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Sustaining cooperation amid competition

Asean should seize Indo-Pacific initiative

Mini-lateralism having its 'moment'

QUAD, share your bounty with Asean students

Content

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Editor's Note

This edition of ISIS Focus expounds on the themes and issues covered during the 35th Asia-Pacific Roundtable (APR), convened by ISIS Malaysia from 5-7 July 2022. The roundtable's theme "Sustaining Cooperation Amid Competition" reflected the strategic situation of the region, which remained gripped by major power rivalry. The strategic wiggle space for smaller nations, especially in Southeast Asia, continued to come under increasing pressure.

The theme was also an affirmation of the growing importance of climate and sustainability related challenges. These risks are not just limited to socio-economic spheres, but will also impact on existing strategic security challenges and equations, adding to their complexity. It is not surprising, then, that the Asia-Pacific region has led the call for comprehensive and effective climate action.

Among the issues covered in this publication are an assessment of China's Dual Circulation Strategy, a reorientation of Asia's biggest economy, focusing on domestic demand for long-term growth as the environment for international trade becomes less supportive. This includes the prospective national and regional implications of the strategy, and the challenges brought about by black-swan events, such as the Russian-Ukrainian conflict and China's zero-Covid approach.

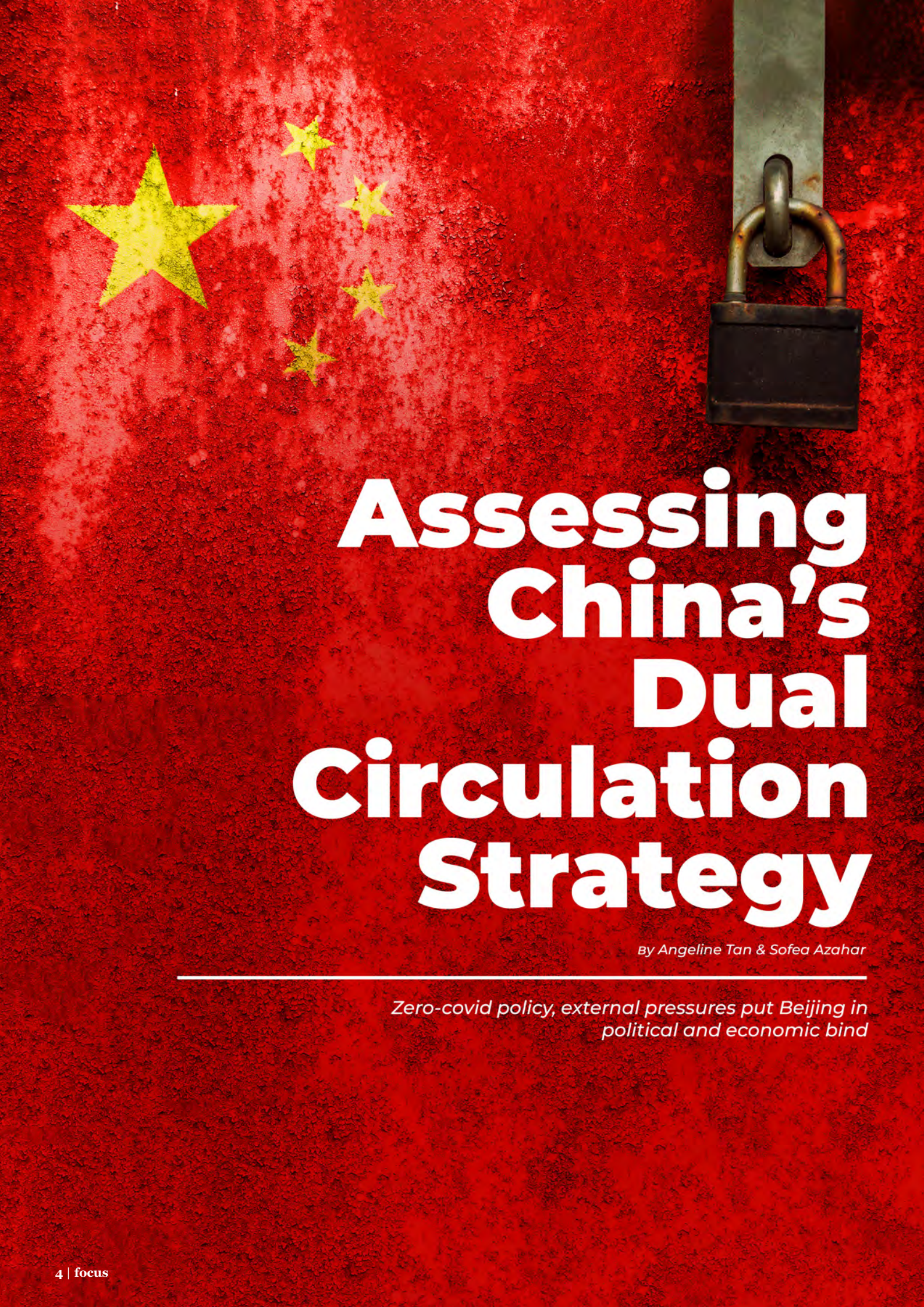
As a political construct, the Indo-Pacific continues to be enhanced in the region, even among local stakeholders who once viewed it with some scepticism. A key part of this has been due to the rollout of more comprehensive Indo-Pacific strategies by Southeast Asia's key partners, including the European Union's Strategy for Cooperation in the Indo-Pacific, which signals a more resurgent and involved presence in the region. Also explored in greater detail is the EU's role shaping the norms governing the cyber domain in innovation, technology, security and influence.

Another key area of competition is the dangerous prospect of renewed nuclear rearmament by the major powers, especially in Asia-Pacific. While the past three decades have seen progressive nuclear disarmament and non-proliferation, a change in values and strategic assessment by nuclear-weapon states and the need to upgrade aging systems and an overall weakening of institutions have brought about drastic reversals.

Growing competition also led to less inclusive engagement by the major powers, resulting in the growth of new mini-lateral mechanisms. These in turn have repercussions on existing, mainly Asean-led multilateral mechanisms. While many continue to view mechanisms, such as Aukus or the QUAD with scepticism, others wonder how they can work without alienating non-aligned partners. This publication also explores how the regional organisation best positions itself and its mechanisms in the face of such developments.

Strategic rivalry is likely to become more intense in the region and beyond. While the challenges are great, the cost of failure is even greater. This is why stakeholders must continue to strive for ways to sustain and strengthen cooperation and mitigate the damaging prospects of unbridled competition. Track Two mechanisms like the APR represent an important space where the challenges are debated and ways forward sought.

The editors remain ever grateful to all contributors and readers for your support. We wish you a productive and meaningful reading.



Assessing China's Dual Circulation Strategy

By Angeline Tan & Sofea Azahar

Zero-covid policy, external pressures put Beijing in political and economic bind

In May 2020, President Xi Jinping unveiled the Dual Circulation Strategy (DCS) as a key theme in the 14th five-year plan (2021-2025). This development paradigm aims to qualitatively improve China's economy by prioritising technological innovation, industrial upgrade, domestic consumption and the free flow of factors of production. The strategy entails two economic forms of circulation – domestic and international – that reinforce each other, with the domestic market as the mainstay.

Shifting away from an export-led growth, the DCS represents Beijing's formula to balance its role in the global economic system while building resilience into the domestic economy. This move is not China withdrawing from the global economic system as its growth is greatly linked to the latter. As China's share of global goods trade accounted for 13.1% in 2020, decoupling from the global economy would undermine its interests. Rather, it is changing the way it engages with the world, while committing to greater openness.

Review on DCS

Soon after the DCS was announced, Beijing focused its efforts on a post-pandemic recovery. In 2021, China's economy still grew by a notable 8.1% despite pandemic conditions. Capitalising on this stability, China advanced on DCS ambitions through multiple reforms, such as tech crackdowns, education and the common prosperity drive.

