

U.S.-JAPAN-ASEAN TRILATERAL STRATEGIC DIALOGUE

Maui, Hawaii
January 5–7, 2011

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INTRODUCTION

At a time of growing dynamism in Asia, the United States and Japan have a shared interest in engaging the Association of Southeast Asian Nations (ASEAN) to help define the future contours of a vibrant and peaceful region. The 10 member countries of ASEAN together comprise the fourth-largest export market for the United States and its fifth-largest two-way trade partner, with \$146 billion in total two-way goods trade in 2009. Recent projects such as the 2009 Lower Mekong Initiative signify investment in economic development. The United States has also furthered its commitment to regional institutions by signing the Treaty of Amity and Cooperation (TAC) and joining the East Asia Summit (EAS), opening a U.S. mission to ASEAN, and participating actively in the ASEAN Regional Forum (ARF). Notably, Secretary of State Hillary Clinton referred to U.S. interests in preserving freedom of navigation in the South China Sea during the July 2010 ARF meeting in Hanoi. These and other recent developments have come to shape what Clinton referred to as “forward deployed diplomacy” in the region based on close relationships with allies and partners and leadership in multilateral institutions.

Japan has a long history of partnership with ASEAN dating back to the Fukuda Initiative of 1977, named after then–Prime Minister Takeo Fukuda who announced a policy to cement mutual confidence with Southeast Asia through political, economic, and cultural ties. Economic engagement with ASEAN remains robust, and in 2008 Japan was ASEAN’s second-largest trade partner: trade with ASEAN comprised 13 percent of Japan’s overall trade. Japan is also a leading official development assistance (ODA) donor to ASEAN. Recent economic initiatives include the entry into force of the Japan-ASEAN Comprehensive Economic Partnership Agreement in December 2008 and an economic

development initiative with the countries of the Mekong Region under the rubric of the Mekong-Japan Summit initiated in 2009. In April 2010, Japan appointed an ambassador to ASEAN, resident in Jakarta, to promote cooperation between Japan and ASEAN and to build on dialogues in forums such as ASEAN Plus Three, ARF, and EAS. Japan and ASEAN have agreed to issue a new joint declaration and a revised plan of action at a summit meeting in 2011. The 35th anniversary of the Fukuda Doctrine in 2012 may also afford Japan an opportunity to reaffirm its ties with ASEAN. Renewed U.S. diplomatic focus on the region creates potential for joint initiatives that can further raise consciousness of the U.S.-Japan alliance as a provider of public goods.

To examine ways in which the United States, Japan, and members of ASEAN can collaborate to ensure regional peace and prosperity, the Center for Strategic and International Studies (CSIS), with the support of the Japan Foundation Center for Global Partnership (CGP), organized a trilateral strategic dialogue in Maui, Hawaii. Cochaired by Ernest Bower of CSIS and Michael Green of CSIS and Georgetown University, this Track 1.5 discussion sought to encourage deeper U.S. and Japanese engagement with ASEAN and explore areas for cooperation across a range of challenges. (Government officials participated in their personal capacities.) The participants focused on international security issues, economic integration, and institutional architecture in Asia. The following key findings and recommendations reflect core themes identified by the cochairs and do not necessarily represent the views of all participants or their respective institutions.

KEY FINDINGS

- The U.S.-Japan alliance has provided and should continue to provide a safe and secure environment for Asia to develop and prosper. In that sense, the alliance is indisputably a public good. However, this

fact is not explicitly recognized by some governments in Southeast Asia nor is it well understood, particularly among younger generations. The ability of the United States to sustain its role in providing a guarantee of security in Asia is contingent, in particular, on the strength of the U.S.-Japan alliance, as well as other alliances with Korea, Australia, the Philippines, and Thailand.

- There is no zero sum approach for the United States and Japan when it comes to ASEAN and no trade-off between Japan's alliance commitments and Asia strategy. In fact, they are mutually reinforcing: the more engaged Japan is in Southeast Asia, the stronger an ally it is for the United States. The same is true for the United States. More substantive and consistent U.S. engagement with ASEAN makes the United States a more effective partner for Japan.
- The United States, Japan, and the member states of ASEAN all benefit from China's economic dynamism and seek to emphasize comprehensive and positive cooperation with Beijing. However, China's assertive stances in the South China Sea and East China Sea have raised particular concerns across the region. There is uncertainty about whether recent Chinese actions represent a tactical misstep and readjustment or the beginning of a secular trend toward more assertiveness vis-à-vis smaller states in Asia. Japan and ASEAN recognize that China's strategy includes a consistent and long-term focus on developing and expanding its influence in Southeast Asia. Although the Chinese approach is perceived by some as mercantilistic and opportunistic, China's economic dynamism, including the promise of aid, investment, expanding exports, and revenue from tourism, are all compelling to ASEAN.
- Japanese and Southeast Asian participants emphasized that the United States is seen as a benign hegemon in the region and that U.S. engagement and presence is becoming increasingly important because of uncertainties about China. However, in comparison with Japanese and U.S. perspectives, Southeast Asians are generally more cautious about presenting the U.S. role as a contrast or counterweight to China.
- Southeast Asian elites are not convinced that the U.S. commitment to engagement with the region will be sustained. While there is appreciation of

policy continuity between successive U.S. administrations, the level of U.S. political focus on the region is perceived to be relatively inconsistent. Meanwhile, security and business focus in Asia have remained relatively stable and consistent.

