



# ANNUAL REPORT 2019

**INTERNATIONAL  
STUDIES CENTER**



Devawongse Varopakarn Institute of Foreign Affairs (DVIFA),  
Ministry of Foreign Affairs of Thailand

It is thus crucial, in an age such as this, to re-activate the ISC to support the process of crafting clear-sighted and forward-looking policy.

**H.E. Mr. Vijavat Isarabhakdi**  
**Vice Minister of Foreign Affairs**  
**5 September 2019**

2019<sup>7</sup>

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# Director's Report

The official launch of the International Studies Center (ISC) on 5 September 2019 marked the re-birth of the ISC. The event was chaired by H.E. Ambassador Vijavat Isarabhakdi, Vice Minister for Foreign Affairs, on behalf of the Minister of Foreign Affairs, and was followed by the inaugural session of the ISC Lecture given by Associate Professor Simon Tay, Chairman of the Singapore Institute of International Affairs (SIIA).

When the original ISC was established within Thailand's Ministry of Foreign Affairs in 1987 on the initiative of Air Chief Marshal Siddhi Savetsila, the then Minister of Foreign Affairs, the world was undergoing monumental changes. The ISC was founded, as an affiliated unit of the then Institute of Foreign Affairs, to help the Foreign Ministry in navigating those changes. Its successes in those early years were due to the vision and guidance of Dr. Thanat Khoman, who chaired the Institute of Foreign Affairs' Policy Council, and to the energy and supervision of Ambassador Phan Wannamethee, its first Director.

Detecting the current winds of change and pressing international issues, it is thus crucial to re-activate the ISC to,

according to the Vice Minister, "support the process of crafting clear-sighted and forward-looking policy." The ISC's approach will be multi-disciplinary and it will be the Foreign Ministry's link with the existing network of national and international institutes and think-tanks, academics, policy-makers, diplomats and members of civil society and business community.

I was grateful for the presence of many distinguished participants and was particularly honoured by the presence of many ambassadors attending our official launch ceremony on 5 September 2019. I wish also to thank Professor Simon Tay for delivering the first ISC Lecture on that occasion.

The activities following the official launch were focused on making the Center known to stakeholders and on establishing connection with academic and think-tank organizations at home and abroad. It was literally a door-knocking activity. I had the privilege of meeting the management and scholars of various institutions, such as Thammasat University's Institute of East Asian Studies, Chulalongkorn University's Institute of Asian Studies, Mekong Institute



(MI), International Institute for Trade and Development (ITD), and the Non-Government Think Tank for National Strategies (Klang Panya). Our discussions on possible future cooperation were fruitful and promising. In fact, several joint activities were agreed upon and planned for 2020.

A visit to Kuala Lumpur, Malaysia, took place in late September 2019 to revive the relationship with the Institute of Strategic and International Studies (ISIS-Malaysia) established by the original ISC. I was warmly received by Tan Sri Rastam Mohd Isa, Chairman and CEO of ISIS-Malaysia, and his colleagues. We discussed areas of possible cooperation and future exchanges. During a visit to the Center for Asian Studies (iKAS) at the National University of Malaysia (UKM), I was given the opportunity to discuss regional issues with its scholars and students. I also paid a courtesy call on the Director-General of the Institute of Diplomacy and Foreign Relations of the Ministry of Foreign Affairs of Malaysia.

In November 2019, the ISC organized the first session of the ISC Young Scholars Roundtable which would serve as a forum for exchanging views on international affairs between young scholars from various universities and

think-tank institutions with officials of the Ministry of Foreign Affairs. The Roundtable is now planned as a regular event.

As for 2020, the ISC aims to go forward at full speed. A programme of activities, including seminars, lectures, and roundtables, had been planned. We will start the publication of study papers and other possible research works. Many of these activities will be implemented in cooperation with other academic institutions. And of course, we will continue to knock on doors of our potential partners, both at home and abroad.

My team and I wish to take this opportunity to express our sincere appreciation to H.E. Mr. Don Pramudwinai, Minister of Foreign Affairs, all the senior officials of the Ministry of Foreign Affairs, and members of the Advisory Board for their vision and valuable guidance in the process of re-establishing the ISC. Our thanks also go to the Director and officials of the Devawongse Varopakarn Institute of Foreign Affairs (DVIFA) for their generous support. We will do our best to make the ISC relevant to the discussion on foreign affairs and in serving as an arena where knowledge and ideas are exchanged and sharpened as input for foreign policy-making.