These reforms are aimed at fostering a more efficient and sustainable economic development that promotes healthy competition and an expansion of the middle class. However, in the short term, these crackdowns, especially in the tech sector, have impacted on investors' confidence and constricted big tech's new initiatives.

The DCS' sweeping structural reforms made 2021 a tumultuous year for China's economy. Subsequently, Xi announced that stability would be the top priority in 2022, indicating that structural reforms would ease to allow a friendlier environment.

> **"At the heart of tech competition is China's access to sophisticated semiconductors, which also drives innovation in sectors like computing or telecommunications.**

Soon after, the Omicron wave hit the country, which induced several lockdowns, most notably in Shanghai. Before the Omicron outbreak, Chinese Premier Li Keqiang announced in March that the growth target for the year was at "around 5.5%", the lowest in decades. However, economists doubt that the target is achievable given the impact of the Covid-19 lockdowns coupled with shocks from the Russia-Ukraine war.

The World Bank estimates that the Shanghai lockdown alone will shave GDP growth by around 0.8%. In the second quarter of this year, GDP growth decelerated sharply to 0.4% compared with the previous year (4.8% in 1Q2022). This presented Beijing with the dilemma of whether to pursue political stability through the zero-Covid strategy or support the DCS' ambitions with an open economy.

Determined to maintain zero-Covid cases, China is facing a market slowdown. However, the Chinese authorities' softer tone on tech regulations is to prompt the sector to inject a new growth momentum. As a key national focus, developments in the tech industry will determine the progress and success of the DCS.

Semiconductor industry: key to tech self-sufficiency

China's industrial master plan, "Made in China 2025", is one part of the DCS. As a technology road map to bolster the manufacturing industry, the plan demonstrates Beijing's national focus on enhancing China's tech resilience and upgrading domestic capability.

A key goal of Made in China 2025 is to attain 70% self-sufficiency in semiconductor production by 2025.

China's journey towards technological self-sufficiency is not without challenges. In 2018, the Trump administration launched a series of tech restrictions, targeting, most notably, Huawei. The Biden administration has followed suit, taking a hard-line approach with tech decoupling and citing concerns over China's unfair practices and alleged espionage.

Washington's bigger concern is that China will soon overtake the United States as the dominant tech leader. China has already established itself as a global leader in some digital segments, such as 5G, commercial drones and mobile payments. In areas where China is not leading, it is a formidable competitor, such as in electric vehicles.

At the heart of tech competition is China's access to sophisticated semiconductors, which also drives innovation in sectors like computing or telecommunications. Despite US efforts to stunt the pace of its technological growth, it appears to have only boosted China's semiconductor industry and strengthened the resolve to be self-sufficient. In recent years, there has

been an unprecedented flourishing of chip-related companies in China, especially in the assembly, testing and packaging of electronics.

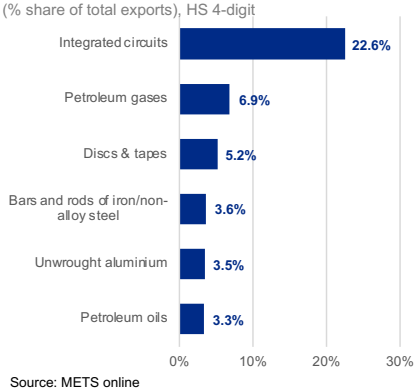
The drive for self-reliance, coupled with the restrictions, also boosted domestic sales of chips. In 2020, China's annual semiconductor sales accelerated by 30.6% to US$39.8 billion.

Nevertheless, China still lags a decade behind the US in semiconductor design and manufacturing. As such, it will face obstacles climbing the semiconductor industry's sophisticated ladder.

Global implications of China's tech self-sufficiency

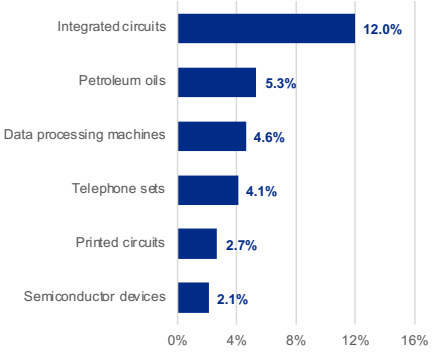
Although officials stress China's commitment to an open economy, the tech competition and DCS will have implications for global trade, especially on economies that rely heavily on China. It is the largest consumer of semiconductors, accounting for about 60% of the global market share. The country spent around US$434 billion on imports of semiconductors in 2021 – a significant rise of 24% from the previous year's spending. Given China's significant position in the global semiconductor market as a consumer, the emphasis on tech self-sufficiency could pose risks on its main trading partners.

Figure 1. Top 6 exports to China
(% share of total exports), HS 4-digit



Source: METS online

Figure 2. Top 6 imports from China
(% share of total imports), HS 4-digit



Source: METS online

Due to trade links, Malaysia is not likely to be exempted from the repercussions of China's plan for self-sufficiency (figure 1 and 2). Malaysia's exports to China account for about 23.1%, higher than other Asean members. Semiconductors account for more than 20% of Malaysia's total exports to China, suggesting a notable impact if China were to import fewer chips. As such, analysts speculate that Malaysia will lose up to 6.5% GDP in the medium term as a result of the DCS.

More external shocks: Ukraine war

The US-China tech competition is not the only geopolitical issue affecting China's economy. While the DCS aims to insulate China's economy from external shocks, it remains exposed to the economic impacts of the Russian-Ukrainian conflict. These include surging commodity prices and higher inflation, even while benefitting from discounted oil prices from Russia.

In June 2022, China's factory gate prices surged 6.1% while consumer prices rose by 2.5% year-on-year. As such, business profit margins would likely be impacted despite the increased domestic demand following the easing of Covid-19 restrictions. This would then pose a challenge to the DCS' goal of boosting domestic market as the mainstay.

Further, Russia has been offering heavy discounts on oil and gas as a response to Western sanctions following the invasion of Ukraine. China is highly reliant on energy imports at nearly 70% of its crude oil and more than 40% of its natural gas. China's imports of Russian crude oil and LNG increased 55% and 50% respectively between February and April this year.

China is benefitting from the war's impact on the energy market in the short term, but it poses a geopolitical dilemma. Beijing's close association with Russia and reluctance to criticise Moscow's invasion has further sullied China's weak soft power. Moreover, the deepening of ties with Russia may also expose China to secondary sanctions. Given existing economic headwinds, Beijing cannot afford another major blow to its economy.

Growth opportunities

Given its links to the global economy, China's success would depend on a thriving international circulation. Beyond focusing on expanding domestic consumption, Beijing should have a targeted

"To support both domestic and international circulation, the DCS needs to balance its role in the global system while driving domestic capability. But perhaps the bigger challenge is Beijing's struggle to balance political control with economic ambition.

approach to its international circulation.

First, there is room to leverage on opportunities from multilateral trade agreements, such as Regional Comprehensive Economic Partnership (RCEP). Asean economies are members of RCEP, and as China's largest trading partner, strengthening relations with the region will bring greater mutual benefits. RCEP can facilitate Chinese companies stepping up investments in member countries and vice-versa. This fits DCS' goal to "open up" to more foreign investments and double up its economy by 2035.

The Belt and Road Initiative (BRI) is another avenue to support the objectives of DCS. BRI projects and funding will meet national targets such as digital transformation.

As both Asean and China are driving the digital economy, there remains great potential for deeper cooperation. The former's digital economy is forecast to double to US$363 billion by 2025, with Malaysia's digital economy growing to US$35 billion.

There is recognition that Malaysia's MyDIGITAL initiative aligns with the BRI's tech focus, yet there are no clear plans for its direction. Apart from being a leader in many digital areas, China is also a global investor in key technologies, such as artificial intelligence and robotics, from which Malaysia can benefit. In particular, China should focus on investing and collaborating in innovation programmes that cultivate local digital talent.

