEAN government ministers hold their own annual meetings on basically the same structure. The most prominent and best-supported of these ministerial meetings is the annual foreign ministers meeting (AMM).

In 1994, the foreign ministers initiated the ASEAN Regional Forum (ARF) to “bring about a more predictable and constructive pattern of relations in the Asia Pacific.”<sup>17</sup> The ARF was founded explicitly to address political and security issues and to expand the

dialogue beyond Southeast Asia. Today, participants include Australia, Bangladesh, Brunei Darussalam, Burma, Cambodia, Canada, China, the EU, India, Indonesia, Japan, North Korea, South Korea, Laos, Malaysia, Mongolia, New Zealand, Pakistan, Papua New Guinea, the Philippines, Russia, Singapore, Thailand, East Timor, the United States, and Vietnam. The ARF is the principal security forum in the Asia–Pacific region and is recognized as such.

Given that so much of the region’s agenda is driven by economics and the drive toward economic integration, the meeting of ASEAN Economic Ministers (AEM) and the Finance Ministers Meeting (AFMM) are also particularly important.

The AEM is the venue for regional trade issues and external trade relations, including free trade agreements (FTAs). As economic integration and FTAs have become defining agenda items for ASEAN over the past 15 years, the AEM has emerged as a key forum. Beyond meeting as a group, the ASEAN ministers hold consultations with many of their trading partners. The 2006 schedule included meetings with China, South Korea, Japan, India, Australia, New Zealand, and the EU. In 2006, U.S. Trade Representative Susan Schwab also attended the AEM and held a consultation with her ASEAN counterparts—the first such U.S.–AEM consultation in three years.

The AFMM is the other side of the region’s economic architecture. It has a somewhat lower profile than the AEM and has not accomplished as much. However, its mission is critical to the economic health of the region. The agenda includes deepening capital markets, liberalizing the financial service sector, establishing currency cooperation, and financing infrastructure. Underlying virtually all of its work is an imperative to prevent another financial crisis. China, South Korea, and Japan have a venue for engagement with the AFMM through ASEAN+3. The Asian Development Bank is also very involved in the process.

15. Emma Chanlett-Avery, “Thailand: Background and U.S. Relations,” Congressional Research Service *Report for Congress*, updated October 2, 2006, p. 10, at [www.fas.org/sgp/crs/row/RL32593.pdf](http://www.fas.org/sgp/crs/row/RL32593.pdf) (March 7, 2007).

16. The White House, “Joint Statement Between President Bush and Prime Minister Lee of Singapore,” July 12, 2005, at [www.whitehouse.gov/news/releases/2005/07/20050712.html](http://www.whitehouse.gov/news/releases/2005/07/20050712.html) (February 5, 2007).

17. ASEAN Regional Forum, “About Us,” at [www.aseanregionalforum.org/AboutUs/tabid/57/Default.aspx](http://www.aseanregionalforum.org/AboutUs/tabid/57/Default.aspx) (February 8, 2007).

**ASEAN+3, East Asia Summit, and U.S. Initiative.** The occasion of the annual ASEAN heads of state meeting is also the venue for separate meetings with the leaders of China, Japan, and South Korea (members of ASEAN+3) and India. Back-to-back with this event for the past two years, ASEAN has also held an East Asia Summit (EAS), which includes the leaders of these four countries plus Australia and New Zealand. The United States is not a part of any of these arrangements.

ASEAN+3 is very well developed. It has a host of related and preparatory meetings throughout the year. The EAS does not have a comparable supportive structure, and it is not yet clear whether or not it will develop such a structure. It may very well remain a courtesy of a far more serious ASEAN+3. For this reason, discussion of U.S. participation is misguided. The last thing the U.S. should want is to go through the trouble of joining the EAS—and signing a treaty for the privilege<sup>18</sup>—only to end up outside an inner summitry sanctum that includes China, Japan, and South Korea.

The EAS was originally a Chinese initiative. Although ASEAN opened it to outside and U.S. participation, that was not the spirit of the initial proposal. Presumably, some within ASEAN+3 would still prefer to exclude the U.S.

Neither the development of the EAS nor the development of ASEAN+3 is necessarily antithetical to U.S. interests. Many regional institutions around the world do not formally include the United States, and the U.S. does not have to be part of every ASEAN summit. What is important to American interests is that ASEAN continues to drive these forums; that efforts toward economic integration and community remain open, inclusive, and outward-looking; and that they remain supportive of economic freedom.

It is central to American interests in the region's architecture that the U.S. be involved in its own affirmative way. The dilemma posed by U.S. in-

volvement in the EAS is essentially part and parcel of leaving the initiative to others. Given the history of U.S. involvement in the region, the current stakes, and the magnitude of what the U.S. brings to the table, the U.S. should not be in a position of having to choose between a Chinese initiative on architecture and perceptions that the U.S. is opting out of the region's development.

### Administration Policy

U.S. engagement with ASEAN reached a low mark in July 2005, when Secretary of State Condoleezza Rice skipped the ASEAN Regional Forum—an opportunity for dialogue that the U.S. had not missed since its inception in 1994.