- The United States may be losing relative influence in Asia with the rise of China, but Beijing lacks the instruments (domestic demand, financial markets, rule of law, flexible exchange rates, etc.) that would lead to Chinese hegemony across Asia. In countries where Chinese influence appears dominant, such as Burma and North Korea, there are obvious governance concerns that impact regional stability and prosperity. China has not yet demonstrated a willingness to exert its influence as a responsible regional stakeholder in these cases. Moreover, the role of "middle powers" as soft balancers around China's periphery will also be an important factor in regional dynamics. Japanese and American participants viewed the U.S. commitment to democracy, human rights, and rule of law as critical sources of positive influence in Southeast Asia and generators of "soft power." Southeast Asians generally agreed, but differed widely on the degree to which U.S. or Japanese policy should be framed in terms of such values.
- Japan's leadership in the region appears to have declined relative to its robust role after the Vietnam War. The Fukuda Doctrine focused Japanese strategy on Southeast Asia and underlined a strong set of tactics to engage the region diplomatically and commercially, making a strong link between foreign policy and commercial development. Japanese aid targeted key Southeast Asian countries and helped to drive Japanese investment and trade. Over the last decade, Japanese focus has been diverted to domestic concerns and an external focus on China and North Korea. Japan would benefit from a renaissance of the Fukuda Doctrine but with the caveat to coordinate closely with partners to leverage the impact of diplomacy and aid. However, Japan is constrained by more limited financial resources that can be allocated to ODA and shares the need to leverage resources with the United States and other nations focusing on the region. Japan still retains considerable goodwill and economic influence across Southeast Asia.

- There was a consensus that rapidly expanding economic ties to China and security dependence on the United States are accelerating trends that are increasingly cross cutting and beginning to come into conflict. Regional security and trade architecture should recognize this situation and create venues and mechanisms to de-conflict these trends. Japan, ASEAN, and the United States recognize that regional security architecture must be based on the rule of law and include key stakeholders, including major powers, in order to provide effective mechanisms for building trust, establish channels for communication, enhance transparency, and understand member nations' intentions and national security concerns. Regional architecture is driven by national, multilateral, and transnational motivations ranging from hard security to transnational issues, as well as the need to establish a collective geopolitical identity for Asia in the twenty-first century.
- While ASEAN aspires to play a central role as the foundation or core for regional security and trade architecture, it cannot adequately fulfill that role until and unless it reaches the goals it has outlined in the ASEAN Charter—namely, to integrate politically, socially, and economically. ASEAN must earn its central role. It is in the interests of the United States, Japan, and ASEAN to work together to support ASEAN's efforts to realize the goals outlined in the Charter. To this end, the countries should coordinate plans for development assistance for ASEAN, including at the secretariat and country level. Special attention is due to the levels of economic diversity among ASEAN countries and focusing on how to narrow that gap through capacity building, training, and infrastructure linking less-developed economies to regional and global markets. Additionally, the private sectors of the United States, Japan, and ASEAN should be encouraged to coordinate efforts to drive economic integration.
- Effective regionalism involves nations with common interests focused on delivering specific results. Therefore, the concept of mini-lateralism or ad hoc regional architecture should be encouraged within larger regional structures. Trilateral frameworks such as U.S.-Japan-Australia or proposed U.S.-Japan-China forums should be seen as propelling ASEAN-centered multilateralism rather than detracting from it. These coalitions of partners have demonstrated their effectiveness in addressing specific common needs and providing public goods, such as in responding to the 2004 tsunami.
- U.S. and Asian expectations for regional architecture are not entirely the same, but both are likely to adapt and take the best elements of the others' approach. The Asian approach is more consultative, relationship based, and long term. The U.S. approach tends to focus on results-oriented outcomes, rule of law, and near-term deliverables.
- Economically, the United States and Japan retain a primary role in the economic development and outlook for Southeast Asia. Together, they are by far the largest cumulative investors and providers of development assistance in ASEAN. Japan in particular has been a major source of ODA, and the United States has traditionally been the largest market for ASEAN exports. The United States remains by far the largest market for Southeast Asia because the region's exports to China are parts that are assembled into goods eventually sold to consumers in the United States. China and to a much lesser extent India are providing new markets, sources of assistance, and some investment.
- Asian economic integration is well underway and is driven by cross-border investment. While some assume that China's economic dynamism is the primary driver of this phenomenon, investment, primarily by multinational corporations, is in fact the largest contributing factor. Government policies have significantly enabled and encouraged integration through a series of free trade agreements and other policies. Due to the depth and reach of their private sectors, the United States and Japan are deeply engaged in the economic integration process in Asia, but to sustain that leadership, the U.S. and Japanese governments must embrace proactive, forward-leaning trade policies to demonstrate their political commitment to trade in Asia and drive further expansion of trade and investment in the region, particularly by small and medium-sized innovative and internationally minded companies.
- The Trans-Pacific Partnership (TPP) is an important new trade platform to drive the expansion of trade

