



United States Relations with the Association of Southeast Asian Nations (ASEAN)

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Summary

The Association of Southeast Asian Nations (ASEAN) is Southeast Asia's primary multilateral organization. Established in 1967, it has grown into one of the world's largest regional fora, representing a strategically important group of 10 nations that spans critical sea lanes and accounts for 5% of U.S. trade. This report discusses U.S. diplomatic, security, trade, and aid ties with ASEAN, analyzes major issues affecting Southeast Asian countries and U.S.-ASEAN relations, and examines ASEAN's relations with other regional powers. Much U.S. engagement with the region occurs at the bilateral level, but this report focuses on multilateral diplomacy.

The United States has deep-seated ties in Southeast Asia, and it has viewed ASEAN as a useful organization since its inception during the Cold War. Today, U.S. policy toward ASEAN and Southeast Asia is cast against the backdrop of great power rivalry in East Asia, and particularly China's emergence as an active diplomatic actor in its geographic backyard. Some worry that the United States, preoccupied with other priorities, has been neglectful of ASEAN and of Asian multilateral diplomacy in recent years. The Obama Administration has expressed an intent to work more closely with multilateral organizations, particularly ASEAN. A number of steps in this direction include Secretary of State Hillary Clinton's visit to the ASEAN Secretariat in Jakarta in February 2009, the U.S. accession to ASEAN's Treaty of Amity and Cooperation (TAC) in July 2009, and President Obama's attendance at the ASEAN leaders meeting in November 2009.

Congress has frequently played an important role in shaping U.S. diplomatic, security, and economic relations with Southeast Asia and ASEAN. Major U.S. and congressional interests in Southeast Asia include maritime security, the promotion of democracy and human rights, the encouragement of liberal trade and investment regimes, counterterrorism, combating narcotics trafficking, environmental preservation, and many others. In October 2009, Senator Richard Lugar introduced S.Res. 311, calling for the start of discussions on a free trade agreement with ASEAN. In August 2009, Senator Jim Webb visited five countries in mainland Southeast Asia and was the first Member of Congress in 10 years to visit Burma.

The United States exerts a strong military and economic presence in Southeast Asia, and through diplomacy it seeks to remain a major power—perhaps the major power—in the region. ASEAN, however, has been active in recent years in exploring a variety of diplomatic architectures for East Asia and the Pacific. ASEAN is at the center of several broader security- and trade-related groupings in the Asia-Pacific region, through which it has aimed to maintain regional multipolarity or a balance of powers among itself and other states including the United States, China, and Japan. ASEAN is also the nexus for discussion of regional economic integration. ASEAN has launched an internal free trade accord, the ASEAN Free Trade Agreement (AFTA), which will go into full effect in 2015. ASEAN has also concluded FTAs with many external trade partners, though not with the United States. ASEAN has also been exploring ways to advance the ultimate creation of a broader European Union-like East Asia Community. Some within the group—but not all—support the inclusion of the United States in such a community.

Human rights conditions, particularly in some ASEAN members such as Burma, have long been a source of friction between the organization and the United States. ASEAN's new Charter, enacted in 2007, attempts to bring more pressure to bear upon recalcitrant member states. However, ASEAN still operates on principles of consensus and non-interference in the internal affairs of its members, so it remains unclear how active an actor it will be in this area.

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Overview: U.S. Interests Toward ASEAN

The Association of Southeast Asian Nations (ASEAN) is Southeast Asia's primary multilateral organization, a 10-member grouping of nations with a combined population of 580 million and an annual gross domestic product (GDP) of around \$1.5 trillion. Established in 1967 to foster regional dialogue during the turbulent post-colonial, Cold War period, it has grown into one of the world's largest regional fora, representing a strategically and economically important region that spans some of the world's most critical sea lanes and accounted for around 5% of the United States' total trade in 2008.¹

The Obama Administration is pursuing a policy of expanding and upgrading U.S. relations with Southeast Asia, and with ASEAN itself. Although the Bush Administration took steps to develop ties with the region, it was widely perceived among members of ASEAN as narrowly focused on terrorism, neglectful of other issues, and not sufficiently committed to multilateral dialogue. By contrast, the Obama Administration has explicitly expressed an intent to pay greater attention to Southeast Asia, listen more carefully to regional concerns, and work with multilateral organizations, particularly ASEAN, to cooperate on issues of mutual interest.

The United States has deep-seated interests in Southeast Asia, such as maritime security, the promotion of democracy and human rights, the encouragement of liberal trade and investment regimes, counterterrorism, the combating of illegal trafficking of narcotics and human trafficking, and many others. As China has deepened its economic and cultural ties in Southeast Asia, and even taken some steps to build security ties, some analysts believe the region has also become an important site of "soft power" rivalry, in which the long-standing leadership role of the United States could be challenged by a rising China. Other external powers also have shown renewed or greater interest in the region, including Japan, the EU, and India.

Engagement with ASEAN has presented the United States with an important foreign policy dilemma. Despite considerable U.S. security, economic, and foreign assistance initiatives in the region, particularly at the bilateral level, in recent years a perception has developed among Southeast Asian elites that the United States has placed relatively little priority on ASEAN itself and has, thereby, demonstrated a lack of commitment to Southeast Asia as a whole. Southeast Asian diplomats frequently note that other nations, including China and Japan, have given ASEAN meetings a considerably higher diplomatic commitment than has the United States. Indeed, in some ASEAN countries, one of the largest irritants to *bilateral* relations with the United States is the fact that it is perceived as insufficiently engaged with the multilateral body of ASEAN.²

The United States has long had close bilateral relations with many of Southeast Asia's nations. Two ASEAN members, Thailand and the Philippines, are U.S. treaty allies, and a third, Singapore, is a close security partner. Indonesia and Malaysia have long had strong ties with Washington, and both are seen as important models of progressive governance and economic development in majority Muslim nations. In recent years, Vietnam has also become an

¹ ASEAN's 10 members are: Brunei Darussalem, Burma (Myanmar), Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

² U.S. Alliances and Emerging Partnerships in Southeast Asia: Out of the Shadows. Center for Strategic & International Studies. July 2009.

increasingly important voice in regional affairs, and the United States has moved to normalize and deepen ties with its one-time adversary.

Some feel that these strong sets of bilateral ties are sufficient to anchor the U.S. role in the region, arguing moreover that ASEAN's consensus-based decision-making makes it difficult for the organization to accomplish much, given its broad membership, which includes highly developed financial centers, vibrant developing-nation democracies, and impoverished military dictatorships.

Still, symbolic commitment is particularly important in a region that places a heavy emphasis on process and informal networking. Many observers argue that the United States needs to “show up” more frequently and at higher official levels, lest it lose influence in the region and risk being cut out of emerging Asian diplomatic and economic architectures. Recent actions by the Obama Administration suggest that it accepts this argument, at least on a symbolic level.

