



Regional Security Outlook for Indo-Pacific Region

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In the year 2017, three things would always engage the minds in the larger Indo-Pacific region. Firstly, whether US President Donald Trump would signal a tectonic shift from the 'Pivot to Asia' policy of his predecessor President Obama or would reframe it to suit his plan of action for the region. Secondly, regional players such as Indonesia, Vietnam and Philippines would declare their allegiance to the US or to China depending on the seriousness and commitment of the Trump administration towards this region. Japan has been providing logistical support in the form of patrol crafts and training assistance to Philippines and Vietnam. Japan has also been trying to mend bridges with Russia on the issue of Kuril Islands by proposing joint development and cooperation. Lastly, whether institutions such as ASEAN and its related forums would maintain the non-interference principle or transcend the sovereign boundaries to raise issues having an impact of regional peace and security interests. The example being that of Rohingyas crisis which garnered attention of the select ASEAN members, and Myanmar government was asked to take remedial measures.

In the security and strategic context, the whole debate would veer around the developments in South China Sea and East China Sea but the role and commitment to the cause by countries such as Japan, Australia and India would be of significance. China has incrementally ushered Beijing orchestrated rules of engagement, primarily bilateral in nature. The negotiations with Philippines on South China Sea islands particularly Scarborough shoal clearly projects that China's objective of negotiating with claimant states at bilateral level have found few subscribers- Philippines and Malaysia. However, it still needs to be seen that how the other affected countries such as Vietnam, and to a certain extent Indonesia subscribe to it. It would be decided by the diplomatic parleys, back channel communications and political pronouncements. This year, the whole of Southeast Asia will witness the role that Daw Aung San Suu Kyi (ASSK) as Foreign

Minister of Myanmar would play in the regional politics and also inducing better trade and investment prospects for her country. The emerging challenges, economic and strategic, as well as

foreign and domestic policy priorities for the new leadership in Vietnam will be observed. The year might also evaluate how Najib Tun Razak deals with litigation related to its 1MDB and charges of funds misappropriation. Singapore leadership have to face the dim prospect of slow growth in Singapore (1-3 percent) and would have to undertake long term planning for better economic growth. However, limiting the immigration and promote indigenous population growth would be an arduous task. Thailand's recurrent constitutional crisis and the precarious balance between the new king and the government would also be debated widely in Southeast Asia.

The one issue which has been seen as being resolved in the context of Southeast Asia was that of insurgency and terrorism. While insurgency has been resolved in many cases across Southeast Asia (Aceh and Moro Islamic Liberation Front) but developments in Sulawesi, Indonesia and the Southern Thailand (Pattani, Yala and Narathiwat) would require attention from the government as well as the mediators to put an end to the lingering ethno-religious issues. Terrorism which was seen as much marginalised in Southeast Asia has found new ways to assert itself with many groups including a faction of Abu Sayyaf projecting their affiliation to the Daesh phenomenon, and arrests in Malaysia last year for few Daesh inspired individuals is a matter of concern. The two terror attacks in Indonesia- Sarinah Shopping Mall and Oikumene Church, orchestrated last year by Jemaah Anshar Daulah (JAD), stated to have affiliation to Daesh, clearly showcased that new terror groups might emerge which can usurp the position of the regional terror organisation. Further, in early 2017 the US State Department has listed the organisation under its Executive Order (E.O.) 13224 as the Specially Designated Global Terrorist (SDGT) organisation. The tussle between Daesh, if it survives the year 2017, and al Qaeda affiliates would become intense in future.

In the South Pacific region, the democratic government of Fiji is facing economic crisis and has to undertake austerity measures. The flooding and natural disasters have damaged infrastructure and crops. While the urge to lead the pack of the Small Islands states in South Pacific is still nurtured in the minds of the Fijian leaders; Australia sensing it as a challenge to its regional supremacy, and dominance would try to counter it in a more nuanced way. Australia, on the other hand, will have to deal with the accusations and trepidation from Timor Leste which has now started international litigation against the country on the royalty payments related to the Greater Sunrise fields (located about 150 kilometres from Timor Coast) for oil and gas deposits worth US\$ 40 billion and also asked for negotiations for properly demarcating the respective maritime zones. New Zealand has been facing a slow transition to the new leadership while at the same time has been addressing the concerns of the South Pacific islanders related to aid and accommodating the expatriate labour in the country. About nuclear non proliferation and related developments it has been leading the pack. Its role related to raising the issue of Israeli settlements in Israel-Palestine border has already vitiated the atmosphere between the two countries. However, on the other hand, it has been trying to accommodate US also and has tried to build better relations with the superpower.

Australia, under Michael Turnbull, has been seen living on the edge with problems related to the unemployment and the slow growth of the welfare economy. He was also indirectly implicated by media for being a part of a Pyramid scheme involving the anti-aging cream called Nerium. Turnbull's along with his Treasurer has proposed incremental changes to the GST, more federal taxes decentralisation with states expected to raise their own taxes, regulation of capital gains tax and superannuation funds. The alliance partnership with the US has its own costs for Australia and it can be seen in the case of the terrorist attacks in the major cities of Australia and also its troop deployment for logistical support roles in Afghanistan and Iraq. Further still, Australia's problems with Indonesia and Timor Leste would rise again this year given the slightly uncomfortable relationships with both the countries. The relations with PNG might be managed in a balanced way but the recurrent problems related to the immigrants in Manus islands would be a sore thumb for the Australian administration. PNG has its own set of problems related to governance and corruption which would keep the political leadership engaged. However, the attention given to the country last year by countries such as Japan, China and India showcases that it is likely to emerge as an important nation in South Pacific geopolitics and an indispensable mineral resource centre.