The Chinese economy has come under a lot of pressure, but the goals of DCS will remain a guiding framework as Beijing navigates these challenges. To support both domestic and international circulation, the DCS needs to balance its role in the global system while driving domestic capability.

But perhaps the bigger challenge is Beijing's struggle to balance political control with economic ambition.

High exposure to adverse impacts from the Russian-Ukrainian conflict suggests how Beijing's political stance could pose risks to its economy. Domestically, a more flexible zero-Covid strategy is required to avoid more disruptions.

China remains the only major economy pursuing a strategy of containment and the lockdowns and closed borders contradict Beijing's promise of market expansion and greater openness.

Looking ahead, although Beijing has temporarily eased tech regulations, the crackdown on the tech sector will be a long-term trend to foster a fairer and more efficient market. In a wider view of the tech sector, the pursuit of self-sufficiency presents its challenges but there are also opportunities. The strategy should be complemented with efforts to strengthen relations and supply chains between China and Asean through multilateral trade agreements and the BRI.

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Asean should seize Indo-Pacific initiative

By Zarina Zainuddin

Region keen to contain major power competition, find ways to prosper with others

What is in a name? Plenty as it turns out to be, particularly when it comes to the "Indo-Pacific" concept. While not a new idea, the introduction of Indo-Pacific has elicited mixed reaction and interpretations in the region.

In contrast, "Asia-Pacific" had an acceptance as an eventual outcome of an increasingly integrated region. Asia-Pacific's focus is primarily on the economic sphere as demonstrated by its closely associated institutions – Pacific Economic Cooperation Council (PECC) and the Asia-Pacific Economic Cooperation (Apec).

The inclusivity of Asia-Pacific allows for coexistence with other regional institutions, particularly Asean, which remains as the core. Establishing free-trade areas and agreements is the order of the day, with a plethora of bilateral and multilateral trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Over time, Asia-Pacific cooperation expanded its focus to address issues, such as climate change, sustainable development, connectivity, energy security and transboundary crime. Nevertheless, the economic-centric nature of "Asia-Pacific" invokes cooperation and integration, shared prosperity and destiny where engagements feature prominently in the foreign policy agendas of many, including major powers.

"Indo-Pacific" is generally defined as the maritime space stretching from the Indian Ocean to the Pacific Ocean and surrounding area. However, as a geopolitical entity, it is not clearly defined, with different perspectives on what constitutes the Indo-Pacific. Even the list of countries considered part of Indo-Pacific differs, notably with China included at times and omitted in others.

Bid to contain China

"Indo-Pacific" was championed by former United States president Donald Trump. It was part of efforts to engage closer with India, a rising economic power. However, there was another motive, one that tracked back to the shift in US policy towards China from engagement to containment strategy. The US has been concerned over Beijing's activities in the South China Seas and its rapid rise as both economic and military power.

"'Indo-Pacific' is generally defined as the maritime space stretching from the Indian Ocean to the Pacific Ocean and surrounding area. However, as a geopolitical entity, it is not clearly defined, with different perspectives on what constitutes the Indo-Pacific.

Given its security-oriented skew, it is fitting that Indo-Pacific is associated with the Quadrilateral Security Dialogue (QUAD) and with Aukus, a security pact between Australia, the United Kingdom and the United States. Aukus would enable Australia to increase its military capability though the acquisition of nuclear subs and cooperation on high technology, including artificial intelligence, advanced cyber, hypersonic and quantum technologies.

A number of Asean countries, Malaysia and Indonesia particularly, while appreciating US security engagement, had expressed concerns over the potential arms race and the challenges presented by nuclear-powered submarines. Additionally, there were concerns about increasing major power competition with countries forced to choose sides.

More acronyms, little action

In May this year, at the QUAD meeting in Tokyo, US President Joe Biden unveiled his economic initiatives for the region, coined as the "Indo-Pacific Economic Framework (IPEF)", with 13 members comprising of QUAD and Asean, minus Myanmar, Laos, Cambodia, New Zealand and South Korea.

Biden made it clear that IPEF is not an FTA, which is widely unpopular among the American public, but an economic pact. IPEF seeks cooperation and integration on trade, supply chains, decarbonisation, clean energy, infrastructure, taxation and anti-corruption. IPEF has been touted as an example of the expansion beyond strategic and security to economic sphere. Moreover, it shows Indo-Pacific as open, inclusive and committed to multilateralism.

While it is most welcomed, Asean has voiced concerns that IPEF lacks concrete action plans, long-term commitment from the US and inclusivity and may lead to economic decoupling. As a response to Indo-Pacific, Asean encapsulates its aspiration and vision through its Asean Outlook on the Indo-Pacific (AOIP). AOIP is based on Asean principles, including strengthening Asean centrality, openness, transparency, inclusivity, rules-based

framework and mutual respect and trust of international law, such as the UN Convention on the Law of the Sea.

Pressure on Asean

AOIP is dotted with key words relevant to Asean – namely cooperation, inclusive regional architecture, neutrality and peaceful coexistence. AOIP outlines Asean's four key concerns – maritime cooperation, connectivity, sustainable development goals, and economic and other possible areas of cooperation. While Asean promises to develop AOIP, it appears to have taken a backseat to the pandemic and post-pandemic recovery efforts.

Regardless of AOIP, there is a good chance that Asean will face increasing pressure from major power competition. Striking strategic alliances would be of benefit. The European Union is increasingly seeking closer engagement with the Indo-Pacific region, not surprising given that it accounts for 60% of global GDP and population. Aside from economic opportunities, Russia's invasion of Ukraine and the shift of US attention towards Indo-Pacific provide additional impetus for the EU to increase engagement with the region.

A number of areas outlined in its Indo-Pacific strategy line up with those of AOIP. These include "sustainable and inclusive prosperity; green transition; ocean governance; digital governance and partnerships; connectivity; security and defence and human security".

What stands out in the EU strategy for inclusivity is a multifaced engagement with China, a marked contrast to the approach of QUAD and its close allies. A strong alliance between Asean and EU could mitigate and temper competition between the US and China. Ultimately, the onus is on Asean to take ownership and a leadership role in setting the agenda for the Indo-Pacific, starting with furthering AOIP.

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Asean should make good on its intention to be the honest broker by utilising and optimising its existing regional architecture to foster dialogues and communication between competing powers. In the end, it should not matter what the region is called as long as Asean remains at its core and in the driving seat.

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Zarina's research interests include Malaysia-Japan bilateral relations, Asean and Asia-Pacific. She has been a member of the research team studying subjects, including an evaluation on Japan's official development assistance to Malaysia, analysis of China's Belt and Road Initiative on Malaysia and surveys on the top issues facing Bumiputera-owned enterprises and individuals in Malaysia.

Challenges abound in EU's digital tilt towards Asia

By Farlina Said

Distance, differing levels of development, China's rise might impact on Europe's strategy

The European Union's Indo-Pacific strategy joins the United States, Japan, Australia and Asean to engage with the region. Reflecting similar language on a free and open Indo-Pacific, the strategy emphasises on a rules-based order and an open and fair trade and investment environment.

The Indo-Pacific strategy is timely and strategically desirable for the region.

The Indo-Pacific region is a frontier for growth. The region, stretching from the coasts of east Africa (in America and India's definition) to the South Pacific (in the EU's definition), is expected to deliver nearly two-thirds of global growth

until 2030 with the middle class expanding to almost 3.5 billion in the same time frame. Furthermore, global trade flows are shifting towards Asia. McKinsey reports that Asia's share of global goods trade rose from 27% to 33% between 2007 and 2017 with a 10% increase in global capital flows from 13% to 23%. The movement in trade is encouraged by greater intra-regional and regional investments in start-ups. Thus, the EU's strategy, aimed at reinforcing its presence in the region, would play a larger role of participation in an Asian-directed supply chain.