U.S. Policy Developments Toward the Region

The United States has been steadily expanding and deepening its relations with ASEAN since the middle of the decade. A common goal of both the Bush and the Obama Administrations appears to be to increase the multilateral dimension of U.S. policy in Southeast Asia, which traditionally has been organized along bilateral lines. However, many of the Bush Administration's initiatives—which included becoming the first country to appoint an ambassador to ASEAN, providing assistance to the ASEAN Secretariat to upgrade its capabilities, and launching the US-ASEAN Trade and Investment Framework Agreement (TIFA)—were undermined by a belief among Southeast Asian elites that the United States lacked a strong commitment to ASEAN and Southeast Asia.³ The piece of evidence cited most often by critics was former Secretary of State Condoleezza Rice's decision to not attend two of the four ASEAN Regional Forum (ARF) Foreign Ministerial meetings during her tenure. Considerable attention was focused on President Bush's decision to cancel the scheduled US-ASEAN Summit in September 2007 to focus on the security situation in Iraq. A number of countries have regular summits with ASEAN leaders, including China, Japan, South Korea, and India.

The Obama Administration has taken steps with ASEAN that some see as explicitly designed with symbolic diplomacy in mind. In February 2009, Secretary of State Hillary Clinton visited the ASEAN Secretariat in Jakarta, a first for a U.S. Secretary of State. In July 2009, during Clinton's second visit to Southeast Asia to participate in the ARF Foreign Ministerial in Thailand, the United States acceded to ASEAN's Treaty of Amity and Cooperation (TAC), which promotes the settlement of regional differences or disputes by peaceful means and is one of the organization's core documents.⁴

³ The 2008 appointment of a U.S. ambassador to ASEAN was in part prompted by congressional legislation. In the 109th Congress, the Senate passed by unanimous consent S. 2697 (Lugar), the United States Ambassador for ASEAN Affairs Act. More than twenty-five countries have since appointed an ambassador to ASEAN.

⁴ See CRS Report R40583, *U.S. Accession to the Association of Southeast Asian Nations' Treaty of Amity and Cooperation (TAC)*, by (name redacted), (name redacted), and (name redacted).

President Obama attended a first-ever U.S.-ASEAN leaders meeting on the sidelines of the November 2009 Asia-Pacific Economic Cooperation (APEC) forum summit in Singapore.⁵ In a joint statement, the leaders pledged continued or enhanced dialogue and cooperation in many areas, including engagement with the government of Burma (Myanmar), human rights, trade, regional security, nuclear non-proliferation and disarmament, counterterrorism, energy, climate change, educational exchanges, and support for the Lower Mekong Basin countries (Cambodia, Laos, and Vietnam). They agreed to hold a second meeting in 2010.⁶

The Obama Administration has taken other potentially noteworthy steps. Divergent U.S. and ASEAN approaches to Burma have also been an irritant to U.S.-ASEAN relations since Burma became a member of the organization in 1997. The United States has pursued a policy of diplomatically shunning the Burmese military regime and imposing stringent economic sanctions against the country—creating difficulties in engaging both politically and economically with a grouping that includes it. In the fall of 2009, the State Department announced a new Burma policy, in which the United States would hold dialogues with the Burmese leadership while still maintaining U.S. sanctions. This move, which brings Washington closer to ASEAN policy, could help to improve U.S.-ASEAN ties.

Additionally, on the sidelines of the July 2009 ARF meeting, Secretary Clinton met with the foreign ministers of the lower Mekong countries, excluding Burma (i.e., Vietnam, Cambodia, Laos, and Thailand), in the first-ever U.S.-Lower Mekong Ministerial Meeting. The ministers issued a joint statement outlining the wide-ranging areas of discussion, which included responses to climate change, fighting infectious disease, and education policy.⁷ President Obama plans to visit Indonesia and Australia in March 2010. His talks with Indonesian President Yudhoyono will likely focus on trade and security ties as well as raise the profile of the region's largest and arguably most democratic nation.⁸

Taken together, the message of the Administration's symbolic and substantive moves appears to be that the United States intends to engage with ASEAN and Southeast Asian countries at a higher level, and do so more persistently. There remain questions about how far this change in approach will persist, particularly as it raises expectations in Southeast Asia. For instance, will the U.S.-ASEAN leaders' meeting be regularized, as many Southeast Asian leaders hope? On the other hand, by raising the profile of U.S.-ASEAN ties, the United States likely will place new pressures on ASEAN to increase its own utility in resolving regional crises and addressing security and economic issues in a more concerted manner, lest a more activist United States eventually bypass it.

⁵ In the last years of the Bush Administration, there were plans to follow up on the meeting with a first-ever ASEAN-U.S. summit. However, these plans did not come to fruition.

⁶ "Joint Statement—1st ASEAN-U.S. Leaders' Meeting," Singapore, November 15, 2009, <http://www.aseansec.org/24020.htm>.

⁷ State Department Press Release, "Joint Press Statement of the U.S.-Lower Mekong Ministerial Meeting," July 23, 2009.

⁸ Lex Rieffel, "President Obama's Visit to Indonesia: Putting the Country on the Map," Brookings Institution, March 10, 2010.

ASEAN: Formation and Institutions

The Association of Southeast Asian Nations was founded on August 8, 1967, with the adoption of the ASEAN Declaration in Bangkok, Thailand. Originally, the association had five members—Indonesia, Malaysia, Philippines, Singapore, and Thailand—and expanded to its current 10 members during the 1980s and 1990s with the addition of Brunei Darussalam, Vietnam, Laos, Burma, and Cambodia. Colonial experiences led to a strong desire by the original members to prevent the domination of the region by any single power. Furthermore, the formation of the organization reflected an attempt to forge independent foreign policies in the context of Cold War pressures. As stated in the ASEAN Declaration, the association was created to achieve joint goals including those related to economic growth; regional peace and security; collaboration and mutual assistance in a number of development areas; trade promotion; and linkages with other regional organizations.

On February 24, 1976, ASEAN created the ASEAN Secretariat, located in Jakarta, Indonesia, an administrative body consisting of representatives of each ASEAN member nation. The Secretariat is headed by a secretary-general, who serves a term of five years. Since its creation, the structure and the duties of the Secretariat have been changed on several occasions. As of 2009, the secretary-general's main responsibilities are to organize the annual foreign ministers' meeting; initiate, advise, coordinate, and implement ASEAN activities; serve as spokesman and representative of ASEAN on all matters; and oversee the operations of the ASEAN Secretariat.

ASEAN remains, to a large degree, an informal organization. The ASEAN Secretariat is lightly staffed, without the deep administrative resources and responsibilities of some multilateral organizations such as the European Union. Its current secretary-general is Surin Pitsuwan, a former Thai foreign minister, who has sought to institutionalize many of ASEAN's practices and has pushed the introduction of the ASEAN Charter.

Still, much of the diplomatic activity that occurs at meetings of ASEAN leaders and senior officials occurs on the sidelines rather than at the formal level. ASEAN has traditionally operated on principles of consensus and non-interference in the internal affairs of members, which has led to considerable difficulty in the group operating in formal concert. Many analysts note that ASEAN's expansion to include underdeveloped nations such as Laos, Cambodia, and Burma has created a wide range of interests within the group that make formal security and economic moves difficult to agree upon. Although ASEAN is starting to play a more active role in dealing with its members' differences—most notably over Burma's human rights record—much of what the group does is still done through informal channels.

ASEAN Charter

A new ASEAN Charter went into effect on December 15, 2007, superseding the ASEAN Declaration as the organizing document for the organization. The charter is effectively a constitution for ASEAN, committing the member nations to the formation of an "ASEAN Community in furtherance of peace, progress and prosperity of its peoples." Some aspects of the charter may signal a greater willingness to discuss and comment on the internal affairs of the organization's members. Such a potential institutional development may help the organization to deal with members such as Burma that have caused troublesome policy issues both within the region and with ASEAN's relations with outside states.

