



# EUROPEAN POLICY BRIEF

## INTEGRATION IN SOUTHEAST ASIA: TRAJECTORIES OF INCLUSION, DYNAMICS OF EXCLUSION

### ***Maritime Southeast Asia and Regional Integration: Potential and Challenges***

This brief makes two arguments about the significance of the sea in Southeast Asia. The first concerns maritime Southeast Asia in the region's historical political development, to argue that the islands used an outward-looking model connected over long distances and receptive to outside ideas. This ended in the post-colonial era, when states' nation-building projects claimed territorial sovereignty over both land and sea, but effectively the nation was built on land with little attention paid to maritime space. Within the ASEAN Economic Community, there is now great potential for enhanced regional integration through improvements in maritime connectivity at the regional and local levels (for which air transportation and internet communications do not substitute), in addition to the more strategic global shipping industry.

The second concerns the South China Sea, to argue that the dispute poses a threat to integration in Southeast Asia, and not just because China shows no interest in a rules-based solution. On the one hand, the dispute has broad implications: countries not directly party to the dispute (e.g. Indonesia, Singapore, Japan, the US, EU member states) have a strategic interest in its resolution. On the other hand, the dispute detracts attention from other pressing matters in the maritime region. Finally, the dispute has highlighted the weakness of regional cooperation in its current framework. In the 20th century, ASEAN successfully facilitated countries to deal with disputes, as long as they were bilateral. Today, ASEAN is faced with a tougher challenge, involving China, and is required to make a multilateral response. It is historically ill-equipped for this new task.

Muhadi Sugiono, UGM, March 2016



## INTRODUCTION

Southeast Asia is generally divided into “Mainland” and “Island” zones. The Mainland consists of Myanmar, Thailand, Lao PDR, Cambodia and Vietnam, while the Island part, or maritime Southeast Asia, comprises Brunei Darussalam, Indonesia, Malaysia, Singapore, Timor-Leste and the Philippines. With the exception of Timor-Leste, these states also make up the Association of Southeast Asian Nations (ASEAN), the major regional organisation in Southeast Asia.

First of all, it must be recognised that the ocean is of great importance to the region. Maritime Southeast Asia is home to more than 350 million people, and includes more than 24,000 islands spread across an area measuring around 5,000 km from east to west and 3,400 km from north to south. The ocean provides constant access to food and employment, as well as fast connections between areas. However, the unsustainable exploitation of the marine environment and their exposure to sea-related natural disasters pose a constant threat to the people of maritime Southeast Asia. Since the ocean also connects areas, throughout history it has propelled cultural, linguistic and religious exposure and exchange. Finally, cultural diversity, their shared history and identity play a vital role in understanding recent developments, as well as the region itself.

The key point is that Southeast Asia is more water than land. Both in the past and at the present time, in terms of connectivity, border issues competition over resources by ASEAN member states and China, the sea is of huge geo-political significance with many implications for Southeast Asia’s global and regional integration.

## EVIDENCE AND ANALYSIS

### ***The Impact of Culture and History on SEA Today***

Cultural diversity is at the heart of political dynamics in Southeast Asia. For example, a thousand languages of the six thousand spoken on the planet are found in Southeast Asia. Many religious influences are in play, with Thailand mainly Buddhist, and Indonesia the largest Muslim country in the world. The historical influence of China should not be underestimated, especially given that some states have had more Sino centric structures of governance than others. These brief examples illustrate the different paths countries have taken in the past and the effect this has on contemporary political dynamics. It should also be noted that the Westphalian state system was never natural to the region but was imposed by Western colonial powers entering the region in the sixteenth century. Those foreign powers enforced clear boundaries between the colonial territories and the suddenly legalised differentiation led to today’s situation in which the modern nation states of Maritime Southeast Asia were founded along colonial boundaries, inheriting developed constitutions, political and legal traditions. This heritage still challenges the traditional set of rules in the region. It is now manifest in a mixture of old pre-colonial norms and those norms which were introduced to the region by colonial powers.

