

INSTITUTE OF STRATEGIC & INTERNATIONAL STUDIES (ISIS) MALAYSIA

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Age of strategic uncertainty

**Seizing
Asean's digital
moment**

**Tech, power
and rules-based
order**

**Challenges
to adopting
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Editors' Note

This issue of *Focus* expounds on the themes and issues covered during the 36th Asia-Pacific Roundtable (APR), one of the Institute of Strategic & International Studies (ISIS) Malaysia's flagship conferences.

The 36APR was convened in person from 8–10 August 2023 after a three-year hiatus. The 34th and 35th editions were convened virtually during the Covid-19 pandemic.

Last year's theme, "Age of Strategic Uncertainty", reflected the challenging environment that the region's policymakers must grapple with in a post-pandemic world rife with major-power rivalry and the possibility of expanded armed conflict. These sentiments were reflected by many role-players in the various sessions, including by the Malaysian prime minister, who delivered the keynote address.

Among the topics covered in this *Focus* are collaboration opportunities for Asean with India and Japan respectively, as all parties seek to calibrate their Indo-Pacific approaches; how the Sino-US rivalry is driving development financing and the options available to countries in the Asia-Pacific region; and challenges to adopting renewable energy.

There are also articles on how Asean member states should strategically but cautiously engage with expanded Quad initiatives, and whether a solution to the South China Sea's Code of Conduct negotiations is on the horizon.

These articles are drafted by researchers from ISIS Malaysia, 36APR role-players and members of the Asean-ISIS Network. The editors of *ISIS Focus* remain ever grateful to all contributors and readers for your support. We wish you a productive reading.





About the Asia-Pacific Roundtable

The Asia-Pacific Roundtable (APR) is organised by the Institute of Strategic & International Studies (ISIS) Malaysia, the nation's premier policy focused think-tank, on behalf of the Asean Institutes of Strategic and International Studies (Asean-ISIS) network.

Over the last 3½ decades, the roundtable has developed its own niche and reputation as an important annual Track-Two conference and one of the world's top 20 think-tank security conferences.

From its modest beginnings at ISIS Malaysia's conference room in 1987, the APR has grown significantly in scope, depth and size, attracting the participation of policymakers, thought leaders, intellectuals, scholars, officials, journalists and individuals to address strategic issues concerning the Asia-Pacific and the world at large.

APR brings together the best minds in the region and from different parts of the world to stimulate frank discussions, serious policy debate and networking on a wide range of topics. While the bulk of participants have generally come from Southeast Asia and the wider Asia-Pacific, its audience now include North America, Europe, South Asia and the Middle East.

The success of the Asia-Pacific Roundtable is a result of the strong support from successive Malaysian prime ministers and regional leaders.

The roundtable has been held annually since its inception in 1987 but was postponed for the first time in 2020 because of Covid-19. It was convened virtually in 2021 and 2022. The 36th APR was reconvened in Kuala Lumpur in August 2023 and saw some 370 delegates from nearly 30 countries.

The tragedy of middle power politics

Amid trust deficit, Asean should get its act together and take lead as US-Sino rivalry plays out in the region

By Angeline Tan



Since China's ascension to the World Trade Organisation in 2001, its meteoric economic rise has been observed with caution. The narrative that China will soon overtake the American economy emerged quickly. In less than a decade, China overtook Japan as the second largest economy, demonstrating its economic heavyweight and imminent rise.

Despite the flashpoints in the Taiwan Strait and South China Sea, there was less emphasis on politics and security. Instead, major powers were focused on the rising competitiveness of Chinese industries and the threat this might pose to American and European businesses.

While China's economic presence was hard to ignore, liberalists were optimistic that its increased participation in the international liberal order would shape its behaviour. This outlook was further complemented by Beijing's attempt to enhance its soft power while following the "keeping a low profile" dictum. Beijing's emphasis on a "peaceful rise" sought to diminish suspicions that China will disrupt the international order.

This offered the first glimpse of a "China threat", one that was defined primarily on an economic basis. This threat perception began to shift through successive US administrations, which has since changed the dynamic of major-power relations towards competition and rivalry that define international politics today, echoing John Mearsheimer's thesis of the tragedy of great power politics.

Americans' evolving China policy

The Obama administration approached Beijing with a strategy of engagement, expanding beyond bilateral trade and cross-strait relations towards a broader range of issues, such as climate change, denuclearisation, anti-terrorism and more.

While cooperation did deepen, distrust and misperceptions continued to linger. For instance, Beijing interpreted Barack Obama's "pivot to Asia" as a China containment strategy, which led to criticism and more assertive behaviour by the Chinese.

Donald Trump's arrival in the Oval Office marked a sharp turning point in US-China relations with the abandonment of engagement in favour of competition. The Trump administration started a trade war, slapping China with high tariffs in an attempt to address the trade deficit.

Washington also accused Beijing of being a currency manipulator and raised concerns about intellectual property theft. Trump's perspective of China seems to be coloured by the narrative that China poses a challenge to the United States' pre-eminence. His "America First" policy effectively otherised China as the adversary and most urgent threat, deepening distrust in bilateral relations.

After four years of animosity, the election of President Joe Biden brought optimism for a reset in US-China relations. However, this was met with disappointment as Washington continued with a hard-line stance towards Beijing.

Despite an increasingly polarised US, the one issue that both sides of the aisle could agree on was the China threat, which is no longer only economic but national security as well. This includes cybersecurity, disinformation campaigns, military advancements and others, while greater attention is also now being paid to strategic issues, such as the Taiwan Strait or South China Sea.

The Americans believe that the China today is starkly different from 20 years ago and see the rise of President Xi Jinping as the key turning point. Xi's China has foregone traces of Deng Xiaoping Thought that made a liberalist approach once seem viable. With the erosion of collective leadership and term limits, the US perceived China as increasingly authoritarian. Thus, intent on achieving regional hegemony, the US and China are locked into a competition that is driven by misperceptions and distrust.

Southeast Asia at frontline

As major-power rivalry intensifies, pressures are imposed on Southeast Asia. Despite both Washington and Beijing assuring that they will not ask states to choose sides, the reality is that Asean member states may have to. Decoupling and de-risking may be the lingo in Washington and across the European Union, but that is unthinkable for Southeast Asia whose economies are deeply intertwined with China.

Non-alignment is also increasingly a weak option. Small and middle powers cannot face the pressures alone while Asean has proven a lack of cohesiveness to provide a viable third way. Even if Asean member states continue to resist choosing sides, they will not be able to insulate themselves from the implications of major-power competition.

Despite mounting disagreements, there is one issue that all sides firmly agree on – the only way forward



The Americans believe that the China today is starkly different from 20 years ago and see the rise of President Xi Jinping as the key turning point.

is a warming of US-China relations. Beijing and Washington need to maintain lines of communication and enhance dialogue. Hinged by distrust, progress has been slow at the bilateral level.

Third parties should encourage both Washington and Beijing to participate more actively in multilateral fora, such as the East Asian Summit, which both presidents skipped last year. First, multilateral dialogue will pressure both Washington and Beijing to factor the interests and concerns of third parties – beyond the usual lip-service to Asean Centrality – into their strategic calculations.

Second, multilateral dialogue also calls for greater commitment and accountability from the two powers. Third, this provides reassurance to third parties that geopolitical tensions will be managed carefully in the interest of regional stability, rather than strategic gain.

Asean in driving seat

Asean should also consider forming Asean Plus Two to include Washington and Beijing. Intensifying major-power competition has posed a serious challenge to existing regional architectures, such as Asean's cohesion or sense of community.

Following the models of Asean Plus Three and Plus Six, a Plus Two mechanism would provide the opportunity for regional community building with Asean in the driving seat.

If the US and China are intent on bringing their competition into the region, the rules must be defined by Asean's terms rather than the great powers. It is imperative that Asean reclaims its narrative and heard on its own merit.

Hosting a Plus Two dialogue will provide the

opportunity for Asean to demonstrate regional leadership while playing an active role in mediating misunderstandings and mitigating conflict.

However, for a Plus Two mechanism to work, it is imperative that Asean improves its cohesiveness. Ironically, the biggest challenge to the proposal is not intensifying major-power rivalry, but intra-regional politics.