Since this decision, however, the U.S. has become much more deeply engaged with ASEAN as an organization. Secretary Rice quickly promised her counterparts that she would attend the ARF in 2006 and stuck by that promise. U.S. Trade Representative Susan Schwab attended the AEM, reversing a trend of forgoing a U.S.–AEM dialogue that began in 2003. Ambassador Schwab's attendance resulted in a trade and investment framework arrangement (TIFA) agreement. The TIFA establishes a regular framework for discussing trade issues with ASEAN as a whole. Initially, the trade ministers are focusing on harmonizing select industry standards and facilitating trade flows. As important as these initiatives are, the TIFA is even more important as a statement of official U.S. interest in the economic life of the region.

The U.S. elevated its engagement with ASEAN in 2005 and 2006, when President Bush met with ASEAN leaders during sessions of the Asia Pacific Economic Cooperation forum. The arrangement showed an encouraging degree of imagination. APEC was the perfect venue because it permitted the President to meet with only the seven leaders of ASEAN countries that are also represented at APEC. This avoided the sensitive issue of Burma, which is not a member of APEC.

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18. All EAS members must sign ASEAN's Treaty on Amity and Cooperation (TAC). Among other things, the treaty renounces the use of force and commits signatories not to interfere in one another's internal affairs. The U.S. cannot rule out all contingencies regarding use of force. Historically, the U.S. has always reserved the right to comment on domestic political matters of nations in the region. Both provisions—and the fact that Taiwan is virtually assured of never becoming an EAS member—make U.S. Senate ratification of U.S. accession to the TAC highly problematic.

In connection with the President's 2005 meeting, the parties issued a joint comprehensive framework for their relationship called the ASEAN–U.S. Enhanced Partnership. Among other things, the partnership:

- Pledges support for ASEAN integration, leading to an ASEAN economic community by 2015;
- Acknowledges the spirit and principles of the Treaty of Amity Cooperation;
- Supports the ARF as the “premier regional political and security forum in the Asia Pacific region with ASEAN as the driving force”; and
- Aims to strengthen the investment climate.<sup>19</sup>

Equally encouraging, a joint plan of action to implement the partnership was signed within eight months of the agreement.

The Administration's challenge is to develop and adapt its approach to a region that is changing rapidly. Power is shifting and sorting. What is a good tactic today is not necessarily sufficient tomorrow.

### Principles of Engagement

ASEAN is a complex entity. It is an organization of 10 very different sovereign countries. On top of this is a layer of its interaction with multiple partner countries. Developing U.S. policy and reacting to developments in the region requires a framework for weighing options. Policymakers should use the following principles as a guide:

- **Commitment to economic freedom.** Economic freedom is essential to development and prosperity. The U.S. should use all of its bilateral and multilateral trade initiatives to encourage ASEAN toward ever freer trade and investment regimes. The U.S. should also seek new and bold ways to bring about reform. Economic freedom is transformative. The vehicles that drive the principle forward should be as large as the idea itself.
- **Prudent commitment to democratic reform.** Political reform in ASEAN is essential to its strength. This is not a revelation to most ASEAN countries. They are partners essential

to achieving common objectives of democratic reform. American tactics and rhetoric should reflect this reality. Heavy-handed tactics and preachy rhetoric undermine the prospects for success. With the notable exception of Burma—where engagement has failed—the U.S. does the most good for democratic governance by candidly discussing the need for reform and by providing assistance where and when possible.

- **Bilateral relationships as part of a strategic focus on the region.** The strategic objective of U.S. policy should be securing a strong, confident, reliable ASEAN that is capable of holding its own in the region. This involves tradeoffs and calculating the impact of bilateral policies on the broader objectives of the U.S.–ASEAN relationship.
- **Appreciation of the momentum of economic integration.** Formal regional integration has been underway since the 1992 launch of the ASEAN Free Trade Area. It has only accelerated and broadened geographically in the 15 years since then. It cannot be held back, and the participants in it will not be decided in Washington. ASEAN's stake in some fashion of economic community is a matter of survival, and its outreach to neighbors—China and India—is a natural consequence of the economic environment.
- **Support for regional allies and partners and expansion of the security network.** Treaty allies and security partners are bedrock relationships. The U.S. cannot take these relationships for granted. It has an interest in expanding the U.S. security network and finding new synergies in it.
- **Commitment to regular interaction of principals.** Personal relationships are East Asia's common currency. They combine with a concern for protocol and respect for rank that makes involvement of the President and Cabinet secretaries absolutely vital to an effective U.S. foreign policy.

19. The White House, “Joint Vision Statement on the ASEAN–U.S. Enhanced Partnership,” November 17, 2005, at [www.whitehouse.gov/news/releases/2005/11/20051117-4.html](http://www.whitehouse.gov/news/releases/2005/11/20051117-4.html) (February 12, 2007).

