

Roundtable: The Trump Presidency and Southeast Asia

As in other parts of the world, Donald Trump’s victory in the November 2016 US presidential election came as a major shock to Southeast Asia. Few observers had seriously countenanced a Trump win, and what it might mean for Southeast Asia, the wider Asia-Pacific region and the liberal world order. Many, perhaps most, had expected Democratic candidate Hillary Clinton to emerge as the victor, and thus, by and large, to see a continuation of the policies implemented by President Barack Obama, including his signature “pivot” to Asia, and Southeast Asia in particular. Regional shock quickly gave way to anxiety, even alarm. Given Trump’s vitriolic rhetoric during the campaign, what would the new administration’s approach be to regional security issues such as the South China Sea, ASEAN-led forums, defence and military diplomacy, and multilateral trading arrangements?

Shortly after Trump’s victory, the editors of *Contemporary Southeast Asia* commissioned nine leading regional experts — Catharin Dalpino, Thitinan Pongsudhirak, Satu Limaye, Yuen Foong Khong, Ja Ian Chong, Walter Lohman, Natasha Hamilton-Hart, William Tow and Evi Fitriani — to consider the potential implications for Southeast Asia, its people, governments, security arrangements and economic growth prospects. Although the new administration had only been in office for a few months, drawing on Trump’s discourse during the campaign, and some of his early appointments, our nine experts were able to identify several key themes that will impact Southeast Asia over the next four years. These include: the management of US–China relations and the extent to which trade and security tensions might spill over into Southeast Asia; whether middle powers such as Australia and Japan might have to assume a greater burden for regional security in the face of China’s rising power; what America’s stepped-up campaign against the Islamic State of Syria and Iraq (ISIS) will mean for Southeast Asia, especially the Muslim-majority states; and what the Trump administration’s

seeming aversion to multilateralism, both in terms of political relations and trade arrangements, means for ASEAN and its ten member states.

Three key preliminary observations can be discerned at this juncture. First, as Trump has a penchant for deal-making, transactionalism may well redefine the nature of America's working relationship with ASEAN under a Trump presidency. Underpinning this transactional interconnection is less about what Trump's America can offer Southeast Asia, but more about what the region can offer Trump's America to benefit the American people. If no deal can be struck to either protect or advance US national interests, Trump is less likely to take serious notice of Southeast Asia.

Second, Obama's pivot to Asia is more or less dead in the water for three reasons. One, the pivot is an Obama legacy issue and Trump's actions since taking office suggest that he is intent on dismantling that legacy. Two, Trump's withdrawal of America from the Trans-Pacific Partnership (TPP) dealt a major blow to Obama's strategy as it was the central economic plank of his Asian pivot. Three, Trump's preoccupation with combating ISIS means that much of the focus of his presidency, at least in the immediate term, will be on the Middle East at the expense of other regions including Asia, much less Southeast Asia.

Third, the Trump team has yet to craft a coherent Asia policy. This breeds geopolitical and geoeconomic uncertainty vis-à-vis America's allies and friends in Asia, including those in Southeast Asia. Moreover, this lack of policy coherence leaves Southeast Asian countries in a quandary as regards the future trajectory of US-China relations. This engenders ambiguity and anxiety in keeping the regional balance of power at an equilibrium, which is necessary for preserving regional security.

In sum, the authors of this Roundtable have set in motion the debate on what the Trump phenomenon means for Southeast Asia, not least with the guiding question: Does Southeast Asia need Trump's America more than Trump's America needs Southeast Asia, or can there exist a mutually-beneficial transactional relationship? The modest expectation from this Roundtable is for others to build on the works of the regional experts assembled here by forging ahead with their own critically-informed analysis of the prognostic linkage between the Trump presidency and Southeast Asia.

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US Security Relations with Southeast Asia in the Trump Administration

CATHARIN DALPINO

Southeast Asia did not figure in the 2016 US presidential campaign, and it has not emerged as a foreign policy focus in the early days of the Trump administration. Barring a major terrorist attack against US interests emanating from the region, Southeast Asia is not likely to be a priority in the administration and will receive less attention from the White House than it did in the Obama administration. Some benign neglect may benefit US–Southeast Asia relations, as long as they are left in the hands of experienced officials who are allowed to exercise some degree of judgement. However, it is not possible at this point to determine if this will be the case.

A More Military Approach to Government

President Trump has signalled his emphasis on military affairs and his confidence in the US military in two important ways. He has appointed generals — two recently retired and one serving — to top national security positions: Lieutenant-General H.R. McMaster as National Security Advisor; retired general James Matthis as Secretary of Defense; and retired general John F. Kelly as Secretary of Homeland Security.

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Equally, if not more significant, the administration's budget submission to Congress for Fiscal Year 2018 seeks a 10 per cent increase in military spending — amounting to US\$54 billion — to the detriment of allocations to non-military agencies such as the State Department and the US Agency for International Development. It is unlikely that Congress will consent fully to allowing these two foreign affairs agencies to bear the brunt of this change, but through his initial budget, Trump has communicated a clear message about his worldview and his priorities.

The US military has generally opposed budget cuts to the State Department, on the grounds that defence cooperation with other countries and the overall protection of US interests abroad requires a strong diplomatic effort. A reduction of funds to non-military foreign affairs agencies could be particularly harmful to US relations with Southeast Asia. The threat environment in Southeast Asia is lower in comparison to the Cold War era, and views of the United States in younger generations are based less on Washington's willingness to defend the region and more on its interest in supporting its economic goals.

Some of the damage to US “soft power” caused by a greater emphasis on military relations might be mitigated if, as some Southeast Asian governments hope, Washington offers enhanced bilateral trade agreements. However, historically the negotiation of such agreements has raised nationalist hackles in Southeast Asia (one example being the doomed US–Thailand free trade agreement in the mid-2000s), requiring a compensatory diplomatic effort.

Reassuring Allies

As with other US military alliances, US security alliances with Thailand and the Philippines will not escape the scrutiny of the Trump administration, but neither are they likely to receive undue negative attention. There are no significant burden-sharing issues in the US–Thailand alliance, the main focus of which is on the annual Cobra Gold and smaller combined exercises. The United States depends upon Thailand for access to bases for refuelling and equipment repairs, and for flyover rights. With Thailand facing no major security threat, it can be argued that the United States presently benefits from the alliance more than Thailand. A shift to a greater emphasis on the military could in fact bring slight improvements to the alliance, which has suffered since the 2014 coup. There was some indication of this in February 2017 when US Pacific Command

(PACOM) Commander Admiral Harry B. Harris opened the Cobra Gold exercises, making him the first high-ranking US military official to visit the country since the 2014 coup.

Managing the US–Philippine alliance in the Trump era will be more difficult, not least because President Rodrigo Duterte is at least as mercurial as Donald Trump. Both are inclined to make inflammatory, off-the-cuff public statements. It will take some time before US–Philippine security relations in the era of these two new presidents becomes clear. However, day-to-day relations in the alliance appear to be largely unchanged. Although Duterte has periodically threatened to end combined exercises and other aspects of the alliance, the 2017 calendar of joint activities has not been altered.¹

Two issues could affect the US–Philippines alliance in the Trump/Duterte era. Burden-sharing could become a problem if the Trump administration chooses to press the issue. There is no real indication that Manila aspires to defence self-sufficiency. Duterte’s grumbling aside, the Armed Forces of the Philippines (AFP) continues to rely upon the United States and, to a far lesser degree, Japan for training and some equipment, although in recent years Manila has sought to diversify the sources of its defence acquisitions. However, if the Pentagon (and by inference PACOM) is more flush with funds in the Trump era, the issue of burden-sharing with Manila is not likely to intensify. In any case, Trump’s animus on this issue appears to be directed more at the North Atlantic Treaty Alliance (NATO) than at America’s Asian allies.

A greater problem will be the perennial tension between the Philippines and the United States over whether the US would come to the Philippines’ defence in a confrontation between Manila and Beijing over the Spratly Islands, notwithstanding Duterte’s “gentlemen’s agreement” with China on Scarborough Shoal.² Manila is likely to be disappointed if it expects a reversal of Washington’s “strategic ambiguity” on this issue in the Trump administration.

The Centrality of China

The single greatest security issue between the United States and Southeast Asia in the Trump administration lies outside the region: the tenor and management of US–China relations. At best, an abrupt change in the US–China dynamic could undermine the careful balance many Southeast Asian leaders have attempted to forge in relations

with Washington and Beijing. At worst, it could drag Southeast Asia into a serious US–China conflict.

Whatever dynamic emerges between the United States and China in the Trump administration, Southeast Asian governments expect it to be significantly different from that of the Obama era.³ They found Trump’s initial willingness to put all aspects of US–China relations on the table (most notably the “One China” policy) to be worrisome, if not reckless. Moreover, tensions in one area of relations (such as serious trade friction) could spill into the security realm. Whereas Obama was inclined to compartmentalize relations with China so as to steady them, Trump appears to favour a more transactional approach, with less hesitation to hold one issue hostage to another. The apparent Trump style more closely resembles Beijing’s own approach to US–China relations, and it is not clear how Beijing will adjust to a change of style from Washington. But some aspects of this new approach could have positive benefits for Southeast Asia. In contrast to Obama, who supported adherence to international law in maritime security (despite America’s failure to ratify the United Nations Convention on the Law of the Sea or UNCLOS), Trump appears to be less interested in upholding this categorical imperative. This would relieve some pressure on ASEAN to support the findings of the Arbitral Tribunal, a legal challenge to China’s jurisdictional claims in the South China Sea which was initiated by the Philippines in January 2013 and which made its award on 12 July 2016. Although the ruling represented an almost total legal victory for the Philippines and a major defeat for China, Duterte seems prepared to disregard the judges’ findings, at least for the time being.

Confronting Jihadism

Throughout the campaign and into his presidency Trump has taken a hardline approach to the Islamic State of Syria and Iraq (ISIS),⁴ indicating that it can only be extinguished through military force. Secretary of Defense Mattis has been tasked with producing a report on US strategies to counter ISIS. Although it has not as yet been finalized, administration officials have made references to a number of policy changes, including the possibility of introducing US ground troops into Syria. This “boots on the ground” approach will more likely resemble the early post-September 11, 2001 policies of President George W. Bush than those of President Obama.

Any such approach will have to be tailored to Southeast Asia, where the introduction of combat troops to fight ISIS would be politically untenable and likely not favoured either by the United States or a Southeast Asian government. However, even a more military-oriented approach in another region — in this case the Middle East — carries risks for Southeast Asian security. Without doubt, a resounding defeat of ISIS could weaken its appeal in Southeast Asia. However, counter-terrorism policy is seldom that straightforward. The presence of US combat troops in Syria may be a rallying cry to recruit a greater number of Southeast Asian ISIS fighters to the region. A major military victory against ISIS there could push more Southeast Asians towards the extremist organization: by drawing a greater number of fighters to Syria and Iraq, and by sending a greater number back to their home countries to launch operations there. Lastly, even successful military operations against ISIS will likely not improve the image of the United States in Muslim Southeast Asia if other elements of Trump's policy denigrate or even demonize Muslims. Beyond the rhetoric of Trump and his inner political circle, the executive order on immigration signed on 27 January 2017 has created worldwide concern about changes in US immigration policy. A follow-up order is expected to modify that policy, but Trump's anti-immigrant position does not appear to have softened.

On the surface, Southeast Asia has been spared the most stringent aspects of the travel ban. No country from the region was named in the list of Muslim-majority countries whose citizens are barred from entering the United States temporarily. However, the treatment of Muslim students and other visa-holders in the aftermath of the order's issuance has damaged America's image in Muslim Southeast Asia, namely, the countries of Indonesia, Malaysia and even Brunei.

The order also temporarily banned all refugees from entering the United States, a condition that does not have much impact on Southeast Asia, with one exception. In recent years, Myanmar refugees have made up the fourth-largest group of refugees entering the United States, nearly 4,000 per year. They have traditionally come from eastern states where the armed ethnic groups are primarily Christians from the Karen State. However, in recent years the number of Rohingya (Muslim) refugees admitted into the United States has been rising: in 2016 they numbered slightly more than 1,000. Even a temporary halt in refugee entry into the United States will likely embolden the military, both in its offensive against the ethnic armed

groups on the eastern border and its crackdown on the Rohingyas in Rakhine State. Moreover, the preference for Christians over Muslims in the Trump executive order will undercut US demands for better treatment of Muslims in Myanmar.

Conclusion: Which Voices Will Be Heard?

The ultimate challenge in crafting US security relations with Southeast Asia (and indeed other regions) lies within the Trump administration itself. At present the government is “all head and no neck”, with cabinet posts filled but few deputy secretaries, much less the lower rungs of policy officials that will flesh out specific regional policies. A second problem is the large number of mixed messages emanating from the administration, in particular from Trump and his political advisors, not least Steve Bannon on the one hand and the highest-level national security officials, particularly Secretary of Defense Matthis, on the other.