The problem of distrust is not unique to the major powers, but is increasingly felt between small and medium powers as well. While friendly competition has always been encouraged within Asean, the current climate has incentivised small and medium powers to think more strategically and inwardly. Failing to work together at this critical juncture would not only weaken the strategic advantage of individual Asean member states, it also risks rendering the bloc obsolete.

When it comes to major-power rivalry, solutions are never simple or straightforward. While small and middle powers often face the brunt of these pressures, it is a fallacy to believe that they are incapable or lack the agency to respond.

Asean was formed against the geopolitical pressures of the Cold War and since then has played a leading role in shaping regional architectures. Asean member states would do well to remember this history and honour this legacy by mustering the political will, as a united bloc, to uphold regional stability.



Angeline Tan

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Asean should be open but wary about Quad

Region risks being entangled in great-power enmity
as other parties expand Indo-Pacific ambitions

By Lucio Blanco Pitlo



The Quadrilateral Security Dialogue, or simply Quad, is a grouping gaining traction as great-power competition and regional hot spots intensify.

It is one in a constellation of mini-laterals gaining currency amid shifting sands in the region's geopolitics. Quad can bring something to the table for Asean but it, too, could pose risks. Hype aside, Quad is still evolving and this is when interested parties have a greater chance of charting its trajectory. What role Asean can play in shaping its future remains to be seen.

There is merit in engaging Quad. It can support the capacity building of regional countries in the areas of maritime and cybersecurity, humanitarian assistance and disaster relief (HADR), and counter-terrorism.

Quad can encourage and nudge Asean to reflect hard on the region's evolving security dynamics. It is already raising serious conversations about the region's affairs and its progress may help shed some inhibitions about working with longstanding dialogue partners to address shared challenges.

Quad is raring to expand its roster and its less-institutionalised format works to its advantage. It exudes openness to countries of varying security configurations – those with formal treaty alliances, those without and those traditionally predisposed against alignment with great powers. From this vantage point, it could upgrade the region's security architecture.

Keeping China in check

Some see the quartet as a counter to China's growing influence and wherewithal with the power disparity bearing on flashpoints like the South China Sea.

Beijing's burgeoning naval and coast guard muscle is sobering other littorals to welcome – openly or privately – the presence of the United States and other maritime powers to keep China in check.

Being the biggest disputant and one that does not shy away from enforcing its claims in contested waters, China's presence and activities in the hot spot naturally elicit great concern and suspicion on the part of other coastal states, including both claimants and those who rely on the semi-enclosed sea as a passageway for their energy and commerce.

Even granting that China's actions are more in line with broader blue-water ambitions that go beyond

its near seas and commensurate with its standing as a leading trading nation, unresolved territorial and maritime disputes and power asymmetry coupled with trust deficit make its neighbours edgy. Hence, some Asean member states, despite misgivings, find affinity with the foursome.

Quad also goes beyond security as it expands its portfolio to cover health, climate change, clean-energy transition, critical and emerging technologies, and infrastructure and connectivity. It thus opens new modes of engaging partners on a broad range of issues.

Asean member states need not subscribe to the full menu and can go the à la carte route – picking and choosing cooperation areas that suit their interests, priorities and comfort level. This flexibility and pooled resources from four dialogue partners can warm regional countries to the cluster.

At this juncture, some countries are already blazing the trail and are working with Quad in different capacities. But others remain tepid, probably looking for more tangible results beyond meetings and statements before signing up.

For pragmatic actors, if you cannot stop the wave, you might as well learn and find ways to harness it or channel it in ways that bring you more gains than losses. Those adopting this mindset may be more poised to benefit than latecomers.

Asean centrality 'threat'

However, despite its promise, Quad also bred concerns about undermining Asean centrality. Some were anxious it might contribute to the fragmentation of Southeast Asia along competing great power factions.

Cleavages between insular and peninsular countries over the South China Sea, Mekong River, or dealing with China, among others, may be exposed further.



While Quad can revitalise US-led alliances in the Indo-Pacific, it also raises the spectre of being roped in and entangled in great power enmity.

Such disunity in Asean will make individual countries easy picking for rival powers.

Some also see engagement with Quad as a slippery slope. Instead of building consensus and institutionalised approaches to meet regional challenges, difficulties and all, member states may just adopt Asean-X (or -XYZ depending on the issue). Over time, swift resort to such an equation may hollow out the cohesion and integrity of one of the world's longest-running regional organisations.

Furthermore, while Quad can revitalise US-led alliances in the Indo-Pacific, it also raises the spectre of being roped in and entangled in great-power enmity. While the arrangement is flexible, the degree of agency and autonomy one can exercise within this club of major and middle powers is also questionable.

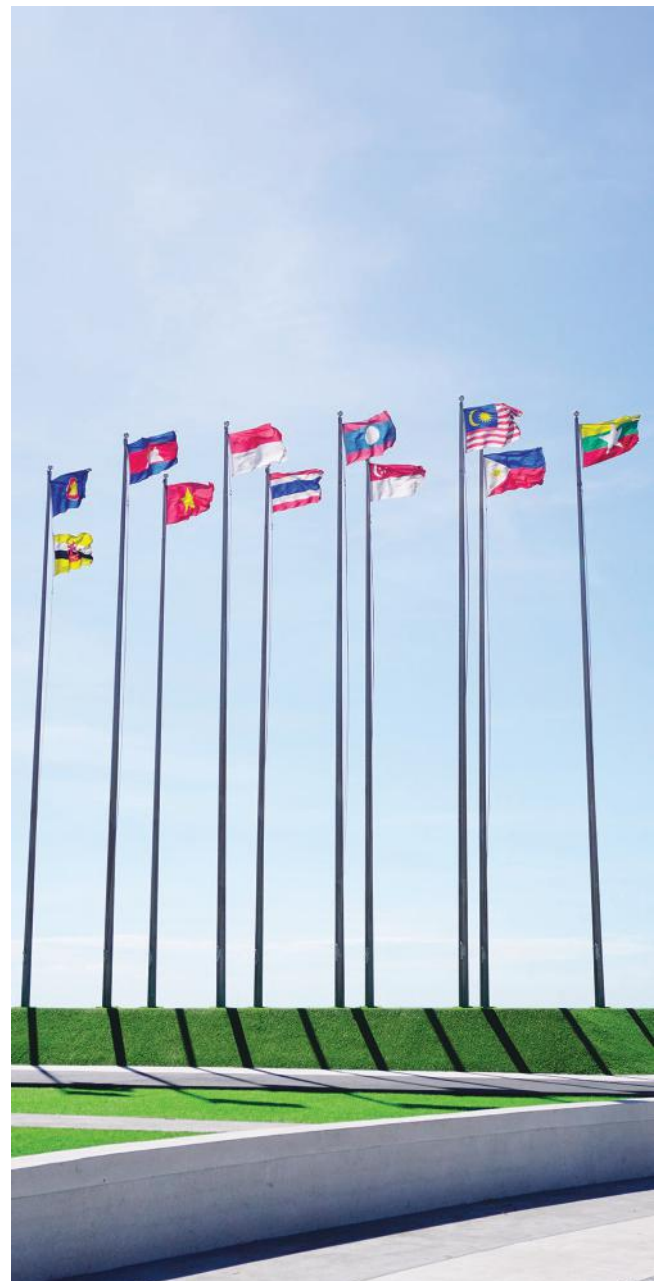
Fears, unfounded or otherwise, that Quad can be a building block or a nucleus for an Asian Nato also temper enthusiasm about engaging with the quartet. This is especially so for countries with cozy ties with Beijing or heavy trade and investment exposure with their big northern neighbour, the likely unspoken target of such potential collective security organisation.

Quad can have value updating rules of the road for security, technology, connectivity and beyond for regional countries. These are all crucial and worthwhile domains that will resonate in one of the world's fastest-growing regions.

Making one country the organising factor when forming a coalition is unnecessary and is, in fact, an injustice to the more pressing imperatives for the region. The disquiet with Quad comes from how it will form its relations with China, the elephant in the room. The answer to that may help determine not only buy-in to the mini-lateral but also regional order and stability.



Asean member states need not subscribe to the full menu and can go the à la carte route – picking and choosing cooperation areas that suit their interests, priorities and comfort level.