**Dr. Anuson Chinverno**

Director

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**About  
the ISC**



# Introduction



The International Studies Center (ISC) is an affiliated unit of the Devawongse Varopakarn Institute of Foreign Affairs (DVIFA) of the Ministry of Foreign Affairs of Thailand. It was established in April 1987 by the then Minister of Foreign Affairs Air Chief Marshal Siddhi Savetsila, with Ambassador Phan Wannamethee, a former Permanent Secretary for Foreign Affairs, as its first Director.

In past years, the ISC carried out many activities, such as lectures and seminars involving officials of the Ministry of Foreign Affairs, other government agencies, academic community, business sector, as well as journalists and civil society representatives. It also established cooperation and network with domestic and foreign institutions, notably in Malaysia, Indonesia, Singapore, Vietnam and the People's Republic of China. However, the ISC later became inactive as its functions were reassigned to other units in the Ministry.

With changing global and regional landscape and pressing international issues, the Ministry of Foreign Affairs decided in 2019 to revive the ISC to serve as a link to the wider foreign affairs community, both in Thailand and abroad.

The ISC's mission is to encourage studies and analyses of relevant policies and issues in various aspects of international affairs, including foreign policy, international economics, international law, and international and regional organizations, as well as to create opportunities for policy and issue related discussion for the benefit of the formulation and conduct of foreign policy. The ISC also aims to promote public awareness and understanding of major foreign policy issues.

## Advisory Board



Dr. Tej Bunnag  
**Chairman**

Ms. Chutima Boonyaprapatsorn  
**Advisor**



Dr. Vijavat Isarabhakdi  
**Advisor**



Associate Professor Dr. Kittir Prasirtsuk  
**Advisor**







## Staff Members



Dr. Anuson Chinvanno  
**Director**



Mrs. Orathai Phubunlap Gunaseelan\*  
**Senior Analyst**



Mr. Arthit Prasartkul  
**Senior Analyst**



Ms. Rapeepat Kongraksa  
**Administrative Assistant**

\* On secondment from the Devawongse Varopakarn Institute of Foreign Affairs between August to December 2019

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**Activities in  
2019**



# Activities in 2019

- |                        |   |
|------------------------|---|
| <b>5 September</b>     | ■ The Official Launch Ceremony of the International Studies Center                                  |
| <b>5 September</b>     | ■ ISC Lecture by Professor Simon Tay, Chairman of the Singapore Institute of International Affairs  |
| <b>25-27 September</b> | ■ Director's visit to Kuala Lumpur, Malaysia  |
| <b>2 October</b>       | ■ Director's visit to the Non-Government Think Tank for National Strategies (Klang Panya)           |
| <b>10 October</b>      | ■ Director's visit to the Institute of East Asian Studies, Thammasat University                     |
| <b>11 October</b>      | ■ Director's visit to the Institute of Asian Studies, Chulalongkorn University                      |
| <b>11 November</b>     | ■ Visit by Members of the Foreign Policy Advisory Group of the Ministry of Foreign Affairs of China |
| <b>12 November</b>     | ■ Director's visit to the Mekong Institute  |
| <b>15 November</b>     | ■ ISC Young Scholar Roundtable on "Review of current geopolitical landscape"                        |
| <b>18 November</b>     | ■ Director's visit to International Institute for Trade and Development (ITD)                       |

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# Events



## Events

### The Official Launch Ceremony of the International Studies Center

5 September 2019, Narathip Auditorium, Ministry of Foreign Affairs



The revival of the International Studies Center was marked by an official launch ceremony on 5 September 2019, presided over by H.E. Mr. Vijavat Isarabhakdi, Vice Minister for Foreign Affairs of Thailand. Former and current Thai diplomats, Ambassadors and members of the diplomatic corps,



## Events

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representatives of Thai government agencies and research institutions, the press and members of the academic community attended the event.

During his opening speech\*, the Vice Minister for Foreign Affairs explained that as was the case with the original ISC, founded in 1987, the re-launch of

the ISC was prompted by today's major changes in global and regional landscape. He referred to the escalating rivalry between major and regional powers, rapid technological advancement, as well as a number of non-traditional threats and challenges. The Vice Minister stressed the need for partnership





focused on sustainability as a means to address these issues. Hence, sustainability was not only central to Thailand's national strategy but had been adopted as the theme for Thailand's Chairmanship of ASEAN in 2019, namely "Advancing Partnership for Sustainability".