This subgroup of national security officials has attempted to soften or even contradict White House statements on a range of issues, from the South China Sea to violent extremism. For the time being, this subgroup offers reassurance — and some continuity with previous administrations — on US foreign policy and national security. However, it is not clear whether the views of national security officials will prevail within the administration, or how long their tenures will last if they do not. This public airing of divisions and dissonance within the administration creates confusion and doubt about the direction and credibility of US national security policy. Until it is resolved, US security relations with Southeast Asia will remain in limbo.

NOTES

- ¹ Author’s off-the-record interviews with US and Philippine defence officials in Washington D.C. in January 2017.
- ² “Xi Tells Duterte That Scarborough Shoal Will Stay Open to Philippine Fisherman”, *South China Morning Post*, 20 November 2016, available at <<http://scmp.com/china/diplomacy-defence/article/2047747/xi-tells-duterte-scarborough-shoal-will-stay-open>>.
- ³ This observation and others in this section resulted from the author’s off-the-record interviews with representatives of Southeast Asian embassies in Washington D.C. in December 2016 and January 2017.
- ⁴ Whereas the Obama administration referred to the group as ISIL (Islamic State in Iraq and the Levant), the Trump administration uses the term ISIS (Islamic State in Iraq and Syria).

Southeast Asia and the Trump Administration: Between a Rock and a Hard Place

THITINAN PONGSUDHIRAK

As the weeks of his presidency grow into months, President Donald J. Trump's initial isolationist leanings have morphed into knee-jerk internationalism under an "America First" geostrategic mantra "to make America great again". Ushering in the most controversial presidential transition in recent memory, Trump has catalyzed the geopolitical tectonic power shifts that have been underway since at least the turn of the new century. While his cordial rhetoric towards Russia's President Vladimir Putin has spawned myriad challenges for the European Union's dealings with the Kremlin — with knock-on effects for the remaking of the broader Middle East — Trump's tough talk on China will guarantee heightened tensions in Asia, from the Korean Peninsula and the Taiwan Straits to the South China Sea. As China pushes back and continues to test America's mettle under Trump, countries in both Northeast and Southeast Asia need US allies to be more proactive, particularly Japan and Australia. Absent America's credible and demonstrable force and willingness to use it, and unless US middle-power allies step up

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their counterbalancing efforts, the member states of the Association of Southeast Asian Nations (ASEAN) will have little choice but to accommodate China and eke out the best possible deals because of their lack of leverage.

China's consistent and predictable resolve to test America's uncertain commitment has been on conspicuous display over the past decade of growing geopolitical rivalry. Under President Barack Obama's "pivot to Asia" (later renamed the "rebalance") strategy, China first annexed Scarborough Shoal in April 2012 and in 2013–14 proceeded to turn the seven features it occupies in the Spratly Islands into large artificial islands complete with military installations, while the ASEAN claimant states protested in vain. In response, China shrewdly kept ASEAN off balance by pitting its non-claimant allies, particularly Cambodia, against the claimant states led by the Philippines. As it reaches its fifty-year milestone, ASEAN finds itself divided largely between its mainland and maritime members; the former more beholden to China's preferences but the latter more at odds. Such a dichotomy was evident when the Philippines alone countered China by challenging China's maritime claims in the South China Sea at an Arbitral Tribunal at The Hague in January 2013, and won an overwhelming legal victory in July 2016. This landmark international ruling denied Beijing its so-called "historic rights" and castigated the environmental damage China had caused in the Spratlys. But China ignored it, while the Obama administration reacted with perfunctory statements about the importance of complying with international law even though the United States itself has not ratified the United Nations Convention on the Law of the Sea (UNCLOS).

Perhaps sensing Obama's shallow "rebalance" rhetoric, China stood by and stuck to its creeping conquest of the South China Sea, while newly elected Philippine President Rodrigo Duterte changed his country's geopolitical playbook and openly courted Beijing. In fact, Duterte's manoeuvre was in line with Southeast Asia's overall appeasement of China. Thailand — a US treaty ally like the Philippines — sought succour from Beijing after its military coup in May 2014, the country's second putsch in less than a decade, while Brunei, Cambodia and Laos — the smallest ASEAN members — invariably toed China's line on the South China Sea. After Duterte bit the bullet by wooing China and receiving a US\$24 billion investment package in return, and the lifting of the blockade of Filipino fishermen at Scarborough Shoal, Malaysian Prime Minister

Najib Razak took his turn and came back from Beijing with a comparable sum of infrastructure and investment pledges.¹ Duterte's and Najib's overtures towards Beijing broadly mirrored similar moves by Indonesia and Vietnam.

China, in other words, has been winning in Southeast Asia by picking off ASEAN member states one by one. On its own, no Southeast Asian state can afford to stand up to Beijing. The only way to see Duterte's gamble and Southeast Asia's concessions to be justifiable is if China were to reciprocate by agreeing to a credible and comprehensive Code of Conduct (CoC) on the South China Sea. Yet because of Beijing's deliberate stonewalling, the CoC has made little headway. The Philippines, as ASEAN chair in 2017, will aim to push forward the CoC process, though the prospects seem less than promising at this point. China appears only willing to play by its own rules, which excludes an effective CoC for the South China Sea.

Much could change under US President Trump. His early posturing suggests America's overall Asia policy may differ starkly from Obama's. His cabinet appointments of military hands and civilian hawks, and tough stance on levelling the playing field on trade and investment vis-à-vis China, could provide backed-up policy heft in place of Obama's lofty but ineffectual talk. But whether Trump ends up as another Obama by talking loudly and carrying a weak stick, or whether he follows up his words with actions, Southeast Asia will likely become even more of an arena for geopolitical contestation between Washington and Beijing. China's offensive resistance to any US encroachment and reversion of the new status quo where China occupies land features in the South China Sea is a sure bet. If the Trump administration matches its rhetoric with actions beyond the usual freedom-of-navigation operations (FONOPs) — including restoring alliance ties that were held hostage by the Obama administration's human rights and democracy agenda — then Beijing will take notice. China will likely only back down in the South China Sea and elsewhere along the Pacific Rim if the cost of its belligerence becomes unacceptable. To exact such a cost would require a US military build-up and beefed up deployment to the region, with doubtful affordability and policy support in Washington. With US society viscerally polarized and divided around Trump, a US foreign policy consensus in Southeast Asia vis-à-vis China will be difficult to achieve.

A clear alternative for the ASEAN states is for Japan and Australia to fill in where the United States comes up short. Such

a complementary role includes combined military exercises with like-minded ASEAN states and military personnel exchanges and information-sharing. It should also provide “soft power” outreach in capacity-building and people-to-people exchanges. Japan and Australia are already doing much of this; they just need to turn up the volume another notch or two. The United States can play a new role of sometimes being the first among equals, but not necessarily first and foremost, in support of its allies. A Trump administration that privileges interests over values is likely to see improved Thai–US and Philippine–US relations. Japan has to pick up its geo-economic tempo in China-dominated mainland Southeast Asia, especially up and down the Mekong River with more development projects and subregional cooperation to increase the cost of China’s geopolitical aims in the South China Sea in view of the Obama administration’s ineffectual Lower Mekong Initiative.

However, if Trump proves to be so mercurial and fickle to preclude a coherent US policy direction in Southeast Asia, ASEAN must be prepared to accept America’s diminished role and work with middle-power allies and other partners. This means bringing in India and capitalizing on the India–Japan axis as a counterweight to China. A fundamental part of the geopolitical contest in Southeast Asia is about values and interests; about whether democratic values and ways such as India’s and Japan’s prevail over China’s more top-down authoritarian tendencies. If America’s democratic values and institutions are undermined and corroded under Trump’s authoritarian impulses, then it behooves the Asian democracies — with India’s as the largest and Japan’s as the wealthiest after America — to step up and fight the good fight for the hearts and souls of Southeast Asian societies. The point here is for America to work with its middle-power allies and partners to maintain peace and stability in Southeast Asia where no country wants to be completely beholden to China. If America is not in a position to do so, because of myriad reasons such as its fiscal constraints, other regional preoccupations and domestic polarization, then Japan and Australia as Asia-Pacific middle-power democracies, and India as partner in democratization and liberal values, must step up to carry developing Asia forward. For these countries, what is good for democratic values is good for their national interests. For the first time in nearly a century, America cannot be counted on to carry the burdens of leadership in Asia’s economic prosperity, geopolitical stability and liberal democratic future. Asia is increasingly on its own in view of Trump’s early vocabulary and leadership style.

Overall, no ASEAN state is likely to turn away from a US administration with a game plan of regional balancing that can be substantiated, because no Southeast Asian country wants to see a brooding China all over its neighbourhood if it has a chance to hedge its bet. All ASEAN states are receptive to a more engaged Japan which is more invested in Southeast Asia over the past several decades than any other major power. Southeast Asia has already been lost to China, but the regional states can and want to recover and regain their own footing if and when regional conditions change. President Obama, with a rock star aura, was personally popular when he regularly showed up for ASEAN-centred meetings. Yet his pivot strategy that tried to turn a new page for America's global role came up short. It turned out to be a sore disappointment because the former president was so intimately engaged with Southeast Asia.

It would be ironic if President Trump, who appears more aloof and detached vis-à-vis Southeast Asia, ends up having a more effective policy platform for the regional balancing of the ASEAN neighbourhood. No doubt President Trump's personality and governing style have been controversial and polarizing, especially in US domestic politics. But so far, his cabinet picks for foreign and security policy management, such as Secretary of State Rex Tillerson, the former CEO of energy giant Exxon-Mobil, and Secretary of Defense James Mattis, a highly decorated retired Marine Corps general, have widely been accepted at home and abroad. President Trump's policy undertakings will become clearer once his Asia policy team is formally appointed. Thus his personnel choices are respected and his foreign policymaking remains to be seen, even while his personal leadership style is bluntly problematic and divisive.

In American society and politics, Trump's populism and personal attributes attract derision among many. But while he did not win the popular vote against Hillary Clinton, he carried thirty of the fifty states. The phenomenon he represents is not novel. Anti-establishment leaders in America cropped up periodically when the central government and bureaucracy became overweening and out of touch with the majority of voters. Nearly two centuries ago, leaders such as President Andrew Jackson carried the populist flag to the White House. He was despised by the establishment at the time in ways not dissimilar to what Trump faces now. In more recent decades, the grassroots movement behind Trump manifested itself with presidential contenders such as Pat Buchanan and in more

recent years within the Tea Party. This movement has been at the fringes of American political life but now it is front and centre. It has just taken several decades for this latest bout and burst of populist appeal to take over the reins of power in Washington.

Notwithstanding the US domestic fixation with Trump, the new US president is merely a catalyst and symptom of larger forces and malaise. The global liberal order has been eroding and appears to have run its course. The anti-establishment turn and rise of populism are not unique to America. Economic development and globalization have not lifted enough boats within and across countries, and inequality is ubiquitous in most, if not all, countries. Those who have benefited most from development and globalization tend to be the wealthiest and the most powerful who are unwilling to share and bring up the rest. Such is the root appeal of the Trump kind of populism and authoritarianism in America. Naturally, what happens in America bears far-reaching ramifications for the rest of the world. Southeast Asia should remain Trump-neutral and wait and see what and how his administration conducts policy. What is known is that China has been all over and will dominate the neighbourhood unless there is a different kind of rebalance from a Trump-led US foreign policy establishment that backs up its rhetoric with muscle. No country wants to advocate an outright shooting war between the two superpowers. By and large, Southeast Asian countries neither want to be all-in on China nor the United States. Nor do they want a US–China embrace so tight as to reorder the region at the expense of its resident states. For Southeast Asia, the rebalance that works must bring the United States back in the region with talk but also action — with Japan and Australia in close support — in a moving mix that allows more autonomy for individual Southeast Asian states and for ASEAN as a whole.

NOTE

- ¹ “China Tries Chequebook Diplomacy in Southeast Asia”, *Financial Times*, 7 November 2016.

“Signs are Taken for Wonders. ‘We Would See a Sign’¹: The Trump Administration and Southeast Asia

SATU LIMAYE

A month into the tumultuous Trump administration, no key officials directly relevant to US–Southeast Asia relations had been nominated, although a torrent of Tweets as well as spasmodic statements and a handful of high-level official visits provided clues, albeit mixed, about the prospects for ties between the United States and Southeast Asia — a region that is among America’s top five global trade partners, the most important destination in Asia for foreign direct investment, home to two treaty allies and a growing number of politico-security partners, and a location of geo-political, geo-economic and order contestation among multiple major powers.²

In such uncertain circumstances, it may be useful to consider prospective US–Southeast Asia relations through the prism of six unique elements of the Trump administration and the six “key lines of action” of the Obama administration’s arguably most comprehensive, integrated and active Southeast Asia policy since 1945. Surprisingly, an analysis based on these two prisms lead to an assessment arguing more for continuity than change, less drama than fireworks and more professionalism than *ad hocism* in US–Southeast Asia relations.