Lucio Blanco Pitlo
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US-Sino rivalry driving development financing

Geoeconomic battle brewing with
developing nations offered choices in
economic integration

By Qarrem Kassim

The competition for influence among great powers like the United States and China is continually reshaping the global landscape.

One of the non-conventional "weapons" deployed to reshape geopolitics is development financing, which allows great powers the opportunity to interfere in another nation's level of development and influence its long-term economic integration.

Countries can now integrate selectively with global trading systems based on strategic interests, creating a new and equally pivotal arena for geoeconomic influence. Understanding the interplay of great-power dynamics is important, as developing nations grapple with growing infrastructure and developmental deficits, forcing them to leverage these shifts for their own benefit.

For more than a decade, China has effectively leveraged on its economies of scale to project its geoeconomic influence and build global economic partnerships through its ambitious Belt and Road Initiative (BRI), which spans 155 countries and encompasses more than 3,000 projects.

BRI, central to China's geoeconomic strategy, aims to foster connectivity by spearheading a network of infrastructure projects designed to further its economic interests abroad – particularly developing nations, which constitute 77% of its participants.



GDI underscores China's evolving narrative, positioning itself as a champion of home-grown economic development that stands in contrast to what some perceive as the West's preoccupation with security in the Indo-Pacific.

Since inception, cumulative BRI investments have totalled US\$1 trillion (RM4.7 trillion), while total trade value between China and other BRI markets more than doubled from US\$883 billion in 2013 to US\$1.9 trillion in 2022, making up more than a third of its total trade.

Alternative to West

Traditional institutions like the International Monetary Fund and World Bank (which China perceives as fundamentally Western-led) have typically imposed rigorous governance conditions for financing.

BRI, in contrast, offers state-sponsored loans with more "lenient" governance obligations, allowing developing countries to bypass traditional institutions. Nevertheless, BRI loans are often larger, more expensive and less transparent, leading some analysts to suspect the initiative of furthering "debt-trap diplomacy".

Nevertheless, BRI has undergone significant evolution in the past four years, scaling back risky overseas investments as rising repayment problems and low economic returns persist. China's maturing economy, likewise, means that it can no longer continue to underwrite costly, high-risk loans.

As the BRI faces increasing scrutiny over the sustainability of large-scale infrastructure projects, a strategic pivot is emerging. Announced in 2021, China's Global Development Initiative (GDI) represents a shift towards smaller local-scale projects that align with the United Nations Sustainable Development Goals (UNSDG 2030).

GDI underscores China's evolving narrative, positioning itself as a champion of home-grown economic development that stands in contrast to what some perceive as the West's preoccupation with security in the Indo-Pacific. This sentiment has resonated with certain nations in the Global South, which may perceive this stance as giving secondary priority to their immediate development needs.

While the GDI remains nascent, amorphous and comparatively opaque, the shift in policy focus from infrastructure to local development could broaden and reshape China's engagement with the world.

This expansion aims to deepen China's economic agenda, focusing on sustainable and inclusive development, positioning it in more direct competition with other global institutions in the developing world.



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From Beijing's perspective, this also serves to mitigate potential geopolitical risks, promoting long-term stability and cooperation through enhanced economic integration.

G7 anxieties

Uncomfortable with the growing geoeconomic dependency among developing nations with China, US President Joe Biden announced the Partnership for Global Infrastructure and Investment (PGII) at the G7 Summit in 2022, an initiative to mobilise US\$600 billion in pledged private-sector loans and grants for sustainable projects in developing nations.

PGII is distinctive for its values-driven and standards-setting approach to attract private sector investment over state-sponsored loans typified under BRI. To encourage private investment, certifications for infrastructure must comply with the "Blue Dot Network" requirements. These are derived from 70 international frameworks complete with scoresheets and review processes, ensuring that only projects that meet its high standards are considered.

However, PGII fails to find a common vision with the needs of the developing world, which have limited appetite and capacity for sustainability assessments – a component critical to the financing model of private capital.

In contrast to China's state-driven BRI, which boasts numerous flagship projects, PGII faces difficulty finding "bankable" projects in developing nations, which may prefer Beijing's looser requirements.

There are also no assurances that G7 governments will be able to make good on their pledges, given that they have no material control over private-sector investments. Coupled with the fact that finding sufficient bankable projects will require significant technical assistance and capacity building, it could take years to achieve widespread results.

While it doesn't seem likely that PGII could supplant BRI in the near term, it does present an opportunity to access varied funding sources while offering a yardstick to benchmark development projects.

Diverse funding sources

It must be stressed that the developing world is not a homogenous collective. Developing nations have varied gaps and needs. For developing nations that possess stable governments and relatively lower risk, PGII makes an attractive alternative, emphasising robust standards. Meanwhile, nations with more acute developmental needs may still turn to the BRI and GDI.

By recognising this diversity, nations are offered a choice between development models that can align best with and tailored to their circumstances.

In a best-case scenario, the emphasis on high-quality standards could incentivise BRI to uplift its own framework, setting in motion a virtuous cycle, as values-driven competition could encourage a race to the top, leading to better sustainable outcomes.

In the long term, as economic and trade integration intensifies, the choice of development partner will influence the trading relationship of the developing world and direction of global supply chain integration. Amid an increasingly bifurcated geoeconomic landscape, the competition for global influence is intensifying the pivot towards the developing world.



Qarrem Kassim
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Seizing Asean's digital moment

**Policies must promote further regional integration
and national development**

By Janessa Kong & Hosuk Lee-Makiyama



Much has been said about Asean's digital potential – the 2022 e-Conomy report (by Temasek, Bain and Google) predicts that the region's digital economy is poised to reach US\$1 trillion (RM4.65 trillion) by 2030, driven by a large young tech-savvy population, ubiquity of mobile internet and services-driven economies.

While the pandemic served as a catalyst, it also revealed vulnerabilities within and between Asean member states. This underscored the need for cohesive policies and regional frameworks to govern the growing digital economy.

To begin, several member states have either introduced or elaborated on various digital regulations after the pandemic, particularly privacy laws, in line with the 2016 Asean Framework on Personal Data Protection.

Indonesia's personal data protection law, which provides guidance on data ownership and usage, came into effect on 17 October 2022. The Personal Data Protection Committee of Thailand provided greater clarity on the guidelines of its Personal Data Protection Act, which came into effect on 1 June 2022 after being postponed for two years.

Similarly, Vietnam issued Decree 53 on 15 August 2022 to provide guidance on its controversial cybersecurity law and recently promulgated its Personal Data Protection Decree on 17 April 2023. In addition, some member states are also experimenting with regulatory and executive action on data traffic and platforms.

The shift towards services-driven trade has spurred the need for further mechanisms to facilitate our trade-dependent economies. For example, the duty-free movement of machinery, vehicles or electronics increasingly depends on data access – be it streamlining the verification of these goods at the customs checkpoints or cloud functionalities that enable them to function.

Existing Asean-level frameworks and external trade agreements must capture these developments or become obsolete. For instance, Asean mutual recognition agreements on tourism and regulated occupations are unable to operate fully without cross-border data flows, while the digitalisation of customs is essential for an operational Asean single window.

Leveraging on partners

Individually, Asean member states recognise the importance of cooperation with dialogue partners



The shift towards services-driven trade has spurred the need for further mechanisms to facilitate our trade-dependent economies.

to capitalise on opportunities to grow their digital economies. This includes addressing external divergences; leveraging on like-minded partners to protect and secure their interests in global governance; and drawing support for infrastructure development and innovation.

In relatively nascent areas like emerging technologies, such as AI and 5G networks, dialogue partners can offer R&D, capacity building and investments. These arrangements can also offer support in strategic objectives, especially on cooperation with binding commitments that provide greater certainty and clarity to trade.

This is exemplified through the various bilateral or plurilateral trade agreements adopted over the last few years. For example, Singapore pioneered the Digital Economy Partnership Agreement (DEPA) with New Zealand and Chile in 2020, which has since been acceded by Korea (2023).

There has also been progress in the ratification of regional agreements equipped with chapters on digital trade – albeit with different degrees of enforceability – like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Regional Comprehensive Economic Partnership (RCEP).

Such enforceable contracts are atypical to Asean cooperation where consensus-building is the norm. Member states are also at different stages of their digitalisation journey, resulting in diverging national priorities and sensitivities. For example, despite the principal alignment among member states on privacy, its effective enforcement is an issue which must be addressed. Similarly, cybersecurity and domestic champions are issues that divide member states.