Historically, Southeast Asia developed its own maritime culture. One may even say that there were two different routes for political norm development in SEA, mainland and maritime. The mainland area developed large bureaucratic states based on land and river connectivities; the maritime area developed smaller polities that were connected by sea across vast distances, and thus outward-looking and highly receptive to overseas political ideas. However, with independence and the establishment of the Westphalian state system and nation framework, maritime Southeast Asia was obliged to turn its back on this model, as it focused on the key political challenge of the time: nation-building. Nations claimed territorial sovereignty over both land and sea in various international forums, but effectively the nation was built on land – little attention was paid to developing the sea as part of the national framework. This had very concrete consequences, as it is clear that today integration operates much more on land than sea. Militarily, Southeast Asian countries have relatively sophisticated armies and poorly equipped navies; port facilities and sea lane infrastructures are less developed than road and rail networks, even – indeed especially – in Indonesia. This, of course, is a complete contrast with the past.

The mixture of new and old norms becomes obvious in the ASEAN Treaty of Amity and Cooperation (1976). This document defines values deemed fundamental to the ASEAN community. Some of those values – such as territorial integrity and the non-interference with domestic affairs of other member states – reflect the Westphalian state system and primacy of the nation-state. Others reflect older political traditions. This is most clearly true of the strong desire for informal, peaceful conflict-solving in the region. This is a contradiction at the heart of ASEAN that has developed as a direct result of the region's historical development, and which generates in its turn a whole series of other contradictory impulses. These have many implications for integration. For example, ASEAN has not yet - and is very unlikely to do so - formed a collective security and defence community and Southeast Asian states are more likely to make bilateral agreements as opposed to seek multilateral solutions - be it free trade agreements or defence cooperation.

### ***Connectivity and the ASEAN Economic Community***

Since ancient times, vital goods and services have travelled Southeast Asia's waters. The sea presented people with resources for economic development and prosperity and served to connect not only for the purposes of trade but also for political and cultural exchange. The economic landscape – or seascape – is diverse across the maritime region. Per Capita Income varies from \$440 in Timor-Leste to \$35,000 in Singapore. Economic performance differs between centres (e.g. Java) and remote parts (e.g. the eastern Indonesian islands). This should be taken into account when considering national economic data. It also highlights the need for better connectivity not only between national capitals but also between centres and remote areas within each country. Improved connectivity can prevent poverty as it directly creates additional income through transportation and communications and also indirectly through new linkages between local industries.

Given its neglect over the past half century or more, there exists vast potential for investment in connectivity in the maritime sector. Since the majority of Southeast Asia's international trade is conducted by sea, infrastructure needs to be improved to ensure high quality transportation, but not only for the already developing global shipping services, but also between Southeast Asian countries and – in a remarkably neglected area, underlined by the all-too-regular news reports of sinking Indonesian and Philippine ferries – within the countries of maritime Southeast Asia. The strengthening of maritime connections between less developed regions will improve integration and contribute to prosperity.

The ASEAN Economic Community (AEC), which came into effect on December 31st 2015, is an important new development for the region, and has many potential consequences for its maritime area. From the beginning the AEC project was accompanied by criticism: member countries are unable to erase costly non-tariff trade barriers; free movement could lead to brain-drain from less developed countries; and, unlike the European Union, AEC economic and financial integration does not include a monetary union.

On the other hand, the AEC is a major step for Southeast Asia's integration and is expected to improve ASEAN's overall economic performance. ASEAN now becomes the 7th largest economy in the world, worth around \$2.6 trillion. That is, the launch of the AEC should be seen as a first step rather than a fixed and fully finalised establishment of a common market. Maritime Southeast Asian states will contribute to this: excluding Timor-Leste and Singapore, those countries are expected to increase their real GDP by 4.1% within the next five years.

However, the AEC will only have a concrete positive impact on the maritime part of the region if attention is paid to maritime connectivity. If the neglect of this sector continues, integration will bypass the many areas of the maritime region that are not connected by land. In these places, economic integration will only be a slogan, as in reality it will not reach the majority of the region's population. Air transportation and internet-based connectivity cannot substitute for land/sea connections.

## ***Challenges from the South China Sea***

The South China Sea dispute poses a significant threat to integration in Southeast Asia, owing to the sea's status as a shipping lane (50% of the world's sea tonnage and one third of its total monetary value), the importance of the resources it contains, and the risk of military conflict. In the past, despite the region's complex maritime geography that led to many overlaps in jurisdictional claims of neighbouring states, maritime Southeast Asian states have made good progress in resolving boundary issues. They have done so mainly through self-negotiated agreements (under the framework of ASEAN but without direct ASEAN involvement) following their preferred code of conduct instead of third-party involvement. However, when looking at the dispute over South China Sea territory with China, it is clear that maritime Southeast Asian states are willing to make an exception and call for a collective rule-based solution, driven by the International Law on the Sea.

