

# 18th ASEAN summit held amid growing geopolitical tensions

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The 18<sup>th</sup> ASEAN (Association of Southeast Asian Nations) Summit was held on May 7-8 in Jakarta. A range of key economic issues and political disputes were at stake. None were resolved. Overshadowing the gathering was the rising and increasingly hostile geopolitical tensions between the United States and China.

Among the issues confronting the summit were the possibility of Burma's chairing ASEAN in 2014; East Timor's incorporation into ASEAN as its 11<sup>th</sup> member; the creation of a common regional currency to facilitate trade; water disputes in the Mekong River system; the escalating conflict over the South China Sea; inflation and the threat of rising prices; the business interests of the US and the European Union; and the border dispute between Thailand and Cambodia. Each issue failed to find resolution and each failure bore the fingerprints of Washington and Beijing.

The United States debuted its new ambassador to ASEAN, David Lee Carden. The US is the second non-member country, the first being Japan, to have an ambassador dedicated to the regional body. In a move that clearly reinforces the growing US intervention in the region, President Obama created the office of Ambassador to ASEAN in November 2010 and swore in Carden to the post in March 2011.

Carden's resume is revealing. He was an international securities litigation attorney defending the interests of AIG, Lehman Brothers, Bear Stearns and Merrill Lynch and also conducted international intellectual property claims. While unknown in the Southeast Asian intelligence and diplomat community, Carden was one of the top 35 contributors to Obama's presidential campaign, donating well over half a million dollars through the practice known as "bundling"—exceeding the limits on personal contributions by collecting money from friends and associates. In Carden, finance capital has bought itself a key position that could assist in facilitating access to the rapidly expanding markets of Southeast Asia.

As ASEAN members held strategic political discussions, the US and the EU jostled for position to sell their business interests in the region. The US government agency Overseas Private Investment Corporation (OPIC) opened its *Access to Opportunity in Southeast Asia Conference* on May 5 in Jakarta. OPIC's mission statement announces that OPIC "mobilizes private capital to help solve

critical world challenges and in doing so, advances U.S. foreign policy ... it helps U.S. businesses gain footholds in emerging markets ... by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds." OPIC CEO Elizabeth Littlefield stated at the outset of the conference, "We chose Southeast Asia for one reason above all others: its time is now. It is the emerging market that economists and investors alike are pointing to with uniform enthusiasm." Two hundred fifty delegates were present, including representatives from GE, Google and AT&T.

The European Union held the inaugural EU-ASEAN business summit. Three hundred European delegates met with ASEAN counterparts to hammer out the details of an EU-ASEAN free trade agreement. About \$US218 billion in trade took place between ASEAN nations and the EU last year. At the summit, European businesses formed contacts with government representatives from the various Southeast Asian nations. Individual European countries also negotiated trade agreements with individual Southeast Asian countries. France, for instance, negotiated a trade tax and tariff deal with the Philippines. The bilateral haggling conducted at the summit underlines the collapse of multilateralism in the aftermath of the Doha Round of world trade talks.

Before the ASEAN summit opened, Myanmar requested that it be given the position as chair of ASEAN in 2014, taking the place of Laos which was scheduled to chair that year. Myanmar had been passed over for chairmanship in 2005, with the promise that if it conducted democratic elections it would be given the position. Pointing to the elections held in 2010 and the release of human rights advocate Aung San Suu Kyi from house arrest, the Burmese government argued that it should be given the role. Laos consented to giving up its year as chair for Myanmar and an early draft communiqué expressed agreement to the change.

According to an article in the *Eurasia Review*, however, the United States warned that it would no longer work with ASEAN if Burma were given the 2014 chair, citing the country's abysmal human rights record. This is unmitigated hypocrisy. Washington works with thugs and dictators the world over when it serves its strategic geopolitical and economic interests. What is at stake is Myanmar's intimate military and economic ties with China, which

is building transit routes and energy pipelines through the country from the Bay of Bengal to Yunnan Province. Beijing is seeking to lessen its reliance on the Malacca Strait, which is dominated militarily by the US, to import vital raw materials from the Middle East and Africa.

