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# Multilateral Matters

*S. Rajaratnam School of International Studies  
Centre for Multilateralism Studies Bulletin*

## Beijing's ASEAN Embrace: Making Hay While the Sun Shines

By Benjamin Ho and Kaewkamol Pitakdumrongkit

China's relations with ASEAN received a boost in the past week with President Xi Jinping's high profile visits to Indonesia and Malaysia, two of Southeast Asia's major economies enjoying significant trade ties with Beijing. Thus far this year, President Xi has received state visits by leaders of eight ASEAN countries, with Thailand and the Philippines being the only exceptions. In contrast, U.S. President Obama—if one excludes the meetings at the ASEAN Summit in Phnom Penh last November—had only met with ASEAN counterparts from Myanmar and Thailand and received leaders of Singapore and Brunei since his re-election.

President Xi's attendance at the APEC Summit in Bali and Premier Li Keqiang's at the East Asia Summit (EAS) in Brunei earlier this month has dominated regional attention. In contrast, President Obama's cancellation of his trips to both the APEC and the EAS because of domestic wrangling over the U.S. budget had raised concerns among U.S. allies about the strength and durability of Washington's much vaunted pivot to Asia.

While the frequency of these meetings should not be overly emphasised as a barometer of Sino-U.S. influence in ASEAN, there is a sense that Washington's rebalancing strategy is losing its momentum, despite strong pledges from American diplomats that the United States remained committed to the region.

At present, China seems to have the upper hand. In the past six months since President Xi took office, it would seem that Beijing's focus on Southeast Asia has gained further momentum. Its articulation of the "new type of relationship between major countries" suggests that China now views itself as one among equals and is backing up its claims to international prominence with actions, notably in the area of economic investments. During the 10<sup>th</sup> China-ASEAN expo in Nanning last month, Premier Li also spoke of the "diamond decade", anticipating future deepening of economic ties between China and ASEAN.

Indeed, the past decade of China-ASEAN cooperation has witnessed a remarkable increase in bilateral trade, which surged from US\$54 billion in 2002 to US\$400 billion in 2012, an annual growth rate of 22 per cent. The fact that Indonesia accorded President Xi the opportunity to speak at its



Chinese President Xi Jinping greets Indonesian President Susilo Bambang Yudhoyono at the APEC Summit in Bali. Source: Dennis Sabangan, Agence France-Press

parliament—the first foreign leader to do so—suggests that Beijing's economic courting of ASEAN has reaped rich dividends.

China's trips to Indonesia and Malaysia were strategic as they were in accordance with the countries' growing bilateral trade ties. Indonesia and Malaysia, on the one hand, have been China's largest trading partners in Southeast Asia in the last five years. China, on the other hand, is Indonesia's second-largest and Malaysia's largest trading partner.

The visits reflected Beijing's strategy of building up its bilateral ties with individual ASEAN countries alongside multilateral cooperation such as the ASEAN-China Free Trade Agreement and the Regional Comprehensive Economic Partnership. For example, during President Xi's visit to Indonesia, Beijing and Jakarta a series of economic agreements were inked, such as US\$28 billion trade and investment deals, a US\$16 billion yuan-rupiah currency swap and memoranda of understanding to further cooperation in tourism and technology. During President Xi's Malaysia visit, several deals were also signed, including an economic plan to enhance key sectors such as agriculture, manufacturing and infrastructure.

Despite the series of deal-striking, these developments should not be viewed with rose-tinted glasses. China is now restructuring its economy from investment-based growth to a domestic consumer-based model. China's economic restructuring

*Continued from previous page*

can pose certain challenges to China-ASEAN economic relations as some reforms (such as macroeconomic policies) can potentially create tensions in Beijing's trade and investment in ASEAN. As such, it is still too early to predict the direction of China-ASEAN economic linkages.

Economics aside, Beijing's inroads into fostering closer defence ties with its ASEAN counterparts remain modest. Quite apart from the question of compatibility of their defence systems, there is the latent fear that China's rising military may represent an existential threat to ASEAN countries. At present, a number of ASEAN states do not seem to take China's proclamation of a "peaceful rise" at face value and suspect Beijing's motives behind its incursions into their territories.

