

# ASEAN Centrality Key to Stability

Regional Comprehensive Economic Partnership is the way for us to be part of Asian integration

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In a rapidly transforming region, like emerging Asia, surprises can unfold without warning. After 45 years of relative success, the vaunted 'ASEAN way' unraveled on a Cambodian tripwire at the AMM-ARF meetings held in Phnom Penh from July 6-13. If internal rifts in ASEAN widen and the notion of 'ASEAN centrality' as an anchor of regional stability is jolted, there could be more uncertainty ahead. Both India and the US should be concerned. Here's why.

The US 'rebalancing' towards the region is premised on the near certainty that Asia will dominate future global economic activity this century. In contrast, the projection of this regional strategy has emphasised the US intention to remain the pre-eminent power in the region - from shoring up alliances to littoral and rotating deployments, new partnerships to shaping security architecture under the expanded East Asia Summit (EAS) forum. China's assertiveness and territorial claims in the South China Sea (and elsewhere) since 2010 has ensured a favourable environment for the US - at least thus far. US calls for freedom of navigation and maritime access in this critical waterway and for the application of internationally recognised norms for the settlement of territorial disputes that have resonated well across the region - from Japan to ASEAN to India. After a period of denial, Beijing has been forced to recalibrate and muster its assets to counter what it regards as US moves to contain China.

However, the Asia to which the US is 'pivoting' has changed. The US may en-



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joy preponderant military power but emerging Asia is now increasingly driven by geo-economics. Region-wide, economic inter-dependence has grown through trade, investment and the world's most highly integrated production networks, with China displacing Japan at the centre. The US is no longer the leading economic player it was a decade ago.

With ARF host Cambodia standing firm behind its economic benefactor China, ASEAN's internal capacity for accommodation was ruptured. There was no joint communiqué and no progress on a regional code of conduct on the South China Sea. Whirlwind Indonesian diplomacy to restore ASEAN cohesion has subsequently yielded a reiteration of "ASEAN's six point principles" on the South China Sea on July 20, but the damage has been done. At a time when China is establishing a military garrison in the disputed Paracel Islands, it is willing to discuss the possibility of a code of conduct only "when conditions are ripe". A reboot of US diplomacy towards the region to emphasise greater economic engagement, already signalled by Secretary Hillary Clinton, has become necessary.

Competing models for regional economic integration also signal the growing centrality of geo-economics. The US has opted for the Trans-Pacific Partnership (TPP), now comprising 11 countries, with the ultimate objective of an FTAAP under

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APEC. However, with its US-preferred 'comprehensive' and 'high quality' (WTO+) approach, Trans-Pacific Partnership conditions are too stringent for Japan, China, India and Indonesia. Without these major Asian economies and markets, the impact of TPP will be marginal.

The US has been somewhat dismissive towards Asia's own 'spaghetti bowl' of initiatives for regional economic integration which include ASEAN+1, ASEAN+3 and ASEAN+6 FTAs. In deciding to launch negotiations on their trilateral FTA in May this year, China, Japan and South Korea have endorsed the eventual goal of a "Regional Comprehensive Eco-

nomical Partnership" (RCEP) promoted by ASEAN. In contrast to TPP, RCEP is inclusive, leaving room for measures to bridge developmental gaps. It envisages a region-wide market, expansion of regional production networks and the development of regional infrastructure. The welfare gains of RCEP for the region will be significantly higher as compared to the TPP. RCEP is also the only avenue for participating in broader Asian economic integration currently available to India.

A potential tussle between RCEP and TPP can further antagonise ASEAN. China will certainly exploit the situation to pose as a champion of Asian integration. The US has an interest in not being marginalised but it cannot afford to be seen to back initiatives that divide Asia.

India's pursuit of its 'Look East Policy' has tended to be episodic but is currently gathering momentum. As it prepares to host a commemorative summit with ASEAN, India must build further on recent positive trends. Lending support to 'ASEAN centrality', RCEP and efforts to codify norms for the South China Sea can provide a timely reassurance. India should also welcome Indonesia's more energised role in maintaining an ASEAN consensus based on the latter's successful stewardship of ASEAN in 2011. A vacuum at the heart of ASEAN will only breed more instability.

As India progresses its convergences with the US across the Indo-Pacific region, it will also need to bear in mind the low ASEAN threshold for great power rivalry, domination or intrusion. More extensive India-US consultations on regional issues in the lead up to the East Asia Summit in November can benefit both countries and the region by mitigating some of the turbulence that lies ahead.

*(Ambassador Hemant Krishan Singh holds the Wadhvani US Chair at ICRIER, New Delhi)*