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The first unique characteristic of the Trump administration is its ongoing divergences with the “mainstream” Republican and Democratic foreign and defence policy leaderships in Congress. Tellingly, even during the fractious presidential campaign, a bipartisan group of Congressmen attended the Shangri-La Dialogue in June 2016 in Singapore as then candidate Trump was raising the prospect of both abandoning and asking more of alliances, encouraging nuclear proliferation and publicly contemplating negotiating directly with the North Korean leader Kim Jong-un.³ Recently, a bipartisan congressional resolution backing the US–Australia alliance was issued after a call went awry between President Trump and Australian Prime Minister Malcolm Turnbull.⁴ The combination of Southeast Asia’s apparently relatively low priority to the new administration, and the general consensus among key mainstream members of Congress about a range of issues ranging from alliances and partnerships to human rights and security assistance, suggest that a degree of continuity rather than disjuncture is likely to prevail. Similarly, a second feature of the new administration, the gap between the White House and its cabinet appointments for the Secretaries of Defense and State, suggest that those bureaucracies, working closely with Congress, will also pursue more continuity than breaks from recent policies. Possible changes, such as clearer, more robust freedom of navigation operations in the South China Sea would be less of a “break” from past policy than its “proper” implementation. More, regular and distinct freedom of navigation operations has broad support in the US policy community, but is unlikely to be uniformly welcomed across Southeast Asia and not at all by China.⁵

A third unique factor has been President Trump’s focus on “transactionalism” or “deal-making” and corollary diminution of a commitment to a “liberal order” approach to foreign relations including rules, norms, values and institutions. How this might play out in Southeast Asia is unclear. On the one hand, it is not easy to see what a significant “deal” with Southeast Asia or its constituent countries might be; unlike, say, with China or North Korea. On the other hand, fewer calls from Washington for tight adherence to “liberal” rules, norms, values and institutions would not be unwelcome to the more authoritarian governments in Southeast Asia.

A fourth unique factor is the lack of President Trump’s pronouncements about commitment to US leadership — the flip side of his declared “only America first” approach. A planned huge military

build-up is intended to be the substitute for active international leadership. This is likely to be of significant concern to Southeast Asia which requires an engaged and active US not only for specific benefits of security, diplomatic and economic assistance, but also as an option for balancing/strategic autonomy. American “leadership” expressed only as a military build-up could compensate for retreat in other areas but would likely be seen as insufficient. A fifth factor, the Trump Administration’s desire for close relations with Russia, is unlikely to have an appreciable impact on U.S.–Southeast Asia relations because Moscow remains so far a marginal factor in the region and could help offset over-reliance on China.

Finally, President Trump’s singular, personal and family-based style of governance and leadership would likely receive a mostly empathetic and familiar reception among Southeast Asian leaders.

How might the Trump administration work within the “six key lines of action” articulated by its predecessor? The first priority was to strengthen bilateral alliances through “political consensus on the core objectives”, but with the ability to nimbly adapt to challenges and opportunities, and guarantee defence and communication capabilities that “are operationally and materially capable of deterring provocation” from state and non-state actors. The Trump administration inherits strained alliances with Thailand and the Philippines — Bangkok is going through a major domestic political reset and Manila is under the mercurial leadership of President Rodrigo Duterte. Furthermore, these two allies appear to be receptive to China’s overtures, are pursuing actions that are at odds with US values and policies regarding democracy and human rights, and have taken few steps to shore up norms, rules and institutions-based approaches towards the settlement of the South China Sea dispute. While the Trump administration may not actively pursue revitalizing these alliances, the Congress and Departments of Defense and State, and associated bureaucracies and the armed forces, are likely to maintain a ballast — evident in the dispatch, for example, of Admiral Harry Harris, Commander of the US Pacific Command (PACOM) to the Cobra Gold military exercises in Thailand in February 2017 — the highest level US official to visit the country since the 2014 coup. And despite rhetoric from President Duterte about “separation” from the United States, so far actual relations have remained largely intact. In fact, the Trump administration’s anticipated lack of pressure on human rights and democracy may well open space for cooperation with Bangkok and Manila, not contract it — though Congress is likely to keep a wary watch and a finger on

the edit button of both assistance and restrictive legislation. Fixing America's Southeast Asian alliances required a hard, ongoing effort under the Obama administration — a condition likely to persist under the new administration.

A second objective of the Obama administration was to “deepen [US] working relationships with emerging powers”.⁶ The Trump administration is unlikely to prioritize, as its predecessor did, “enhancing coordination” among China, India and the United States.⁷ Nor is “asking these emerging partners to join [America] in shaping and participating in a rules-based regional and global order” likely to be a policy priority.⁸ However, there is still plenty of space to work with partners on a range of trade, investment, maritime security, non-traditional security and niche bilateral issues. In fact, given Southeast Asian countries' own commitment to counter-terrorism, the Trump administration's apparent focus on the issue could lead to further cooperation not less. And the absence or at least fewer US “asks” on rules-based global and regional order might reduce friction in specific areas of bilateral relations, especially human rights and governance issues. In any case the wax and wane of intra-Southeast Asian relationships and balances as well as Southeast Asia's relations with external powers are part of a new regional environment in which there is less sequential roles of major powers and more simultaneous roles for multiple major powers. Under such conditions, US partnerships may be less distinct, but not necessarily less productive. Indeed it may well turn out to be that Southeast Asian countries will have their own internal limits on how far they want relations with Washington to go (e.g., Vietnam's “three no's” or Indonesia's “dynamic equilibrium”). Only a significant shock could create a “rollback” of emerging US–Southeast Asian partnerships. For example, the opening of full diplomatic relations with Myanmar and the repeal of sanctions was predicated on the country's political transition. Current acute concerns in the United States about the treatment of the Rohingya minority and other human rights challenges are unlikely to result in a reversal of the steps towards partnership unless there were a very major setback in Myanmar politics or human rights.

A third line of action to which the Obama administration made a significant contribution was to the ASEAN-led regional multilateral forums. In this area, the Trump administration is likely to be skeptical — if its views about the United Nations, European Union and even multilateral military and trade initiatives are any indication. It would come as no surprise if President Trump had little time for ASEAN,

including attending the annual East Asia Summit. In such a case, this would represent an unfortunate but not unprecedented skepticism about the utility of these groupings. Moreover, the United States need not be more committed to multilateral organizations than regional countries themselves; and there is only modest commitment on the latter's part too.⁹ Here again, key congressional leaders on foreign and security policy and the bureaucracies at State and Defense, and possibly PACOM, will continue to press for the utility of such organizations to institutionalize America's presence, interact with regional counterparts and pursue US regional interests outside of purely bilateral channels.

As for the fourth line of action for "forging a broad-based military presence", much of the opportunity will depend on the development of alliances and partnerships discussed above. And finally, the line of action dedicated to "advancing democracy and human rights" as already noted above, is unlikely to be a high priority for the Trump administration, but will be part of US congressional, public and legal requirements for engagement with Southeast Asia.

A fifth line of action that is now in tatters after the Trump administration's withdrawal from the Trans-Pacific Partnership (TPP) is "expanding trade and investment". Although President Trump officially pulled the plug on taking office, the TPP was on terminal life support by mid-2016, rejected by both the leading Democratic candidates as well as Trump, and with little palliative care from the outgoing Obama White House. Rather than a target of the TPP decision, Southeast Asia was collateral damage. Unlike China and Japan, Southeast Asian countries were not charged with currency manipulation, unfair trade practices or trade deficits or more specifically applicable problems such as reliance on state-owned enterprises, ethnicity-based preference policies or lack of labour and political freedoms. Vietnam, which stood to gain the most from TPP membership, was very disappointed with Trump's decision to withdraw from the trade agreement. Singapore and Brunei were unhappy but will not be affected much materially. TPP's failure takes the pressure off Malaysia to undertake structural reforms that would have had important domestic implications for the dominant majority population. Indonesia, the Philippines and Thailand had expressed varying, but distinctly lukewarm interest in TPP, and likely feel some combination of relief at not having to undertake the obligations which membership would have required, with anxiety about being left out and behind their neighbours should the arrangement be revived. Some who worried that TPP could "divide"

the region may be relieved, though it seems a stretch to argue that that the absence of TPP might strengthen ASEAN.¹⁰

More worrying to Southeast Asia than the pure commercial impacts of the Trump administration's rejection of TPP is US commitment to non-military engagement with the region, rising protectionism, and the unwelcome prospect that the Regional Comprehensive Economic Partnership (RCEP) is the only trade option around. Southeast Asia above all abhors the lack of multiple choices that provide room for manoeuvre and strategic autonomy — and this is no less the case on economics than on security. Based on the TPP decision alone, it is much too early to say whether Southeast Asia's standing as America's fourth largest trading partner, most important destination for foreign direct investment, and key economic partner through other interactions such as student exchanges and tourism will decline much, if at all. Moreover, there might yet be a revival of interest in bilateral trading arrangements in the absence of either TPP or RCEP moving ahead — even through the history of negotiating bilateral trade agreements in the region (e.g., with Thailand and Malaysia) has not been encouraging. But if bilateral trade deals are seen in the coming years as the only way to ensure access to the all-important US market — all the more given uncertainties about the Chinese market — history might well be overcome. As Japanese Prime Minister Shinzo Abe's recent visit to Washington demonstrates, countries adapt, and quickly. There is plenty of evidence for overcoming history in US–Southeast Asia relations.

As the preceding discussion suggests, there are few facts on which to base a likely Trump administration policy in Southeast Asia. Yet a search through the prism of particular features of the early Trump administration and the policies of the past decade suggest that there is ample scope for constructive relations. This will require adaptation and innovation on all sides. The great surprise of US–Southeast Asia relations during a Trump administration may well be that the surprises, both in terms of constraints and opportunities, will likely come from capitals across Southeast Asia, and not Washington.

NOTES

The author would like to thank Karen Mascarinas and Khun Nyan Min Htet for their research assistance.

¹ The quote is from T.S. Eliot, *Gerontion*, 1920, available at <<http://www.bartleby.com/199/13.html>>.

- ² See *Asia Matters for America*, available at <<http://www.asiamattersforamerica.org/asean>>; Satu Limaye, “Despite Chinese Shadows, Southeast Asian Friendship with US Worth Cultivating”, *YaleGlobal Online*, 1 September 2016, available at <<http://yaleglobal.yale.edu/content/despite-chinese-shadows-southeast-asian-friendship-us-worth-cultivating>>.
- ³ See Robert Sutter and Satu Limaye, *America’s 2016 Election Debate on Asia Policy and Asian Reactions*, November 2016, p. 26, available at <<http://www.eastwestcenter.org/publications/americas-2016-election-debate-asia-policy-and-asian-reactions>>.
- ⁴ Senate Foreign Relations Committee, “Bipartisan Senators Introduce Resolution Reaffirming Strong U.S.–Australia Alliance”, 6 February 2017, available at <<http://www.foreign.senate.gov/press/ranking/release/bipartisan-senators-introduce-resolution-reaffirming-strong-us-australia-alliance>>. For an account of the telephone call, see Glenn Thrush and Michelle Innis, “U.S.–Australia Rift is Possible After Trump Ends Call with Prime Minister”, *New York Times*, 2 February 2017, available at <<https://www.nytimes.com/2017/02/02/us/politics/us-australia-trump-turnbull.html?smid=tw-nytpolitics&smtyp=cur>>.
- ⁵ For an account of the current US debate, see Ankit Panda, “More FONOPs Coming Soon to the South China Sea”, *The Diplomat*, 14 February 2017, available at <<http://thediplomat.com/2017/02/more-phonops-coming-soon-to-the-south-china-sea/>>.
- ⁶ Hillary Clinton, “America’s Pacific Century”, *Foreign Policy*, 11 October 2011, available at <<http://foreignpolicy.com/2011/10/11/americas-pacific-century/>>.
- ⁷ Ibid.
- ⁸ Ibid.
- ⁹ Satu Limaye, “Why ASEAN is Here to Stay and What that Means for the US”, *The Diplomat*, 30 August 2016, available at <<http://thediplomat.com/2016/08/why-asean-is-here-to-stay/>>.
- ¹⁰ For a Southeast Asian view, see Beginda Pakpahan, “Will RCEP Compete with TPP?”, *East Asia Forum*, 28 November 2012, available at <<http://www.eastasiaforum.org/2012/11/28/will-rcep-compete-with-the-tpp/>>; see also Shihoko Goto, “Could the TPP Actually Divide Asia?”, *The Diplomat*, 22 October 2015, available at <<http://thediplomat.com/2015/10/could-the-tpp-actually-divide-asia/>>.

Trump's Education and Southeast Asia

YUEN FOONG KHONG

Is President Donald Trump educable? Much lies on the answer to this question when it comes to the domestic and foreign policies of his administration. At this early stage of the Trump administration, one can only make partially informed guesses, and this is the spirit in which this essay is written. I would wager that Trump is more educable on security issues than he is on economic issues. If that is the case, we should expect to see more continuity than change in the administration's approach to security in East and Southeast Asia on the one hand, but, on the other hand, change — in worrisome directions — rather than continuity is likely to characterize the administration's economic policies towards the region. I conclude by noting that contentious economic relations between the United States and East/Southeast Asia are also likely to spill over into the security realm, making the region tenser and more prone to military crises than during the Obama years.