Paradoxically, such divergences may result in a scenario where Asean is better integrated with its external partners than with each other. As we have seen, many member states are currently at a turning point on digital rules and standards, which necessitates Asean-level mechanisms to manage our internal divergences from becoming unbridgeable.

Selectively and partially incorporating some Asean countries into external mechanisms driven by the US and the European Union will not suffice, given that these countries have different priorities.

For example, the Apec Cross-Border Privacy Rules and EU Adequacy Decisions under the General Data Protection Regulation differ significantly in their approaches to cross-border data flows. Similarly, the divergence between EU free-trade agreements (FTAs) and digital chapters in the Indo-Pacific Economic Framework and CPTPP enable vastly differently outcomes.

While member states are unable to and should not wait for Asean consensus to pursue bilateral FTAs or digital agreements, our internal mechanisms must keep even pace. Leveraging on Asean-led mechanisms will be powerful political signals.

This includes expanding on existing memorandums of understanding between member states to deepen cooperation and strengthen trust and utilising the Digital Economy Framework Agreement (DEFA) study to determine priorities and understand sensitivities between member states, establishing a baseline for negotiations in the coming year.

Multi-track approach

Asean's digital future will be unleashed through a multi-track approach: building on external agreements involving dialogue partners, while working within Asean to strengthen internal mechanisms.

Conceptually, Asean member states will localise concepts like Society 5.0, Industry 4.0 and Data Free Flow with Trust (DFFT) and adapt them to its own circumstances through domestic policies. They will also continue to negotiate bilateral FTAs to ensure a certain level of openness so that local businesses can scale beyond national borders without unjustified and arbitrary barriers.

In particular, DEPA and similar bilateral Digital Economy Agreements (DEA) (e.g. signed by Singapore with Australia and the UK) will help serve as pathfinders to engage with strategic partners to

promote long-term convergence while country-specific transfer mechanisms will enable trusted data flows.

Concurrently, greater focus needs to be given to raising the standards on enforcement to build a pathway towards a Digital Asean. The launch of Digital Economic Framework Agreement, and the implementation of the Asean Model Contractual Clauses seek to reconcile member states' respective approaches to data governance.

This topic requires further discussion to ensure that data governance laws protect sufficiently national interests but do not become impediments to further Asean integration and national development, especially considering our unique challenges to create jobs, secure our infrastructure and boost productivity through AI. These discussions will be integral to not just DEFA, but common visions like the Asean Digital Community 2045.



Many member states are currently at a turning point on digital rules and standards, which necessitates Asean-level mechanisms to manage our internal divergences from becoming unbridgeable.



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Hosuk Lee-Makiyama
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Japan could take lead to bring Asean 'higher'

Staying above stray of US-Sino rivalry,
China's rise requires strengthening old ties

By Zarina Zainuddin



The Fukuda Doctrine introduced in 1977 laid the foundation for Japan and Asean relations. Its two tenets reaffirm Japan's resolve of never being a military power again and determination to provide development assistance to Southeast Asia.

The Japanese Official Development Assistance (ODA) focuses on financing infrastructure projects, capacity building, humanitarian aid and other projects that contribute towards economic development in Southeast Asia.

Japan's pacifist stand is evident in its constitution and the code of conduct of its Self-Defence Force (SDF). Over the decades, Japan's consistent adherence to the Fukuda Doctrine helped build a close bond and trust between the two sides.

However, recent developments in global affairs have forced Japan to adjust its pacifist stand. China's rise as a superpower; North Korean missile launches and the unpredictability of Kim Jong-un; uncertainty over US commitment to ensure fully Japan's security; and the Russo-Ukrainian war gave rise to a sense of insecurity, resulting in strategic shifts in Japan.

In December 2022, Japan unveiled its new national security strategy with a focus on capabilities to defend itself against hostile powers and reduce its heavy security reliance on the United States.

End of pacifist stance

The highlights include doubling of its defence spending and measures to improve its self-defence resiliency. The protection against enemy threats include acquisition of counterstrike capability to pre-empt external attacks. Additionally, Japan aims to create layers of security arrangements through multiple agreements with countries, such as Australia, the UK and Italy.

For the first time, Japan has added a new cooperation framework – the Official Security Assistance (OSA) – that provides materials and equipment (non-lethal) as well as "assistance for infrastructure development based on the security needs" to "like-minded countries". The Philippines and Malaysia are expected to be among the first OSA's recipients. In essence, OSA is ODA but for security and defence-related projects.

On the foreign policy front, Japan is playing a supporting role to the US, filling in the gaps left by American diplomacy. Japan is fostering or reinforcing relations with countries that the US has either strained relations or neglected.

Unlike the US, rather than focusing on value, Japan's diplomatic endeavours centre on engagement in economic development and tackling social challenges. In this regard, while Southeast Asia remains important, Japan has expanded aid to the rest of the Global South, including the Middle East, South Asia, Latin America and Africa.

Unlike the past, Asean has voiced few objections to Japan's new security strategy. Asean itself holds fast to the existing strategy of remaining neutral and has publicly refrained from taking sides.

The bloc prefers to focus on economic cooperation and integration to counter geopolitical shifts. However, the intensifying US-China rivalry has impacted negatively on the geoeconomic environment. Instead of cooperation, integration and inclusivity, it now promotes divisive, contentious and exclusivity.

Decoupling, de-risking and de-dollarisation are examples of recent development arising from the US-Sino rivalry. The American weaponisation of the dollar as well as pursuit of a counter-inflation policy contributed to the de-dollarisation trend.

Favouritism fear

The tit-for-tat trade war and pandemic-related shortages have forced countries to consider building national or regional self-sufficiency for a range of economic sectors ranging from supply chain to currency, energy and food security.

It is a tricky situation for Asean member states, as engaging in economic initiatives backed by one rival power could be interpreted as picking a side. At the moment, Asean has managed to hedge its position with selected members participating in US-led initiatives while joining groupings that align closer to China, such as BRICS and G20.

Ironically, the rise of mini-lateralism, such as G20, BRICS, Quad, AUKUS and IPEF, has to a degree diluted Asean's prominence in the region. Case in point, at the recent Asean Summit in Indonesia, the top leadership from the US and China skipped the meeting.

President Joe Biden opted to attend the G20 Summit in India instead. Coupled with perceived ineffective consensus-based decision-making, Asean is in danger of being sidelined.

Even the notion of engagement with selected "like-minded" countries could have a negative implication for Asean, as it resulted in selected

member states being included in initiatives, such as TPP (now CPTPP) and IPEF.

Member states with strategic and economic importance are included at the expense of others, such as Laos, Cambodia and Myanmar. If left unchecked, such a tendency could lead to widening of income and developmental gaps among Asean member states, leaving some vulnerable to the influence of rival powers and subsequently acting as proxy states.

Areas of cooperation

The year 2023 marks the 50th anniversary of Japan-Asean relations with the theme "Golden Friendship, Golden Opportunities". Would the difference in response and approach to the geopolitical and geoeconomic shifts have an impact on the established good relations between Japan and Asean?



The bloc prefers to focus on economic cooperation and integration to counter geopolitical shifts. However, the intensifying US-China rivalry has impacted negatively on the geoeconomic environment.

A common feature of Japan-Asean initiatives focuses on two main objectives. One, to further development and deepen existing ties between Japan and Asean. Two, measures to strengthen and enhance the capability of Asean as an institution.

There are a plethora of agreements, initiatives and projects aimed at achieving the two objectives. The joint statement of the 23rd Asean-Japan Summit identified four areas of cooperation outlined in the Asean Outlook on the Indo-Pacific (AOIP) – maritime cooperation, connectivity, Sustainable Development Goals 2030 and economic.

Among the projects are capacity building for cybersecurity, improved handling of public health emergency and emerging diseases, and enhancing

safe navigation and marine environmental protection.

Other initiatives include the creation of the Japan-Asean Integration Fund (JAIF). JAIF's objective is to support Asean's integration efforts, particularly the implementation of the three pillars of Asean community as well as promoting closer cooperation between Japan and Asean.

From its inception in 2006 to the end of 2022, JAIE contributed more than US\$769 million (RM3.6 billion) to various projects.