The new charter establishes a number of goals for ASEAN, including:

- Maintenance of peace, stability, and security in the region;
- Promotion of greater political, security, economic; and socio-cultural cooperation;
- Preservation of Southeast Asia as an area free of weapons of mass destruction, including nuclear weapons;
- Creation of a just, democratic, and harmonious environment in the region;
- Formation of a single market and production base in which there is free flow of goods, services, and investment, as well as facilitated movement of business persons, professionals, talents and labor, and the freer flow of capital;
- Alleviation of poverty and the narrowing of the development gap in the region; and
- Promotion of sustainable development so as to ensure the protection of the region's environment.

According to the new charter, there are to be two ASEAN summits each year, attended by the members' heads of state or their designated representatives. In addition, the foreign ministers of the ASEAN members are to meet at least twice a year. The ASEAN Charter also creates three Community Councils, dealing with political and security, economic, and socio-cultural issues, respectively, plus preserves the institutions of the ASEAN Secretary-General and the ASEAN Secretariat as the administrative bodies for the association. Article 14 of the charter calls for the establishment of an ASEAN human rights body, a new development for ASEAN, which has traditionally refrained from commenting on the human rights situation in member nations. The first meeting of the ASEAN human rights body—formally called the ASEAN Intergovernmental Commission on Human Rights (AICHR)—took place on October 23, 2009, in Cham-Am, Thailand, following an ASEAN summit.

ASEAN's Regional Significance

ASEAN is at the center of several other security- and trade-related groupings in the Asia-Pacific region. The ASEAN Regional Forum (ARF), established in 1994 with 26 Asian and Pacific states plus the European Union, was formed to facilitate dialogue on political and security matters in the region. The ASEAN + 3 (China, Japan, and South Korea) was created in 1997, partly as a response to the Asian financial crisis, and partly as a way to balance the northeast Asian powers in the security dialogue process with ASEAN. Created in 2005, the East Asia Summit (EAS) which, in addition to the ASEAN + 3 members, includes Australia, New Zealand, and India,⁹ represented an effort by some countries in the region, particularly Japan, to balance China's influence in the region through the inclusion of additional, non-East Asian powers.

More recently, the geopolitical discussion in Asia has turned to the issue of the formation of an EU-style association of Asian nations. While this discussion is in its early stages, there are already advocates for the creation of a pan-Asian entity—the East Asian Community (EAC)—

⁹ EAS is also referred to as "ASEAN + 6".

that would include closer economic and trade relations among its members, possibly even the creation of a single Asian currency.

At the same time, there has been a separate ongoing discussion about greater regional economic and trade integration in Asia taking place in various fora. The Asia-Pacific Economic Cooperation (APEC) forum was formed in 1989 with the express mission of accelerating regional economic integration and fostering greater trade and investment liberalization through a process known as “open regionalism.”¹⁰ ASEAN has also formed the core at periodic meetings of ASEAN + 3 and the EAS to consider ways and means of fostering closer economic and trade ties. For its own part, ASEAN has been pursuing ways to expedite closer economic ties amongst its 10 member nations with the goal of creating an ASEAN Economic Community.

Policy Issues

Security

While security concerns were downplayed in the original ASEAN Declaration, the importance of regional peace and security was a major purpose behind ASEAN’s formation.¹¹ ASEAN has sought to maximize its security interests by developing a set of norms for its members, and beyond that has increasingly relied on consensus building and discussion as the preferred means of conflict resolution. That said, all is not tranquil among ASEAN members or between ASEAN states and external powers. There continue to be bilateral tensions among ASEAN states, as recently demonstrated by the border clashes between Cambodia and Thailand near the 11th-century Preah Vihear Temple, and maritime disputes between Indonesia and Malaysia over the energy-rich Ambalat sea bloc in the Sulawesi Sea. Nevertheless, it does appear that ASEAN has played a key role in promoting a normative order that has minimized interstate conflict in Southeast Asia since the group’s formation during the Cold War.

Geopolitical Importance

ASEAN’s key strategic value emanates from its geographic position as well as its economic development. ASEAN is situated astride the key sea lanes that link the energy-rich Persian Gulf and the economic power centers of East Asia. Maintaining the free flow of goods and energy through the strategically vital Malacca, Sunda, and Lombok Straits is a key geostrategic interest for ASEAN members, as well as the United States, Japan, China, and South Korea. Energy reserves in and around the South China Sea, Indonesia, and Burma also give the region added strategic importance.¹²

¹⁰ For more about APEC’s history and objectives, see CRS Report R40495, *Asia Pacific Economic Cooperation (APEC) and the 2008 Meetings in Lima, Peru*, by (name redacted).

¹¹ Rodolfo Severino, “ASEAN,” Southeast Asia Background Series No. 10, *Institute of Southeast Asian Studies*, Singapore, 2008.

¹² As a region, ASEAN has an estimated 22 billion barrels of oil, 227 trillion cubic feet of natural gas, 46 billion tons of coal, 234 gigawatts of hydropower and 20 gigawatts of geothermal capacity “ASEAN Plan of Action for Energy Cooperation 2004-2009,” ASEAN Energy Ministers Meeting, June 9, 2004, Manila.

While ASEAN has been a key player in the creation of emerging economic and strategic architectures in Asia, such as the ASEAN + 3 and the East Asia Summit, it faces the increasingly challenging task of maintaining strategic balance and its pivotal role in this process. The emergence of China and India as great powers in an increasingly multi-polar world, and the continued engagement of the United States, present diplomatic challenges for ASEAN as it seeks to shape an international order that will promote peace and stability for the region.

The United States and ASEAN share a mutual interest in preventing conflict and maintaining the independence of regional states. ASEAN as an organization will likely seek to balance external actors in the region while seeking to avoid antagonizing great powers. America's military posture in Asia supports ASEAN's goal of ensuring that no hegemon can arise that could dominate the region.¹³ As such, America is generally a valued offshore balancer relative to the perceived rising influence of China, though some ASEAN members—Laos, Cambodia, and Burma, in particular—are relatively closer to China than others. China also acts as a balancer to American presence in the region.

While securing sea lanes of communication and trade that transit maritime Southeast Asia is of mutual importance among all interested states, there is the potential that increasingly intense competition for energy resources could lead to increased tensions. This could be the case should Chinese efforts to secure energy resources and routes entangle China and India in a security dilemma where “defensive” moves by one party are viewed as “offensive,” or threatening, by the other. This could also be the case should Chinese activity in Burma intensify. China is interested in developing an energy and trade corridor from Sittwe, Burma, to Kunming, China, which could be viewed as a means of lessening China's strategic vulnerability at the Strait of Malacca. Some in India are increasingly concerned that this move by China in Southeast Asia could be part of a larger strategy to encircle India.

South China Sea Disputes

Territorial disputes in the South China Sea have been at the center of some of ASEAN's most active security-related diplomacy in recent decades—but also serve as an illustration of the difficulty of marshaling the group's diverse membership to act in concert. For decades, the Paracel and Spratly Islands have been the site of regional competition for control of the South China Sea among ASEAN members and China, and between individual ASEAN members themselves. The source of competition over this region is the desire to extend sovereignty over sea beds by establishing claims to the islands and thereby control important fishing areas and what are thought to be rich energy reserves beneath the sea.