By educable I mean the willingness to listen to alternative viewpoints, digest the information and change one's mind. Because Trump's views on security are less well formed, to the point of being naïve, I surmise he is more open to listening to the views of those he respects, and therefore more liable to change his mind. The key example here is his view on waterboarding. In his battle

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charge against the Islamic State of Iraq and Syria (ISIS), candidate Trump favoured bringing back waterboarding to extract information from captured terrorists. One meeting with retired General James Mattis later, Trump changed his mind, on the strength of Mattis' quip that "I've never found it to be useful.... give me a pack of cigarettes and a couple of beers and I do better with that than I do with torture." If Mattis, now confirmed as Trump's Secretary of Defense, is able to persuade his boss on the other major security challenges — from the North Atlantic Treaty Organization (NATO) to China's rise to the South China Sea — one would expect more continuity (using the Obama years as the baseline) than change from the US side.

Trump's views on economics, however unorthodox, are "better" formed and more firmly held, perhaps because as a successful businessman, he believes he knows his economics. He laments the hollowing out of America's manufacturing industries, blames trade pacts such as the North American Free Trade Agreement (NAFTA), the Trans-Pacific Partnership (TPP) and countries such as China and Mexico for the phenomenon, vowing to impose punitive tariffs on Chinese and even American firms intent on outsourcing their manufacturing to cheaper locales. Trump's economic theory of what has sapped away America's (economic) greatness will be harder to challenge. His key appointees responsible for economic matters, from, Robert Lighthizer (US Trade Representative), Wilbur Ross (Commerce), Peter Navarro (National Trade Council) and Stephen Bannon (Strategy) all seem to reinforce his convictions. Confronted by this formidable phalanx, his more mainstream economic advisers, Steven Mnuchin (Treasury), Gary Cohn (National Economic Council) and Terry Branstad (Ambassador to China) will have greater difficulty getting a hearing for their views. On economics, therefore, Trump seems less educable. This does not bode well for Southeast Asia.

The fate of America's Asian military alliances and strategic partnerships in the Trump administration is the central security issue for East and Southeast Asia. Candidate Trump's threat to abrogate America's military alliances with Japan and South Korea — if the two East Asian powers did not reimburse America for the cost of protecting them — caused widespread consternation in East and Southeast Asia. If Japan and South Korea acquired nuclear weapons in the absence of the American nuclear umbrella, so be it, according to candidate Trump. America's alliances with Thailand and the Philippines did not feature prominently in the campaign, probably

because there are few American troops based in those two Southeast Asian countries. Trumpian “logic” would suggest, however, that the latter would also be expected to pay for American protection. Ditto for those places hosting US naval vessels such as Singapore, Malaysia and Indonesia. The key implicit assumption underlying this “logic” is of course the United States, in having troops, bases and places in East and Southeast Asia, is doing Asia a grand strategic favour at great cost to itself.

This fallacious assumption will be gently revealed to be just that to President Trump by his national security team, including James Mattis, H.R. McMaster (National Security Adviser), John Kelly (Secretary of Homeland Security) and Rex Tillerson. The first three are retired generals, and it would be astonishing if they viewed America’s East Asian alliances along Trumpian lines. For the US military establishment, America’s alliances in Asia (and elsewhere), are first and foremost, there to protect America’s national security. Stationing troops in Japan and South Korea, deploying the Seventh Fleet in Japan, and having aircraft carriers and other warships visit naval bases in Southeast Asia are central to establishing and perpetuating America’s military preponderance in East Asia. Such military preponderance is part and parcel of a US national security strategy that seeks to prevent the emergence of a hostile hegemon in Asia.

When appraised by his national security team on the strategic utility of America’s military alliances in Asia, Trump is likely to reconsider his campaign position and change his mind. Confronted by the unanimous advice of his generals on an issue he is rather innocent of, he might still “disagree” but allow them to “overrule him” along the same lines that he permitted himself being “overruled” by General Mattis on the waterboarding issue. Trump will also be informed that Japan is already paying for 75 per cent of the cost of US bases in Japan, while South Korea is paying up to 40 per cent. To avoid the perception of total backtracking (from his campaign positions), Trump might ask for token increases in contributions from South Korea and Japan. It is unlikely that those sums will threaten the viability of those alliances. Moreover, if the Trump administration aims to get tough with North Korea and China’s military infrastructure building in the South China Sea, it will find the naval bases and facilities in Japan and Singapore indispensable. It is not a coincidence that Secretary of Defense Mattis’ first overseas trip was to South Korea and Japan, during which he reassured both allies

of their centrality to America's strategic interests. Mattis' telling Japanese Prime Minister Shinzo Abe that "we [the US] stand firmly, 100 per cent, shoulder to shoulder with you and (the) Japanese people" suggest a return to the establishment view of US military strategy in Asia.¹ At the Munich Security Conference in February, Mattis also reaffirmed US strategic ties with Singapore, and reassured Singapore Defence Minister Ng Eng Hen that the US appreciated the country's contributions to regional security.² We should therefore expect to see more continuity than change when it comes to America's military alliances and strategic partnerships in Asia.

On 25 January, Trump announced his extreme vetting policy to keep out potential terrorists, identifying seven Middle Eastern countries whose citizens will not be given visas to travel to the United States; refugees from those countries will also not be permitted to enter the country. Interestingly, countries such as Saudi Arabia, Egypt and the United Arab Emirates — whose citizens perpetrated the September 11, 2001 attacks — were left off the list. Neither were Indonesia and Malaysia, Southeast Asia's two Muslim-majority countries, on the list. The security implications of the policy for Southeast Asia therefore appear to be limited. The common factor underlying the Muslim-majority countries exempted seems to be their strategic utility to the United States. Muslims in these exempted countries have also been rather silent about the implications of the policy for their religious brethren, compared to the noisy protests mounted by American liberals against the "un-American" character of the policy. Muslim Americans joined the protest in large numbers, particularly at the "Women's March on Washington" on 21 January 2017. Conservatives, who believe Trump is betraying republican values, have also protested against Trump on the Muslim ban in particular, and Trump's rhetoric and policies more generally.

On the economics front, things are likely to be different. Trump's economic views may be just as one-sided as his views on security, but they are more deeply and consistently held. His arguments about how globalization and trade agreements have allowed others to outplay the United States, allowed countries like China and Germany to garner massive trade surpluses, and hollowed out US manufacturing industries are forwarded in such a loud, cocksure and persistent manner that they suggest it will be difficult to persuade him otherwise. Trump's argument is a partial truth: globalization has hurt the working class in America as is the case in other countries. US companies have outsourced production to cheaper locales, resulting in the elimination of factory jobs in America's rust

belt. What he has refused to factor into the ledger are the economic gains: cheaper consumer goods for Americans, higher paid jobs and returns for those with the requisite skills, and the role of technology in improving manufacturing efficiency and rendering manual labour redundant.

Trump's first act as President — pulling America out of the TPP — is indicative of his strongly held belief about the negative economic impact of such agreements on America. Japan, Vietnam and Malaysia — countries without bilateral trade agreements with the United States — would have stood to benefit from the TPP. Those with bilateral trade pacts with America, such as Singapore, Australia and New Zealand, would not have gained as much, but their agenda was more strategic: to enmesh the United States in the economic nexus of East Asia and enable it to continue to play a leadership role in forging the rules of the economic game. President Trump was either not interested in this kind of leadership or perceived the costs to be too high. With his executive order ending America's participation in the TPP, he opened the door for China — already the chief trading partner for most in Asia — to be the economic rule maker of the future.

Trump's economics appointments also helped reinforce his views on what ails the American economy and how to rectify the situation. Robert Lighthizer, Wilbur Ross and Peter Navarro are equally suspicious of multilateral trade agreements; like Trump, they have also singled out China as the main economic culprit. The main policy implication here is what Trump the candidate has advocated: labelling China (and others) as currency manipulators, and imposing punitive tariffs on Chinese exports to America. To be sure, some of Trump's appointees have intimated that these threats are just their opening bid to concentrate minds by persuading the Chinas and Germanys of the necessity of rectifying the trade imbalance. The latter will probably go some distance to pacify the Trump administration, but probably not enough to satisfy the Trump administration. Moreover, the views of Trump and his economic advisers are only partially economics-based because one can also detect an economic-strategic "othering" of China, a demonization of China based on cultural grounds. The existing discourse evinces a visceral dislike and distrust of China in that it is hard to know whether this dislike and distrust is based on China's economic policies, power or culture.

The danger of such an approach is that it will be harder to reach a deal with China. If the Trump administration imposes tariffs

against Chinese exports, it is likely to invite retaliation by Beijing, setting in motion a trade war. Such a war will of course not only depress Sino–US trade, but it will also have serious economic ramifications for Southeast Asia. China will import less from Southeast Asia, supply chains that are part of China's manufacturing network in the region will suffer, and investments from China will decline. In other words, if China's economic growth is retarded by a tit-for-tat tariff war between it and America, the economies of Southeast Asia will not be spared — they will most likely suffer a couple of percentage points in lower GDP growth.

A negative downward spiral in the US–China trade relationship is also likely to spill over into the security arena for three reasons. First, Trump advisers such as Peter Navarro has linked China's economic growth to the security threat it poses to the United States: why should America help China grow through what he considered a one-sided trading relationship (with China garnering massive trade surpluses), and facilitate it becoming a major superpower capable of challenging the United States on the economic, military and political fronts? Retarding China's economic growth, in other words, buys time for America and will allow it to remain Asia's preponderant power for longer. This line of thinking contrasts with that of the Clinton, Bush and Obama administrations who viewed China's strong growth as conducive to making China a satisfied power and a responsible stakeholder, thereby making US–China cooperation and a more stable world possible.

Second, tense economic relations between America and China will reinforce the mutual (strategic) distrust that has been brewing in recent years. Many Chinese policymakers believe that the Obama administration's pivot to Asia was an attempt to contain China. While these Chinese policymakers are gratified to see the demise of the TPP (since one of its main purposes was to prevent China from making the rules of the international economic game, according to President Obama), they will view the Trump administration's imposition of high tariffs and labelling of China as a currency manipulator as an even more serious direct attempt to slow China's economic growth. Growing nationalism, the powerful hold of "the century of humiliation" mindset, combined with China's newfound economic and military strength makes it ready to confront America in Asia. On the strategic front, China can respond by being uncooperative on America's major strategic worry — North Korea's development of missile and nuclear technologies; equally concerning, flashpoints such as Taiwan and the South China Sea will become

symbols of US–China competition, making them more dangerous to regional stability.

Finally, countries in Southeast Asia may be forced to choose between aligning strategically with China or the United States: if China is their number one trading partner and if they expect to continue to benefit from China’s economic largesse, they would be expected to side with China. For the majority of the Southeast Asian countries, whose mantra is not wanting to choose between China and the United States, the strategic angst and fear of making the wrong choice will be great. If the majority of ASEAN members choose to align with China, while a few pick the United States, ASEAN’s unity will be irrevocably destroyed. The norms and principles that have been central to the conduct of Southeast Asia’s regional diplomacy will count less than the strategic imperatives of their respective patrons. In short, ASEAN’s institutional role in facilitating peace and stability in the region will be severely circumscribed, possibly beyond the point of no return.

NOTES

- ¹ “Jim Mattis says U.S. is ‘Shoulder to Shoulder’ with Japan”, *New York Times*, 3 February 2017, available at <https://www.nytimes.com/2017/02/03/world/asia/us-japan-mattis-abe-defense.html?_r=0>.
- ² “Ng Eng Hen, US Defence Secretary James Mattis Reaffirm Bilateral Defence Ties Between Singapore and the US”, *Straits Times*, 20 February 2017, available at <<http://www.straitstimes.com/singapore/ng-eng-hen-us-defence-secretary-james-mattis-reaffirm-bilateral-defence-ties-between>>.

Deconstructing Order in Southeast Asia in the Age of Trump

JA IAN CHONG

With its primary stated goal of re-working the nature of America's relationship with the rest of the world, the administration of President Donald Trump comes at an awkward time for Southeast Asia. Regional states are at a moment where they are adjusting domestic politics, their relationships with each other and the main inter-governmental organization, the Association of Southeast Asian Nations (ASEAN). They are also responding to China, whose role in the region is evolving as Beijing moves into a new stage in its decades-long development into a major world power that is more ready to take robust positions on issues where its interests sometimes diverge with those of its neighbours. Amid these changes, Washington seems to be looking to move away from its longstanding commitment to liberalizing trade and investment in Asia, while taking a more openly muscular stance on security. Specifically, the United States under Trump is pondering possibilities for altering the longstanding basis for its economic and security exchanges with China, which includes adopting policies that differ more starkly from, or even oppose, those of Beijing.

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Even though it is early days for the Trump administration, current developments suggest good reason to expect uncertainty, possibly even some turmoil, at least in the short term. The regional security and economic architectures in Southeast Asia — primarily the post-World War II US-backed order on the one hand and ASEAN and various arrangements built around it on the other — are especially unprepared for addressing major shocks or crises at this moment. Cleavages among ASEAN members and limited institutional capacity constrain the responses regional actors can take collectively, and may dampen individual reactions as well. Even though armed conflict among Southeast Asian countries remains unlikely, effective regional cooperation in the face of greater instability and uncertainty may be difficult to achieve and sustain without consistent American support. Given that Trump and his team still have ample time to learn, there is, of course, a possibility that the new administration can adapt to circumstances in Southeast Asia specifically, and the Asia Pacific more broadly.