This practically speaking is a major challenge, and not only due to the fact that China shows little interest in seeking such a solution. The first reason is that while only four Southeast Asian states are directly involved in the dispute (Vietnam, Philippines, Malaysia, Brunei), the impact of the dispute is much broader. The South China Sea is not a shipping lane – it is part of a shipping lane which passes through other maritime states and connects the region with the rest of the world. Countries such as Indonesia, Singapore, Japan, the USA and member states of the EU all have a direct strategic interest in the dispute. The point is that when we speak of the South China Sea issue, it is difficult to disassociate it from the wider maritime region of Asia.

Taking a Southeast Asian perspective, the South China Sea issue highlights two key issues of regional integration. One is well-known, and concerns the weakness of regional cooperation in its current framework – as ASEAN member states' relationships with China are, in some cases, stronger than their interest in working together. This was clear in 2012, when ASEAN was unable to make a common statement on the South China Sea dispute. In this way, the South China Sea issue has significantly weakened ASEAN as a regional body.

The other is less well understood, and concerns the way attention on maritime Southeast Asia now focuses exclusively on this particular sea, to the detriment of both other seas and the region's maritime sphere as a whole. Issues are neglected – including maritime security in the Malacca Strait and the challenge of piracy; and the development of the eastern sector of Southeast Asia's maritime region (eastern Indonesia and Philippines).

In conclusion, it is clear from Southeast Asia's success in resolving many previous border disputes that ASEAN provided a confidence-building framework making bilateral dispute settlements possible. In effect, ASEAN then was a compromise framework that facilitated Southeast Asian countries to deal with disputes, as long as those problems were bilateral in nature. Today, in the South China Sea, ASEAN is faced with a much more difficult challenge, involving China, and is required to make a multilateral response. It is historically ill-equipped for this new task.

## **POLICY IMPLICATIONS AND RECOMMENDATIONS**

### ***Policy Implications***

1. It is important to acknowledge the regional code of conduct. Especially when seeking further cooperation in sensitive topics - such as human rights - or topics which may result in a slight loss of national control - such as multilateral free trade agreements or even security cooperations - the preference for informal and non-confrontative talks should be recognised.
2. Investments in infrastructure to improve connectivity in maritime Southeast Asia could serve social and economic development well. It has the potential to boost trade and reduce poverty both within the region and with other regions in the world.
3. The immediate impact of the newly established ASEAN Economic Community should not be exaggerated. Many issues remain unresolved and major trade sectors are untouched by

the agreement. At the same time further economic integration should be encouraged - even on an institutional level - and watched closely.

4. It is important to note, that while fully legalised and transparent agreements over a variety of issues are often not the first option in Southeast Asia, Southeast Asian states are likely to make exceptions with regards to the South China Sea dispute and the security challenges that come with it.
5. Deeper cooperation among Maritime Southeast Asian states in the South China Sea dispute is vital. Since it is unlikely that the states are at ease with a precise, commonly agreed and publicly outspoken position - especially with regard to China's actions and their potential influence on the region - the EU could serve as a mediator. In doing so, appreciation of the above mentioned set of rules/ code of conduct is essential.

### ***Policy Recommendations***

1. The South China Sea has had a considerable impact on Southeast Asian politics, as it has nurtured nationalist posturing within SEA countries, leading to neglect of rule-based solutions. Notably, Vietnam and Philippines have preferred to call upon the USA to support their position. Interested outside parties, and above all the EU, can encourage all participants in the dispute to seek a rule-based solution to the conflict.
2. More attention needs to be paid to maritime areas that are not the South China Sea. The maintenance of safety and security in the Malacca Straits and other seas is of strategic importance. Promotion of the capacity of Southeast Asian countries to manage their waters is a region-wide priority. So too is the development of regional and local maritime connectivity. Both these priorities will impact positively on human security in the region, through a reduction in piracy, human trafficking, smuggling, refugees and an increase in legal forms of circulation. This will have a significant knock-on effect on security between states.