In the late 1990s and early 2000s, ASEAN's push for a Code of Conduct on the South China Sea to promote the norms of peaceful resolution of conflict—which resulted in the Declaration on the Conduct of Parties in the South China Sea signed by ASEAN's members and China in November 2002—can be viewed as one of the group's successes in acting in concert to promote common security interests of organization members. In 1992, following a series of incidents including China's sinking of three Vietnamese vessels near Fiery Cross Reef in the Paracels in 1988, ASEAN issued a declaration on the South China Sea, calling for a mutual code of conduct for nations navigating in the waters. This led to a decade of active diplomacy in which the

¹³ Sheldon Simon, “ASEAN and the New Regional Multilateralism,” in David Shambaugh and Michael Yahuda, *International Relations of Asia*, (New York: Rowman and Littlefield Publishers, 2008), p. 210-11.

organization's members largely held together to promote multilateral security in the area. By acting as a group, ASEAN states arguably have collectively more weight when dealing with any outside actor than they do when acting individually.

However, the continuation of flare-ups in these waters is also an illustration of the limits of ASEAN's ability or willingness to act in concert to deal with external powers. In recent years, continued Chinese disputes with Vietnam and the Philippines have been kept largely bilateral, with ASEAN as a grouping opting not to lend formal support to its members in their disputes with China. This has had an effect on U.S. interests. In 2008, for instance, China warned international oil firms, including ExxonMobil, against exploring for energy resources in blocks leased by the Vietnamese government.

Historical Context

Of ASEAN states, only Thailand was able to maintain a fair degree of political autonomy throughout the colonial period in Southeast Asia. The later colonial period witnessed the domination of Indo-China by France; Burma, Malaya, and Singapore by the United Kingdom; Indonesia by the Netherlands; and the Philippines by Spain and the United States. During World War II, the region came under the control of imperial Japan. These experiences led to a strong desire of ASEAN members to prevent their newly independent states from being dominated by any single power, as Japan did during WWII, and to preserve and expand their independence of action from external great powers.

ASEAN was formed through the Bangkok Declaration of 1967 at the height of the Cold War, when external powers were directly or indirectly militarily engaged in the region. ASEAN was created largely as a reaction to Cold War pressures on the region.¹⁴ At the time, the United States was deeply engaged in the war in Vietnam, and the ongoing global struggle between the West and the Soviet bloc was intense. Small Southeast Asian states also sought in part to bring Indonesia into a regional grouping as a way of curbing its previously demonstrated ability to threaten regional neighbors, as it did with Malaya under its policy of *Konfrontasi*, which included a guerilla war on Borneo from 1963 to 1966 against British, Australian, New Zealand, and Malay security forces.

While the Cold War is now history, ASEAN continues to be faced with the diplomatic, strategic and foreign policy challenges of how to deal with external great power actors in its region. Today, Soviet influence has faded and Chinese influence has expanded while the United States has sought to remain engaged in the region. ASEAN-China relations have become deeper, as China has engaged in a "charm offensive" since the late 1990s, seeking better diplomatic and trade relations with Southeast Asian states. The potential for larger Indian engagement with the region is also developing, as demonstrated by India's inclusion in the East Asia Summit.

External Security Ties

Some regional states continue to have outside bilateral or multilateral defense ties, some of which can be viewed as legacies of the colonial, post-WWII, and Cold War periods. These security

¹⁴ Donald Weatherbee, *International Relations in Southeast Asia: The Struggle for Autonomy* (New York: Rowman and Littlefield Publishers, 2009).

relationships include the Five Power Defense Agreement between the United Kingdom, Malaysia, Singapore, Australia, and New Zealand and the U.S. alliances with the Philippines and Thailand that were originally part of the San Francisco system formed in the early 1950s. In addition, Indonesia has moved on somewhat from its non-aligned position by developing bilateral security ties with Australia.

While there are some relatively low-level security concerns either between ASEAN states or at the sub-state level, as is the case with insurgents in Southern Thailand and the Southern Philippines, the largest threats to stability in the region as a whole emanate largely from outside the region and relate to the evolving correlates of power in Asia as a whole. It is for this reason that much of ASEAN's diplomatic activity and initiative has been focused at establishing a new Asian or trans-Pacific economic and strategic group that can seek to prevent or ameliorate conflict between the extra-regional powers that are active in the region, including the United States, China, Japan, South Korea, and India. For example, a conflict between China and the United States over Taiwan would likely have a devastating impact on regional trade and would place unwanted pressure on ASEAN states to pick sides.

The Emerging Security Agenda in Southeast Asia

The general trend in recent decades of re-conceptualizing security as more than simply the realm of cross border conflict between the armed forces of sovereign nation states, or internal counterinsurgency operations, is clearly evident in Southeast Asia. This is evident from the negative impact of terrorist groups active in the region, such as Jemaah Islamiya and Abu Sayyaf, as well as from the relatively high incidence of piracy in maritime Southeast Asia.

Jemaah Islamiya in Indonesia and Abu Sayyaf in the Philippines are two key terrorist groups that are a threat to Americans and Western interests in the region. Counterterrorism efforts by ASEAN states working with the United States and Australia have done much to hunt down regionally based terrorists. While the cultural heart of Islam is Mecca, the demographic heart of Islam is closer to Southeast Asia, as Indonesia has the world's largest Muslim population. Indonesia and Malaysia generally recognize a more tolerant and less fundamentalist form of Islam, which some argue could be a good starting point for increased engagement by the United States in the Muslim world.¹⁵

Contemporary security interests also encompass other sub-national and trans-regional levels of conflict in addition to interstate conflict. The conflicts that Indonesia has had in East Timor, Aceh, the Moluccas, and Papua, some of them still festering; ongoing insurgencies in Muslim areas of Thailand and the Philippines; and Burma's restive minority groups can be viewed in this context. ASEAN's reluctance to become involved in the internal affairs of its members has largely kept such issues from becoming the business of the group as a whole.

Concepts of human security have also brought many analysts of security dynamics in the region to increasingly focus on the negative impacts of environmental degradation and the impact that climate change may have on the region. The "haze" generated by the burning of forests after logging operations brought this to the attention of regional governments concerned over public health risks in 1997. The damming of the upper reaches of the Mekong in China has also raised

¹⁵ Walter Lohman, "Guidelines for U.S. Policy in Southeast Asia," *Heritage Foundation Backgrounder #2017*, March 20, 2007.

concerns over the long-term viability of that river system as a source of food for the region. Increased temperatures associated with climate change may undermine regional food production and cause sea level rise that would negatively impact low-lying coastal areas where many in the region live.

Piracy in Southeast Asia has been a relatively large problem as compared with other areas of the world, with the exception of the Gulf of Aden and the Arabian Sea in recent years. Human and narcotics trafficking and the plight of refugees in the region are other human security issues worthy of attention.

Trade and Trade Relations

ASEAN's Role in Global Trade

The ASEAN economies have become a major regional hub for globalized manufacturing. According to official ASEAN statistics, ASEAN's total merchandise trade exceeded \$1.7 trillion (see **Table 1**). A little more than one-quarter of its trade was between ASEAN members. Another third was with the European Union (EU-25), Japan, and the United States. Trade with China claimed about one-tenth of the association's merchandise trade. The rest of ASEAN's trade was distributed around the world.