The American Foundations of Regional Architecture

Regional cooperation in Southeast Asia continues to rest on the US-sponsored liberal international order, supplemented by ASEAN and its affiliated mechanisms. Southeast Asian states have experienced significant economic growth since the end of the Second World War and after the Cold War. Underpinning this economic success story is a cycle that ties capital from North America, Europe and Japan, as well as more recently South Korea and Taiwan, to raw materials and production networks across Asia that manufacture for North American and European consumers. Making this possible is a constant lowering of trade and investment barriers driven by a belief in the benefits of enterprise and wealth creation not only for their own sakes, but also as facilitators of social and political stability. Much of Southeast Asia's prosperity — and indeed challenges with the environment and inequality — over the past seven or so decades come from being key economic nodes in the American-backed liberal international order.

Overseeing this economic order are the US-backed Bretton Woods institutions — the International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO) — which maintain the basic governing principles of the world economic system. Given that the US dollar denominates much of the world's commercial activity, the US Federal Reserve too plays a critical role in the world

economy via its influence over US interest rates. Despite talk of having alternative arrangements and institutions manage the world economy, the Bretton Woods institutions and the US dollar remain irreplaceable for the time being. Regional initiatives such as the Asia Infrastructure Investment Bank (AIIB), Regional Comprehensive Economic Partnership (RCEP), intra- and extra-ASEAN free trade agreements, and even calls for the Chinese yuan to denominate regional trade or even become a reserve currency, operate as part of the liberal economic order and do not provide a substitute. Being integrated in the world economy means that Southeast Asia remains subject to the prevailing international economic order and its ordering principles.

A key condition that allows for economic development and prosperity is the guarantee of security and stability, which enables governments and businesses to make longer-term plans with some expectation of certainty. Security in Southeast Asia too continues to depend on the security order established by the United States after the Second World War and during the Cold War. The network of US alliances and strategic partners, as well as a longstanding commitment to freedom of navigation, helps ensure that Southeast Asia's energy imports as well as its exports can pass safely through the world's sea lanes. In addition, America's security commitment helps bolster stability in Southeast Asia, making it a more attractive environment for investors. Augmenting US security ties in Southeast Asia are Washington's alliances with Australia, South Korea and Japan, along with its strategic partnership with Singapore, which ground America's forward military presence in Asia and give these allied governments an active stake in preserving regional peace and stability.

Shaky Ground

Critical to the ability of the US-backed international order to provide stability, security and prosperity in Southeast Asia, is an American commitment to maintaining the status quo. The potential for instability substantively rises absent such an obligation on the part of Washington. No other actor or set of actors can yet replace such functions. Even if several major powers working alone or in coordination can extend security and stability over one or more regions, they lack the global reach of the United States and are likely to be far less effective. A critical advantage of the current international system is that it embeds regional security and economic architecture in places like

Southeast Asia within a much larger global framework. This is one reason why major powers like China largely accept the international and regional status quo despite chafing against it. They worry more about an America that is either overactive or disinterested than one that is engaged in maintaining the existing system.

However, the Trump administration's current positions on Asia give Southeast Asian governments reason to doubt America's long-standing commitment to the prevailing regional economic and security architecture. As a presidential candidate, Trump repeatedly indicated his intention to make allies pay for their ties to the United States — ostensibly beyond current host nation support — raise tariffs, scrap the Trans-Pacific Partnership (TPP), and declare China and Japan currency manipulators susceptible to sanctions.¹ Once in office, the administration suggested more confrontational stances towards China and North Korea that could significantly raise tensions in and around Southeast Asia.² Secretary of State Rex Tillerson further articulated positions about preventing China from using its man-made islands in the South China Sea and deploying US troops to Taiwan, moves the Chinese government view as highly provocative.³ These statements, if faithfully carried out, promise backlash against US policies that may engulf the region, fuelling Southeast Asian anxieties over the credibility of America's commitment to regional security and prosperity.

President Trump's ambiguous position on Taiwan further risks unsettling the regional order. Taiwan is a vibrant democracy and an actor deeply involved in Southeast Asia through trade, investment and other links, its lack of official recognition notwithstanding. Such circumstances may warrant some review and update of US policy towards Taiwan. However, the Trump administration has expressed a view that sees Taiwan as a "bargaining chip" with China.⁴ Such a perspective ignores the will of the Taiwanese people, a longstanding US commitment not to bargain over Taiwan's status, and Beijing's assertion that its claim over Taiwan is non-negotiable.⁵ A consequence of such an American stance may be to put Washington in more direct confrontation with Beijing, or force Taiwan to preserve its interest more robustly and prompt strong Chinese reactions.

Even though Trump indicated adherence to America's "One China" policy in a telephone conversation with Chinese leader Xi Jinping on 8 February 2017, the possibility that Trump or his administration could change their minds remains.⁶ Moreover, America's "One China" policy differs significantly from the People's Republic of China's "One China" principle in taking Taiwan's status as undetermined and

allowing for substantive non-official US–Taiwan ties including arms sales. Consequently, Beijing may find significant scope to take umbrage at the Trump administration’s interpretation and implementation of America’s “One China” policy, regardless of its merits.

Southeast Asia’s Structural Stresses

Challenges to the underpinnings of the prevailing international order have come at a difficult time for Southeast Asia. ASEAN stands at a juncture of having to address key differences among member states and decide on how to move forward. Divisions within the grouping were perhaps most glaring when ASEAN was unable to issue customary joint statements after major meetings, due largely to disagreements over the handling of the South China Sea dispute which involves China and several ASEAN members. Some observers and officials from member states blame China and, to a lesser degree, the United States for encouraging discord within ASEAN. However, these discrepancies reflect deeper cleavages introduced during ASEAN’s expansion in the late 1990s. Poorer communist and former communist states with strong developmental needs were brought in alongside largely politically conservative, capitalist, middle-income states without mechanisms to manage their divergent concerns.

Among ASEAN’s historical functions was to complement the US-backed economic and security order in Southeast Asia. The grouping’s emphasis on sovereignty, non-interference in domestic affairs, and the consensus principle enabled members to put aside mutual disputes to make war among them virtually unthinkable. ASEAN’s focus on the gains of cooperation and a willingness to accommodate the least ready member allowed it to advance internal initiatives such as the ASEAN Free Trade Area (AFTA) and the ASEAN Economic Community (AEC). Its non-contentious approach enabled it to forge partnerships with external parties through arrangements like the Asia-Pacific Economic Cooperation (APEC) forum, the East Asia Summit (EAS), ASEAN Plus frameworks, ASEAN–China Free Trade Agreement (ACFTA), and, potentially, the RCEP. ASEAN members even cooperated on economic and diplomatic sanctions in conjunction with Washington and Beijing to end Vietnam’s 1979–89 occupation of Cambodia, paving the way for Vietnam and Cambodia to eventually join ASEAN.

ASEAN seems less able to effectively perform its ordering functions today, much less respond effectively to revisions to the broader global economic and security architecture. Most of the older

ASEAN members — the grouping’s *de facto* leadership — are facing domestic political transitions that distract them from playing fully-engaged roles in the region. Chronic under-investment in institutional capacity means that ASEAN as an organization can do little on its own. Consequently, ASEAN’s ability to fill even some of the more modest lapses left by a revised US regional commitment seems doubtful, leaving Southeast Asian governments less able to safeguard stability, especially when facing tensions in and around the region. As developments unfold, ASEAN and relations among its members may be buffeted by greater internal and external pressure than at any time since the Cold War.

Without some meeting of minds among Southeast Asian governments, there is unlikely to be much progress in restructuring ASEAN to meet the new demands of maintaining regional order or developing alternative arrangements to do the same. The degree to which Southeast Asia is absent common vision and leadership about how to best manage economic and security matters seems quite unprecedented even by the standards of a region already known for limited cohesion and a lack of initiative. Whether during colonial or Cold War eras, the region tended to have some semblance of order, even if managed by major powers and dismissive of local concerns. Practically speaking, the present situation spells fewer constraints on assertive American and Chinese behaviour in Southeast Asia, as well as less amelioration of the more abrasive aspects of US–China competition in the region. The region may have to depend on the wisdom and competence of individual leaders in capitals across Southeast Asia and beyond more than ever, but whether this will be forthcoming during the Trump era remains worryingly unclear.

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The Trump Administration's Trade Policy and the Implications for Southeast Asia

WALTER LOHMAN

As promised, on 23 January 2016, President Donald Trump withdrew the United States from the completed negotiations on the Trans-Pacific Partnership (TPP). In the process, as he did prior to taking office, he stressed his preference for bilateral trade deals. The executive order he signed was a highly symbolic act. The President needed only to refrain from sending the agreement to Congress. His signature, however, served to underscore the finality of his decision. The message: Not only is the United States pulling out of TPP, but neither will it seek to “fix” the agreement. Similarly, his emphasis on bilateral deals is a determinative sign that the idea will not be resurrected under a new guise.

Trump is taking a new approach to trade that has no place for multilateral trade agreements. At best, America appears headed towards a period of consolidation focused on enforcement issues, renegotiation of select agreements and a limited number of new bilateral deals. This would constitute a relatively conventional approach, yet a nationalist one. At worst, the Trump administration could be headed for an unconventional, very hardline approach that tests its constitutional authorities and international treaty

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commitments. Whichever way it goes, US trade policy going forward will have a major impact on America's role in the Asia Pacific broadly and in Southeast Asia, in particular.

The push for free trade in America — from President Bill Clinton through Presidents George W. Bush and Barrack Obama — was made possible by big Republican majorities in Congress. Since approval of the North American Free Trade Agreement (NAFTA) in 1993, which garnered 132 out of 175 Republican votes in the House of Representatives, approval of free trade agreements (FTAs) have become only more dependent on Republican votes. In 2003, the US–Singapore FTA passed the House of Representatives with 197 Republican votes. The US–Korea Free Trade Agreement (KORUS) passed with so many Republican votes in the House that it required no Democrat votes, and in the event, only received 59. As recently as 2015, Trade Promotion Authority (TPA), which was vigorously supported by President Obama, was passed with only 28 Democrat votes.

Then suddenly in 2016, this dynamic changed. During an election year, Republicans refused to take a Democrat president's FTA across the finish line, and their candidate for president, Donald Trump, was actively opposed to them doing so. In part, one can blame bad timing. It was terrible judgement by President Obama to propose an FTA for Congressional consideration during an election year. His determination to sell the agreement as the “most progressive” in history was another serious miscalculation, given that the votes required to pass it would hardly come from progressives.

The impasse, however, was not only a matter of politics. On Capitol Hill, opposition germinated less from a concern with the sort of unfair trade practices that garner so much election year focus than with Republican concerns over the impact on US sovereignty. Key Republicans were concerned about the power of a new international trade bureaucracy presumably required by such a wide ranging agreement. The principal voice of opposition in the Senate was very early Trump supporter, and new Attorney General, Senator Jeff Sessions. Sessions had voted for all of the Bush era FTAs and the three — US–Korea, US–Colombia and US–Panama — which were negotiated by Bush and passed during the Obama administration. Sessions was worried, however, that TPP would “enmesh our great country, and economy, in a global commission where bureaucrats from Brunei have the same vote as the United States” and “empower unelected regulators who cannot be recalled or voted out of office”.¹

This context helps establish two things. One, the idea of a multilateral deal along the lines of TPP is truly dead, at least as far as the United States is concerned. And two, its death is not a reliable indication that the pro-trade nature of the Republican caucus in Congress has changed. When President Trump determines the new bilateral deals he is prepared to pursue, he will enjoy the support he needs in Congress to pass them — providing he adheres to the guidelines provided him in the TPA. Judging by Trump's remarks since the election, an FTA between the United States and the United Kingdom appears to be his number one priority in this regard. In Asia, the most logical choice, given its economic value, would be a US–Japan FTA. For its strategic value and given Trump's demonstrated pro-Taiwan sentiments, a US–Taiwan agreement is also possible. While Beijing might object, such an agreement would be well within the boundaries of America's One China policy.

Other Asian partners in the TPP that do not already have FTAs with America — Malaysia, Brunei and Vietnam — are less likely to see bilateral deals, if for no other reason than a lack of bandwidth for what could be difficult negotiations, as well as unrelated political controversies. During the Bush administration, the United States and Malaysia failed to conclude an FTA after several years and multiple rounds of negotiations. Free trade talks between America and Thailand also failed during the Bush administration. Getting a US–Vietnam FTA through Congress would require a major commitment of political capital. Congress is at least as accustomed to thinking about Vietnam in human rights terms as trade and without a major push from the administration, likely to default to such political concerns. The cost-benefit political dynamic is even more pronounced on Brunei, given its very small size.