The strategy also sharpens a strategic focus towards policies. It is obvious that the rise in Asia is stimulated by China and that the latter's rise is reflected in economic dominance, military capabilities and diplomatic influence. The power projection anchored by a strong regional influence places China in a position to shape rules and norms. The American Indo-Pacific strategy highlights these concerns, especially friction in the East and South China Seas and concerns about human rights.

Though the Indo-Pacific strategies would appear to hinge on the same values, galvanising the strategy would depend on factors, such as a nation's relationship with China, and with other states in the region. Japan, on the one hand, grapples with military concerns about the East China Sea, while competing for innovation, technology and influence in the region, especially in its attempts to reinvigorate relations with Southeast Asia.

Asean's outlook on the Indo-Pacific articulates its centrality, interconnectivity, inclusivity and the rule of law. However, member states have different relationships with China, which would impact on priorities and policy directions. Dependency on China, too, may vary at the EU level, especially where member states, such as Portugal and Greece, have considerable Chinese investments while Lithuania is steering away from dependency on China. Thus, the EU's policies aim to manage the different relationships, including possibilities for engagement and interoperability between the region and this rising power.

"The EU in recent years is attempting to stimulate the growth of domestic tech companies while addressing over-reliance on foreign technology. These include establishing standards, guidelines and policies such as the 2030 Digital Compass..."

Southeast Asia and cybersecurity

The digital, cyber and technological spheres are the new roads for international relations. The Digital Silk Road, for instance, builds connectivity with infrastructure in mobile networks, artificial intelligence (AI), the internet of things (IoT) and smart cities. However, underlying connectivity are industrial partnerships, such as China's venture with a major provider of subsea cables, Global Marine, and partnerships in e-commerce in Southeast Asia.

The EU in recent years is attempting to stimulate the growth of domestic tech companies while addressing over-reliance on foreign technology. These include establishing standards, guidelines and policies such as the 2030 Digital Compass to improve competitiveness or introducing a risk mitigating toolbox for 5G networks.

The EU's Indo-Pacific strategy highlights seven priority areas, including digital governance, partnerships and connectivity. Cybersecurity and innovation relationships are to be strengthened further with nations, such as Australia, Japan, South Korea, New Zealand and Singapore, on research and innovation under "Horizon Europe". The strategy also aims to establish the regulatory environment while mobilising the funds to improve connectivity on the ground in partnership with Japan and India.

The EU's digital Indo-Pacific tilt is not without precedence. It has co-chaired the EU-China cyber task force since 2012 to enhance exchanges and cooperation with an annual ICT Dialogue that has led to cooperation on IoT and a joint declaration on 5G. The EU's comprehensive partnership with India covers private sector partnerships and investments, data privacy, development of common standards and using technology for problem-solving.

The EU's engagements with Japan and South Korea are manifested in its digital partnerships and agreements in scientific and technological cooperation respectively. Engagement with Asean on cybersecurity is supported by the EU-Asean ICT Dialogue, conducted within the context of digital ministers' and senior officials' meetings, and exchanges among researchers and students.

Standards next arena for competition

Standard setting is the next arena for technological competition and rivalry, especially as nations attempt to craft standards appropriate for domestic industries. These may include standards on labour, cross-border data management, data privacy and design of future technologies. As such, the Indo-Pacific Economic Framework guides the development of innovation, encompassing areas such as ethics, AI and corporate responsibility. The EU has been engaging the region on cybersecurity and areas of governance. Its capacity-building programme, the Enhancing Security Cooperation in and with Asia (ESIWA) engages with India, Indonesia, Japan, Singapore, South Korea and Vietnam on cyber issues, including security. This would meet some of the goals highlighted in the Asean Digital Masterplan 2025 to build the future for ICT industries.

The EU's General Data Protection Regulation (GDPR), for instance, has impacted on global standards of privacy and illustrates the extent of data sovereignty. Transparency in governance and maintaining values of interoperability and open industries are useful in an interconnected digital landscape. Engagements on best practices in governance of future technologies would be useful for the least developed and developing nations, as problems encountered in emerging technologies can be transformative.

"The EU's General Data Protection Regulation (GDPR), for instance, has impacted on global standards of privacy and illustrates the extent of data sovereignty.

However, sustainable and long-lasting relationships require support from consistent bilateral engagements. The EU's activities with individual Southeast Asia countries differ in accordance to maturity in relations, economic environment and levels of development. With the digitally advanced Singapore, the EU is seeking digital partnerships that widen and deepen knowledge bases, such as enhancements in technical, policy and research cooperation.

The EU and Indonesia are shifting conversations into the digital industry where cooperation is focused on investments in infrastructure and industries while the EU's engagements with Thailand builds on previous exchanges, including SMEs in tech. Essentially, although trade with Asean member states would include machinery or ICT-related products, the EU's engagements with Laos and Myanmar are principally in agriculture and textiles. This places the EU's regional strategy under the strain of crafting a cohesive approach amid varying levels of development and priorities. Distance also complicates the EU's Indo-Pacific pivot, especially

if resources prioritise specific nations while hindering deeper relationships with other Southeast Asian nations. Furthermore, as shared visions can be impacted by differences in values, consistency in partnerships might prove challenging.

Digital policies differ from country to country with each nation pursuing international cooperation according to its specific needs, ranging from providing education in rural communities to building industrial and R&D capacities. Sustained partnerships may require seeking opportunities amid dynamic competition.

This means locating capacity-building areas, building business partnerships and encouraging education exchanges that benefit individual states and various other parties. Building resilience in engagements is also needed should the EU's Indo-Pacific tilt aims for shared development across continents.

Farlina Said
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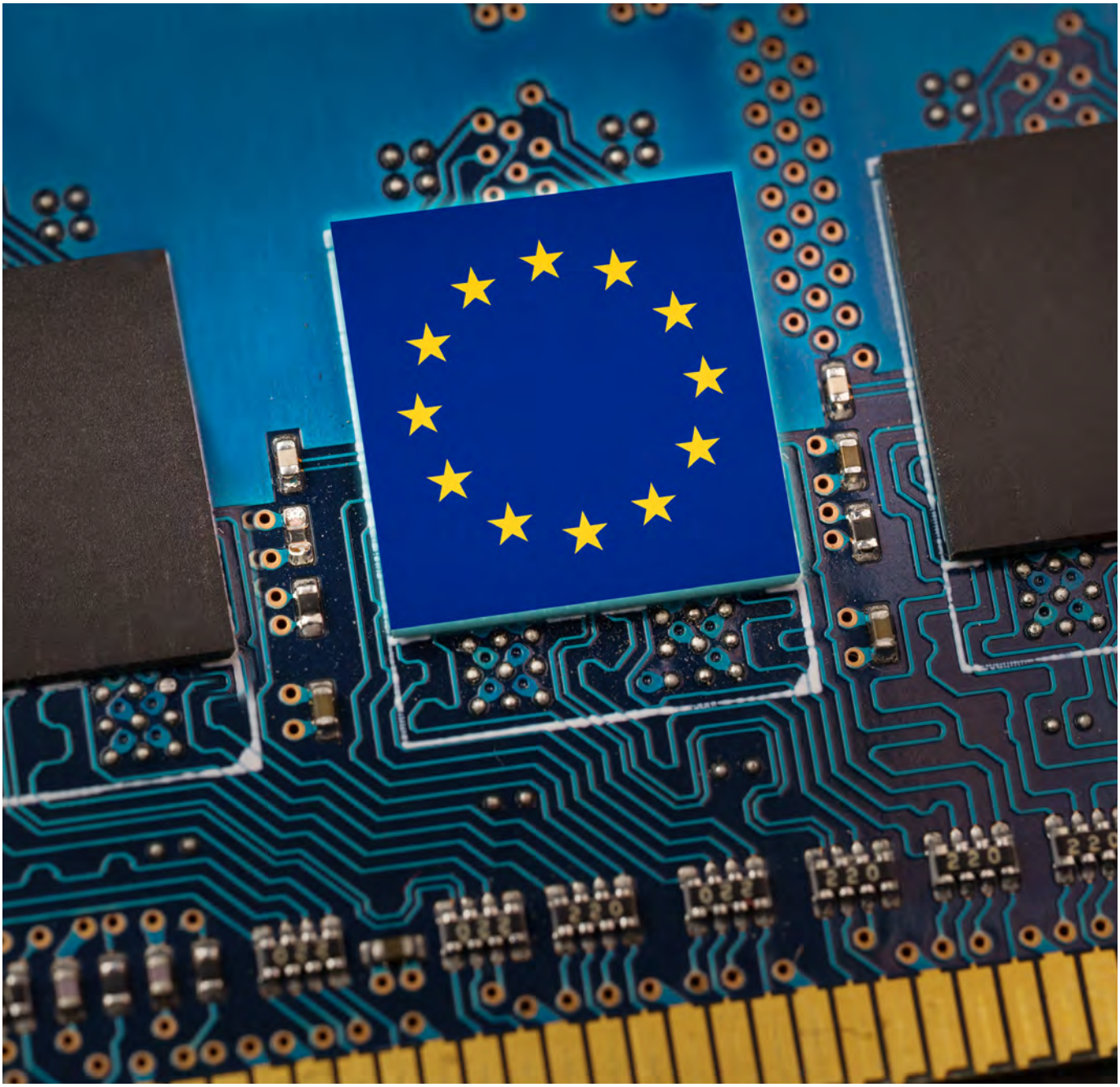
Farlina's work and comments have appeared in the local and international media. She was involved in crafting various dialogues and forums on cybersecurity, radicalisation and Malaysia-Korea relations. She was also a part of SEARCCT's Experts on Violent Extremism and Community Engagement (EVOKE) Council (2018-2019).