Table 1. ASEAN's Trade with Selected Partners, 2008
(in US\$ billions)

Partner	Value			Share		
	Exports	Imports	Total Trade	Exports	Imports	Total Trade
ASEAN	242.498	215.617	458.114	27.6%	25.9%	26.8%
Japan	104.862	107.054	211.916	11.9%	12.9%	12.4%
EU-25	112.887	89.472	202.358	12.8%	10.8%	11.8%
China	85.558	107.114	192.672	9.7%	12.9%	11.3%
USA	101.129	79.911	181.039	11.5%	9.6%	10.6%
Rest of World	232.318	232.002	464.323	26.5%	27.9%	27.1%
Total	879.252	831.170	1,710.422	100.0%	100.0%	100.0%

Source: ASEAN's official database.

Note: Differences in row and column sums due to rounding.

In terms of the types of goods and commodities traded by ASEAN in 2008, three different groups far surpassed all other categories—electrical machinery, mineral fuels and oils, and mechanical appliances (see **Table 2**). Taken together, these items account for nearly 60% of ASEAN's exports and almost two-thirds of its imports.

Table 2. ASEAN's Top Three Trade Commodity Groups, 2008
(in US\$ billions)

		Commodity Group		
		Electrical Machinery	Mineral Fuels and Oils	Mechanical Appliances
Value	Exports	175.493	150.380	121.640
	Imports	166.070	146.519	118.461
	Total Trade	341.563	296.899	240.101
Share of Total ASEAN Trade	Exports	23.4%	20.0%	16.2%
	Imports	25.4%	22.4%	18.1%
	Total Trade	24.3%	21.1%	17.1%

Source: ASEAN's official database.

Note: Electrical Machinery includes all products under HS Chapter 85; Mineral Fuels and Oils includes HS Chapter 27; and Mechanical Appliances includes HS Chapter 84.

This pattern can be partially explained by ASEAN's role in the globalized manufacturing of electrical machinery and mechanical appliances. As described in a number of studies, the production of home appliances, computers, telecommunications equipment and other products that fall into these two categories has become a multi-country process, with components and parts being shipped between nations for final assembly in multiple competing countries. Much of ASEAN's intra-regional trade in intermediate goods ends up as components used in final assembly work done in China.¹⁶ While this multi-country assembly process is comparatively mobile and fluid, in recent years, the ASEAN nations—along with China—have become regionally integrated manufacturing hubs for selected products.

According to official U.S. trade statistics, ASEAN's trade with the United States—like with the rest of the world—is dominated by electrical machinery (HTS 85) and mechanical appliances (HTS 84) (see **Table 3**). Over 40% of U.S. imports from ASEAN and nearly half of U.S. exports to ASEAN are in these two categories. Knit and non-knit clothing (HTS 61 and 62), plus rubber and articles made of rubber (HTS 40) are also major products imported from ASEAN. Other top-five U.S. exports to ASEAN are aircraft (HTS 88); optical and scientific equipment (HTS 90); and mineral fuels and oils (HTS 27). U.S. trade statistics show a larger U.S. trade deficit with ASEAN than ASEAN's statistics.

¹⁶ Intra-ASEAN trade contributes indirectly to the U.S. bilateral trade deficit with China. As a result, ASEAN members are concerned about China-U.S. trade relations for their own economic reasons. In addition, any U.S. actions designed to reduce imports from China are likely to increase U.S. imports from ASEAN nations as manufacturers shift final assembly out of China and into Southeast Asia.

Table 3. Top Five U.S. Imports and Exports in ASEAN Trade
(in US\$ billions)

HTS Number	2008 Imports (CIF)		HTS Number	2008 Exports (FAS)	
	Value	Share		Value	Share
Electrical machinery (HTS 85)	25.406	22.1%	Electrical machinery (HTS 85)	20.439	30.0%
Mechanical appliances (HTS 84)	24.920	21.7%	Mechanical appliances (HTS 84)	12.869	18.9%
Knit clothing (HTS 61)	9.217	8.0%	Aircraft (HTS 88)	4.542	6.7%
Non-knit clothing (HTS 62)	7.055	6.2%	Optical and scientific equipment (HTS 90)	3.420	5.0%
Rubber (HTS 40)	5,051	4.4%	Mineral fuels and oils (HTS 27)	2.677	3.9%
Total	114.715		Total	68.1501	

Source: U.S. International Trade Commission.

ASEAN's Trade Relationships

Since the early 1990s, the ASEAN members have been gradually moving toward the creation of a free trade area encompassing the 10 members of the association. The ASEAN Free Trade Area (AFTA) is to be fully implemented in 2010 by six ASEAN countries and 2015 for the remaining signatories.¹⁷ Under AFTA's Common Effective Preferential Tariff (CEPT) Scheme, more than 99% of the product categories will have their intra-ASEAN tariff rates reduced to below 5%.¹⁸

In addition, the 10 ASEAN members have agreed to the goal of creating an ASEAN Economic Community (AEC) by 2015. During the ASEAN summit held in Cha-Am, Thailand on October 23-25, 2009, there was a recommitment to the 2015 goal for the creation of the AEC, as well as discussion of alternative ways of forming closer economic and trade ties with several Asian nations, including China, India, Japan, and South Korea.

ASEAN's efforts to create the AEC have been complemented by its interest in negotiating trade agreements with key Asian nations. The United States is the only major power in the region that has not agreed to some form of formal free trade agreement (FTA) with ASEAN. As of October 2009, ASEAN had concluded trade agreements with the following countries:

- *Australia and New Zealand*—On February 29, 2009, ASEAN, Australia, and New Zealand signed the ASEAN-Australia-New Zealand Free Trade Area (AANZTA) Agreement. The agreement commits the parties to the progressive reduction of tariff and non-tariff trade barriers.
- *China*—On November 5, 2002, ASEAN and China set the goal of establishing an ASEAN-China Free Trade Area (ACFTA) within 10 years. The two sides subsequently signed an Agreement on Trade in Goods in 2004, and an Agreement on Trade in Services was entered into force in 2007. Under ACTFA, ASEAN and

¹⁷ The six members who are to be party of AFTA in 2010 are: Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand; Burma, Cambodia, Laos, and Vietnam are to become parties in 2015.

¹⁸ Under AFTA's provisions, parties to the agreement can designate products for inclusion on the Highly Sensitive List (i.e., rice) and the General Exception List, and are excluded from the tariff reduction requirements.

China began reducing tariff lines on a range of goods on January 1, 2010. On the ASEAN side, Singapore, Malaysia, Indonesia, the Philippines, Thailand, and Brunei agreed to begin reductions in 2010, while Vietnam, Laos, Cambodia and Burma aren't expected to begin reductions until 2015. There has been early resistance within ASEAN to the tariff reductions, most sharply in Indonesia, where the government sought in January 2010 to postpone import tariff reductions on some 228 product lines, arguing that it needs to cushion domestic industries from Chinese competition.