and investment in the Asia-Pacific region with a foundation based on rule of law, transparency, and alignment with global standards. The TPP is not a competitor with existing free trade agreements (FTAs) but represents a vehicle for codifying and binding commitments, providing regulatory coherence and long-term protection and assurance needed to encourage investment and innovation. While the United States and 4 of the 10 ASEAN countries (Brunei, Malaysia, Singapore, and Vietnam) are members of TPP, Japan has not yet joined. It is in the interests of the United States, Japan, and ASEAN for Japan to address its domestic political barriers to taking a global leadership role on trade and join the TPP.

- Development assistance from the United States and Japan can be coordinated, at some level, and should include a strong focus on transparency, good governance, respect for human rights, and the rule of law. Such aid is distinct from more mercantilist approaches and is vital to building institutions that will empower people and strong and stable governments. Focusing on these foundational themes should eventually inspire other donor nations to step up and engage.
- The United States, Japan, and ASEAN share a direct interest in strengthening ASEAN and should do so through support for defining and implementing the goals outlined in the ASEAN Charter, focusing on institution building—specifically human rights, transparency, rule of law, democracy, and good governance. At the current time, China cannot fill this space, though all actors have an interest in its engagement and movement toward eventually aligning with these goals as it evolves internally.

RECOMMENDATIONS

- **Enhance the focus on institution building, rule of law, transparency, human rights, democracy, and good governance in U.S. and Japanese assistance and aid programs in Southeast Asia and coordinate such efforts where and when possible.** These themes are vital to the region's stability and growth.
- **Initiate a Burma/Myanmar Working Group** focusing on Track 1.5 and Track 2 discussions to explore political and economic change options for the country. The working group would have a mandate to provide ideas and guidance to governments. Participants should include ASEAN member states, the United States, Japan, and other regional and global states concerned about developments in Burma/Myanmar.
- **Support the inclusion of Japan, Korea, and additional ASEAN countries in the Trans-Pacific Partnership.** Encouraging and enabling TPP membership by these significant economies should be a priority in the U.S.-Japan economic dialogue.
- **Institutionalize the U.S.-ASEAN Summit/Leaders' Meeting and initiate joint studies of a U.S.-ASEAN FTA.** This will help convince partners and competitors that the U.S. commitment to engage in Southeast Asia will be long term and sustained. Revitalize the U.S.-ASEAN Dialogue process as a de facto senior officials meeting (SOM) at the assistant secretary level. The SOM would have the mandate to identify priorities and a substantive agenda for the U.S.-ASEAN Summit/Leaders' Meeting.
- **Promote the annual convening of the ASEAN Defense Ministers' Meeting Plus (ADMM +).** This step would support enhanced transparency, cooperation, and relationship building among regional defense and military institutions. This official track helps diversify regional forums for defense ministers and should not compete with or reduce the importance of the Shangri-la Dialogue. Military-to-military dialogue is a key confidence-building measure and can focus on specific measures such as developing an incident-at-sea agreement, expanding antipiracy cooperation, expanding joint planning for humanitarian assistance and disaster relief, and others. This agenda merits priority focus, but the ADMM + currently meets only every three years.
- **Develop a "friends of the chair" mechanism to support Indonesia** as it assumes the chairmanship of ASEAN and the EAS in 2011 and the Asia-Pacific Economic Cooperation (APEC) forum in 2013. Japan and the United States can play a central role in this mechanism, but it should be inclusive of all ASEAN partners, including China.
- **Proactively encourage the U.S., Japanese, Thai, and Philippine governments to reinforce, invest in, and communicate the value of the U.S. alliance network to ASEAN and as a complement to East Asian regionalism and community building.**

- **Invest in and remain committed to the EAS without trying to over-institutionalize or script its processes.** The greatest value of the EAS will be open communication among leaders on critical topics. APEC will remain the major transpacific forum for discussion of economics.
- **Establish a U.S.-Japan ASEAN Infrastructure Task Force** to identify ASEAN's primary infrastructure needs for the next 20 years, including governments and the private sector, and build on Japan's efforts to support the Master Plan on ASEAN Connectivity.
- **Strengthen and utilize the friends of the chair mechanism in APEC.** The United States, Japan, and Singapore—as current, past, and recently past chairs—should reinvigorate the role of the “friends of the chair” mechanism in APEC and coordinate at the senior official, Track 2, and private-sector levels to identify and promote key outcomes for the APEC Leaders' Meeting in Hawaii and looking forward to support Russia (chairing in 2012) and Indonesia (in 2013).

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