Nuke disarmament, non-proliferation need reset

By Izzah Ibrahim

Fears of new arms race as history, threat recede from memory

While traditional security issues are not consistently topical, the threats brought by nuclear weapons manage to remain relevant. The discourse concerning the misuse and dangers of nuclear proliferation has focused on criticism over the inability of existing mechanisms and institutions to mitigate the increasingly aggressive behaviours of nuclear states.

This is exacerbated by ongoing military modernisation efforts, nuclear brinksmanship and crises, such as the conflict in Ukraine. While much of these concerns cannot be resolved in the short term, the following areas of discussion aim to highlight what needs to be addressed to prevent further deterioration of decades' worth of disarmament and non-proliferation efforts.

The overarching concern behind the current state of nuclear weapons is the changing function and value given by their owners. The nuclear experience has been far removed from current memory that much of its calculations now operates in the abstract as opposed to a tangible point of reference.

This is reflected in declining reservations over the use of nuclear weapons, even in the face of ongoing tensions and regional flashpoints without a nuclear element. For example, following India's airstrikes in Pakistan in 2019, Prime Minister Narendra Modi warned that they did not "(keep) their nuclear arsenal for Diwali" and will retaliate accordingly.

Similarly, Russia warned that it will use its nuclear weapons if "necessary" against perceived American nuclear build-up and escalation in Ukraine. Such rhetoric has shown a turn towards a more confrontational form of deterrence to safeguard national interests. An increased willingness, if not eagerness, to use these weapons creates a counterintuitive logic to proliferate more. It runs contrary to the underlying assumptions of the Cold War and its era-characteristic deterrence where it was based on mutual vulnerability and mutually assured destruction between two superpowers, which enjoyed nuclear parity and symmetry.

The nuclear landscape shows that neither the United States nor Russia accepts these assumptions. Furthermore, as it was the only model of arms control used and mostly succeeded during the Cold War, it was imposed on emerging strategic rivalries and new nuclear powers that did not live through the experience. The past assumptions, if not nostalgia for the Cold War, have affected the value of such weapons and dismantled the taboo long associated with them.

The changing views on nuclear weapons have also paradoxically led to the stagnation of the nuclear non-proliferation regime. While the fear of repeating the devastation of World War II managed to push for an overseeing authority to manage such weapons, it has been consistently hindered by a lack of political will.

The most prominent example comes from the limited actions from the non-proliferation treaty (NPT), whose goals of disarmament remain unachieved because of the lack of cooperation from nuclear-weapon states (NWS).

As it became apparent that the NPT cannot be the sole vehicle of nuclear disarmament, other treaties, such as the prohibition of nuclear weapons (TPNW) emerged to both complement and compensate it.

However, negotiations regarding the TPNW and its 120 non-nuclear signatories exposed the inherent tensions within the NPT, such as the NWS-led boycott. It shows how stressed these nuclear relationships are, from adversarial dyads to strategic chains, and becoming more unlikely to cooperate with each other.

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The difficulties gaining support and outcome highlight the lack of means to ensure compliance. The dangers of nuclear proliferation cannot be ignored into obscurity. Rather, they need to be met with active measures, such as dismantling arsenals, strengthening treaties and reinforcing anti-nuclear norms.

It must start with building a more cooperative international society, with strong institutions and a firm commitment to shared norms. Currently, the United Nations Security Council does not have the legitimacy or ability to carry out the necessary enforcement mechanisms against rule-breakers. Echoing the recommendations of the Stockholm International

Peace Research Institute (SIPRI), institutional reforms that include a more representative concert will be needed to commit to disarmament and norms, such as respect for sovereignty and rejection of efforts at military domination. This also highlights the importance of communication and transparency and their ability to transform conflict between NWS and building up trust through verifiable limits and reduction on nuclear arsenals.

In addition to the changing values and weakening institutions, the state of nuclear non-proliferation has been further complicated by the development rate of military technology. Its advancements highlight a trend towards greater precision, speed, manoeuvrability, stealth and tracking capabilities.

Similarly, NWS are capitalising on other emerging technologies, such as cyber capabilities, autonomous technologies and artificial intelligence. This has been noted in the general modernisation and upgrade of arsenals, such as China's testing of hypersonic glide missiles and the enhancement of air, sea and land capabilities of China, India and Pakistan.

These technological investments have encouraged other countries to increase their military spending, activities which can severely undermine strategic stability.

However, the advancement in technology occupies an ambiguous space in overall nuclear deterrence and crisis stability. One of the most notable concerns is that modernisation is misconstrued as an arms race.

The process itself is indeed unavoidable, considering the age of many of these systems. However, as there are limited means of regulating such development progress and lack of transparency in motives, there remains the risk of a competitive arms race aimed at gaining an advantage over their adversary.

This requires further measures involving innovative verification solutions, with rigorous monitoring systems and strengthened nuclear safeguards to ensure timely detection of any attempt at proliferation or reconstitution of dismantled arsenals. While not inherently negative, NWS must be cognisant that the modernisation processes can produce adverse effects on general threat perceptions.

The discussions surrounding the current state of nuclear weapons have not been encouraging. Historical memory faded faster than the effects of nuclear fallout, as some NWS leaders have shown in their greater willingness to threaten nuclear retaliation.

Alongside much of the developments, or lack thereof, in regulatory bodies and technological developments, it threatens the overall capacity of states and institutions to manage crisis instability. This can create negative cascading effects on potential miscalculations and create further entanglement of nuclear and conventional forces when responding to conflict. While highlighting these inadequacies, it is vital to recognise opportunities for improvement or reform to safeguard the international community.

Izzah Ibrahim
Analyst

Izzah's research areas are in foreign policy and security developments in the Asia-Pacific, including the ongoing unrest in Southern Thailand and Southern Philippines and non-traditional security developments in Southeast Asia. Her research interests also include nuclear politics, civil-military relations, the applications of diplomacy and Malaysia's foreign and defence policies.