The most salient feature of US trade policy for Southeast Asia will likely be the new administration's focus on enforcement. During his confirmation hearing, President Trump's Secretary of Commerce, Wilbur Ross, was quite striking in his focus on enforcement, saying that those countries that do not “play by the rules” should be “punished and severely”. He identified tariffs as the mode of punishment and expressed sympathy for government activism in the use of US anti-dumping/countervailing duty (AD/CVD) measures. China is clearly in the administration's cross hairs; but Ross was careful to point out China is not the only problem in his view.

Stepped up US government trade activism vis-à-vis Chinese industry could have an impact on Southeast Asia in two ways. First, given the reality of global supply chains, action taken against

“unfair” Chinese practices under AD/CVD laws could have an indirect impact on Southeast Asian suppliers to targeted Chinese exporters. The Trump administration will also likely scrutinize imports from Southeast Asia for evidence that the Chinese are attempting to circumvent the AD/CVD measures. Second, America could impose safeguard measures against Chinese imports, but apply them globally in order to prevent other foreign producers from meeting domestic demand. In this case, under US law, fairness is not an issue. It need only find evidence of injury by “surging” imports. Ross indicated that steel and aluminum would be key targets for this sort of protection, but it need not stop there. The incoming trade team could scrutinize the composition of its trade deficits with countries throughout the region and seek to impose safeguards on them. Southeast Asia countries could also be targeted by AD/CVD petitions from US industry, which are certain to spike in anticipation of the Trump administration’s sympathy for increased.

Southeast Asia is no stranger to this process. ASEAN countries are already well represented among the 42 currently subject to AD/CVD orders. China, of course, is heads above all on that list, but Indonesia is 8th, Vietnam 9th and Thailand 11th. And taken as a whole, ASEAN is number 2.

If a conventional approach outlined above is the best case scenario, there is another, less likely, worst case scenario utilizing liberal self-serving interpretations of long-standing but very rarely used authorities. A new report by international trade specialists at White and Case outline the several possibilities in this regard.² Section 338 of the Tariff Act of 1930, for example, permits the President to impose severe penalties on countries that have “discriminated” against American products, including up to 50 per cent tariff, and in some cases complete exclusion of imports. Section 232 of the Trade Expansion Act of 1962 can be used to retaliate against imports that pose a threat to “national security”. Although the 1930 law appears to be defunct, having last been invoked in 1949, the 1962 law was invoked as recently as 2001, and actually used to impose import barriers in the 1970s. The President has additional authorities to impose trade remedies under the 1974 Trade Act. Section 122 applies to instances where “large and serious United States balance-of payments” deficits exist, and section 301 gives him authority to take action against “unfair trade practices”, including violations of trade agreements. The former could easily be challenged in court on the merits given the complexity of the economics involved, and the latter has not been invoked since

1995, when it was subsumed by US commitment to pursue such complaints through the World Trade Organization (WTO). Finally, the President has extensive authority to impose barriers under the 1977 International Emergency Economic Powers Act (IEEPA). Such authority underpinned key elements of the twenty-year US sanctions regime against Myanmar.

All of these unconventional actions would face very serious conflict with Congress, even in Republican hands. The administration would face such serious challenge in the WTO that resort to them could signal a break with the US commitment to the organization, or even withdrawal, a notion candidate Trump flirted with during the campaign.

Either approach will have major impact on America's economic profile in Southeast Asia.

A ramped-up conventional approach to enforcement has many pitfalls, as the AD/CVD and safeguard measures can be challenged at the WTO. As happened with President Bush's imposition of safeguard measures for steel in 2002, they could provoke threats of retaliation from trading partners and rejection by the WTO. Given the apparent confrontational proclivities of President Trump, this could spiral into a serious tit-for-tat action with Southeast Asia, and other countries. It could seriously strain US commitment to the WTO — especially if it decides not to rely on it to resolve disputes involving unfair trade practices, but instead resorts to remedies used by the United States prior to 1995. Still, if America maintains its general commitment to the WTO, and in fact, uses its dispute resolution mechanisms to address concerns, the damage to trading relationships is containable — damaging, but limited. And if the Trump administration defies the odds and mobilizes the pro-trade caucus on the Hill to pass bilateral agreements with Southeast Asian countries — Vietnam being the most logical — it could limit some of the damage.

On the other hand, the unconventional hardline approach could provoke a real trade war that would weigh down the economies of all involved, with dire consequences for the peace, security and prosperity of the region.

Both approaches, depending on how vigorously they are pursued, will also have a major impact on the broader US strategic position in Southeast Asia. In the context of an aggressive, nationalist approach to trade, even with a concerted effort to rebuild the US military, rededication to alliances, commitment to forward military deployments and assertions against Chinese encroachments

on the rules based-order, outright hostility to free trade would diminish US influence. Unlike some other parts of the world, the Middle East, for instance, the life of the region and its politics revolve around economic opportunity, not geopolitical strife. Rivalry and conflict do not define the region; they are downside risks to a larger positive picture. If America is hostile to economic engagement, it will come to be regarded as an outsider and its military prowess more an obstacle to regional aspirations than an enabler of them. This is particularly the case given China's expanding capacity as a full spectrum power through the One Belt, One Road initiative, the Asian Infrastructure Investment Bank and the New Development Bank, and Japan's continuing relevance to Southeast Asian economies.

In the wake of America's withdrawal from TPP, the important question is what replaces it as the centrepiece of US trade policy in Asia. The options do not appear bright. In light of American mismanagement of its own trade politics and resulting withdrawal from the agreement, it will be difficult to get the region signed on to a new approach. This is particularly true if, as appears to be the case, it will be focused primarily on protecting the US market. Economic engagement requires what is on balance a positive agenda. It is not clear yet that the Trump administration will have one for Southeast Asia.

NOTES

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Deal-makers and Spoilers: Trump and Regime Security in Southeast Asia

NATASHA HAMILTON-HART

The early days of the Trump administration have shown him to be what he appeared to be during the campaign and in his earlier career: narcissistic, capricious and willing to play to the anxieties and prejudices of the crowd. Although his administration remains far from fully formed — as of mid-February 2017, Trump had nominated just 34 officials for 549 positions, and only 14 of his cabinet nominees had been confirmed — its basic contours are clear enough. He has chosen a cabinet and advisory team that includes people who advocate greater protections and freedoms for US businesses, who have expressed extreme anti-Muslim and socially conservative attitudes and who deny that humans are responsible for climate change. The administration has taken bellicose positions against key trading partners, including Mexico and China, and threatened further escalation of trade confrontation and retaliation against US firms that do not respond to the call to put “America First”. Trump has already withdrawn the United States from the Trans-Pacific Partnership (TPP), the multilateral trade agreement that had formed the main economic plank of the Obama administration’s “pivot” to Asia.

Added to these damaging policy positions, there is the promise of an unconventional and confrontational approach to policy-making.

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In the words of one observer, the White House team looks “less like a professional political operation than a mediaeval court with various barons and a crown prince and princess”.¹ While the personal whims of the President capture attention, his presidency is a reflection of a more deep-seated crisis in the United States, where there has been a break-down in the social foundations that underpinned US leadership of a liberalizing and (more or less) rules-based world order.² Trump’s election “reflects a crisis of the US state, with the erosion of the legitimacy of political elites, representative institutions and the globalist orientation that has long dominated US politics. This crisis may have significant consequences for the so-called ‘rules-based’ world order.”³ When Singapore’s Prime Minister Lee Hsien Loong noted that the American public had elected the president whom they felt best represented them, he may have unintentionally captured the foundational rupture in the United States that Trump represents.⁴

For Southeast Asia’s ruling elites, the Trump presidency is dual-edged. The region’s leaders may have felt they had little choice but to express an interest in working constructively with the new administration, but for some there are reasons to believe that the warmth accorded to the new president was not entirely feigned. Malaysian Prime Minister Najib Razak proudly displayed Trump’s commendation of him as his “favourite Prime Minister”,⁵ while Philippine President Rodrigo Duterte has expressed admiration for Trump, in terms that echoed his own crass performances.⁶

In a region where ruling elites and their supporters have prospered under the order established by the United States during the Cold War,⁷ it is perhaps surprising that greater alarm has not been made publicly known now that America seems intent on undoing that order. An increase in US unilateralism appears as one of the few near-certainties of the Trump administration.⁸ Although many Southeast Asians have every reason to view the new US government with great trepidation,⁹ the region’s ruling elites also have reason to view Trump as relatively benign with respect to the effect of his administration on their own ability to remain in power. The regime security of governments in Southeast Asia is likely to be bolstered in the short term by Trump, while the more damaging effects of his policies appear distant.

The political comfort that a Trump presidency offers to many of Southeast Asia’s political leaders can be traced to the certainty that US scrutiny and criticism of their performance on human rights, respect for democratic freedoms and the rule of law are likely to

be negligible under Trump.¹⁰ This is a region where several leaders are implicated in scandals alleging gross corruption (Malaysia), a programme of extra-judicial state-sanctioned killing (Philippines) and rule by either a military junta (Thailand) or various shades of authoritarian government. Even in the region's most democratic country, Indonesia, the ruling elite is complicit in fomenting violence and intolerance targeting minorities and advocates of civil and religious freedoms. Across almost every country in the region, 2016 was marked by significant repressive crackdowns against dissent.¹¹ The absence of any US criticism of these human rights abuses will be welcome. In cases where America wields direct influence on matters of deep personal interest to ruling politicians — most obviously the US Justice Department's decision under Obama to investigate transactions involving the scandal-hit Malaysian state investment firm 1MDB — the hope for the Malaysian premier and his allies must be that the Trump administration will prove less zealous.¹²

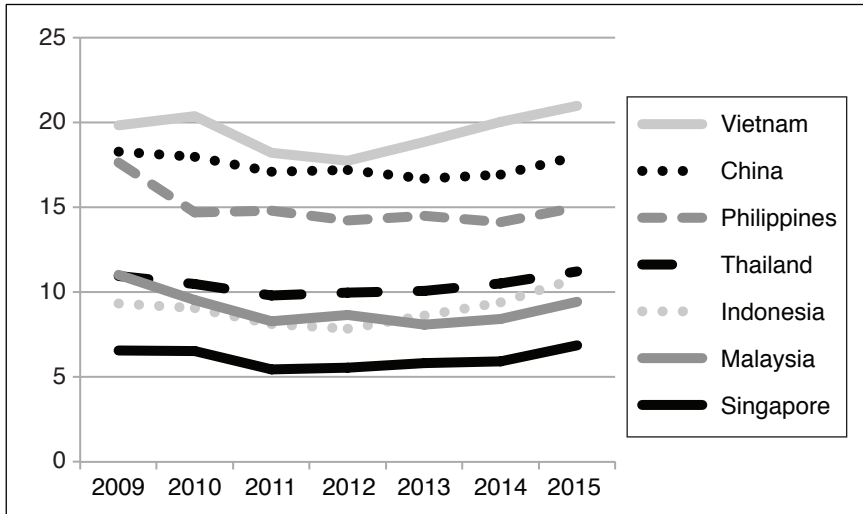
Trump's personal style of combative, scandalous rhetoric and habit of late night public policymaking through social media is certainly not widespread among Southeast Asian political leaders. However, it resonates most obviously with that of President Duterte and is surprisingly similar to Cambodian Prime Minister Hun Sen's social media activity, which has seen him described as using Facebook "as a tool to legislate policy, propagandise his party and imprison opposition parliamentarians".¹³

The conflicts of interest that surround the Trump administration provide another area of convergence and comfort. Trump's personal business interests and ties create unprecedented conflicts of interest for a US president, and his team includes a large number of wealthy investors and business executives whose personal business connections look set to colour US policy. This blurring of public and private roles, however, will be familiar across Southeast Asia. Indonesian President Joko Widodo seized upon these connections as a positive feature of the new US administration, reporting of his conversation with the new president that: "Donald Trump said 'my friends are many in Indonesia and I have businesses in Indonesia.' He said this."¹⁴ Trump's business connections in Indonesia include plans for resorts with businessman-cum-politician Hary Tanoesdibjo, who was reported as meeting Trump's sons in New York before flying to watch the President's inauguration in Washington on 20 January 2017.¹⁵ In the Philippines, Duterte has appointed a Trump business partner and "builder of Manila's own Trump Tower" as a trade envoy to the United States.¹⁶

In contrast to the scope for personal business deal-making, the economics of a Trump presidency are likely to prove more disturbing, threatening to disrupt the economic growth that has been vital for regime security in Southeast Asia. The region's ruling elites have long relied on economic resources to remain in power, either through the distribution of patronage or through more broadly-based strategies of achieving regime legitimacy through growth. From this perspective, the Trump administration is more of a potential concern, with negative repercussions coming through a variety of channels.

Trade is one channel by which the Trump administration's policies will affect economic growth in Southeast Asia. The main trade effects will be indirect. Although Trump's threat to the multilateral, rules-based global trading order is real, the costs to the United States from an across-the-board retreat from trade are likely to deter truly drastic action, and no Southeast Asian country has been singled out for retaliation by the new president. Southeast Asia's direct exposure to the United States in terms of exports is significant, but as shown in Figure 1, America accounts for between less than 7 per cent of exports in the case of Singapore to, at the upper level, nearly 21 per cent in the case of Vietnam.