As such, ASEAN's hedging strategy, therefore, is likely to continue—relying on the United States in security matters while

at the same time preserving and expanding its economic linkages with China. Not wanting to choose between Beijing and Washington, ASEAN's ability to stay united will be critical in ensuring its neutrality, centrality and relevance within the regional architecture. Yet, a more critical appraisal of ASEAN's collective stance suggests that a "united ASEAN" is not necessarily the be-all and end-all objective for ASEAN countries, not if national interests or bilateral preferences were to dictate otherwise.

*Benjamin Ho is an Associate Research Fellow with the Multilateralism and Regionalism Programme, Kaewkamol Pitakdumrongkit is a Research Fellow with the Centre for Multilateralism studies, both at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU).*

*An [expanded version of this article](#) was previously published as part of the RSIS Commentaries series.*

## Expert Talk: Whither the G-20 and the Future of Global Economic Governance

Five years have passed since the G-20, dubbed the "premier forum for international economic cooperation", was launched at the height of the global financial crisis in 2008. In the following years, global economic governance was consistently high on world leaders' agenda and the G-20 was lauded for being decisive and effective. However, some of urgency has since waned. Many observers of the recent G-20 Summit in St. Petersburg noted that it failed to produce any immediate deliverables or even concrete discussion on global economic policy.

Other pressing issues—both domestic and global in impact—may have overshadowed global economic policy but there is wide agreement that much work still needs to be done in pushing financial and macroeconomic reform. Is the G-20 still the right forum for cooperation on global economic policy? Or is it time to rethink its role, purpose and objectives?

*Multilateral Matters* invited three eminent analysts to share their views on the G-20's prospects and what needs to be done to improve its efficacy and legitimacy in the coming years.

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### **Thomas A Bernes**

*Distinguished Fellow*

*Centre for International Governance Innovation*

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The G-20 Leaders' Summit was born in a crisis. Leaders responded. The first two summits held in Washington and London took a number of decisions and set out directions for work to stabilise the global economy. This was communicated plainly in clear language with the Washington Communiqué using 3,567 words and the London Communiqué using 6,155 words. The most recent St. Petersburg meeting used 28,761 words with no concrete actions. The G-20 Leaders' Summit has lost focus and a clear agenda for action. The next Summit in Brisbane needs to regain focus and demonstrate the ability of leaders to make concrete decisions to promote growth and stability. Failure to do so will increase pressure to find a new

forum that is capable of providing the leadership which the global economy requires.

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### **Mike Callaghan**

*Program Director, G-20 Studies Centre*

*Lowy Institute for International Policy*

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The G-20 was effective in responding to the global financial crisis. It helped stabilise financial markets and restore confidence. But many feel its best days are behind it. This is a concern because the world is no less integrated than it was in 2008. The G-20 has achieved much, but it needs to be reenergised. It provides the opportunity for leaders to deal with some intractable global issues. But for this to occur, it must have a strong chair, a focused agenda and a streamlined process.

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### **Maria Monica Wihardja**

*Researcher*

*Centre for Strategic and International Studies, Jakarta*

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There is no other global economic forum that blends advanced and emerging economies well. As with regional forums, the G-20 is not without weaknesses. The credibility and legitimacy of the G-20 will come from its leadership by example, and its success in reaching out to other non G-20 members. However, it has often disappointed non G-20 member countries in these two areas. The credibility of the G-20 is also under threat if it does not make any significant global economic reforms, including facilitating more effective monetary coordination and completing the International Monetary Fund governance reforms. Although upgrading the G-20 from Finance Ministers and Central Bank Governors' Meetings to Leaders' Summits means more political backing, it has also resulted in proliferation of the agenda. There has to be some continuation of the agenda despite rotating presidency. What remains to be the core agenda of the G-20, including monetary coordination and financial prudential regulations, should remain under the laser-focus of the G-20. Outreach activities should also be improved.

# RSIS Colloquium: Professor Pempel Shares Views on Links between Economic and Security Issues in East Asia

Professor TJ Pempel, Jack M Forcey Professor of Political Science for Study of Southeast Asian Politics at the University of California, Berkley, visited the S. Rajaratnam School of International Studies (RSIS) from July-August 2013 as the NTUC Professor of International Economic Relations. Pempel gave a series of talks during his stay, the first of which was for the RSIS Colloquium Series on Strategic Trends in the 21<sup>st</sup> Century. RSIS staff and students came in full force to hear Pempel's insights on the topic "The Economic-Security Nexus in East Asia". The talk was held on 30 July 2013 at the NTU Lecture Theatre.