Mini-lateralism having its 'moment'

By Calvin Khoe

Southeast Asia could benefit from arrangement with specific goal to solve intractable issues

In recent years, we have discussed the trend of declining multilateralism and how to create more effective global governance. Many believe that multilateralism is not as effective as it should be because it involves too many countries and interests. The output from multilateralism processes is less impactful and many countries are not honouring their commitment to its outputs.

Answering that trend and question, mini-lateralism is the alternative. This is a framework of international collaboration that brings a smaller number of countries together to address a specific issue. There is no fixed formula on the arrangement. The most common is a three- or four-nation format. But the most important thing about this arrangement is the target and purpose.

The nature of today's multipolar world provides a fertile ground for mini-lateralism practices. In a multipolar world, regional powers have more capabilities than before, meaning they are also exercising more interests. Mini-lateralism is one of their frameworks of choice to execute interests.

Citizens are also more demanding, expecting concrete results and deliverables from international processes. For instance, when the Indonesian government tried to inform and promote its G20 chairmanship to the public, the first question raised was "what is the benefit to the people?" or "how can G20 help the unvaccinated population and is there equitable access to the Covid-19 vaccine?". This signals that there is a need for a more agile and effective international mechanism addressing international issues with tangible outcomes.

In the Indo-Pacific region, mini-lateralism is now a common practice and approach. There are more than 10 active arrangements in the region, mostly grouped into two camps.

The first focuses on tackling a specific issue. Examples include the IMPC (Indonesia, Malaysia and The Philippines Cooperation) and Malacca Straits Patrol (Indonesia, Singapore, Malaysia, Thailand) aimed at addressing maritime security issues; Mekong River Commission (Lao PDR, Vietnam, Cambodia and Thailand) to tackle water management; and AJI Trilateral (Australia, Japan and India) to deal with supply chains.

The second camp has broader goals with geopolitical dynamics and security issues at the heart of it. The Quadrilateral Security Dialogue (the United States, Australia, Japan and India); Aukus security arrangement (Australia, the United Kingdom and the United States); Five Eyes (Canada, Australia, New Zealand, the United Kingdom and the United States); and Five Power Defence Arrangements (Australia, Malaysia, New Zealand, Singapore and the United Kingdom) are examples.

In terms of the impact on the region, outcomes depend on targeted and measurable arrangements. IMPC and Malacca Straits Patrol increased maritime security in the Sulu Sea and Malacca Straits with coordinated monitoring, patrolling and intelligence data sharing. The Mekong River Commission is the platform to coordinate initiatives and manage differences and interests between member countries and big powers like China and the US.

Mini-lateral arrangements that focus on security issues often bring out questions and concerns for countries in the region. When QUAD was elevated to summit level in 2017, it raised a lot of concerns in Southeast Asia. It was the same when Aukus was announced in 2021. Many believe that Asean's inability to address regional security challenges had allowed such mini-laterals to flourish.

Southeast Asia will likely see more QUAD countries' coordinated security policy and naval operations in the South China Sea and Aukus will make Southeast Asia a stronger neighbour of Australia.

"In the Indo-Pacific region, mini-lateralism is now a common practice and approach. There are more than 10 active arrangements in the region...

A critique against the second camp mini-lateralism is that the most important aspects of the arrangement are the goals and specific issue. For instance, IMPC's goal is to address piracy and maritime transnational crime. Although QUAD and Aukus have not set clear specific goals, the last QUAD summit touched on non-security issues, such as vaccines and technology. Many see these arrangements as a counter-balancing act of the US and its like-minded countries to China's rise in the region.

Although there are concerns over the security-focused mini-lateral arrangements in the Indo-Pacific, they have proven more effective and agile. Therefore, Asean can explore this arrangement within its members to address strategic issues, such as the Myanmar political crisis. Again, mini-lateralism is not a new practice for Asean, as the IMPC and Mekong River Commission are proof that they work in the region.

Prof Richard J Heydarian, a critical

Pic courtesy of the Royal Australian Navy

scholar from the Philippines, is a keen Asean mini-lateralism advocate, as seen in his RSIS commentary: "To save the principle of Asean centrality, the regional body should transcend its unanimity/consensus-based decision-making and embrace mini-lateral arrangements on divisive issues".

All in all, mini-lateralism is an interesting choice of framework to pursue a specific goal and every country is welcome to initiate or join an arrangement. However, it is important to note that every mini-lateral arrangement should have been clear about its goal to avoid "concerns".

"Mini-lateralism is inextricably linked to the multipolar world. Thus, we should embrace it and ensure that the arrangement brings good, productivity and compatibility to the region.

Nonetheless, mini-lateralism is inextricably linked to the multipolar world. Thus, we should embrace it and ensure that the arrangement brings good, productivity and compatibility to the region.

Calvin Khoe
Co-director of FPCI Research and Analysis

QUAD, share your bounty with Asean students

By Yanitha Meena Louis

Fellowships good way to 'cement' ties with region while allowing grouping to shed 'exclusive' image

The QUAD fellowship was launched in May 2022 during the fourth leaders' summit. This initiative seeks to bring 100 students from QUAD countries to the United States each year to pursue graduate degrees in science, technology, engineering and mathematics (STEM). The goal is to build a cohort of next-generation STEM experts who will lead in cutting-edge research and innovation. Only citizens or legal permanent residents of Australia, India, Japan and the United States are eligible for the fellowship.

This aspect of the fellowship is misplaced as it is the only "direct-to-the-people" initiative and most tangible in the QUAD's current focus areas. The fellowship, besides being a high-valued education grant, guarantees the recipient a unique combination of financial benefits, cross-cultural exchange, networking and content programming.

The QUAD has taken great pains to deny that it is an "exclusive club" but the recently accelerated fellowship highlights its exclusivity for partner countries.

The 35th Asia-Pacific Roundtable's Session 5, which dealt with the impact of major power mini-lateralism on Asean's multilateralism, saw the panellists discussing how the new mini-laterals are perceived in Southeast Asia. Dr Dino Patti Djalal's viewpoint on how reactions to mini-laterals, such as the QUAD, are confined to foreign policy observers and lawmakers, and not so much the public, was significant. He underlined that this is "elitist" territory that fails to elicit a response from the public.

This, however, could change when "people initiatives" become more visible to the public. Perhaps it will no longer be about what opportunities the QUAD can bring but the opportunities denied to Southeast Asia. It is all about optics at the end of the day when we talk about the reception of these new mini-laterals in Southeast Asia and with the QUAD fellowship, exclusivity becomes that much more apparent to those beyond the foreign policy community.

Why would Southeast Asia notice this "missing" opportunity? For starters, this is the QUAD's only "people initiative", hence the most relatable to the masses. Its other focus areas do not have direct implications for the public and take time to percolate to the people.

Two, according to the State of Southeast Asia 2022 survey report published by the Asean Studies Centre at ISEAS-Yusof Ishak Institute, the United States remains the region's top preference for tertiary education and the most popular destination for tertiary education among five Asean member states: Singapore, Myanmar, Vietnam, the Philippines and Malaysia. It is now clear to Southeast Asia that no one from the region is eligible for the fellowship. It must be noted here that the existing and only initiative that brings Southeast Asian students to the US via the Asean framework is the Fulbright US-Asean visiting scholar award. This is not a fellowship or scholarship per se, but only a brief trip for scholarly and professional research for three to four months.

Three, and perhaps the most important point is the question of why the Asean mechanism does not have a similar arrangement to bring students to the US to pursue graduate degrees. Surely to the common man, educational opportunities are the most discernible and valuable aspects of international cooperation.

Is this Asean's best segue for cooperation with the QUAD? Could education cooperation be the best long-term "public goods" that the QUAD can deliver to Southeast Asia? Perhaps, yes.

Not only would Asean be pursuing the connectivity aspects of the Asean Outlook on the Indo-Pacific (AOIP), the QUAD could ensure that the "exclusive" initiative is widened to other partners.

"The QUAD has taken great pains to deny that it is an 'exclusive club' but the recently accelerated fellowship highlights its exclusivity for partner countries.