Case for strong Asean

In September 2023, Japan and Asean reached an agreement to upgrade bilateral relations to a comprehensive strategic partnership (CSP), which would strengthen relations in a substantive and mutually beneficial manner. It also reaffirmed the commitment to cooperate on AOIP.

Japan's continuous attention towards capacity building to strengthen Asean is fitting, given the challenges that the latter is facing from an escalating US-China rivalry. Asean's growing economic presence, strategic location, position as a vital part of the global supply chain and rich resources make it an area of contestation between major powers.

One factor that could mitigate the impact of the geopolitical and geoeconomic shifts is that Japan and Asean greatly value their long-standing relations, and both share a common vision for the region – one of peace, stability and prosperity.

A strong Asean makes it less vulnerable to external pressure and enhance its ability to stake its own position. It is often stated that a strong Asean is good for the well-being of the region but what could be even better is a strong Asean engaged in close partnership with a confident Japan.



Zarina Zainuddin

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COC negotiators will carry on burden

Asean-China must stay the course on finding solution to 'intractable'
South China Sea problem

By Vu Hai Dang



*"Biar lambat asal selamat, takkan lari gunung dikejar" **

At the 56th Asean Foreign Ministers' Meeting (AMM) in Jakarta in July 2023, two important news related to the Code of Conduct of Parties in the South China Sea (COC) were announced.

First was the completion of the second reading of the single draft COC negotiating text. Second was the adoption of a set of guidelines for accelerating the early conclusion of an effective and substantive COC at the Post-Ministerial Conference (PMC 10+1) meeting with China.

While the Indonesians dubbed these as "important milestones" in China-Asean ties, Jakarta did not release any detail about these achievements. According to media reports, the guidelines call for the Asean-China Joint Working Group on the Implementation of the Declaration on the Conduct of Parties in the South China Sea to complete the COC negotiations within three years.

They also ask for more meetings and the start of negotiations for the most contentious issues, including whether the regional code should be enforceable legally and its geographical scope.

Meanwhile, the second reading consists of a preamble finalised in 2022 and some basic principles that had been agreed on, including the code's compliance with international law, such as the 1982 United Nations Convention on the Law of the Sea. The main difference from the first reading was the addition of a few paragraphs and the removal of some sensitive references.

It could be stated that the adoption of the guidelines and completion of the second reading are a procedural – and perhaps political – agreement between the relevant parties rather than substantive progress in negotiations.

This commentary will look at this from two angles: a critical one and a more optimistic one. First, it argues that it may be unwise to rush the negotiations. Second, it opines that the good thing is the parties are still willing to talk to each other.

What's the rush?

No one can deny that the COC negotiations have been a drawn-out affair, as they have been ongoing since 1996. The process is long, not because the negotiators are dragging it, but because of some thorny issues which elude an agreement.

Some of the contentious points cropped up in the 1990s and remain until today, such as the geographical scope of COC, its legal status and what are the prohibited activities. As long as these points remain contentious, negotiations will remain at an impasse.



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The only way to move on is to skip these questions but doing so would mean COC will not be much different from the Declaration on the Conduct of Parties in the South China Sea.

From that perspective, setting a deadline to complete the COC negotiations will just put more pressure on officials, who appear at the negotiation table without understanding the challenges of the situation.

It is not the first time that such a deadline was proposed. In 2019, China wanted to complete a final and binding COC in three years. Beijing has since pushed the deadline to the end of 2024, but COC is still far from being final. One can blame it on the Covid-19 pandemic but, as a matter of fact, three years is a short timeframe in international life.

Instead of pursuing a deadline, the three-year timeframe could serve as the marker of the negotiation process. At the end of this stage, Asean member states and China could review the process to see what has been achieved, what the outstanding issues are and what new approach could be pursued. This will relieve the pressure on negotiators while allowing them to re-evaluate their approach and strategy.



In 2019, China wanted to complete a final and binding COC in three years. Beijing has since pushed the deadline to the end of 2024, but COC is still far from being final.

Keep talking

Still, there is something positive here – that is, both parties are still talking to each other regularly and extensively to reach an agreement on the South China Sea.

The negotiations are protracted because the parties need to reach compromises on difficult issues. It is a good sign that both parties want to intensify the frequency of meetings and consultations to overcome their differences.

These talks are not easy, even tense and argumentative at times. However, everyone understands that fighting at the negotiation table is much better than fighting at sea. Diplomats are willing to carry on the burden to prevent conflicts at sea. This is a brave action that needs to be commended.

While the recent adoption of the guidelines and completion of the second reading of COC cannot be viewed as substantive progress, they still send positive signal to show the world the parties' determination to continue to talk with each other.

** It doesn't matter if it's slow, as long as it's safe*



Vu Hai Dang
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Tech, power and rules-based order

Nations at risk of being bifurcated along lines of haves, have-nots in setting cyber norms

By Farlina Said



The concept of power in international relations indicates an actor's ability to shape the actions of another. This can be through enforcement or the threat of it or by limiting strategic options. In cyber, several material definitions could define a state's power and influence.

First, cyberspace is greatly driven by the private sector. A 2019 United Nations Conference on Trade and Development (UNCTAD) report stated that the United States and China account for 90% of the market capitalisation of the world's 70 largest digital platforms. Super platforms, such as Microsoft, Apple, Amazon, Google, Facebook, Tencent and Alibaba, hold two-thirds of market value.

Such platforms are vital engines for digital services, also delivering parts of the government's digital architecture or digital transformation programmes. Meanwhile, social platforms, such as Facebook, Instagram and WhatsApp, under the parent company Meta have more than one billion users on each platform.

WhatsApp's estimated two billion users is a quarter of the world population. Meanwhile, Facebook's penetration rate in some countries ranges from 42.2% in Laos to close to 60% of Malaysia's population.

The private sector's large footprint creates a dependence on such services for simple things like communication and running critical infrastructure. However, there can be times when the dependence can be disproportionate.

Too powerful, too much sway

Meta's ban on news articles on Facebook and Instagram in response to Canada's draft legislation on payment to media outlets for featuring news on these platforms had terrible consequences during a season of wildfires.

The decision impacted on the ability for residents to access accurate information during a crisis. Thus, a state's ability to influence Big Tech rests on domestic legislation, local presence and effective communication channels between the government and private sector. Where necessary, states might have to approach such companies as a grouping to strengthen negotiation capabilities.

Second, data locations are another element of influence. Data is the source of innovation and productivity for future technologies. However, there can be significant North-South disparities to data-processing capabilities and centre locations.

A US International Trade Commission report in 2021 stated that the US, the UK and Germany hold close to a third of global data centre locations, mainly to accommodate domestic demand, servicing financial hubs or tapping into the needs of manufacturing and industry.

If China is added to the fray, close to half the world's data centres resides in these four countries. Meanwhile, the 2019 UNCTAD reported that regions, such as Africa and Latin America, hold only 5% of the world's colocation data centres.

A country's position in the data value chain determines jurisdiction and its ability to harness the digital economy. A country at the lower end of the supply chain, fuelling data harnessed from other parts of the world, would have limited influence on the way data are processed, analysed and used.

This imbalance in power will be distorted further if a government does not have sufficient data-governance frameworks, effective enforcement mechanisms and international coordination channels. Thus, Vietnam's and China's attempts to localise data within jurisdiction might gain traction.

Third, a state's capability for innovation and the development of future technologies would determine dominant roles in a digital-based order. An example is the production of semiconductors where supply chain snarls during the pandemic created vulnerabilities in global production.

Taiwan Semiconductor Manufacturing Co's foundry produced more than 60% of the world's semiconductor and more than 90% of advanced semiconductors. A natural disaster, such as drought,



WhatsApp's estimated two billion users is a quarter of the world population. Meanwhile, Facebook's penetration rate in some countries ranges from 42.2% in Laos to close to 60% of Malaysia's population.

in Taiwan could threaten global chip supplies.

Against this backdrop, small and medium powers are affected by the US-Sino technology rivalry. The US Chips Act's aim to home shore the semiconductor industry and invigorate design capacities would reshape supply chains.

Additionally, the act limits the transfer of chip technology and chip-making machines to China, thereby exacerbating bifurcation, as China continues down its path of high-tech self-sufficiency. The US, Netherlands' and Japan's subsequent introduction of export controls to machines and chemicals further impacted on technology adopters.