Pempel offered a different perspective on the debate over the alleged links between economic and security issues. He argued that the simmering security tensions and increasing economic interdependence in East Asia cannot be fully explained by relying solely on traditional theoretical frameworks. Outcomes will be determined more by smart politics and careful diplomacy as these are critical in managing tensions in the region. Pempel held that East Asia's future will be shaped less by "inevitable" prediction and the absolutes of theory and more by the practical actions of political leaders.

The RSIS Centre for Multilateralism spoke to Pempel to get his views on other related issues of importance in East Asia.

*1. How do you think the current Northeast Asian leaders will manage interstate conflicts and relations?*

Rather poorly, I'm afraid. Chinese leaders are committed to "punishing" Japan for what it sees as past and current aggression (today's case being the East China Sea). Among other things, Chinese leaders encourage xenophobia on the internet and riots against Japanese property in China. South Korean sentiments toward Japan are quite negative—often justly based on Japanese actions and past history. And Shinzo Abe's government is full of right wing devotees who reject historical fact in favour of a fanciful view of Japan's pre-war history.

The mix is toxic. Most worrisome to me is the failure of the Trilateral Summit to meet and the failure to move forward on a trilateral free trade agreement (FTA). Both of these would help to reduce tensions and find a more peaceful path forward.

*2. What do you think will be the most significant impact of the U.S. pivot on East Asian governance architectures?*



Professor TJ Pempel

For the moment it appears that the key impact is on U.S. participation in various multilateral bodies, most notably the East Asia Summit, the ASEAN Regional Forum and the Shangri-la Dialogue. Behind the scenes, the Obama administration is also encouraging multilateralism within the region even as it tries to rein in some of the least regional players—with Abe and Japan at the top of the list of countries the United States is encouraging to change behaviour and to become less xenophobic and more regional—and include a more accurate treatment of Japan's history in the region.

*3. What are the possible roles of institutions in enhancing the economic resilience of Asian countries amidst increasing stress on the global economy?*

I am most hopeful about the Chiang Mai Initiative Multilateralisation as a regional body with FTAs a close second. Asians are learning to cooperate on economic issues, particularly against the dangers of unregulated capital movements, coming mostly from the United States, the United Kingdom and other European investors and hedge funds. But Asian countries also need the Western export markets and so "resilience" cannot involve a closed Asia trying to insulate itself from "outside stresses".

For further reading on the topic, here are a few of Professor Pempel's related publications:

1. [The Economic-Security Nexus in Northeast Asia](#) (London: Routledge, 2012)
2. [Regionalism, Economic Integration and Security in Asia: A Political Economy Approach](#) (Cheltenham: Edward Elgar, 2011) - co-editor with Jehoon Park and Heungchong Kim
3. [Political Economy of Northeast Asian Regionalism: Political Conflict and Economic Integration](#) (Cheltenham: Edward Elgar, 2008) - co-editor with Jehoon Park and Gerard Roland

## MRP Roundtable on Strategic Engagement in the Asia Pacific: The Future of the ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus)

On 24 July 2013, the Multilateralism and Regionalism Programme of RSIS held a roundtable on "Strategic Engagement in the Asia Pacific: The Future of the ADMM-Plus". About 80 participants, including experts from the United States, China and Australia, gathered at the Marina Mandarin Hotel for the full-day event. Three main themes were covered: an overview of regional strategic engagement, perspectives from the United States and China and perspectives from other regional powers.

On regional strategic engagement, it was noted that the Asia Pacific region faced the challenge of rising defence expenditures (suggesting a possible arms race), ongoing territorial disputes, growing nationalism, as well as natural and humanitarian disasters. On the other hand, militaries have been able to cooperate more readily on defence engagement with each other. The ADMM-Plus was also noted, among others, for its capacity building objective which suggested that these goals were for functional, rather than for strategic reasons.

Second, participants highlighted the importance of the United States and China in the regional security architecture. It was noted that the U.S. pivot to Asia had resulted in China taking a more assertive stance in its foreign policy and as such, there was a need for both countries to redefine the manner in which they engage one another. While tensions between both countries exist, opportunities for cooperation are also present. In this respect, the ADMM-Plus represented one such multilateral forum



Associate Professors Ralf Emmers and Tan See Seng during the opening session

whereby the ASEAN countries could engage with both U.S. and China, among others.