The Vice Minister further emphasized that the ISC would be the Foreign Ministry's link with the existing

network of national and international think-tanks and institutes, affiliated experts from multiple fields, including academics, policy-makers, diplomats or members of civil society in order to exchange ideas and provide inputs for Thailand's foreign policy-making. It was crucial to reactivate the ISC to support the process of crafting clear-sighted and forward-looking policy. In order to achieve these objectives, the ISC would organize national and international conferences and seminars involving the public, private, and academic sectors, and carry out research and studies on various issues which could be beneficial to the conduct of Thailand's foreign policy and foreign affairs. It would also cooperate

with other similar organizations and institutions, both in Thailand and abroad, in promoting the study of international affairs and publish the results of the Center's studies and other materials for dissemination.



\* For full text of the Opening Speech by H.E. Mr. Vijavat Isarabhakdi, Vice Minister for Foreign Affairs of Thailand, see Annex I

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# **Lectures and Roundtables**





# Lectures and Roundtables

## ISC Lecture by Associate Professor Simon Tay, Chairman of the Singapore Institute of International Affairs

5 September 2019,  
Naradhip Auditorium,  
Ministry of Foreign Affairs



Following the Official Launch Ceremony on 5 September 2019, the ISC had the privilege to welcome Associate Professor Simon Tay, a prominent independent scholar and Chairman of Singapore Institute of International Affairs, as its first guest speaker. Associate Professor Simon Tay delivered a lecture on “ASEAN Centrality and Regional Balance in a Time of Sino-American Tensions: What Can Be Done?”<sup>\*</sup>. Following an analysis of the on-going tensions between China and the U.S, he assessed the impact that



these tensions were having on ASEAN countries and the region as a whole. Then, moving beyond the current trade war, he highlighted the importance of maintaining ASEAN centrality, particularly in view of such initiatives as the Belt and Road Initiative (BRI) and the Indo-Pacific, and stressed the importance of ASEAN maintaining its integrity and sovereignty by having common stance without taking sides with any major power.

### ISC Young Scholar Roundtable on “Review of current geopolitical landscape”

15 November 2019,  
Conference Room 3, Ministry  
of Foreign Affairs



On 15 November 2019, the International Studies Center (ISC) organized the “ISC Young Scholars Roundtable (YSR)” which would serve as a forum for exchanges of views on issues of international affairs between diplomats of the Ministry of Foreign Affairs and young scholars from various universities in Thailand. In this first session, topic of the discussion was “Review of current geopolitical landscape”.

On this occasion, Dr. Anuson Chinvanho, ISC Director, introduced the Center and its mission to be the Foreign Ministry’s link with the academic sector and the “foreign affairs community” and to promote cooperation with academic circle domestically and internationally.

During the discussion, the participants widely exchanged their views and offered comments on such issues as China’s role in the Asia-Pacific, the U.S. – China relations, roles of other major powers, soft power and the impact of technological advancement and changing demography on international affairs.

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**Visits**



# Visits



## **Director's visit to the Non-Government Think Tank for National Strategies : Klang Panya**

**2 October 2019**

Dr. Anuson Chinvanno, met with Professor Anek Laothamatas, Chairman of Klang Panya, and Ambassador Sompong Sanguanbun, Director of Institute of Diplomacy and International Studies (IDIS) Rangsit University to introduce the newly-revived ISC and discussed opportunities for future cooperation.

## **Director's visit to the Institute of East Asian Studies, Thammasat University**

**10 October 2019**

Dr. Anuson Chinvanno, visited Associate Professor Sitthiphon Kruarattikan, Director of the Institute of East Asian Studies, Associate Professor Noppadol Chartprasert and the Institute's researchers to introduce the recently re-established ISC and to discuss possible future cooperation and joint events.

## Visits

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### Director's visit to the Institute of Asian Studies, Chulalongkorn University

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11 October 2019

Dr. Anuson Chinvanno, paid a visit to the Institute of Asian Studies, Chulalongkorn University, to introduce the re-established ISC. He was received by Associate Professor Nualnoi Treerat, Director of the Institute, and its researchers. They discussed areas of possible cooperation and joint activities, including information sharing.