As innovation is led by economies with sufficient resources for research and development, developing countries might find themselves subservient to the tide and ebb of geopolitics and rivalry.

Common rules, regulations

Cyber is a developing realm where rules and regulations are at stages of development. To address conflict, the UN has agreed that existing international law applies, though disagreements have surfaced over how to apply it.

In the realm of cybercrime, a treaty is unfolding with the intention to streamline processes and enforcement of law against cybercrimes. This would mean utilising mutual legal assistance mechanisms or increasing cooperation for investigations.

However, much of the applicability of law is still underway. For example, the definitions of cybercrime are not fixed with certain interpretations interested in the dissemination of false information while others wish for a narrow definition of core cyber-enabled crime. Winning the middle ground for interpretation may socialise and normalise ideas that would underpin future regulations.

Thus, while the rules-based order can consist of the rule-makers, rule-takers and rule-breakers, the rule-takers can be kingmakers in arenas where all nations are of equal footing. Yet, equal footing may also mean the 193 UN members, with varying interpretations of issues, would attempt to lower thresholds for the sake of consensus.

Further, the dominance of powers, such as Russia, China and the US, on the UN platform could shift voting patterns. In 2018, for example, the two resolutions that were US-led and Russia-led were

passed for the formation of the OEWG and UNGGE. Among the considerations are language of inclusivity, search for tech-neutral outputs and assessments of national interests.

Language of inclusivity

At the end of the day, multi-polarity of rule-making environments should free spaces for strategic autonomy, especially where states could assess various interpretations of law and apply them as necessary.

A medium to large power, such as EU, successfully introduced industry and market standards shaping cyber governance. Dubbed the "Brussels effect", this is the view that Europe's introduction of law and legal mechanisms would impact on other parts of the world.

The General Data Privacy Regulation (GDPR) illustrates this as its extra-jurisdictional application shapes website practices worldwide. For other countries, GDPR serves as reference for the development of domestic regulations but may differ as governments localise based on enforcement capabilities, digital maturity and local contexts.

In such arenas, the language of inclusivity is necessary as consensus is built on the majority. However, the digital environment can feature asymmetrical challenges with gaps in proficiency over technology threats.

This could mean that while some countries would raise terrorism as one of many threats stemming from cyberspace, others could highlight the protection of the public core as a concern. Meanwhile, technologically sophisticated countries would face threats and harms less experienced by countries in nascent stages of digital maturity.

However, a treaty's long lasting effectiveness is dependent on various factors, such as the rule's normative effects, enforcement capability and a nation's evaluation of the treaty at the onset of its construction. This would mean that while time-consuming, the self-reflection states would have to go through to produce the binding agreements would be useful to ensure their longevity and impact.



Farlina Said

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Laos committed to Asean centrality

Next chair urges region to play balance game, steer away from US-Sino rivalry

By Sounanda Bolivong & Haknilan Inthalath



Asean clings to "centrality" as its major tenet but recent events in Southeast Asia are testing the limits of that concept.

Laos PDR is a small, landlocked nation situated between some of Southeast Asia's fastest-growing economies. It assumes the Asean chair in 2024 and urges the bloc to tread carefully as the major-power rivalry between the United States and China unfolds in the region.

The region has emerged as a competing ground between the US and China on a few fronts. The two major powers have extensive and intricate ties with Southeast Asia. To re-establish an American presence in the region, the US introduced the Indo-Pacific Economic Framework for Prosperity, while China has played a vital role through initiatives like the Belt and Road Initiative (BRI).

Double-edged sword

Moves by the US to "decouple" from China have led to massive trade disruptions in the region. At the same time, the world's second-largest economy is showing signs of slowing down.

Asean is not immune to the impact of a downturn in the Chinese economy because of their close trade ties. While FDI inflows from both the US and China have contributed to overall economic growth in Asean, a heavy reliance on major-power investments also poses risks.

For instance, if there is a sudden withdrawal or reduction of FDI from these countries because of geopolitical tensions, it could have a detrimental impact on regional economies.

More importantly, the influx of FDI from major powers can also create dependencies and vulnerabilities. It could lead to unequal power dynamics, where foreign companies might exert significant influence over local industries and markets. This would hinder the growth of domestic businesses and limit the ability of Asean member states to develop their own industries and technologies.

On the other hand, the US efforts to counter China's influence in the region have led to increased diplomatic engagement and economic cooperation – both of which could benefit Asean member states' economic growth and development.

Additionally, the US and China are driven to lessen their technological dependence on one another and developing their own autonomous tech eco-



The influx of FDI from major powers can also create dependencies and vulnerabilities. It could lead to unequal power dynamics, where foreign companies might exert significant influence over local industries and markets.

systems. As American businesses look to diversify their supply chains away from China, this trend will increase investment and growth prospects in the region. As tech firms look to grow their operations in Asean, one of the benefits would be technology transfer from the US or China.

Promoting economic integration, resilience

As major powers reset their economic relationships, it is important for the region to promote further integration and resilience through initiatives like the Asean Economic Community (AEC), which could bolster our competitiveness, reduce trade barriers, attract foreign investment and foster growth.

Investing in innovation capacity and digital connectivity is crucial for Asean to stay competitive in the global landscape. By nurturing a tech-savvy workforce, encouraging research and development, and fostering regional cooperation in technological advancements, the bloc can enhance its resilience against external shocks and uncertainties.

As Asean navigates Southeast Asia's strategic crossroads amid major-power contestation, it is essential to adopt a proactive and pragmatic approach by embracing opportunities for cooperation.

It could navigate this complex geopolitical landscape by choosing not to take sides, while deepening partnerships with other regional and global actors, such as Japan, South Korea, India, Australia and the European Union.

Such a move will allow the bloc to balance divergent interests without being overshadowed by external influences.

Embracing Asean centrality

For such reasons, Laos believes firmly in maintaining neutrality and embracing win-win cooperation with all stakeholders. Laos has done its part to maintain positive ties with its neighbours and beyond to ensure our stability and support for development cooperation.

Cooperation is at the heart of our foreign policy. Laos also wants to maintain friendly relations and cooperative efforts with regional and international partners on the political and economic fronts.

The US-China strategic competition might have far-reaching implications for Laos' political, economic, and security interests. Therefore, Laos needs to navigate this complex geopolitical situation to protect its national interests and maintain economic and political stability.

As an Asean member state, Laos recognises the essence of maintaining the bloc's centrality and the collective role to shape the regional order. Utilising our Asean chairmanship next year, Laos can play a critical role to facilitate dialogue and cooperation among nations, promote peace and advance regional interests while ensuring our voice is heard on the global stage.



As Asean navigates Southeast Asia's strategic crossroads amid major-power contestation, it is essential to adopt a proactive and pragmatic approach by embracing opportunities for cooperation.



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Asean should sell own success story

Domestic concerns trumping institutional advancements
to detriment of regional cooperation

By Izzah Ibrahim



Discussions about Asean's purpose and utility are often followed by criticism towards the lack of tangible and meaningful results. This was observed in some of the most pressing issues in the region, such as Myanmar, the US-China rivalry and social, political and economic concerns.

Thus, it raises the recurring question as to whether Asean and its relevant bodies can meet these challenges and address them accordingly.

It has been argued that one reason for its ineffectualness lies in the lack of depth and sophistication in regional defence cooperation. The general aversion to broach sensitive issues, whether strategically inclined or otherwise, leaves out a major component necessary for a holistic approach towards addressing threats.

Instead, what has become more apparent is the enduring primacy of domestic interests. While not inherently problematic, such a narrow focus could turn into an obstacle to advance Asean's interests and the pursuit of deeper regional connectivity.

It also casts doubt over the extent of Asean member states' willingness to cooperate over more controversial issues. If these do not align with vested national interests, they can affect the institution's performance in terms of capacity and influence.

Domestic interests' peril

Southeast Asia's general inclination to pursue domestic concerns was reflected in the "The state of Southeast Asia" survey conducted by the ISEAS-Yusof Ishak Institute.



The region's own dissatisfaction towards Asean stood at 82.6% with respondents finding the institution 'slow and ineffective and thus cannot cope with fluid political and economic developments'.