Indonesia which has been reeling under slow economic growth has shown the promise of better than average economic growth. However, the international aspirations under Joko Widodo with the revised version of Global Maritime Fulcrum which buttressed for Indonesia's archipelagic role between two Oceans, strongly advocating rules based regional maritime order and also shoring up Indonesian economy. Indonesia has been particularly strict with regard to Illegal fishing in its archipelagic waters and last year blasted captured illegal fishing boats. Under the Global Maritime Fulcrum, it has planned for more than 140 ship navy to protect its coastal and marine resources. The recurrent tension with Chinese fishing boats in and around the Natuna islands showed that Indonesia might counter Chinese assertive moves through its limited naval capabilities. However, for emerging as a regional player it would have to further liberalise its economy, curb corruption and religious hardliner elements in the government, and seek cooperative partnerships with the neighbouring countries such as Australia and Singapore.

Myanmar has been the cynosure of the global media last year with the elevation of Aung San Suu Kyi (ASSK) as the new foreign minister. She undertook visits to US, China and India to promote economic and growth prospects in Myanmar and better integrate Myanmar into regional geopolitics. She along with and her loyalist as the president of the country will have to manage the anticipated inflow of FDI through better institutional mechanisms, governance structures and develop skill potential among its working class. So far, the proposed port development programmes along its western coast, and building of infrastructure has been tardy. For ASSK, the biggest challenge would be her health and also meet the expectations of the Myanmar people who would like some changes in their lifestyles and also enhanced exposure to the world through investment, education, development of Small and Medium enterprises generate employment opportunities, and resource management through international best practices. However, the biggest challenge would be to start reconciliation with ethnic groups which have been left out and address regional grievances related to Rohingyas.

In the multilateral institutions such as ASEAN and its affiliate institutions, the major challenge would be to maintain its centrality in this year as after the Permanent Court of Arbitration declared that Chinese claims to certain parts of South China sea were illegal, ASEAN was increasingly seen as a toothless body which was trying to placate China while at the same time trying hard to keep the group together. The reference related to the Foreign Ministers Meeting held immediately after the July 12 verdict on South China Sea and the much toned down joint communiqué showed that ASEAN would have to go through its litmus tests. The consensus building and the commitment to non-interference in member countries domestic affairs would be under scrutiny once again. The related institutions such as ADMM+ and Expanded ASEAN Maritime Forum would have to search for rational agendas rather than sustaining itself as just another 'talk shop'. East Asia Summit might find some anchorage with the secretariat and the deployment of ASEAN ambassadors by many dialogue partners. However, for East Asia Summit to transcend the informal tag to more formal security dialogue it would have to make some time bound commitments and active participation from all the stakeholders.

Among the economic institutions, the last two APEC summits in Philippines and Peru have reiterated the need for growth of services industry, reduction of tariffs and non-tariff barriers and also giving the Free Trade Agreement of the Asia-Pacific (FTAAP) a concrete shape so that negotiations could start. FTAAP is still under the feasibility study phase. The feasibility studies and the expert groups have to make sure that there are tangible trade-offs for each participating country rather than setting the rules for engagement for one dominant economy. Trans Pacific Partnership (TPP) which was put on life support systems, after President Donald Trump signed the executive order paving the way for US formal withdrawal from the grouping have raised problems for many participating countries. In 2005, Brunei, Chile, New Zealand, and Singapore formed the Trans-Pacific Strategic Economic Partnership Agreement (TPSEP or P4) which was joined by the US in 2008. Australia has clearly stated that there are still possibilities within TPP even after the US withdrawal. The only requirement would be a large market which can sustain trade and investment potential under the TPP.

Regional Comprehensive Economic Partnership (RCEP) which has been missing deadlines since 2015 need to be put into place before the FTAAP comes into being. India, Australia, New Zealand, Japan, Korea and China would have to resolve their economic differences related to tariffs and non-tariffs barriers and seek an acceptable solution. For India, the biggest charm is to derive the economic benefits through its services sector and also portion of investment. The meeting last year recognised India's proposal to integrate trade, investment and services into one homogenous negotiating instrument. This would be a win-win situation for India and many other developing countries which are engaged in the process. Vietnam, Philippines and Indonesia would also emerge as the beneficiaries to this proposal.

In conclusion, one can say that this year would require better cooperation among ASEAN nations to address core security challenges such as South China Sea, terrorism, increasing

militarisation by select countries in Southeast Asia, inter-state conflicts on border issues as well as the non-traditional issues such as piracy, transnational crime, religious radicalism, cyber attacks,

pandemics and haze. Environmental haze which has been a recurring issue has found more determined voices within ASEAN nations to stem the root cause of the problem.

Russia has started looking east and exploring trade and investment options in many Southeast Asian nations particularly Vietnam, Singapore and Indonesia shows that the power configuration might become more complex. In the last six months Russian institutes such as Valdai club have been conducting joint workshops and conferences to highlight Russian interest in the region. It would still depend upon how President Trump addresses the core security challenges in the Indo-Pacific region particularly North Korean nuclear programme, terrorism, East China Sea, South China Sea, and reassures US partners such as Indonesia, Singapore and allies such as Korea and Japan to ensure security and stability in the region. Terrorism would remain one of the most emerging challenges in the region while political instability and security concerns would force many Southeast Asian countries to undertake military modernisation programmes in a much comprehensive way.

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