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### Director's visit to Mekong Institute (MI)

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12 November 2019

Dr. Anuson Chinvanno, visited Mekong Institute (MI) in Khon Kaen Province with a view to strengthening the academic network of the ISC. During the visit, Dr. Anuson met with Dr. Watcharas Leelawath, Executive Director of MI, and discussed possible future cooperation to further strengthen the Ministry of Foreign Affairs' Track 1.5 and Track 2 diplomacy.



## Director's visit to International Institute for Trade and Development (ITD)

18 November 2019



Dr. Anuson Chinvanno, met with Mr. Cherdsak Virapat, Director of International Institute for Trade and Development, to discuss possible cooperation between the two institutions.





## Visits

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### Director's visit to Kuala Lumpur, Malaysia

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25 - 27 September 2019



Dr. Anuson Chinvanno visited Kuala Lumpur and met with the executives and researchers at the Institute of Strategic and International Studies (ISIS), Center for Asian Studies (iKAS) of Institute of Malaysia and International Studies (IKMAS) of National University of Malaysia, and Institute of Diplomacy and Foreign Relations of the Ministry of Foreign Affairs of Malaysia.



The visit was aimed at promoting awareness of the ISC among its foreign counterparts, establishing network, and exploring room for future cooperation. During the meeting, the Director and the executives of the three leading academic and think-tank institutions of Malaysia also exchanged views on international issues of common interests.





### Visit by Members of the Foreign Policy Advisory Group of the Ministry of Foreign Affairs of China

11 November 2019



Dr. Tej Bunnag, Chairman of ISC Advisory Board together with Dr. Anuson Chinvanno, welcomed the Members of the Foreign Policy Advisory Group of the Ministry of Foreign Affairs of China, led by Mr. Du Qiwen, former Ambassador of China to Kenya and Greece. On this occasion, both sides discussed future cooperation between the ISC and academic and think-tank institutions in China as well as exchanged views on such issues as Thai-Chinese bilateral relations and the cooperation under ASEAN-China as well as the Mekong-Lancang Cooperation frameworks.



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**Annexes**



# Annexes

## Annex I

**Text of the Opening Speech by H.E. Mr. Vijavat Isarabhakdi, Vice Minister for Foreign Affairs at the Official Launch Event of the International Studies Center on 5 September 2019 at Naradhip Auditorium, Ministry of Foreign Affairs**

### **Excellencies, Distinguished Guests, Ladies and Gentlemen,**

Good afternoon and welcome to the Ministry of Foreign Affairs. You are currently seated in the Naradhip Auditorium, named after one of Thailand's greatest diplomats, statesmen and Foreign Ministers - H.R.H. Prince Naradhip Bongsprabandh, also known to the world as Prince Wan Waithayakon.

But as I look out into the audience, I am grateful for the presence of many other distinguished sons and daughters of the Ministry of Foreign Affairs, including former Foreign Minister Tej Bunnag, former Deputy Foreign Minister Virasakdi Futrakul, and several other of my eminent predecessors. At the same time, I am deeply honoured by the presence

of the members of the Diplomatic Corps, the academic community, and representatives of various Thai agencies as we gather here today to mark the official launch of the International Studies Center (ISC).

My Minister, H.E. Don Pramudwinai, is greatly disappointed not to be here to welcome you all although he very much had his heart set on doing so. However, his responsibilities as Foreign Minister as well as current Chair of ASEAN made it necessary for him to be away on urgent business--at quite short notice--so he sends you all his best wishes and appreciation for contributing to the success of this event.

### **Excellencies, Ladies and Gentlemen,**

Over three decades ago, back in 1987, when the original International Studies Center, or ISC, was established within Thailand's Ministry of Foreign Affairs, the world was on the cusp of a new era. Within two years, the Berlin Wall would fall leading to the end of the Cold War, while China was undergoing its second wave of economic reforms which would presage the remarkable Rise of China. At the same time, a new multipolar world was emerging, which would enable the growth of ASEAN from a grouping of six countries at that time to a truly pan-regional organisation of ten, with a strong political voice.

Thailand detected the winds of change blowing across the globe and, the ISC was founded to help the Foreign Ministry in navigating these shifting horizons. In those early days, the ISC had the good fortune of being guided by two of Thailand's most visionary diplomats of that time, namely, Dr Thanat Khoman, who headed the Institute of Foreign Affairs' Policy Council, and Air Chief Marshal Siddhi Savetsila, Minister of Foreign Affairs at that time, who was instrumental in founding the Center.