Figure 1
Exports to the US as Percentage of Total Exports



Source: IMF, *Direction of Trade Statistics* 2016.

As shown in Figure 2, Southeast Asian countries rely far more on exports to the rest of Asia than they do on exports to the United States. However, China plays a critical role in sustaining intra-regional trade and growth, and it remains very exposed to the US export market, which continues to account for a greater proportion of China's exports than the rest of developing Asia. Any move by the United States to restrict trade with China therefore threatens to have major repercussions for the rest of Asia.¹⁷

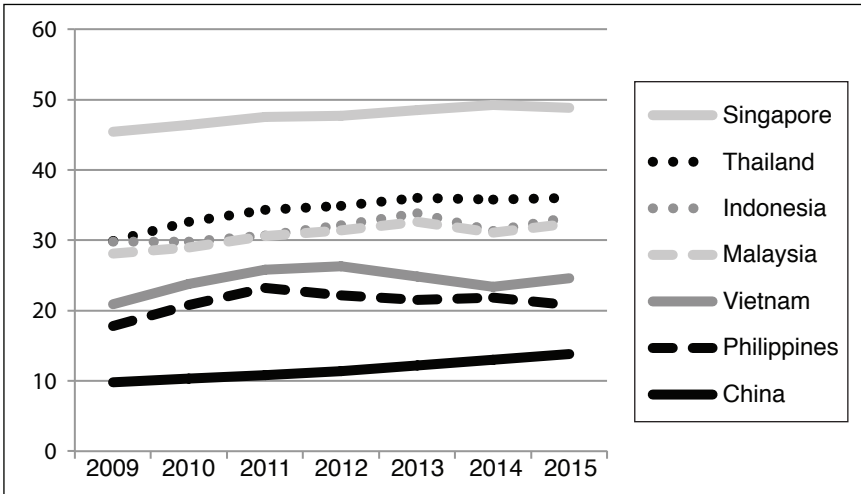
The region will also be affected if US businesses reduce outward investment in manufacturing and business process outsourcing in the region, although here again dependence on America is much lower than it used to be for most regional countries. For the most recent year in which comparable figures are available, the United States was an important investor in Southeast Asia, but not the most important source of foreign direct investment for any country in the region, as shown in Figure 3.

Finally Southeast Asia is vulnerable to any significant rise in US interest rates, which may occur if Trump's advocacy of reduced taxation and infrastructure spending translates into wider US fiscal deficits. The region has absorbed large-scale inflows of finance due to sustained "quantitative easing" policies in the United States and Europe since 2008, creating an increased susceptibility to reversals that could be triggered by rising US interest rates.

For the time being, most Southeast Asian political leaders appear to view the long-term economic fallout from the Trump administration as a relatively distant concern. Any negative effects remain in the future, and many leaders look increasingly to China as a source of economic patronage. Certainly, China is making large investment promises in many countries, including Malaysia and Indonesia, which have traditionally been oriented much more towards the United States. China is now the third largest investor in Indonesia in terms of annual inflows of direct investment,¹⁸ and is expected to expand further given President Widodo's ongoing preoccupation with domestic infrastructural development. Malaysia has turned to China to secure a bailout for the scandal-hit state-owned investment firm, 1MDB, as well as welcoming other very large Chinese investments into Malaysia,¹⁹ most notably evident from the sheer size of trade and investment pacts signed during Najib's visit to China in late 2016 as well as the China-backed mega Forest City project in the state of Johor.

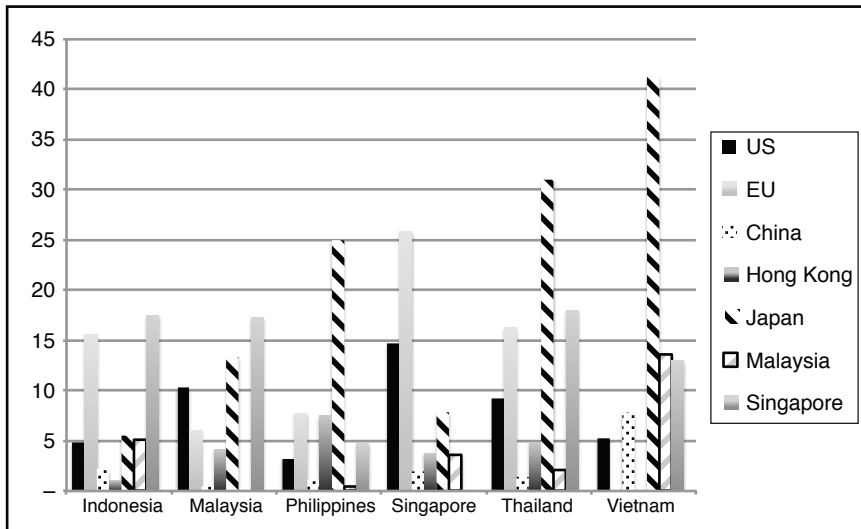
China bolstered its image by emerging as a champion of economic openness at the annual meeting of world economic leaders in

Figure 2
Exports to Developing Asia as Percentage of Total Exports



Source: IMF, *Direction of Trade Statistics 2016*.

Figure 3
FDI Stock by Source Country, Percentage Total Inward FDI, 2012



Source: UNCTAD, *Bilateral FDI Statistics*, available at <<http://unctad.org/en/Pages/DIAE/FDI%20Statistics/FDI-Statistics-Bilateral.aspx>>.

Davos in January 2017. Nonetheless, it is not clear that China will be either willing or able to sustain a role as the prime source of economic support in Asia. Its patronage is important, but its market size remains much smaller than America's. Thus although China has put forward ambitious proposals for a new regional order that will not be tied to the United States, structurally it is not yet in a position to replace America as the ultimate market of first and last resort. For governments in Southeast Asia, however, the prospect of a reduction in long-term growth lies in the future. It is therefore of lower priority than dealing with immediate political challenges to regime survival and security.

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President Trump and the Implications for the Australia–US Alliance and Australia’s Role in Southeast Asia

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The accession of Donald Trump to the US presidency has triggered serious discussion within Australia’s policy community over the future of Australia–US security relations and Australia’s role in Southeast Asia. During his first days in office, President Trump pulled out of the Trans-Pacific Partnership (TPP) trade deal, an integral part of his predecessor’s “pivot strategy” towards Asia and an initiative strongly supported by the Australian government. The United States’ withdrawal from the TPP has led various Australian commentators to question Washington’s commitment to maintain a viable economic and strategic presence in the Asia Pacific.¹ Such uncertainty is aggravated by Canberra’s growing disquiet over intensified tensions between China and the United States in the South China Sea. President Trump’s posture of challenging Chinese sovereign control over its man-made islands in the South China Sea has increased Australian concerns that it could soon face the nightmare of being compelled to “choose” between its largest trading partner — China —

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and its long-term security ally — the United States — if the two Great Powers were to clash militarily in Southeast Asia's critical maritime littorals.²

ASEAN Fragility and Australia's Concerns

Shortly after Trump's election victory, former Australian Prime Minister Paul Keating called for Australia to "cut the tag" of unmitigated support for US foreign policies and recognize that "our future is basically in the region around us, in Southeast Asia".³ Since its inception in 2011, successive Australian governments had extended unqualified backing to the Barack Obama administration's "pivot strategy" which was largely designed to reassure members of the Association of Southeast Asian Nations (ASEAN) that Washington was committed to playing a vigorous and sustained strategic and economic role in Southeast Asia in the face of China's rising power.⁴ Trump's decision to withdraw America from the TPP undercut Australia's commitment to regional order-building by pursuing multilateral free trade arrangements and promoting an "inclusive" approach to shaping future rules for security conduct in Asia. Comments by Trump's nominee for US Secretary of State, Rex Tillerson, during his confirmation testimony before the US Senate Foreign Relations Committee — that the new administration would reserve the prerogative to resort to military force to oppose Chinese territorial claims and would ask US regional allies to provide "backup" for any such military operation — exacerbated Australian uncertainties about future US policy directions. Australian Foreign Minister Julie Bishop reiterated that her government's position would remain consistent: the South China Sea dispute should be settled by international law. For the Australian government to respond to such "hypothetical situations" prematurely, Bishop noted, would not be appropriate.⁵ However, Keating and other Australian critics warned that any such US action would be tantamount to initiating a Sino-American war that would disrupt Australia's vital sea lines of communication (SLOCs), devastate its economy, and render global security null and void. Australia, he insisted, should tell the Trump administration from the "get-go" that it would not be a part of such "adventurism".⁶

ASEAN's brittleness in the absence of a regionally engaged United States ranks as perhaps Australia's most fundamental concern about Southeast Asia. As ASEAN's self-appointed "locomotive", Indonesia's willingness to push back against China's maritime

expansion southwards — in conjunction with China’s territorial claims embodied in the so-called “nine-dash line” — is viewed by Australian policy planners as increasingly critical. While Indonesia is not formally involved in the South China Sea dispute, and its control of the geographically critical Natuna Islands has not been formally challenged by Beijing, some Chinese maps have demarcated Indonesia’s 200 nautical miles exclusive economic zone (EEZ) as being partly inside the nine-dash line. In March 2013, an Indonesian patrol boat faced off against Chinese coastguard units that intervened when the former attempted unsuccessfully to capture Chinese fishermen operating illegally in Indonesia’s EEZ.⁷ Similar incidents subsequently occurred to the extent that by the end of 2016, Australian and Indonesian foreign and defence ministers were considering bilateral naval exercises in the South China Sea near the Natunas.⁸ In fact, extensive US–Indonesian joint exercises had already been stepped up as part of Obama’s pivot strategy without designating a specific threat against which such manoeuvres were directed.⁹ The combination of a Trump presidency with its seemingly erratic Asian foreign policy and a decision by a key Indonesian general to “temporarily suspend” various aspects of its defence relations with Australia (due to the misspelling of *Pancasila*, the founding philosophy of the Indonesian state, in an Australian military educational text) underscored the fragile nature of US–Australian–Indonesian defence relationship.¹⁰ The absence of unmitigated US guarantees to remain involved in Southeast Asia reinforces Australian concerns about other large powers (i.e., China) employing divide and rule tactics against key ASEAN members.

Australia is also concerned over the reorientation of the Philippines from traditionally being a stalwart US ally towards gravitating into China’s orbit under President Rodrigo Duterte. Duterte and Trump, however, appear to have developed an initially positive chemistry, with the new US president having reportedly endorsed his Philippine counterpart’s ruthless war on drugs and downplaying previous US concerns about human rights abuses in that campaign.¹¹ Australia continues to sustain low-key participation in military training in the Philippines as reflected by the *Balikatan* counter-terrorism exercises and two annual bilateral exercises (one in each country) focusing purely on special forces operations and counterterrorism.¹² However, prospects for Canberra and Manila entertaining a common frame of security reference are distant as Duterte cultivates an increasingly independent foreign and strategic posture vis-à-vis the United States and its other Asian allies.¹³

During the Trump presidency, Australia is likely to adopt a form of “hedging strategy” towards Southeast Asia that resembles what ASEAN members have been pursuing relative to the United States and China for many years. Trump’s decision to withdraw from the TPP will likely prompt Australia to affiliate more intensively with the ASEAN-led and China-backed Regional Comprehensive Economic Partnership (RCEP) once it is clear that salvaging a “TPP light” without US participation is impractical. Canberra is also likely to orchestrate a more even-handed posture towards integrating bilateral and multilateral economic and security relations with specific ASEAN members than previously. It will also be careful to ensure that any such relationships do not lead to an unintended severance of alliance relations with Washington but will generate a more independent and distinctly “Australian” foreign policy towards its ASEAN neighbours. Malcolm Turnbull’s government will be sensitive to avoiding the impression that it is a compliant “deputy sheriff” to the Trump administration’s regional and global interests in a way that resembles former Australian Prime Minister John Howard’s perceived policy deference to President George W. Bush’s foreign policy over a decade ago.¹⁴ In fact, Turnbull’s government is already moving to upgrade its own leadership role. While still encouraging the United States to retain a substantial diplomatic, economic and strategic presence in Southeast Asia, it has offered to independently host an ASEAN leaders’ summit during that organization’s fiftieth anniversary, and has moved towards more autonomous security ties with other US bilateral allies and partners such as Singapore, South Korea, and, most importantly, Japan.¹⁵

ASEAN and a More Active Japanese “Spoke”

As leader of the country whose security is most directly tied to the United States’ post-war “hub and spokes” regional alliance network in the Asia-Pacific region, Japanese Prime Minister Shinzo Abe moved rapidly to meet with President-elect Trump soon after the US presidential election. Although publicly expressing confidence that the US-extended deterrence guarantee would continue despite Trump’s campaign rhetoric insisting that Japan must “pay more” to sustain it, Abe has already moved independently to forge stronger ties with Australia and other regional maritime powers such as Indonesia in an effort to counterbalance what his own government views as increasingly aggressive Chinese behaviour in the East and South China.¹⁶ During a visit to Indonesia in January 2017, Abe

proposed to Indonesian President Joko Widodo a joint pursuit of a “Free and Open Indo-Pacific Strategy” to counter China’s “One Belt, One Road” (OBOR) initiative.¹⁷ Widodo deflected Abe’s suggestion, however, by noting that Japan should become more active within the already established Indian Ocean Rim Association (IORA) and underscoring ASEAN’s own determination not to become embroiled in any intensified Sino–Japanese geopolitical competition which could materialize in Southeast Asia. For similar reasons, it is unlikely that either Australia or India would now wish revive or support Abe’s 2006–7 “Quadrilateral Security Dialogue” initiative (involving Australia, India, Japan and the United States) and risk alienating China in the absence of the Trump administration offering a more concrete regional security posture.¹⁸

Initial uncertainty about the Trump administration’s long-term strategic tensions, underwritten by his “America First” geopolitical philosophy, and the ambiguous nature of a future US strategic presence in Southeast Asia’s key SLOCs and littorals, has led to speculation by respected independent security analysts that Abe could be instrumental in revising Japan’s regional security posture in ways designed to allow his country to play a more central role in regional security architectures. As Ian Storey and Malcolm Cook have surmised, various ASEAN countries could be pushed “to strengthen security cooperation with other potential security providers, especially Japan and Australia – and perhaps even India” as an alternative to succumbing to a rising China’s interests and preferences.¹⁹ The traditional “spokes” in the US “hub and spokes” alliance network may become more “US-resistant” to agendas and regional power balancing strategies that would comply with Trump’s expectations that US security allies and partners “do more” in both financing and implementing security agendas in their own neighbourhoods.