For Asean, this could be a dual opportunity. One, Asean can finally take the opportunity to be proactive and respond pragmatically and strategically to the QUAD. Besides driving the AOIP agenda, Asean can look to be in the driver's seat when framing cooperation terms with the QUAD and cease relying on the safe, generic, superficial diplomacy. Asean can accelerate its "connecting the connectivity" AOIP objective and work towards "people-to-people connectivity, through cooperation, collaboration and exchanges between the academe".

Two, participating in a QUAD fellowship "plus" or a similar framework will benefit Asean citizens and the latter can help deliver on these public goods.

For the QUAD, cooperation on this front with Asean will earn it major brownie points – for the lack of a better phrase. Not only will it reinforce its holistic commitment to the region and of course, the buzz phrase, "Asean centrality", it

“At the end of the day, ‘people initiatives’ remain the most palatable and navigable for actors in the emerging geopolitical order.

will reiterate its existence as being “more than just a posh China containment strategy” with its “public goods agenda”. Expanding the fellowship would also promote diversity and contribute to its long-term sustainability.

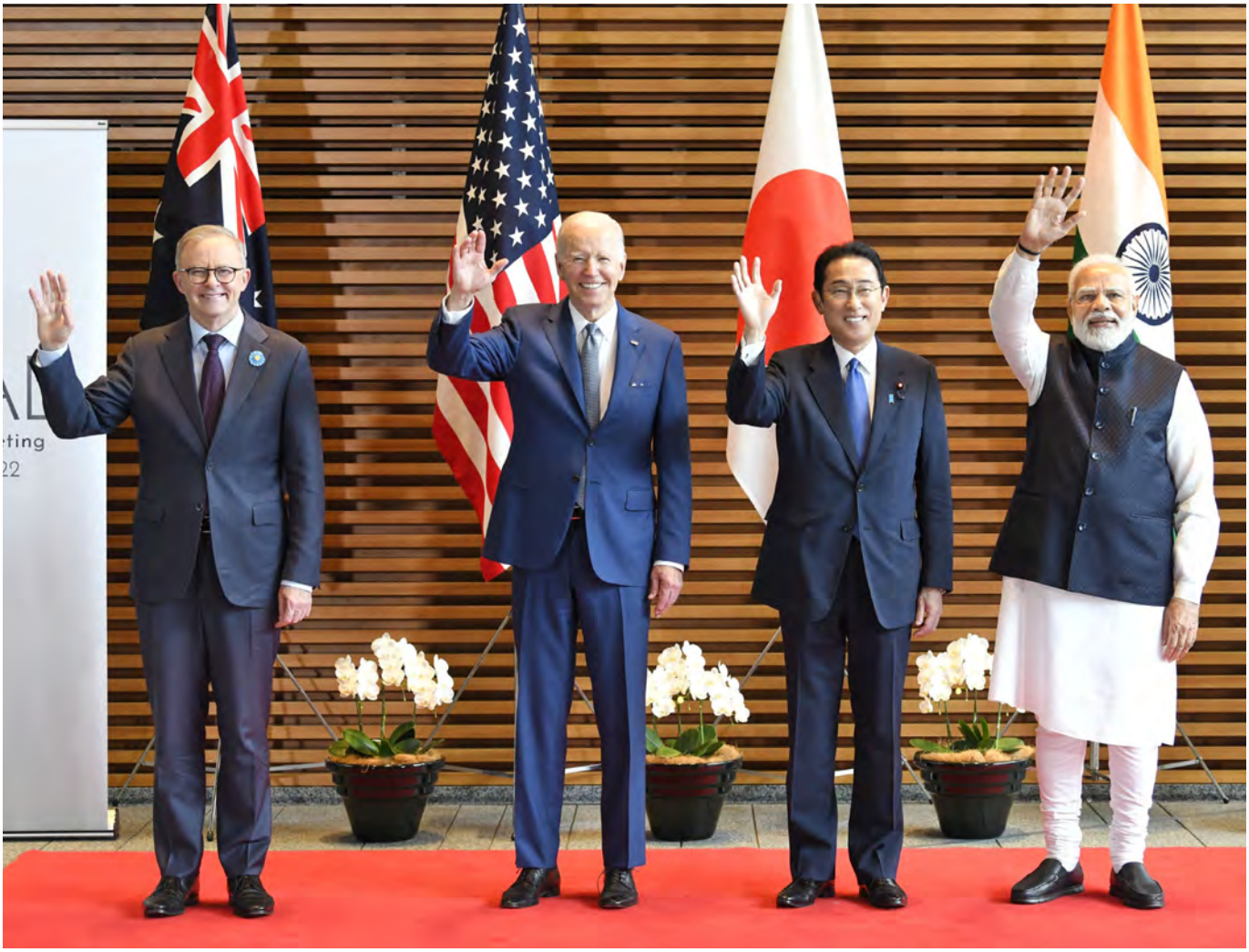
Hence, for this informal grouping that is slowly gaining prominence in the region as a multi-faceted minilateral mechanism, mobilising a more inclusive QUAD fellowship “plus” will contribute greatly to managing perceptions and expectations of partners in Southeast Asia.

While the QUAD fellowship has highlighted its “exclusivity”, it is an opportunity for Asean to engage with this grouping along the lines of a similar type of education cooperation and for the former to shed its remaining “exclusive” image. Both Asean and the QUAD will have clear gains in terms of benefits and optics.

It is interesting and noteworthy how at the end of the day, “people initiatives” remain the most palatable and navigable for actors in the emerging geopolitical order. Perhaps this is the realisation that minilateral, multilateral and regional mechanisms must operate with in the times to come.

Yanitha Meena Louis
Researcher

Meena’s research interests include Malaysia’s bilateral ties with South Asian countries, South Asia’s regional dynamics and the region’s relationship with Asean, political psychology and comparative regionalism. She is now a doctoral candidate at Universiti Malaya, focused on non-Western international relations.



Australia with Asean every step of the way

By Dr Justin Lee

Investment in region continues with scholarships, development goals

In May, Australians elected a new government. Under the leadership of Prime Minister Anthony Albanese and Foreign Minister Penny Wong, Australia is bringing renewed energy to our engagement with the region.

Wong visited Malaysia in June. It was an engaging and productive visit over three days in Kuala Lumpur and Kota Kinabalu, the city where she was born. Since taking office, the foreign minister has also visited Indonesia, Vietnam, Singapore and Cambodia.

During these visits, Wong listened to Southeast Asian views on current challenges, including economic recovery from the pandemic, food security, and on energy, health and cybersecurity. She listened to local perspectives on regional and global issues.

Australia and Southeast Asia are finding new ways of working together to face these challenges.

Wong is not the first Australian foreign minister to recognise the importance of our relationships with Southeast Asia for our shared future. But she is the first foreign minister who is from Southeast Asia.

She reflects the face of modern Australia – a country where more than half of our population was born overseas or has a parent born overseas, and a country now home to more than one million people with Southeast Asian ancestry, including 165,616 born in Malaysia and many more of Malaysian ancestry.

The cultural connections between Australia and the region are extraordinary, and it is these deep connections, not simply our geography that tie our countries together.

Listening to region, responding to challenges

“ Penny Wong reflects the face of modern Australia – a country where more than half of our population was born overseas or has a parent born overseas, and a country now home to more than one million people with Southeast Asian ancestry...

With such close ties, Australia has the honour of being a comprehensive strategic partner of Asean. And we continue to work with the region to deliver our shared vision.

Southeast Asian partners have told us about the importance of education and building connectivity for the region’s future prosperity. To support this, Australia is providing 100 master’s scholarships to emerging leaders in the region under the Australia for Asean scholarships programme, including 10 for Malaysians.

Under the Australia for Asean digital transformation and future skills initiative, we are also supporting 350 vocational education and training scholarships, as well as technical assistance partnerships between Australian and Asean institutions.