Today, we find ourselves again at the crossroads of history when even the monumental changes of the late 1980s virtually pale in comparison to what we

now face. In 1987, we anticipated an end to the conflict that had polarised the world for decades. However, today we witness an escalating rivalry between major and regional powers in the world at large, but especially in the Indo-Pacific, a vast area stretching across the two oceans and encompassing all countries on their rims. And ASEAN, as the center of this evolving regional architecture where the Indian and Pacific Oceans intersect, and a key engine of its economic growth, has become the platform where geopolitical tensions are most visibly played out.

Integral to this rivalry is the technological race which has changed society and the global economy in ways which would have been unimaginable three decades ago. In the 1980s, we spoke of globalisation and believed its effects had arrived, but only now, with the advent of the Internet and other disruptive technologies, do we really understand what it is like to live in a truly borderless world.

With all the powerful tools of communication in our possession, we find that both opportunities and challenges are increasing and intensifying at an extraordinary rate. At a single click, a farmer in a remote corner of the country can sell his produce to a consumer halfway across the world. Yet this same



click can also be the catalyst for a cyber-attack by a transnational criminal that could compromise the data of millions.

Alongside digital connectivity, more seamless physical linkages have had an equally huge impact. ASEAN has now become a single region of free flowing capital, goods and people, leading to an unprecedented level of trade and investment. But those very same connections have given rise to various non-traditional threats, such as international terrorism, human trafficking and drug- trafficking. And looming large above all of these threats is the spectre of climate change which has the capacity to undermine our very existence.

### **Excellencies, Distinguished Guests,**

Thailand is fully aware that handling change, whether that change is for better or for worse, is the most important element in our engagement with the outside world. This is reflected in Thailand's national strategy, both domestic and international, which focuses on sustainability as a means of thriving and surviving in the world of today.

When I say “sustainability”, I hasten to add that Thailand is not restricted to the

traditional and largely socio-economic definition of this word, but we attach great importance to the notion of “holistic sustainability”. This approach, known as the “sustainability of things”, is fundamental to the Government's 20 Year National Strategy and encompasses the many interconnected dimensions of a sustainable society, including the digital sphere, security, the environment, and connectivity. This is likewise evident in our foreign policy under which we hope to foster international partnerships to create a more sustainable region and world that can weather the winds of change.

It is for this reason that the theme for Thailand's Chairmanship of ASEAN this year is “Advancing Partnership for Sustainability”. Under this theme, we have explored new opportunities for cooperation among member states and with external partners in the realm of holistic sustainability. This has given rise to concrete progress in many diverse fields, such as cyber-security, natural disaster response, managing marine debris, and urban planning.

In taking a more united and proactive stance, ASEAN leaders adopted two important documents at the 34<sup>th</sup> ASEAN Summit in Bangkok. One is the ASEAN Leaders' Vision Statement on Partnership

for Sustainability, which conveys the leaders' commitment to building an ASEAN community that guarantees sustainable development for all stakeholders by being genuinely people-centered, forward-looking and inclusive. The other is the ASEAN Outlook on the Indo-Pacific, which aims to promote ASEAN's strategic value as a bridge for engagement with the major powers and other external partners built upon the 3Ms principle, namely mutual trust, mutual respect, and mutual interests.

Yet when all is said and done, the question that must be asked is how can we be truly sustainable if we cannot predict where the world is headed? This is where the role of diplomacy comes in, since an important aspect of diplomacy is the ability to anticipate change so that we can rise to the challenges that change presents, and capitalise on the opportunities it brings in the future. And the fuel that drives this type of diplomacy is insight and information. It is thus crucial, in an age such as this, to re-activate the ISC to support the process of crafting clear-sighted and forward-looking policy.

The ISC will be the Foreign Ministry's link with the existing network of national and international think-tanks and institutes. The Center will

adopt a multi-disciplinary approach, forging links with affiliated experts from multiple fields, whether academics, policy-makers, diplomats or members of civil society. It will serve as an arena where knowledge and ideas can be exchanged and sharpened as input for our foreign policy-making.

### **Excellencies, Distinguished Guests,**

I am delighted and gratified that so many members of the diplomatic corps and academic community are attending the opening ceremony of the Center this afternoon. It is my hope that the objectives and ethos of the ISC conveyed here today will lead to concrete cooperation among us all in the near future. I envision a Center of constructive engagement which will help set the direction for a more stable and sustainable region. And with this image in mind, I am pleased, on behalf of the Minister of Foreign Affairs, to declare the International Studies Center open.