- *India*—On August 13, 2009, ASEAN and India concluded an agreement on trade in goods that provides for the gradual reduction of tariff and non-tariff trade barriers, plus commits the parties to the establishment of an ASEAN-India Free Trade Area (AIFTA).
- *Japan*—In April 2008, ASEAN and Japan concluded negotiations for the creation of an ASEAN-Japan Free Trade Area (AJFTA).
- *South Korea*—On August 24, 2006, ASEAN and the Republic of Korea concluded the ASEAN-Korea Free Trade Agreement (AKFTA). The original document covered trade in goods. Since then ASEAN and South Korea have extended their trade arrangement to cover investment as well.

ASEAN has also held talks with the European Union (EU) about a possible free trade agreement, but progress has been slow and prospects are unclear.

Beyond its efforts to negotiate bilateral trade agreements with selected countries, ASEAN has also been actively promoting the creation of a larger, Asia-based free trade area. This possible regional economic association has been referred to by different names at different times, including the more recent East Asian Community (EAC). In some cases, the discussants have been limited to ASEAN + 3. In other cases, the group of nations has been expanded include the EAS (ASEAN + 6).

During the East Asia Summit held in Hua-Hin, Thailand, on October 25, 2009, there was discussion about the nature of a possible EAC as well as which nations ought to be members. While there appeared to be some consensus to create a regional free trade area by 2020, there was no agreement on which nations should be part of such an arrangement. In particular, there were apparently sharp differences of opinion over the inclusion of the United States in the free trade area. Similarly, although Russia has applied for membership in the East Asia Summit, it is unclear if Russia is being considered for inclusion in the EAC.

While some have suggested the possibility of an ASEAN-U.S. Free Trade Agreement, there are several structural problems to negotiating such an agreement. First, the United States would probably require that the trade agreement comply with the U.S. model FTA, a condition that ASEAN may not find acceptable. Second, the United States has a comprehensive ban on direct trade with Burma. Third, the ASEAN economies vary in their level of economic and legal development, which would make the FTA's compliance requirements difficult to specify.

U.S. Burma Policy and ASEAN

The Obama Administration's revision of U.S. policy toward Burma has coincided with a similar review by ASEAN of its stance on relations with the ruling junta, the State Peace and

Development Council (SPDC). While the new U.S. policy may be viewed as a tacit admission that sanctions alone were not sufficient to effect change in Burma, recent statements and actions by ASEAN may indicate that their past policy of “constructive engagement” had proven equally ineffective. As a result, there may be an opportunity for ASEAN and the United States to confer and coordinate their policies toward Burma.

During the U.S.-ASEAN leaders’ meeting in November 2009, in which President Obama sat four chairs away from Burma’s representative, Prime Minister Thein Sein, the United States raised the issue of human rights abuses in Burma and the need for democratic reforms and genuine dialogue with opposition leaders, and called upon the military government to release all political prisoners, including Nobel Peace Laureate Aung San Suu Kyi. The joint statement issued at the summit expressed the hope that the renewed dialogue between the United States and Burma, as well as ASEAN’s efforts to work with the Burmese government, will “contribute to broad political and economic reforms.” There was also a call for the government to conduct the proposed general election in 2010 in “a fair, free, inclusive and transparent manner.” However, there was no mention of political prisoners or the release of opposition leaders.¹⁹

Although there was interest in including Burma as an original member of ASEAN in 1967, it did not join the association until 1997. From the start, ASEAN as an organization adopted a policy of “constructive engagement” toward Burma, refraining from public comments in its “internal affairs,” while some members sought closer economic, trade, and investment relations with Burma.

Some of the strongest supporters of ASEAN’s policy of “constructive engagement” toward Burma have been the governments of Thailand, Indonesia, Malaysia, and Singapore, for slightly different reasons. Thailand has had an ambivalent view of Burma. Burmese domestic unrest has adverse direct impacts on Thailand, and Thailand suffers from the flow of both narcotics and refugees out of Burma. However, successive governments in Bangkok have felt an interest in maintaining at least some ability, even if limited, to deal with the Burmese regime, and to foster stability in Burma, with which Thailand shares a long border. Under the Suharto regime, the Indonesian government shared some ideological views with Burma’s military government that led to its support of Burma’s ASEAN membership and closer relations, although Jakarta has taken a harder line as the country has democratized. Malaysia at the time was concerned about both Chinese and U.S. influence in the region, and found similar views among Burma’s military rulers. The Singaporean government saw economic opportunity in closer relations with Burma, and for a time was a major supplier of equipment and arms for the Burmese military, as well as a major investor in the country.

The adoption of a new ASEAN Charter in 2007 may signal a greater willingness to address issues such as human rights and democracy. As previously mentioned, the new charter states that among ASEAN’s purposes are strengthening democracy and protecting human rights, and mandated the establishment of an “ASEAN human rights body.” However, among ASEAN’s founding principles is a commitment to “non-interference in the internal affairs of ASEAN Member States.”

In practice, under the new charter, ASEAN has shown a greater willingness to express its opinion about the situation in Burma. In response to the conviction of Aung San Suu Kyi in August 2009,

¹⁹ “Joint Statement—1st ASEAN-U.S. Leaders’ Meeting,” *op. cit.*

ASEAN's chairman issued a statement expressing ASEAN's "deep disappointment" at the verdict, calling for the immediate release of Aung San Suu Kyi and other political prisoners, and asserting that "such actions will contribute to national reconciliation among the people of Myanmar, meaningful dialogue and facilitate the democratization of Myanmar."²⁰ In addition, ASEAN has indicated that the junta's treatment of opposition groups and ethnic minorities will affect how the election results will be perceived by the Association.

Although ASEAN appears to be more willing to publicly criticize Burma's military government, it has not shown a greater willingness to impose economic sanctions on the country. Malaysia, Singapore, and Thailand are major trading partners with Burma, and may be reluctant to forswear the economic benefits of bilateral trade and investment. Indonesia's civilian government may be more willing to consider economic pressure on Burma, in part because of its history of military rule and in part because of its concern about Burma's Muslim minority.

The conduct and outcome of Burma's 2010 parliamentary elections may prove critical to ASEAN's future relationship with Burma. While few expect a free and fair election, if the results provide some space for opposition views in the government and indicate a possible shift in power to civilian rule, then ASEAN will likely continue its policy of modified "constructive engagement." If, however, the election results provide only a veil of cover to the continuation of military rule, then ASEAN may be willing to consider adopting a tougher policy. In one of the first signs that the elections may lack credibility, in March 2010, the Burmese government enacted rules that require political parties to expel any members who are imprisoned, thus barring Aung San Suu Kyi from participating.

U.S. Assistance to ASEAN

U.S. assistance for Southeast Asian multilateral efforts focuses on trade facilitation, counterterrorism, security sector reform, and the environment. Other program areas include good governance, combating transnational crime, and education. U.S. funding for East Asia Pacific regional programs, a large portion of which supports ASEAN, ARF, and APEC objectives, totaled an estimated \$20 million in 2009. In the area of security, U.S. foreign assistance supports the Counter-terrorism Regional Strategy Initiative, which focuses on transnational aspects of terrorism and regional responses. U.S. assistance to ARF includes funding for regional programs in counter-terrorism, combating transnational crime, disaster preparedness, and non-proliferation. USAID's Regional Development Mission Asia (RDMA) supports efforts to strengthen the capacity of the ASEAN Secretariat, develop regional economic institutions, and enhance ASEAN's Food Security Information System. RDMA also provides trade-related technical assistance and supports U.S. commitments under the ASEAN-U.S. Enhanced Partnership.