Lastly, it was agreed that countries such as Japan, Australia, India and Indonesia also play an important role in the strategic environment of the Asia Pacific region. Speakers representing all four countries agreed that the ADMM-Plus is an effective institution for multilateral engagement but that it could expand to include more than just non-traditional security issues. The importance of ASEAN centrality was emphasised as a core factor to the success of the ADMM-Plus.

Overall, participants concluded that while the ADMM-Plus remains useful as a multilateral forum for institutional engagement, more could be done to ensure the ADMM-Plus continues to remain relevant in meeting the security needs of a more complex regional security environment.

## CMS Workshop Explores Dynamics between Regional and Global Economic Governance Architectures

The RSIS Centre for Multilateralism Studies organised a workshop entitled "Governance of East Asian Regional Economic Architectures" on 10 September 2013. The event brought together leading experts to discuss how changes in the global political and economic landscape are driving the design and evolution of regional and global economic architectures. Over 50 participants joined the event held at the Parkroyal Hotel on Beach Road. The workshop sought to: (i) identify economic and political challenges to East Asian economic governance, and (ii) suggest policy recommendations on the next steps to strengthen regional economic governance. The workshop covered three

sessions on regional trade architecture, monetary and financial architecture and the dynamics of regional and global economic governance.

The session on trade focused on issues relating to the emerging regional arrangements (the Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership) and the future of the World Trade Organization and the multilateral trade system. Discussions on the financial governance architecture delved into the tensions between the Chiang Mai Initiative Multilateralisation and the ASEAN+3 Macroeconomic Research Office, and the International Monetary Fund. Panellists in the third session spoke on the dynamics between complementary and competing governance mechanisms and the interactions stemming from the growing web of regional and global institutions and groupings.

While competition between regional and global mechanisms is expected to persist, the discussions also highlighted the importance of integrating and consolidating regional and global structures such that they complement and support each other. Despite ongoing tensions, one should not be viewed as a replacement or a substitute for the other.



(L-R) Dr Deborah Elms, Professor Takashi Terada and Professor Douglas Arner

## Roundtable Participants Discuss Perspectives on South Korea's Engagement with Southeast Asia

On 24 September 2013, the RSIS Centre for Multilateralism Studies hosted a roundtable to discuss the findings of a research project, undertaken on behalf of the Korea Foundation, on the topic "South Korea as a Middle Power: Perspectives from Southeast Asia". The study focused on the perspectives from Indonesia, Malaysia, the Philippines, Singapore and Vietnam. Held at RSIS, the roundtable saw a vigorous exchange of views among the 12 participants—comprising both government officials and academics—on the rise of contemporary South Korea. Participants shared their insights on the regional and international policies of South Korea.

The emergence of South Korea as a middle power, in the context of its material capabilities, function and foreign policy behaviour, was a central theme in the discussion. Participants noted that South Korea's neutrality and positive relations with both the United States and China contributed to the

maintenance of security and stability in the region. South Korea's role in the China-Japan-South Korea Trilateral Summit was also discussed, and participants emphasised the importance of the Northeast Asian cooperative platform in managing regional dynamics. Participants also raised questions on South Korea's commitment to the region and its ability to bear the responsibilities of a middle power, given its preoccupation with North Korea.

Overall, the participants agreed that South Korea's contributions to the development of Southeast Asian countries, its credible presence in multilateral institutions, as well as the spread of the cultural Korean Wave had largely benefited it in its pursuit to be recognised as a middle power in Southeast Asia. With its outward-looking policies, the roundtable participants concluded that South Korea contributes to prosperity and the maintenance of peace in the region.



Participants at the RSIS Roundtable on "South Korea as a Middle Power: Perspectives from Southeast Asia"

## RSIS Colloquium: Ambassador See Speaks on the Prospects of the Doha Development Agenda and the Multilateral Trading System

Ambassador See Chak Mun, Senior Advisor to Singapore's Ministry of Foreign Affairs, addressed RSIS staff and students on 19 September 2013 to share his perspectives on the topic "The WTO Doha Development Agenda: What Has Gone Wrong and the Future of the Multilateral Trading System".