**Thank you.**



## Annex II

**Text of the Lecture by Associate Professor Simon Tay, Chairman of Singapore Institute of International Affairs, on “ASEAN Centrality and Regional Balance in a Time of Sino-American Tensions: What Can Be Done?” on 5 September 2019 at Naradhip Auditorium, Ministry of Foreign Affairs**

### Thanks and Overview

1

Your Excellencies, Ladies and Gentlemen : Allow me to begin by thanking the organizers for this honor to speak at the relaunch of the International Studies Center (ISC) under the Devawongse Institute of Foreign Affairs, Ministry of Foreign Affairs of Thailand. It is an honor for me and the Singapore Institute of International Affairs that I chair. In many ways, the example of Thailand has always been upheld in our region. Not least for its role as the site of the founding of ASEAN and the role that this country and your past leaders played during the years of the Vietnam War. Further back in time too, one cannot but admire the Kingdom's ability to engage the colonial powers and balance them so as to avoid being colonized.

2

The topic the ISC has asked me to speak about today in some ways returns us back to some of those themes: a conflict among great powers, a call for a group of countries to unite

and to be relevant, and the question of what each of us can and should do in response. These are matters that concern us all. Not only Thailand and my country Singapore, and not only ASEAN. I would venture that there are policy makers and thinkers across Asia, Europe, Canada and all of the continents that are considering the same issues. In a world of increasing Sino-American tensions and potential conflict, all of us are “Between”.

3

My remarks today will begin by sharing a perspective about the Sino-American relations. If the current tensions will be short lived, or whether they are more fundamental in cause and consequence. I believe that the Sino American tensions we are now seeing are just a beginning and that the conflict will be broad, deep and long lasting. It will impact the world as we have known in these past decades since the end of the Cold War and, mostly, not for the better. There are reasons to fear that, unless



managed, the Sino-American tensions will combine with wider nationalist-protectionist measures and anti-globalization sentiments in more countries. If so, the open, global and rule-based order we have known since the end of the Cold War can come to an end. In its place, there may be no new and agreed order, but a prolonged period without certainty and rules.

4

On that premise, I will then turn to three issues that are facing ASEAN. First, whether amidst the storms of Sino-American competition, there can be a silver lining for our region. There are also two major initiatives put forward by the Great Powers to which ASEAN must respond: on one hand, the American conception of an "Indo-Pacific" and on the other, China's Belt and Road Initiative.

5

In conclusion, I will outline thoughts about how best we can approach the issues. ASEAN centrality and unity are key to this. But the ten members will not always have the same views and interests on all issues. It will be essential to find broad strategic thinking that all can share, and a willingness to consider how to increase the prioritisation on agreed regional interests. ASEAN must also reach out to others in the region and the broader global community and work with them to shore up the rules based order.

6

One of my suggestions is that ASEAN must be willing to take a stance but not to choose a side. Taking a stance on one side or another is inevitable but it needs to be confined to the issue at hand. It cannot become a permanent position of one side or another, whether pro-China or pro-America. In this context, I offer some initial thoughts on a pressing current issue: one of technology. The choices vary among ASEAN member states. This does not seem to be the big issue of siding between one or the other Great Power.

7

But the choices that are coming will not necessarily be a once and for all choice of side. Instead, there are many questions when our stances that we take can affect not only our businesses and economic development but, cumulatively, impact the Sino-American competition for influence. There is no clear or easy solution for this. The situation is new and still developing. This is a world where we are between, and that position will not be easy. The old saying about the two elephants fighting applies, and the grass between must prepare for challenging times.

8

The Sino-American conflict is a major factor in a time of economic downturn and challenge. There are also other factors that must be of concern; especially the trend among many





countries towards protectionism, hyper-nationalism and populism, and the rapid development of technology with many implications for our economy and our societies. There are reasons that some fear a return to the 1930s, and the beggar-thy-neighbour policies from which no one won and that created the conditions for the conflagration of WWII.

9

The times approaching will be challenging in many dimensions and may even be a critical juncture in the global order. But I am not pessimistic. I believe that we can not only survive but succeed and transform our countries and further improve ASEAN's standing in the global community.