In terms of bilateral assistance, the United States provided an estimated \$526 million in FY2009 to nine ASEAN countries (Brunei Darussalam does not receive U.S. assistance). Since 2001, the Philippines and Indonesia have received large increases in U.S. assistance, largely for counterterrorism programs. Vietnam also has received large growth in U.S. aid, reflecting significant funding for HIV/AIDS programs. Among providers of bilateral official development assistance (ODA) as measured by the Organization for Economic Cooperation and Development (OECD), Japan is by far the largest donor in the region, followed by the United States, although

²⁰ "ASEAN Chairman's Statement on Myanmar," ASEAN Secretariat, 11 August 2009, available online at <http://www.aseansec.org/PR-090812-1.pdf>.

Japanese ODA includes a relatively large loan component. France, Germany, the United Kingdom, and Australia also provide significant ODA in the region. China has become a key source of financing and assistance for infrastructure, energy, and industrial development in Southeast Asia.²¹

Regional Powers and their Relations with ASEAN

ASEAN's most critical external relations continue to be with the United States, the region's primary security guarantor; Japan, the major provider of development assistance; and China, a rising source of aid, trade, and, according to some, strategic influence in the region. Many analysts argue that China's "soft power"—global influence attained through economic, diplomatic, cultural, and other non-coercive means—has grown significantly in the past decade. Furthermore, many observers contend that China's diplomatic outreach, including building links to ASEAN, has surpassed that of the United States during the past several years.²² Most Southeast Asian leaders and foreign policy experts have welcomed engagement from both the United States and China because of the benefits that strong relations bring; they do not want a single foreign influence to dominate the region, and excluding either power is "not an option." Although Japan is a close development partner in the region, some Southeast Asians would welcome a more robust Japanese diplomatic and security presence. Many analysts view India as an ascendant but still nascent regional power that has an interest in balancing China's rise in the region.

The United States

The United States exerts the most established and forceful military presence in the region, including alliances with the Philippines and Thailand (Major Non-NATO Allies), strong security cooperation with Singapore, counterterrorism cooperation with Indonesia and Malaysia, and military education programs in Vietnam, Cambodia, and Laos. The United States is also engaged economically. It is ASEAN's fourth-largest trading partner, having been surpassed by China in recent years. The United States is a larger export market than China and the third-largest source of FDI from outside the region after the EU and Japan, followed by China (including Hong Kong) and South Korea.²³

In terms of diplomacy and trade, many in ASEAN considered Washington neglectful of the organization under the Bush Administration, although some foundations were established upon which the Obama Administration has developed its policy of engagement. The United States was the first country to nominate an ambassador to ASEAN (2008). In 2009, the United States acceded to the Treaty of Amity and Cooperation (TAC), which was seen by many as a symbolic recognition of the value of a multilateral approach to regional security issues.²⁴ The United States was the last major power in the region to sign the treaty. Although the United States has met the

²¹ For further information, see CRS Report RL31362, *U.S. Foreign Aid to East and South Asia: Selected Recipients*, by (name redacted); Organization for Economic Cooperation and Development (OECD), <http://www.OECD.org>, *Development Database on Aid from DAC Members*.

²² For further information, see CRS Report RL34620, *Comparing Global Influence: China's and U.S. Diplomacy, Foreign Aid, Trade, and Investment in the Developing World*, coordinated by (name redacted).

²³ ASEAN data

²⁴ Stanley Foundation, "New Power Dynamics in Southeast Asia: Changing Security Cooperation and Competition," *Policy Dialogue Brief*, October 2007.

requirements for joining the EAS through its accession to the TAC, the Obama Administration remains undecided about its intent to do so.

In 2005, the United States created a framework for U.S. assistance to ASEAN—the ASEAN-U.S. Enhanced Partnership—encompassing cooperation on political, security, economic, and development issues. This initiative was followed in 2007 by the ASEAN Development Mission Vision to Advance National Cooperation and Economic Integration (ADVANCE). Among the goals of the mission are to help ASEAN and its members work toward an ASEAN community, support the Enhanced Partnership, and promote the U.S.-ASEAN Trade and Investment Framework Agreement (TIFA), signed in 2006, which could be a precursor to a possible FTA with ASEAN.

China

China's ties with ASEAN have reflected attempts to defuse security tensions in the South China Sea, promote economic integration, support infrastructure development, and cultivate diplomatic influence. Some experts argue that China's power projection in the region amounts to a coordinated attempt to dominate the region economically and ultimately militarily. Others contend that although China's influence is growing, in part due to declining American engagement, Beijing has neither the will nor the capacity to aggressively pursue such a strategy, and is content with the U.S. security role in the region, at least in the medium term.²⁵ Moreover, many Southeast Asian countries remain wary of China's power and intentions and may seek ways to engage China while hedging against its rise.

In 2002, China and ASEAN agreed to the Declaration on Conduct of Parties in the South China Sea as well as several other agreements on economic and agricultural cooperation and non-traditional security threats. China reportedly has favored the ASEAN + 3 (ASEAN, Japan, China, and South Korea) summit process, inaugurated in 1997, over other forums such as the ASEAN Regional Forum and the East Asia Summit. Nonetheless, China has become more active in ARF, which focuses on security issues and dialogue, exceeding U.S. involvement in recent years, according to some analysts. The formation of the EAS in 2005 represented an effort by some countries in the region, including Japan, to balance China's influence by including powers that generally are more aligned with the United States than China on security matters. However, some analysts perceive the U.S. absence in the grouping as working to China's advantage. In 2003, the PRC became the first country to accede to ASEAN's Treaty of Amity and Cooperation.²⁶

China committed relatively early to a free trade agreement with ASEAN, signing a framework agreement in 2002 that set a 10-year deadline for an FTA, and then negotiating an actual trade pact that came into force in January 2010. In August 2009, China and ASEAN signed a new Investment Agreement to accompany the FTA. A major provider of bilateral development

²⁵ For divergent views on China's potential impact on the region, see Dan Blumenthal, Testimony before the Senate Foreign Relations Committee, Subcommittee on East Asian and Pacific Affairs, Hearing on Maritime Territorial Disputes and Sovereignty Issues in East Asia, July 15, 2009; and (name redacted), Testimony before the U.S.-China Economic and Security Review Commission, "China's Role in the World: Is China a Responsible Stakeholder?" August 3, 2006.