Ambassador See traced the failure of the Doha Development Agenda (DDA) to the absence of shared interests and understanding of its mandate. Developed countries pushed for a more ambitious agenda covering deep cuts in market access in non-agricultural products and the inclusion of issues such as investment, competition and transparency in government procurement agreements. Developing countries called for more policy space to protect their industries and enhanced technical assistance. Trade negotiations did not progress as discussions were limited by domestic political considerations.

The stalling of the DDA and the weakening of the global trade regime led to the proliferation of preferential trade agreements (PTAs) and this resulted in a two-track trading system. Ambassador See asserted that this could create plenty of opportunities for conflict and inconsistency and offered some suggestions on how the global trade regime should move forward with these parallel tracks.

Although PTAs undermine the World Trade Organization's (WTO) central role in multilateral trade liberalisation and rule-setting and enforcement, he pointed out that none of the WTO members want to withdraw. Despite its shortcomings, member countries benefit from the WTO as they rely on its dispute settlement mechanism and use membership to implement needed policy reforms. Ambassador See suggested that WTO should "multilateralise regionalism" and encourage PTAs to consolidate and co-opt best practices and common trade rules.

## SELECTED PUBLICATIONS

[Strategic Engagement in the Asia Pacific: The Future of the ASEAN Defence Ministers' Meeting-Plus](#)

Benjamin Ho (ed), RSIS Conference Report, 24 July 2013

[Strategic Engagement in the Asia Pacific](#)

Sarah Teo and Mushahid Ali (eds), RSIS Policy Report, August 2013

[A Farewell to Grandiosity? Practical Cooperation and the ADMM Plus](#)

Tan See Seng, PacNet #65, 13 August 2013

[South Asia Needs Phase Two of "Look East" Policies](#)

Pradumna B Rana and Chia Wai-Mun, *Economic and Political Weekly*, 31 August 2013

[Regional Cyber Security: Moving Towards a Resilient ASEAN Cyber Security Regime](#)

Caitriona H Heinl, RSIS Working Paper no. 263, 9 September 2013

[ASEAN-China Economic Ties Serve All Sides](#)

Oh Ei Sun, *Global Times*, 16 September 2013

[Elevating China-ASEAN Ties: Who is Wooing Whom?](#)

Yang Razali Kassim, RSIS Commentary no. 192/2013, 11 October 2013

## UPCOMING EVENTS

Please visit our [website](#) for registration details.

Consultation Workshop for the Vision Paper on the ASEAN Economic Community Beyond 2015

22 October 2013

NTU One North Campus Executive Centre

(by invitation only)

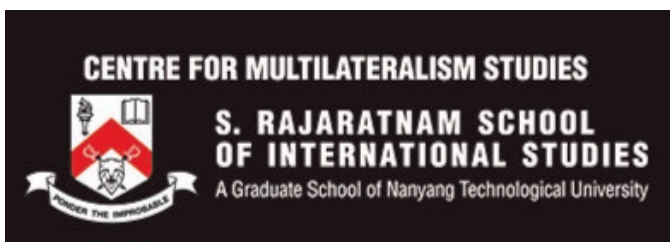
RSIS Seminar on "Hegemony, Hierarchy and Order Transition in Post-Cold War East Asia"

By Professor Evelyn Goh

23 October 2013, 10:30 am - 12:00 pm

Seminar Room 5, Block S4, Level B4

S. Rajaratnam School of International Studies



### CONTRIBUTORS

Benjamin Ho  
Theresa Robles  
Natalya Shegay  
Sarah Teo

### CONTACT US

Centre for Multilateralism Studies  
S. Rajaratnam School of International Studies  
Nanyang Technological University  
Block S4, Level B4, Nanyang Avenue  
Singapore 639798  
Phone: +65 6790 6982  
Fax: +65 6794 0617

### ABOUT THE CENTRE

The Centre for Multilateralism Studies (CMS) is a research entity within the S. Rajaratnam School of International Studies at Nanyang Technological University, Singapore. The CMS team conducts cutting-edge research, teaching/training and networking on cooperative multilateralism in the Asia Pacific region. The Centre aims to contribute to international academic and public discourses on regional architecture and order in the Asia Pacific. It aspires to be an international knowledge hub for multilateral cooperation and regional integration.

For more information, contact us or visit our website:

<http://www.rsis.edu.sg/cms/>