### The Nature of the Sino-American Conflict

10

At present there are tensions between the USA and China and a sharp and escalating trade "war" with tariffs that hurt both sides as well as the overall global economy. The escalation is serious in terms of its economic effects and the much increased tariffs will hurt consumers as well as exporters. There is a possibility that a "deal" can be reached, even after many meetings and long delays. Yet even if a deal can be reached in the coming weeks before the deadline set, this is not all that is brewing. Many anticipate a

Sino-American "war" across a broader range of contention on issues relating to technology, unfair competition, democracy and the regional and global order. Some have also not ruled out the possibility of an armed skirmish.

11

Moreover, in America today, it is not only President Trump and his administration that is pursuing these issues with China. There is broad coalition of different interests: military hawks, advocates for human rights and democracy and an array of businesses. The change of mind in the business community is especially significant. It used to be that businesses would plead the case to continue to engage and do business with China. Beltway experts believe that China is now the one issue that enjoys bi-partisan support: being anti-China is now an all American past time.

12

Yet while President Trump is not China's single prosecutor, the way that he puts forward the case is singular. There are legitimate complaints about China's trade and commercial practices, like the pressures on foreign businesses who wish to enter the country. The European Union and Japan voice them. Asians too know how trade access and tourism can be withdrawn to express Beijing's unhappiness with little regard to rules and reasonable expectations.

But the way that the American President is taking action is also, many would argue, outside the rules. Sino-American tensions are a mass of deep storm clouds that fill the horizon. To this, President Trump brings down thunder and lightning—often tweeting dramatic interventions that add sound and fury, and are quite unpredictable. This impacts not only bilateral relations but the underlying rules-based order—a point I will return to.

13

Even with the trade war alone, the effects will be felt not only by the two great powers, but also all across the world. Singapore is already feeling the negative impact. As an open economy that thrives on free trade, Singapore is hit earlier and harder than others. Data from Enterprise Singapore shows a sharp decline in non-oil exports, with worse to come. Growth forecasts have been revised downwards, close to zero. Prime Minister Lee Hsien Loong has pointed out that the deteriorating relations between the United States and China are a “definite minus for Singapore”. Singapore’s political leaders are correct to call the Republic to brace itself for more bad news ahead.

14

Other ASEAN economies also feel the effects from the storm of Sino-American competition. This is especially true for those who depend on trade. The trade between ASEAN and China is of

a significant volume; indeed, China is the largest trade partner for many members and for the group as a whole. The volume will be affected; China’s growth is slowing and the Sino-American tensions will worsen this. Imports going into China and flows coming out from China will be negatively impacted. There will also be indirect impacts of those who do business with China, or depend on their tourism. The global trade woes will hit all countries. There are no winners.

### The Silver Lining and Its Limits

15

There can, however, be a potential silver lining for the region, relatively speaking. Steps can be taken to extract as much as possible from that silver lining. The higher tariffs and other measures imposed on China are leading more than a few investors to look to shift out of China, or at least to set up new manufacturing and supply chains parallel to those centered on China, in the event that costs and constraints increase. Analysts anticipate some countries could gain, relatively, as manufacturers and value chains shift from China.



16 Many of the alternative locations are in ASEAN. A flurry of interest surrounds Vietnam, with companies such as Lenovo Group, the personal computer maker, and GoerTek, which assembles Apple's AirPods, planning to set up plants in the country. According to Vietnam's Ministry of Planning and Investment, disbursement for foreign direct investment projects from January to June are up nearly 8 percent compared with the same period last year.

17 Reports also point to trade and investment flowing over into Thailand, parts of Malaysia and, perhaps to a lesser degree, Myanmar. In some cases, these shifts aim to lessen a China risk factor should Sino-American tit-for-tat measures escalate. But these ASEAN destinations are attractive in their own right. A vibrant workforce and lower labour costs are competitive advantages that some in ASEAN enjoy. Thailand and parts of Malaysia, especially around Penang, have experience and expertise in electronic manufacturing clusters.

18 To a noticeable extent, this shift to ASEAN countries began even before the Sino-American tensions were visible. For many Japanese companies, their investments in ASEAN resurged after their own experience in tensions with China, following public protests and threats to cut rare earth supplies in 2010 Japanese companies talked

about a "China plus one" strategy and their investments in ASEAN have surpassed those heading into China in each year since 2013. The authorities in South Korea and Taiwan have made it part of their government policy to deepen engagement and investment southwards. For other investors too, including those from the US and the European Union, the current trade war has only accelerated the move towards ASEAN.

