



## ASEAN-US RELATIONS: AN AGENDA FOR A RESCHEDULED SUMMIT

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The ASEAN-US Summit, originally scheduled for mid-March in Las Vegas, became yet another entry on a growing list of international events [cancelled](#) because of the Covid-19 contagion. Last month, the planned visit of President Xi Jinping to Japan this April was [similarly postponed](#). Although the late cancellation notice—two weeks before the event—may have infuriated some in ASEAN, the delay allowed both sides to focus on the fight against the pandemic. It also gives time to reassess priorities in a rapidly changing region.

This year marks the 43<sup>rd</sup> anniversary of ASEAN-US dialogue partnership and the fifth anniversary of their strategic partnership. The relationship has weathered many twists and turns, but recent trade, democracy, and human rights issues add further strains. This said, a confluence of security and economic interests sustains the vitality of relations. The United States wants to stay engaged in a dynamic region at the center of its most consequential geographic theater. Meanwhile, as the comprehensive strength of its [big northern neighbor](#) grows, ASEAN's desire to keep its autonomy and sustain engagement with all great and middle powers intensifies.

US trade policy under the Trump administration has unsettled many in Southeast Asia. Tariff imposition and currency manipulator designation affect Washington's ties with regional countries, including

Vietnam, the present ASEAN chair. Last month, Malaysia, Thailand, Indonesia, and Vietnam also lost their preferential trade benefits after the Office of the US Trade Representative narrowed the list of eligible countries. This raised worries about the fate of regional exports to the lucrative US market.

In the last three years, democracy and human rights have also become difficult to discuss. The Thai military junta remained in power in last year's elections, [widely considered](#) rigged. In January, the International Court of Justice asked Myanmar to undertake measures to prevent genocide against its Rohingya minority. In the Philippines, human rights groups railed against abuses in the conduct of a controversial drug war. The cancellation of the US visa of the drug crackdown's former chief enforcer and now lawmaker—Senator [Ronald dela Rosa](#)—became the immediate trigger for Manila's decision to upend a two-decade old military agreement with Washington.

But challenges aside, larger economic and security agendas raised the stakes for convening a special summit. Overlaps between US' vision for a Free and Open Indo-Pacific and ASEAN's [Outlook on the Indo-Pacific](#) provide common ground to go forward. An alternative infrastructure funding scheme to rival China's Belt and Road, recent incidents over the South China Sea, and concerns over growing Chinese strategic investments in the region will certainly be on the table.

With the launching of the US International Development Finance Corporation (DFC) in early January, the Blue Dot Network is now beginning to take shape. The Blue Dot is a joint US-Japan-Australia infrastructure undertaking announced by Commerce Secretary Wilbur Ross during the Indo-Pacific Business Forum in Thailand last November. DFC was established by the Better Utilization of Investments Leading to Development ([BUILD](#)) Act, a bipartisan bill signed into law by Trump in 2018. It merges the Overseas Private Investment Corporation (OPIC) and the Development Credit Authority formerly under the US Agency for International Development. The new agency more than doubles OPIC's previous investment cap to [\\$60 billion](#) and is equipped with new financial tools allowing it to

provide equity investments, technical assistance, and feasibility studies. If certified “blue dot” projects can entice more private capital to underwrite infrastructure projects in the region, it will certainly offer a viable counterweight to Chinese state-backed financing under the Belt and Road. Indonesia will be one of the first countries to receive [\\$5 billion](#) in DFC funding for infrastructure, energy, and digital technology projects.

While the jury is still out on how the Blue Dot will fare, the creation of the DFC is a welcome development. The US apparently realizes that it needs to do more than call out and criticize Chinese investments. By enabling DFC with more capital and flexibility, it sends a strong signal that the US, alongside its partners, can compete in the infrastructure space and offer regional countries a more sustainable source of finance without the fear that accrues from sovereign-backed credit.

Washington is also likely to reiterate concerns over Huawei, although it might face an uphill battle in rolling back the strides by the Shenzhen-based tech giant in the region, including in 5G. This said, US interest in buying a controlling stake in either Nokia or Ericsson represents a new twist to be keenly watched, especially by Vietnam, which is building its own network infrastructure without Chinese equipment. If the US can induce a merger between the two Scandinavian players and secure a controlling, if not substantial, stake, the new entity may have a better chance in competing with Huawei, the industry leader. Vietnam’s progress and the inroads of alternative suppliers like South Korea’s Samsung may also encourage regional countries to review their 5G strategies.

In the South China Sea, while US freedom of navigation operations increased under the Trump administration, it remains to be seen how to tie this to a broader strategy of pushing back against continued Chinese interference in the economic activities of smaller littoral states. Reassurance and expression of support for UNCLOS, navigational and overflight freedoms, lawful uses of the sea, and peaceful resolution of disputes will likely show up in a joint statement again. How this will change the situation on the ground is another matter.

Furthermore, dams and dredging in the Mekong River can be tackled during a sideline sub-regional meeting of the US-led Lower Mekong Initiative. More dams in the upper and middle reaches of the river are being financed and built by Chinese companies. The proposed dredging of sections of the river to improve navigation may provide another outlet to the sea for the landlocked southwestern Chinese province of Yunnan and also facilitate greater integration of mainland Southeast Asia with China. But these projects may inundate new areas, affect water volume in downstream countries, and adversely impact communities and the ecosystem dependent on the mighty river.

As is the case with democracy and human rights promotion, there is worry that environment may also take a backseat in the summit, especially if greater emphasis is placed on economics and security. The host’s withdrawal from the multilateral Paris Climate Change Agreement last November undermines its leadership in tackling regional environmental issues such as forest clearing, haze, and rising sea levels that threaten coastal communities.

China’s expanding influence certainly looms large in America’s grand strategy. But the Indo-Pacific is about more than countering China. Besides, getting more, not fewer, allies and partners provides a better platform to engage Beijing in a wide range of conversations from security, trade, investment, and global governance to technology and people-to-people exchanges. Trump’s predecessor, Barack Obama, acknowledged this, hosting all 10 ASEAN leaders in Sunnylands, California in 2016—the same venue where he hosted Chinese President Xi Jinping three years earlier. Hence, if the rescheduled ASEAN-US summit proceeds from that genuine recognition, it may be a good starting point.

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