The talented individuals from these programmes will join a global alumni network of more than 2.5 million international students who have studied in Australia in the last 50 years, building stronger and deeper connections in the Indo-Pacific.

Malaysia is prominent in this shared Asean-Australia educational history, with more than 300,000 Malaysian alumni of Australian institutions. Malaysia is also host to the largest overseas Australian university presence in the world, creating an important transnational education hub in Southeast Asia.

Commitment to region

At the Asean-Australia Foreign Ministers’ Meeting in Phnom Penh on 4 August, we discussed ways to advance our comprehensive strategic partnership.

Together, we will deliver real substance to benefit Asean, Australia and the region, including through the Australia for Asean futures initiative.

We have committed to strengthen development goals across Southeast Asia through an additional A$470 million of official development assistance as we all recover from the Covid-19 pandemic.

We will prepare a Southeast Asia economic strategy to 2040, to map current and future export and investment opportunities across key Asean markets and to enhance Australia’s and the region’s economic growth.

And the government will appoint a dedicated high-level envoy to Southeast Asia, as well as an ambassador for First Nations people – Australia’s first diplomats – to reinforce our commitment to listening, learning and understanding diverse and regional voices. These initiatives will better equip Australia to engage with the region and to be a stronger partner for the countries of the region, including Malaysia.

Asean centrality

Australia sees Asean and Asean-led institutions holding the centre

of a stable, peaceful, prosperous and secure region, where all states contribute to a strategic equilibrium, and where countries are not forced to choose sides but feel confident to make their own sovereign choices.

We support the Asean Outlook on the Indo-Pacific and its vision for a free, open and resilient Indo-Pacific.

And we recognise the diversity of Asean nations while sharing their common desire to live in a region that is peaceful and predictable. We want to support the countries of Southeast Asia to exercise their own agency in shaping the region – one with Asean at its centre, characterised by strategic equilibrium.

There will continue to be challenges requiring constructive responses from the countries of the region. We are all managing the ongoing effects of the pandemic, including the disruption to global supply chains.

The situation in Myanmar remains deeply troubling. The frustration at the lack of cooperation by the Myanmar military regime in implementing the Asean five-point consensus is clear. Australia continues to back Asean's leadership to maintain pressure on the regime, to restore dialogue and to end the violence against civilians.

And Russia's unilateral, illegal and immoral invasion of its sovereign neighbour Ukraine is a threat to the rules-based international order and world peace. Although the war seems a long way from our region, its ramifications are being felt by all Asean citizens. The painful increase in fuel and staple food prices is a direct result of Russia's aggression against Ukraine and demonstrates how global affairs impact us locally.

Side-by-side with Asean

In the face of this uncertainty, Australia is committed to being a stronger and more capable partner for the countries of the region – to working with regional partners to uphold the rules and norms that have underpinned our growth and stability and those that will chart our future.

As Wong has said, through our longstanding engagement in the region, "Australia has been on the right side of history in Southeast Asia".

We will always seek to remain on the right side of this history – our partners can count on Australia to listen to, understand and respect the countries of Southeast Asia. Together, we will face our shared future with confidence.

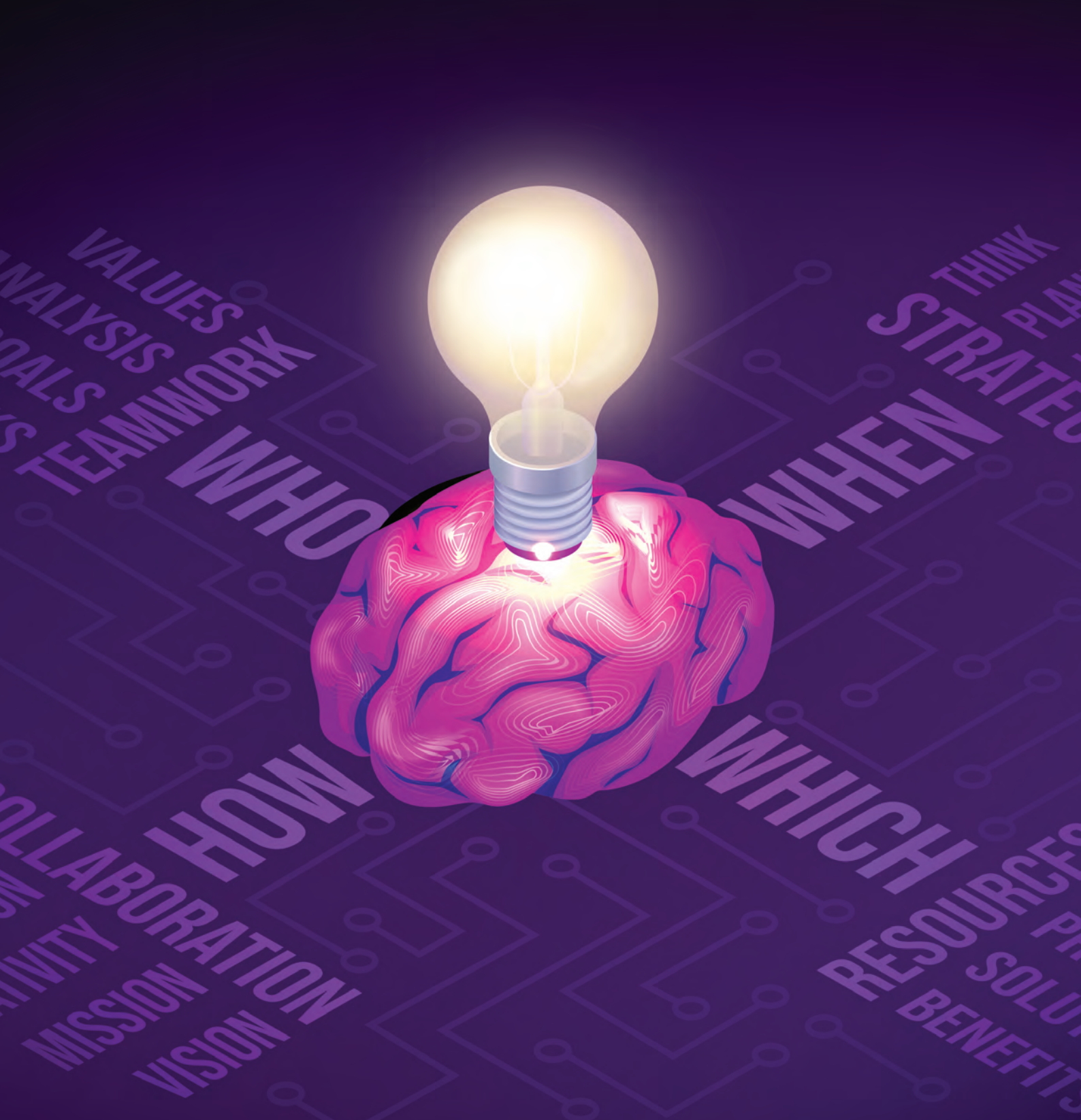
We are with Asean every step of the way.

"Australia sees Asean and Asean-led institutions holding the centre of a stable, peaceful, prosperous and secure region, where all states contribute to a strategic equilibrium, and where countries are not forced to choose sides but feel confident to make their own sovereign choices.

Foreign Minister Penny Wong brings renewed energy to Australia's engagement with the region.

Pic courtesy of Hon Penny Wong twitter

Dr Justin Lee
Australian High Commissioner to Malaysia



ISIS Malaysia, established on 8 April 1983 as an autonomous research organisation, focuses on foreign policy, security studies, economics, social policy, nation-building, technology, innovation and environmental studies.

As a premier think-tank, ISIS Malaysia engages in Track Two diplomacy and fosters regional integration and international cooperation through forums, such as the Asia-Pacific Roundtable (APR), Asean Institutes of Strategic and International Studies (Asean-ISIS), Pacific Economic Cooperation Council (PECC) and Network of East Asian Think-Tanks (NEAT).

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