## **RESEARCH PARAMETERS**

Run by a consortium of five European and four Southeast Asian institutions, coordinated by the École française d'Extrême-Orient, SEATIDE aims to take a new look at the benefits and risks of integration processes in Southeast Asia.

### **Main scientific objective**

Integrative processes offer the promise of economic and cultural development, the free movement of people, the promotion of citizenship and knowledge networks with extensive links with the wider world. At the same time, failure to take advantage of these benefits can result in processes of exclusion that undermine national/regional frameworks, and entail risks in the fields of human development/security, including the danger of framework disintegration.

In examining these processes, SEATIDE's research will be informed by an awareness that dynamics of exclusion should be studied in tandem with dynamics of inclusion to produce holistic analyses of integrative processes and their contemporary forms, which take into account long-term local perspectives.

### **Research capacity building**

By reinforcing European research on SEA, the project will contribute to the coordination of EU-ASEAN scholarly exchange, the improvement of networking capacity, and the promotion of a new generation of field researchers on SEA.

### **Methodology**

The project will conduct field research and produce analyses that take into account local knowledge as well as macroeconomic studies and expert perspectives. Qualitative and quantitative data will be presented in case studies structured by a common analytical framework, centred on

but not restricted to four SEA countries (Thailand, Vietnam, Indonesia, and Malaysia), with a unifying focus on transnational issues.

## PROJECT IDENTITY

<b>PROJECT NAME</b>	Integration in Southeast Asia: Trajectories of Inclusion, Dynamics of Exclusion (SEATIDE)
<b>COORDINATOR</b>	Yves Goudineau, EFEO, Paris, France, <a href="mailto:direction@efeo.net">direction@efeo.net</a> .
<b>CONSORTIUM</b>	Ecole française d'Extrême-Orient – EFEO – Paris, France University of Hamburg – UHAM – Hamburg, Germany Centre for History and Economics – CHE – University of Cambridge, UK Tallinn University – TU – Tallinn, Estonia Università di Milano-Bicocca – UNIMIB – Milano, Italy Universiti Sains Malaysia – USM – Penang, Malaysia Universitas Gadjah Mada – UGM – Yogyakarta, Indonesia Chiang Mai University – CMU – Chiang Mai, Thailand Vietnamese Academy of Social Sciences – VASS – Hanoi, Vietnam
<b>FUNDING SCHEME</b>	FP7 Framework Programme for Research of the European Union – Collaborative Project (small or medium-scale focused research project) for specific cooperation action dedicated to international cooperation (CP-FP-SICA) – Activity 8.4 Europe in the world
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<b>WEBSITE</b>	<a href="http://www.seatide.eu">www.seatide.eu</a>
<b>FOR MORE INFORMATION</b>	Contact: Andrew HARDY, SEATIDE scientific coordinator – <a href="mailto:hardyv25@yahoo.com">hardyv25@yahoo.com</a> Elisabeth LACROIX, SEATIDE project manager – <a href="mailto:ideas.lacroix@gmail.com">ideas.lacroix@gmail.com</a>
<b>FURTHER READING</b>	<ul style="list-style-type: none"><li>- Asian Development Bank, <i>Maritime Connectivity in Archipelagic Southeast Asia: An Overview</i>, Southeast Asia Working Paper Series, 2009, <a href="https://openaccess.adb.org/handle/11540/1395">https://openaccess.adb.org/handle/11540/1395</a>.</li><li>- Chachavalpongpun, Pavin (ed.), <i>Entering Uncharted Waters? ASEAN and the South China Sea</i>, Singapore, ISEAS, 2014.</li><li>- Eklof, Stefan, <i>Pirates in Paradise: A Modern History of Southeast Asia's Maritime Marauders</i>, Honolulu, University of Hawaii Press, 2006.</li><li>- Hiebert, Murray, Phuong Nguyen, Gregory B. Poling, <i>Perspectives on the South China Sea. Diplomatic, Legal, and Security Dimensions of the Dispute</i>, Lanham, Boulder, Rowman &amp; Littlefield, 2014.</li><li>- Kamphausen, Roy, <i>Maritime Security in Southeast Asia</i>, National Bureau of Asian Research, 2013. Project MUSE, <a href="https://muse.jhu.edu/">https://muse.jhu.edu/</a></li></ul>

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