The 2023 edition captured the general sentiment that internal issues remained at the forefront. It surmised that post-pandemic socioeconomic impacts, especially unemployment and economic recession, were the highest-rated concerns. Even concerns over geopolitics were seen in the context of its effects on energy and food prices, cost of living and inflation as opposed to its strategic implications.

This was similarly expressed at the 36th Asia-Pacific Roundtable. Speakers at the Southeast Asia session raised concerns that the preoccupation with domestic interests could have wider effects on member states' respective foreign policy and commitment towards institutions, such as Asean.

Drawing on the examples of Thailand, Myanmar and the Philippines, speakers highlighted how domestic priorities have leveraged on political narratives and their outlook towards international partners. They noted how despite many of these domestic concerns spill over, there remains hesitation to acknowledge them as a regional problem.

Such attitudes not only earn rebuke from "outsiders" but also draw criticism internally. The survey reported that the region's own dissatisfaction towards Asean stood at 82.6% with respondents finding the institution "slow and ineffective and thus cannot cope with fluid political and economic developments".

Similar sentiments were expressed about the region becoming increasingly disunited and becoming a space for major-power competition. Such concerns go against the suggestions and encouragement from Asean's partners to incorporate more external engagement as a constructive way forward.

Asean centrality at risk

This interplay of pressing domestic concerns and Asean's institutional limitations further enable the preference for unilateral action as opposed to collective institutional responses.

This could be detrimental to the efforts and aspirations for Asean's centrality and capacity when this inattention can be misconstrued as a lack of faith in its ability to set the norms and agenda for Southeast Asia.

Even those with stronger and active participation have demonstrated such preference. For example, Indonesia's chairmanship of both G20 and Asean has shown the difference in attention, tempered by capacity and interest.



Embracing pragmatism in setting national priorities is the norm for small- to medium-sized countries. However, decision-makers should strive towards synergising their country's growth and development with wider regional goals.

Indonesia concluded its G20 presidency with a declaration condemning the Russian invasion of Ukraine and renewing the agenda for global economic cooperation. For the latter, while Indonesia has traditionally played a role in unifying Asean and expressed commitments to strengthen the secretariat's capacity, it failed to advance new norms and principles to maintain Asean's centrality and unity.

While its efforts on deliverables, such as boosting economic growth and buttressing its inclusive Indo-Pacific strategy, should not be discounted, its impact is limited by the insistence on upholding the principles of non-interference and consensus-building.

Share achievements

Embracing pragmatism in setting national priorities is the norm for small- to medium-sized countries. However, decision-makers should strive towards synergising their country's growth and development with wider regional goals. This also naturally implies that such an ambition should be communicated clearly to their citizens as well.

The Asean Masterplan for Connectivity 2025 is a good place to start with connectivity efforts supported through grassroots domestic initiatives across the region to enhance visibility of its efforts.

This focus could also present more opportunities for dialogue partners and other external parties to invigorate collaborative efforts. Anchoring these with Asean-led initiatives can boost the centrality of the institution and support its ability and credibility

to set a regional agenda. It is necessary to communicate beyond just normative values, such as confidence building and cooperation, by presenting the deliverables of the outcomes.

With the way the world has become increasingly interconnected, domestic issues do not always remain neatly contained within their borders. There are regional ramifications that could create destabilising effects for neighbours and threaten Asean's already fragmented institutional basis if they are not addressed collectively and decisively.

The existing top-down approach, while a prescriptive solution, has failed to meet these changes in ways expected by observers. The ability to meet the mounting expectations of the institution does play a significant role in determining the course of regionalism in Southeast Asia. It is in Asean and member states' best interest to sync domestic interests with these loftier goals.



Izzah Ibrahim

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Challenges to adopting renewable energy

Southeast Asia too invested in fossil fuels
to undergo quick green transition

By Pou Sothirak & Dr Henry Chan



June and July 2023 were the Earth's hottest months on record and the unprecedented extreme weather has focused the attention of all countries on the perils of climate change.

The Indian University Grants Commission issued guidelines to all universities that all students must study subjects, such as environmental education and climate change, to graduate, starting from the 2023–24 academic year.

Southeast Asia and the Indian sub-continent were identified in many climate studies as two of the most vulnerable regions. It is likely that the Asean public will look at the climate challenges seriously.

Everyone associates climate change with carbon emissions and Asean's call to limit fossil fuel use is gaining momentum. The member states have committed to zero emissions by the latest 2060s.

There is a saying in the electric power industry that "decarbonisation is electrification". Looking at the renewable energy-based electrification drive, it is important to understand the challenges for Asean.

It goes without saying that renewable is a synonym for sustainable, so focusing on renewable energy-based electrification is also good for the regional economy in the long run.

Renewables' cost advantage

Fossil fuels are used in three major applications: power generation, transportation and home heating. Renewables, such as solar, wind and hydro, are increasingly replacing natural gas and



An electric vehicle is much more efficient than ICE vehicles, with the former using more than 80% of the electric energy delivered to its battery compared with the latter using only 30% of the chemical energy stored in the fuel.

coal-based power generation.

A notable achievement of modern science is that the use of renewables in power generation is more efficient and cheaper today.

The best measurement of electricity generation cost is the levelised cost of energy (LCOE). It measures the average net present cost of electricity generation for a plant over its lifetime.

The LCOE generated by renewables has declined significantly in the past decade, most notably for solar panel-based photovoltaics. One can select good sites to produce electricity using solar and wind at US\$50/MW or lower today, much cheaper than fossil fuel-based power plants.

Economics also dictates an aggressive transition to a renewable energy-driven power system. When we look at Asean member states' renewable adoption road map, solar and wind are prominent.

Electrification means replacing technologies or processes that use fossil fuels, like internal combustion engines (ICE) and gas boilers, with electrically powered equivalents, such as electric vehicles or heat pumps.

An electric vehicle (EV) is much more efficient than ICE vehicles, with the former using more than 80% of the electric energy delivered to its battery compared with the latter using only 30% of the chemical energy stored in the fuel. Similarly, using a heat pump is cheaper than boilers.

However, two main barriers could slow down renewable adoption in the region. First is the reconfiguration of the electric grid and second, how to tackle the system transition cost from stranded assets, such as coal plants.

The first challenge is electric grid reconfiguration. Solar and wind-generated power is intermittent, subject to daytime irradiance and weather. They are distributed energy resources (DER) whose capacity factor is low compared to fossil-fuel plants that can deliver power any time in response to demand fluctuations.

Adoption barriers

To incorporate solar and wind into the grid needs supporting technologies to modify the grid, such as long-distance high-voltage direct current and alternate current transmission to send the power to faraway consumption centres or new energy storage systems (ESS) to store power for use during nighttime or period with little wind. And for EVs to



Data show that grid and storage investment in renewable solar and wind installation in pioneering renewable-adopting countries can be close to the generating sides. However, the current power-pricing structure in Asean has not adapted to the shifting paradigm.

be widely adopted, the grid must be reconfigured to install industrial-grade charging poles.

The grid reconfiguration calls for more investments in transmission and distribution, a departure from the traditional investment model of focusing investment on the generating end.

International Energy Agency (IEA) data show that grid and storage investment in renewable solar and wind installation in pioneering renewable-adopting countries can be close to the generating sides. However, the current power-pricing structure in Asean has not adapted to the shifting paradigm. The price incentive for higher smart-grid transmission investment is still missing.