²⁶ For further information, see CRS Report RL33653, *East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy*, by (name redacted). See also Frank Frost, "ASEAN's Regional Cooperation and Multilateral Relations: Recent Developments and Australia's Interests," Research Paper, Parliament of Australia, October 9, 2008.

financing in the region and economic assistance to Laos, Cambodia, and Burma, in particular, Chinese leaders announced in April 2009 a plan to set up a \$10 billion China-ASEAN Fund on Investment Cooperation to support new infrastructure. Other assistance promised at the time included \$15 billion in loans to ASEAN countries to be allocated over three to five years, nearly \$40 million to Cambodia, Laos, and Burma “to meet urgent needs,” \$5 million for the China-ASEAN Cooperation Fund, and rice for a regional emergency rice reserve.²⁷

Japan

Japan has been a close partner to ASEAN and the principal provider of development assistance to Southeast Asia, but its role has been relatively low-profile.²⁸ In the past few years, Japanese governments have pledged to strengthen ties to the organization and to Indonesia, in part to balance China’s rising influence. In November 2009, Japanese Prime Minister Yukio Hatoyama pledged \$5.5 billion in assistance to the Mekong Delta region, in large part to bolster Japan’s role in a part of Southeast Asia that is becoming economically integrated with China.²⁹

Tokyo has long been actively involved in the three major satellite groupings—ASEAN + 3, ARF, and the EAS. While stressing the importance of Japanese ties with the United States, Japanese governments have supported the formation of an East Asian Community, which may include members of the EAS (ASEAN + 6) as its core (excluding the United States). ASEAN reportedly is divided over whether to include the United States in such a grouping.³⁰ Japan acceded to the TAC in 2004 and appointed an ambassador to ASEAN in 2008. In 2005, the Japanese government reportedly pledged \$70 million for ASEAN regional integration projects. Cooperation and aid activities with ASEAN have included counterterrorism, environmental protection, and preventing the spread of infectious diseases.

In addition to the Japan-ASEAN FTA, Tokyo has signed Economic Partnership Agreements with Singapore, Thailand, Indonesia, Malaysia, and the Philippines, which involve not only trade liberalization but also the areas of labor movement, investment, intellectual property rights, and cultural and educational cooperation.

Issues for Congress

Much of the congressional activity concerning Southeast Asia deals with bilateral relations and issues with individual Southeast Asian nations. In recent years, however, Congress has also sometimes played a leadership role in initiatives toward ASEAN. In 2006, Senator Richard Lugar introduced the U.S. Ambassador for ASEAN Affairs Act (S. 2697), urging the Bush Administration to name an ambassador to the grouping. Its passage helped lead to the naming of Scot Marciel as the first U.S. Ambassador to ASEAN and the first ambassador to the organization from outside the region.

²⁷ “China’s \$10-B ASEAN Dev’t Fund Starts with \$1 B,” *Manila Bulletin*, October 23, 2009; “China Rolls out Aid Package for ASEAN,” *China Daily*, April 12, 2009.

²⁸ Richard Halloran, “Rudderless Region at Sea; No Country Ready or Able to Take Charge,” *Washington Times*, August 21, 2009.

²⁹ “Japan Vows \$5.5 Bln Aid to Mekong Region at Summit,” *Reuters*, November 6, 2009.

³⁰ “ASEAN Said Divided over Inclusion of US in East Asia Community,” *Kyodo News Service*, October 25, 2009.

There are several ways in which shifts in the U.S. approach toward ASEAN could be of importance to Congress. Congress may also seek to provide further assistance to support ASEAN's Secretariat and organizational capacity building. In trade policy, Congress may consider, on the one hand, pushing for further economic engagement and the passage of FTAs or other agreements with ASEAN and/or its member countries. In October 2009, Senator Richard Lugar introduced S.Res. 311, calling for the start of discussions on a free trade agreement with ASEAN. Stalled FTA discussions with Malaysia and Thailand could potentially be considered by Congress, although this does not appear to be on the near-term agenda.³¹ On the other hand, Congress could prevent further FTA negotiations with Southeast Asian countries or ensure that labor and environmental concerns are addressed in such negotiations.

Shifts in U.S. policy toward Burma and the implications for relations with ASEAN have been a major focus in 2009 and will likely continue to be of congressional interest. Senator Jim Webb, chair of the Senate East Asia and Pacific Affairs Subcommittee, in August 2009 became the first Member of Congress in 10 years to visit Burma. Senator Webb also traveled to Thailand, Cambodia, Laos and Vietnam, where he reportedly told leaders that ASEAN should call for the release of Aung San Suu Kyi.³²

Over recent years, Congress has been a leader of the U.S. sanctions policy toward the Burmese regime through legislation such as the Burmese Freedom and Democracy Act of 2003 and the Tom Lantos Block Burmese JADE (Junta's Anti-Democratic Efforts) Act of 2008. The conduct and outcome of parliamentary elections set to be held in Burma in 2010 may play a significant role in how the Obama Administration implements its new Burma policy, and in its relations with ASEAN vis-à-vis Burma. Congress may seek to play an active role in the development of U.S. policy toward Burma and ASEAN, both before and after Burma's elections.

The development of ASEAN's human rights body may also merit attention. Congress has frequently considered legislation and resolutions concerning human rights conditions in Southeast Asia, and ASEAN's emerging human rights approaches may be of interest in future consideration of how to promote human rights in the region.

³¹ For further information about the U.S.-Malaysia FTA, see CRS Report RL33445, *The Proposed U.S.-Malaysia Free Trade Agreement*, by (name redacted).

³² "ASEAN Could Call for Suu Kyi Release: U.S. Senator," *Agence France-Presse*, August 18, 2009.

Figure 1. Southeast Asia and Surrounding Regions



Source: Congressional Research Service

Table 4. Selected CRS Reports on Southeast Asia

<ul style="list-style-type: none">• CRS Report R40495, <i>Asia Pacific Economic Cooperation (APEC) and the 2008 Meetings in Lima, Peru</i>, by (name redacted)• CRS Report RS22737, <i>Burma: Economic Sanctions</i>, by (name redacted) and (name redacted)• CRS Report RL34225, <i>Burma and Transnational Crime</i>, by Liana Sun Wyler• CRS Report RL32986, <i>Cambodia: Background and U.S. Relations</i>, by (name redacted)• CRS Report R40940, <i>China's Assistance and Government-Sponsored Investment Activities in Africa, Latin America, and Southeast Asia</i>, by (name redacted)• CRS Report RL34620, <i>Comparing Global Influence: China's and U.S. Diplomacy, Foreign Aid, Trade, and Investment in the Developing World</i>, coordinated by (name redacted)• CRS Report RL33653, <i>East Asian Regional Architecture: New Economic and Security Arrangements and U.S. Policy</i>, by (name redacted)• CRS Report RL32394, <i>Indonesia: Domestic Politics, Strategic Dynamics, and American Interests</i>, by (name redacted)• CRS Report RL34320, <i>Laos: Background and U.S. Relations</i>, by (name redacted)• CRS Report RL33445, <i>The Proposed U.S.-Malaysia Free Trade Agreement</i>, by (name redacted)• CRS Report RL33233, <i>The Republic of the Philippines: Background and U.S. Relations</i>, by (name redacted) and (name redacted)• CRS Report RS20490, <i>Singapore: Background and U.S. Relations</i>, by (name redacted)• CRS Report RL34194, <i>Terrorism in Southeast Asia</i>, coordinated by (name redacted)• CRS Report RL32593, <i>Thailand: Background and U.S. Relations</i>, by (name redacted)• CRS Report R40583, <i>U.S. Accession to the Association of Southeast Asian Nations' Treaty of Amity and Cooperation (TAC)</i>, by (name redacted), (name redacted), and (name redacted)• CRS Report RL31362, <i>U.S. Foreign Aid to East and South Asia: Selected Recipients</i>, by (name redacted)• CRS Report R40208, <i>U.S.-Vietnam Relations in 2009: Current Issues and Implications for U.S. Policy</i>, by (name redacted)• CRS Report R40755, <i>U.S.-Vietnam Economic and Trade Relations: Issues for the 111th Congress</i>, by (name redacted)
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