Conclusion

Australia’s burgeoning debate about the future of its American security ties relative to regional structural change in Asia — a discussion on the apparent “Trump revolution” unfolding in US post-war strategic thinking regarding future American strategic engagement within Eurasia and globally — will affect ASEAN’s security thinking and behaviour. The outcome of that debate will be shaped by how Australia adjusts to the prospect of sharpening Sino–American security dilemmas and trade tensions, how adroitly it

relates to a Japan preoccupied with reconstituting its now increasingly critical strategic identity in a region still sceptical of Tokyo's policy motives and historical self-perceptions and, most importantly, how perceptive Canberra proves to be in relating to growing American populism and US preoccupations with its own domestic challenges. Australia may find that it is no longer enough to bandwagon with its traditional post-war "great and powerful [American] friend" as the ultimate insurance in future regional crises and conflicts. Australia must evaluate its relationships to core Asian powers in their separate efforts to shape a new regional order given a potential Trump-driven regional security approach inimical to Australia's interests.

Most Australian policymakers and a substantial segment of the greater Australian body politic understand that this harsh reality is closing in on their country. Indeed, historical change is more powerful than any tradition, no matter how robust or appealing that history might be. Most evident is that Australia and ASEAN share a stake in confronting and managing their common destiny of operating in a world where the "American factor" will be diluted or dangerous in the Asia Pacific as promulgated and implemented by a new president that entertains priorities that could be substantially different from those that buttressed post-war US geopolitics. How sensitive and how nimble Australian and ASEAN elites prove to be in calibrating this potential change, and overcoming its capacity to intensify their own countries' diplomatic, economic and strategic liabilities, will largely determine the relative impact of the Trump administration's strategic behaviour in their region. Australia must now be a catalyst for alliance initiatives — a change which is an opportunity but also a risk given middle power resource constraints and its perceived faux-Asia credentials.

NOTES

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The Trump Presidency and Indonesia: Challenges and Opportunities

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Donald Trump's electoral victory on 8 November 2016 came as something of a shock to the people of Indonesia. Once the news had sunk in, predictions on what Trump's victory meant for Indonesia could be divided into three scenarios: Trump could carry out his campaign promises; he could abandon those promises; or he could adjust his alarming rhetoric and adopt a more reassuring tone. Within a couple of weeks of being inaugurated as the 45th President of the United States on 20 January 2017, the international community, including Indonesians discovered that the new US President not only continued to speak in an alarming manner, but also that he intended to make good on his campaign promise to "Make America Great Again".

Among the new president's policies, two are likely to have a substantial impact on Indonesia and Southeast Asian countries: the first is America's withdrawal from the multilateral trade agreement, the Trans-Pacific Partnership (TPP); and the second, restricting travel into the United States to citizens from seven Muslim majority countries in what has been described as a Muslim ban. The latter

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has created opposition in the United States and other countries. In Indonesia, the ban has been discussed vigorously in the mass and social media. In addition, there has been at least one demonstration in front of the US Embassy in Jakarta by Indonesian youths who protested Trump's policy as it would affect around 14,000 refugees and asylum seekers currently residing in Indonesia.¹

Since achieving independence on 17 August 1945, Indonesia has always followed closely the US presidential election cycle, largely because, of course, the United States is the world's largest economy and strongest military power. As with most other countries, successive Indonesian governments have attempted to adjust their expectations with every new US administration. Trump's presidency is particularly important because its inauguration comes at a time when Indonesia and other Southeast Asian countries are being buffeted by growing competition between the United States and China, and a rise in domestic political, if not (overly) nationalistic, sentiments. Amid this uncertainty, this article discusses some of the salient implications of the Trump presidency for Southeast Asia's largest country, Indonesia. Based on cues and assumptions, it puts forward the proposition that Trump's presidency has generated not only challenges, but also important opportunities for Indonesia. This proposition is developed in two stages: Indonesians' responses to Trump's rise; and the potential impacts of his presidency on Indonesian society, economy and foreign policy.

Divided Elites' Responses

Trump's astonishing victory over Hillary Clinton generated anxieties in Indonesia because of the former's virulent campaign rhetoric. A survey conducted in Indonesia in early November 2016 revealed that only 10 per cent of 500 respondents welcomed Trump's victory because of his hostile campaign, especially against Muslims.² Upon Trump's triumph, discussions on the possible implications of his presidency often ended with worrying and alarming conclusions. Nevertheless, the country's political leaders expressed cautious optimism, opining that US–Indonesia relations could grow, so long as both sides aimed to achieve mutually beneficial outcomes.³ Indeed, a senior minister in President Joko “Jokowi” Widodo's cabinet, Luhut Pandjaitan, appeared to be quite optimistic about a Trump presidency, remarking in an opinion piece a couple of days prior to Trump's inauguration that “Indonesia may have a Trump card in the new America”.⁴

A small group from Indonesia's elite actually celebrated Trump's victory. They were predominantly from the business community, and had links to President Trump through his business dealings in Indonesia. Some of these businessmen are also active in politics, and have the financial resources to own media outlets — both are indispensable to acquiring influence in national politics. For them, Trumps' victory meant privileged access to the leader of the world's only remaining superpower, and the prestige and additional power and wealth a Trump presidency might generate for them in the context of Indonesian politics. One of Trump's Indonesian business partners even told the press that Trump's victory had inspired him to run in the next presidential election in Indonesia, scheduled for 2019.⁵ While his statement may well have been due to over-exuberance, it also revealed the new-found confidence of politically-minded businessmen in Indonesia who have close connections with Trump, and, in a broader sense by way of implication, signifying the growing phenomenon of business connections to both national and international politics vis-à-vis Indonesia.⁶

Trump's Travel Restrictions and Indonesian Muslims

President Trump's executive order of 25 January 2017 — which restricted travel into America from seven Muslim countries — is perhaps his most controversial policy so far. As with people from other countries who have rallied against the policy, Indonesians also do not accept Trump's argument that the travel restrictions will make the United States safer from the threat posed by terrorists. For many Indonesians, be they Muslim or non-Muslim, the policy is a worrying sign of the Trump administration's discriminatory predispositions which may well underpin the conduct of US foreign policy over the next four years.

Despite being the world's most populous Muslim country, Indonesian Muslims are not homogenous, and Trump's travel ban elicited differing responses from different groups. For "moderate" Muslims such as those belonging to the two largest non-governmental Islamic organizations, Nahdlatul Ulama and Muhammadiyah,⁷ the initiative has aroused concern that America's immigration policy is based on religion and that it might exacerbate tensions between the West and Islam, as well as undermine America's own core values of equality and freedom as enshrined in the country's constitution. Needless to say, they are disappointed that Trump has chosen to propagandize the falsehood of a direct link between threats to US

security and the global community of Muslims known as the Ummah. For the more “radical” Muslims in Indonesia, such as those involved with the Islamic Defenders Front (FPI),⁸ the discriminative immigration ban is perceived as yet further evidence of Trump’s anti-Islamic bigotry. The ban will almost certainly reinforce their hardline beliefs that Western countries are the enemy of Islam.⁹ But regardless of whether the responses were from the “moderates” or “radicals”, the travel restrictions are likely to evoke Indonesian Muslims to call on the Jokowi administration to limit Indonesia’s expectations of and cooperation with the United States.

Although Indonesia is not among the seven countries included in the ban, its future inclusion cannot be ruled out given president Trump’s preoccupation with the threat posed by the so-called Islamic State or ISIS. Trump is unlikely to appreciate the fact that Indonesia has itself been a victim of terrorism numerous times in the past, and that the struggle against terrorism takes place on a daily basis. As Trump appears to favour a more inward-looking foreign policy, US counter-terrorism aid to Indonesia could be curtailed, and this would have a negative impact on the country’s internal security. However, if the Trump administration believes that Indonesia could serve as a useful ally in the fight against ISIS, the reverse could take place: Washington’s counter-terrorism aid to Jakarta may well increase exponentially.

America’s Withdrawal from the TPP

During the presidential election campaign, Trump proffered a number of strategies that he believed would protect America’s core economic interests in an era of globalization. Included among them was his intention to withdraw the United States from the TPP, which he subsequently did within days of taking office. Trump’s rejection of the TPP has aroused fears of US protectionism, not only in Asia but also across the world.

The issue of Indonesia as a potential member of TPP had divided opinion within the country. While some Indonesians had argued that membership could enhance the country’s trade prospects, others were concerned about the country’s lack of competitiveness with other TPP members and the attendant negative impacts of trade liberalization on the domestic political economy. With the world’s largest economy having now withdrawn from the TPP, the multilateral trade pact has become much less attractive for Indonesia. Indeed some view it as a blessing in disguise because Indonesia will not now

have to liberalize its economy in order to gain trading opportunities with the other TPP members. Indeed, America's withdrawal from the TPP might even be of benefit to Indonesia as its exports to the United States will face the same tariffs as products and raw materials from TPP members Vietnam and Malaysia.¹⁰ With Trump in the White House — a businessman who sees himself as a deal maker — Indonesia might be better placed to negotiate a bilateral free trade agreement (FTA) with America rather than participate in a more onerous multilateral one.

Reversed-Pivot Policy?

Trump's seemingly inward-looking foreign policy has raised questions about the future of the US "pivot" to Asia and whether, in the face of a diminution of US power in the region, China will grow to become the region's paramount power. For nearly a decade, Indonesia and other Southeast Asian countries have tried to balance their relations with Washington and Beijing in order to ensure regional stability and prevent the region from becoming dominated by any single power.¹¹ Currently, it is extremely difficult to discern the future of Sino-US relations, and their impact on Southeast Asia due to the mixed messages emanating from the Trump administration, especially on China. As with other ASEAN members, Jakarta hopes that Trump's hawkish policies will not escalate tensions with China, especially in the South China Sea where, in and around the Natuna Islands, Indonesia has significant economic and strategic interests.

Should the United States reduce its security engagement with Southeast Asia, Indonesia anticipates three repercussions. First, China's influence in the region will expand unchecked and this will make any semblance of ASEAN unity all but impossible. As a result, regional resilience will be weakened. Second, it will be increasingly difficult for Indonesia to maintain a hedging strategy vis-à-vis China and the United States. As a strong opponent of regional domination by a single power, Indonesia may have to encourage other major powers to take on greater responsibility for providing regional security. Third, Indonesia can no longer rely on US support to achieve its maritime ambitions as delineated by President Jokowi in his geopolitical doctrine known as the "Global Maritime Fulcrum". Instead, Jokowi may well now be compelled to moderate expectations and rely more heavily on domestic sources of power to fulfil his maritime goals for Indonesia.

In sum, Trump's win has generally been met with disappointment and apprehension in Indonesia, although a small segment of the elite welcomed the new administration because of the anticipated "trickle-down" effect on Indonesian domestic politics. Thus far, the Trump presidency has not resulted in any significant impact on US–Indonesia relations, although the discriminative travel restrictions on seven Muslim countries have been, as expected, heavily criticized within Indonesia. Trump's withdrawal from the TPP has relieved some of the economic pressures on Indonesia as it now faces a level playing field with other Southeast Asian countries in accessing the US market, except perhaps Singapore which is the only Southeast Asian country that has an FTA with the United States. In the security realm, should the US "pivot" be reversed, this will provide new opportunities for China to expand its influence in Southeast Asia. This, in turn will compel Jakarta to adjust its hedging strategy as part of the country's longstanding *bebas dan aktif* (free and active) foreign policy doctrine by pursuing closer bilateral cooperation with its neighbouring countries and other major powers. Just as there are challenges, there are also opportunities; but at this juncture, the waters are murky in Indonesia's relations with the United States under a Trump presidency.

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