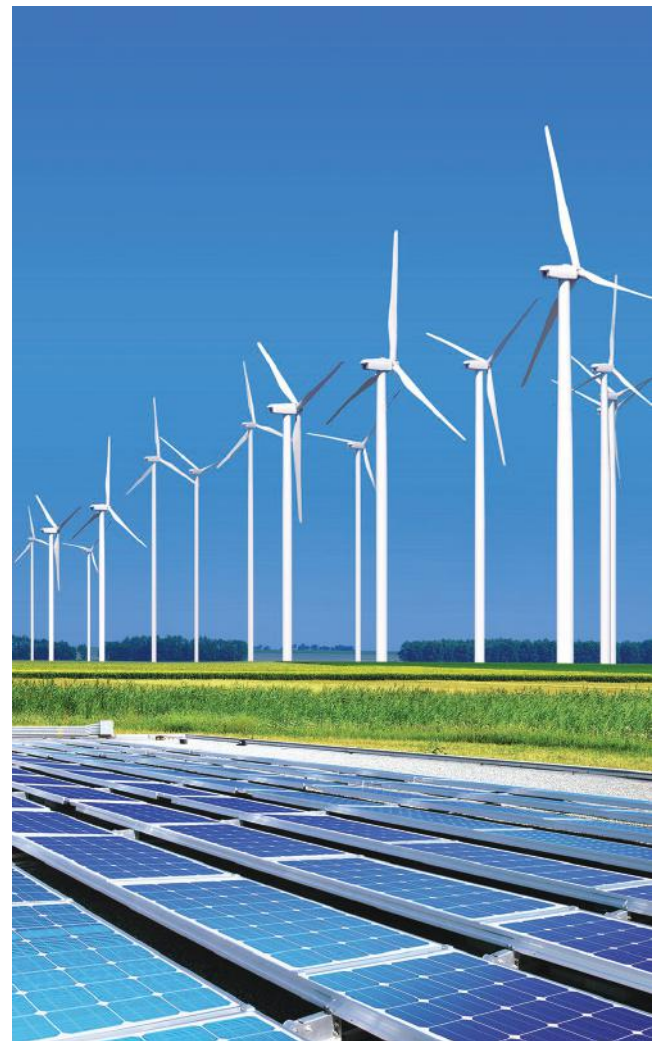
The second key barrier is stranded assets. Some member states built many coal plants in the mid-2000s to mid-2010s after the 1998 Asian financial crisis to accelerate their electrification process.

These plants have operation life as high as 40–50 years, and their premature retirement could affect the finances of many operators, particularly if there are existing “take or pay” power-purchase agreements between the government and plant operators.

The Just Energy Transition Partnership (JETP) between Indonesia and donor countries is being watched closely to decide whether such a retirement scheme for coal-fired power plant works.

Behind the speedy renewable adoption challenges is the skill capacity of staff handling the transition. The ongoing revolution in power generation from centralised power plants to distributed power sources, passive transmission and distribution systems to smart grid calls for a new knowledge set.

Strengthening member states’ coordination and skill-sharing with partner countries could help them adopt the latest technology in their energy transformation.



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With India's help, Asean could fulfil Indo-Pacific aspirations

New Delhi can act as multilateral connector,
bloc to benefit from balanced approach

By Yanitha Meena Louis



There are three approaches to the Indo-Pacific, according to Dr Gurpreet Khurana at the 36th Asia-Pacific Roundtable, categorised as "hard", "soft" and "antagonists". Gurpreet, credited with first using the term "Indo-Pacific" in a contemporary and strategic sense, opined that the United States, the United Kingdom, European Union and Australia have taken a "hard" stance on the Indo-Pacific, focusing on "exclusive" military security alliances like AUKUS and Nato.

India, Japan, South Korea and Asean, on the other hand, adopted a "soft" approach to the Indo-Pacific, which underscores inclusiveness and focuses on holistic security. The "antagonists" of the Indo-Pacific – China and Russia – have rejected such a concept and adopted the narrative that the Indo-Pacific is meant to exclude strategically and isolate certain actors in the region, against the backdrop of acute geopolitical rivalry and competition.

Gurpreet's arguments simply reaffirm the synergies that exist between Asean and India's approach to the Indo-Pacific.

However, in terms of implementation, focus and influence, India's value and visibility as an Indo-Pacific trendsetter is ahead of Asean's. There are two reasons for this – India's rapid and strategic embrace of the Indo-Pacific concept and conversely, Asean's sluggish acceptance of the concept in terms of nomenclature and strategic considerations.

Nonetheless, there has been some "progress" lately on the Indo-Pacific for both Asean and India. The Asean-Indo-Pacific Forum (AIPF) was launched this year under Indonesia's chairmanship. Aimed at "transforming rivalry in the Indo-Pacific region into mutually beneficial cooperation", the forum prioritises three agendas – green infrastructure and resilient supply chains; sustainable and innovative financing for energy transition; and digital transformation and creative economy.

There are also enhanced efforts at "mainstreaming" and operationalising the Asean Outlook on the Indo-Pacific (AOIP) – signalling that the AOIP will function more than just a "guiding" document – making it fit for time and purpose.

Deft approach

For India on the Indo-Pacific multilateralism front, 2023 could not have been better. As G20 and Shanghai Cooperation Organisation (SCO) chair, New Delhi's Global South agenda, and pragmatic,

balanced and assertive foreign policy choices took centre stage.

Being a leading proponent of Indo-Pacific cooperation and guided by core policies, such as Neighbourhood First Policy, Act East Policy, Africa Outreach and Indo-Pacific Oceans Initiative (IPOI), this past year demonstrated how New Delhi's role in the emerging Indo-Pacific order is taking new forms and gaining fresh momentum.

These recent developments and "successes" make the much-hyped synergies between India and Asean's approach to the Indo-Pacific, specifically IPOI and AOIP, that much more apparent and operable. Whether in terms of ideals and principles or objectives and priorities in the Indo-Pacific, it is undeniable that India is a natural partner for Asean that demands more attention.

What's missing is Asean failure to recognise that it is dealing with a different India – this is one of the biggest stumbling blocks to tapping on New Delhi for more meaningful means of cooperation in the Indo-Pacific.

What stands out for India as a significant partner for Asean in the Indo-Pacific is its ability to take a multi-aligned and multi-pronged approach to partnerships in the region, setting it apart from countries like Korea and Japan. New Delhi has gradually but intently refined its approach, reflecting an adept compartmentalisation of interests, strategic competition and geopolitical dynamics.

India can balance continued commitments to SCO and BRICS (which means constructive engagement with traditional "rivals" like China and Pakistan), collaboration within the Quad and I2U2 and finally, advancement of cornerstone mechanisms like the G20 and BIMSTEC.



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For example, just by virtue of India's membership in Quad, coupled with its new public goods agenda, the latter cannot simply be a China-containment strategy – a preconception that has long plagued and impeded Asean's ability to respond to and engage with the mechanism.

There is also the possibility and opportunity for Asean's enhanced cooperation with other partners in the Indo-Pacific, such as Africa, Middle East and Pacific Islands, with India acting as a “broker” within existing frameworks and initiatives.

One of the key outcomes of the G20 summit in New Delhi was the African Union's inclusion as a permanent member. This can be seen as a culmination of New Delhi's accelerated re-engagement with Africa in recent years through the Asia-Africa Growth Corridor, India-Africa Forum Summit and Africa Outreach initiative.

Similarly, Asean should also attempt to leverage on the India-Middle East-Europe Economic Corridor (IMEC), announced during the G20 summit last year, seeing how connectivity remains a top priority for the bloc. IMEC is expected to stimulate development through enhanced connectivity and integration between Asia, the Gulf states and Europe.

With similar ongoing connectivity projects like the India-Myanmar-Thailand trilateral highway, which connects Southeast Asia and India by road, capitalising on an initiative like IMEC could be mutually beneficial. IMEC could be extended further east to link Asean member states to the Middle East.

Eye on Pacific

Asean could also forge stronger ties with the Pacific Islands – the supposedly side-lined part of the Indo-Pacific – facilitated by India. In May 2023, the third Forum for India-Pacific Islands Cooperation (FIPIC) was held in Papua New Guinea.

At the third FIPIC summit, Prime Minister Narendra Modi reiterated that the Pacific Island Countries (PICs) are “not small but large ocean countries” and announced new initiatives, including a 12-step action plan in line with PICs' needs and priorities.

Through FIPIC, India could be Asean's gateway to the Pacific and even encourage inter-regional collaboration to address shared challenges, such as climate change and disaster mitigation.

In the same vein, Indian Ocean Rim Association (IORA)-Asean cooperation can also be bolstered, with India playing a bigger role in identifying opportunities and focus areas for more robust collaboration.

This is against the backdrop of how India was the lead member state that developed and finalised the IORA vision document on the Indo-Pacific, which was adopted in November 2022.

For many states in the region, including Asean member states, the rise of a “new” India has not been the easiest thing to which to calibrate or adapt. Recognising change and altering perceptions of New Delhi is a necessity but that's a challenge.

Asean's current relations with India are defined by older, outdated and “safer” narratives – none of which reflects current realities. This is a missed opportunity on several counts, India at its current geopolitical trajectory is and will remain to be an important partner. It is time Asean realises this, too.



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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 networks, 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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