ASEAN bowed to US pressure, referred to the Burmese human rights record, and did not reach a resolution on who would chair the organization in 2014. ASEAN was founded by US-backed dictators and autocrats—Ferdinand Marcos, Suharto, and Lee Kuan Yew—so the rhetoric of human rights ill suits it, or Washington.

East Timor was poised to become the 11<sup>th</sup> member of ASEAN, but its members failed to agree on the issue. An article in the Bangkok daily, the *Nation*, on May 10 explained that the division reflected concerns that China's growing role in Timor would turn the country into a Chinese proxy in ASEAN. According to the *Nation*, some members of ASEAN wanted to incorporate East Timor immediately to try to stem Chinese influence. Others, however, pointed to Burma, which was granted membership in 1997; far from stemming rising Chinese influence, if anything, admission to ASEAN hastened it.

Behind the scenes, the Mekong River's water resources was another contested topic, Vietnamese deputy Foreign Minister Pham Binh Minh told the *Voice of Vietnam*. At the summit, Vietnam and Cambodia pressured Laos into abandoning its plans to build the Xayaburi dam, which would have reduced water access in Vietnam. However, recently completed Chinese dams in the upper reaches of the Mekong pose a much greater threat to countries downstream.

In 2002, the Asian Development Bank created the Greater Mekong Subregion, an economic grouping that included China, Laos, Cambodia, Thailand and Vietnam and led to the building of highways, dams and pipelines. Last year, however, in a transparent effort to stem China's influence, Washington created the Lower Mekong Initiative, which included every member of the Greater Mekong Subregion, except China. The US is seeking to capitalise on the water issue to undermine Chinese influence in the subregion.

Similar China-US rivalry was reflected at the summit over the South China Sea—a vital sea lane for Chinese energy from the Middle East and Africa—and also a potential source of oil and gas in its own right. ASEAN was scheduled to make binding the 2002 Declaration of Conduct of Parties in the South China Sea. The agreement would have provided a mechanism for resolving disputes between China, Malaysia, Indonesia and the Philippines—all of which have rival claims in the South China Sea. Closed-door discussions occurred, but no final agreement was reached.

China has long pressed for bilateral negotiations between itself and each of the rival claimants. However, in July 2010, Secretary of State Hillary Clinton intervened, calling for multilateral

negotiations, with the US functioning as mediator. China rejected the US statement as an unwarranted intrusion. ASEAN members seemed to give backing to Clinton's statement during an ASEAN-US summit in September 2010 in New York, but face considerable economic and diplomatic pressure from China.

The ongoing border dispute between Thailand and Cambodia dominated the media coverage of the summit. The United States and China have vital economic and political interests in both countries, but Cambodia's ties are strongly oriented toward China, while Thailand has historically been linked to the United States. The Thai and Cambodian leaders exchanged sharp words publicly and were unable to resolve the conflict in ASEAN mediation.

Finally, high inflation confronts all governments in the region, prompting Indonesian President Yudhoyono to raise strong concerns about food prices during his opening remarks. ASEAN, in conjunction with Japan, China and Korea, agreed to the creation of a rice reserve to supply the needs of member countries in the event of a shortage, but it is inadequate. Taiwan has already dipped into its reserves, releasing 10,000 metric tons of rice on May 6 to stem rising prices. The Philippines faces possible rice shortages and President Benigno Aquino has issued a pitiful subsidy to the "poorest of the poor" to help pay for rice.

When a country like the Philippines speaks of the "poorest of the poor," this phrase encompasses malnutrition, disease and desperation. While the geopolitical machinations went on in Jakarta, millions throughout the region went hungry. Amid the continuing global economic crisis, ASEAN leaders are not only seeking to manoeuvre between the US and China, but are keeping a fearful eye on rising social tensions that could easily erupt in a manner similar to what is occurring in the Middle East and North Africa.



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