- **Appreciation of the “ASEAN way.”** ASEAN and the processes it has engendered are unique. The proliferation of meetings, indirect nature of problem solving, and drive for consensus can be frustrating to Americans, but dismissing ASEAN as a “talk shop” is a dangerous misperception. It obscures ASEAN’s successes and devalues the processes at the heart of current events in East Asia.

### What the U.S. Should Do

Based on the foregoing principles, the U.S. should:

- **Establish an annual U.S.–ASEAN summit for heads of state.** President Bush’s 2005 and 2006 meetings with the ASEAN-7 were a very positive development. Going forward, however, an informal meeting on the edges of APEC will not be enough. Relationships and perceptions are developing too rapidly. The ASEAN-7 meetings changed the tone of the relationship. Now is the time to seize the initiative. This year, the 30-year anniversary of U.S.–ASEAN relations, is a perfect opportunity to formalize an annual U.S.–ASEAN leaders summit.
  - **Reinvigorate APEC with an FTA of the Asia-Pacific.** The U.S. is part of a broader bit of economic architecture—the Asia Pacific Economic Cooperation (APEC) forum. In fact, the U.S. initiated the annual APEC Leaders meeting in 1993 and has declared it the leading multilateral organization in the Asia-Pacific.<sup>20</sup> The U.S. should champion a Free Trade Area of the Asia Pacific (FTAAP) to reinvigorate it. Regrettably, APEC has fallen behind the times in recent years. The wave of free trade agreements has eclipsed its more modest accomplishments—so much so, in fact, that its relevance is in jeopardy. As APEC approaches its deadlines for achieving free trade among developed countries by 2010 and among the less developed by 2020, the debate over its relevance will become pointed. Without a bold vision, APEC will fail.
- By default, this will lead to the more narrowly defined regionalism championed by some advocates of the EAS.
- **Continue participation in the ASEAN Regional Forum.** ARF’s central security role should no longer be in any doubt. It is enshrined in the U.S.–ASEAN Enhanced Partnership as “the premier regional political and security forum in the Asia–Pacific region.”<sup>21</sup> It is a forum for principals at the secretary-of-state level. Participation cannot be delegated.
  - **Continue the U.S.–AEM dialogue.** The diplomatic payoff from Ambassador Schwab’s resumption of the dialogue was significant. She laid the groundwork for future progress with the TIFA, but real benefits will depend on consistency of commitment. Like the ARF, the dialogue with the AEM is a forum for trade principals. It, too, cannot be delegated.
  - **Seek a dialogue with the AFMM.** The mission of the AFMM is too important to the stability of the global market for the U.S. not to be involved. The U.S. should consult with ASEAN about an appropriate role for the U.S. Secretary of the Treasury with an eye to securing the secretary’s participation in the annual meeting.
  - **Support ASEAN integration.** Congress and the Administration should fully fund ADVANCE (ASEAN Development Vision to Advance National Cooperation and Economic Integration). ADVANCE is a five-year, \$150 million project to strengthen ASEAN and support its integration.
  - **Appoint a U.S. ambassador to ASEAN.** The U.S. should appoint an ambassador to ASEAN based in Jakarta. The ambassador would use Jakarta as a base, traveling around the region as necessary to participate in ASEAN forums. This would demonstrate the priority that the U.S. puts on ASEAN and enable consistent advocacy of U.S. policy objectives. It would also improve the quality of information available to Washington policymakers. ASEAN’s current consider-

20. Condoleezza Rice, “Remarks at the APEC CEO Summit,” Hanoi, Vietnam, November 18, 2006, at [www.state.gov/secretary/rm/2006/76277.htm](http://www.state.gov/secretary/rm/2006/76277.htm) (February 12, 2007).

21. The White House, “Joint Vision Statement on the ASEAN–U.S. Enhanced Partnership.”



ation of an expert recommendation that member states establish full-time permanent Jakarta-based representatives to ASEAN makes this position even more relevant.

- **Protect and expand regional military cooperation.** Cobra Gold should continue as the backbone of U.S. military cooperation with the region. The U.S. should encourage Thailand to expand the Cobra Gold exercises beyond the 2006 participants of Indonesia, Singapore, and Japan. In addition, the U.S. should explore areas of operational synergy between Cobra Gold and other joint U.S. military exercises and their participants, including the Philippines and Australia.
- **Take action on priority bilateral issues.** As viewed through the strategic prism outlined in this paper, the following bilateral current issues deserve priority: support for an expedited return to democracy in Thailand, passage of a

U.S.–Malaysia FTA, and stabilizing U.S.–Philippines relations. In the longer term, the U.S. should quietly support Indonesia’s bid for reform and international leadership, build on Singapore’s role as security partner, and help Vietnam along the road to economic freedom.

## Conclusion

Southeast Asia is vital to U.S. political, economic, and security interests. Ensuring that the region remains strong, independent, and outward-looking is therefore in the best interests of both the United States and the nations of Southeast Asia. U.S. foreign policy should reflect the importance of the U.S.–ASEAN relationship and be continually adjusted to meet these aims.

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