19 ASEAN's overall movement towards closer economic integration – the ASEAN Economic Community – is not perfect but also helps to attract foreign investors. There are instances, however, where the trend to move towards ASEAN is limited by conditions in the country itself. For Thailand, there has been a pause in recent years and with elections now cleared and the government moves ahead, there is good reason for foreign investors to relook. For Indonesia, the presidential election in April – and initial disputes about its outcome – was one reason potential investors stayed on the sidelines. Now that Mr Joko Widodo has secured a second term as president, that hurdle has been cleared. It remains to be seen, however, whether his administration will push for reform and more openness to foreign investment and international trade. In some sectors, Indonesia too is experiencing some

limits in supplying workers of sufficient quality and number. The next two to three years will be a critical time to see if Indonesia can catch and sustain the interest of international investors.

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Singapore too faces limits in responding to the new circumstances of the Sino-American dispute. This has to do with its economic fundamentals. Singapore is highly dependent on global trade, and will be hit by the global downturn first and hard. It is a small country with higher cost of labour, land and other factors of production. Singapore cannot hope to attract many of the production and other facilities that may “spillover”.

21

However, if ASEAN can, then Singapore can plug into that growth. Ancillary services, including finance, have helped to keep Singapore attractive as a hub. So too will upgrades to the Republic’s infrastructure and connectivity. Regionalising is critical and can be successful but will not directly solve the domestic challenges. Many multinationals and foreign investors already use Singapore as a hub but more can be done to both anchor them and support their regional operations. Singapore also gains from being a hub for investment going into its ASEAN neighbours. In recent years, FDI going from Singapore into Indonesia, Vietnam, Malaysia and Myanmar has

been among the top 3 sources of investment, and investment going into Thailand is also significant. By participating in the regional growth and integration, on a win/win basis, Singapore too can gain from this silver lining.

22

But a spillover of FDI from China into ASEAN can have downsides. While China has some higher value added manufacturers, others can be of poorer quality, offering low value-added and highly pollutive by products. If the spillover investments are from such lower end industries of this nature, there will be harms and “externalities” to be suffered. Moreover, the influx of these FDI may distract from ASEAN’s own need to transform and upgrade their economies.

23

The answer is not however to blame China and the Sino-American conflict. I have used the analogy of a “silver lining”; to extract silver, there is a process involving potentially dangerous chemicals and heavy metals that must be treated with proper care. In maximising the silver lining of the Sino-American trade war, ASEAN governments will need to bolster their ability and administrative acumen to screen FDI selectively to look for quality and not just quantity. In this, ASEAN countries must be better able to analyze, stand up for their own interests and proactively shape the



outcomes, and not just to be a passive recipient. That stance applies to other initiatives put forward by the Great Powers.

### Responding to the Great Powers : BRI and the Indo Pacific

24

So far I have considered the bilateral Sino-American relationship and what happens to ASEAN and others as a consequence and indirect “spillovers”. Allow me to next consider initiatives that the Great Powers have taken that are directly addressed to ASEAN and other countries. One is China’s Belt and Road Initiative, especially in regard of the ASEAN region. The second is the Indo-Pacific concept that has been initiated by the USA after earlier use of the term by Japanese premier Abe and others.

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The BRI and Indo-Pacific are of course different in nature: the former is centered on infrastructure and connectivity between China and others like ASEAN (en route to Europe) and the later emphasizes strategic and potentially military cooperation. The BRI is geo-economic and the Indo-Pacific seems more geo-political; but in each of these initiatives, the great power plays to its relative strengths. China is willing and better able to mobilize the wherewithal of

finance, expertise, corporations and workers to help address a major need for infrastructure and connectivity within and between ASEAN and Asia. The USA still remains the leading security player in the region and an ally and strategic partner to many in the region.

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ASEAN must respond to each of these initiatives. As ASEAN is a group of 10 member states, unity is to be managed and cannot be assumed. Unity will be critical if ASEAN is to maintain centrality. But ASEAN will also be judged by our ability to respond in timely and positively ways to progress matters and to maintain trust, if not increase it, over the long term.

27

Our response to the Indo-Pacific has taken some time. In some ways, this was because it seemed unnecessary from an ASEAN-centered view. ASEAN processes especially the East Asia Summit already cover more than ASEAN and the Asia-Pacific. So does the Regional Comprehensive Economic Partnership (RCEP), now approaching its 30th round of negotiation, and working towards conclusion this year under Thailand’s able chairmanship, or else next. Another reason was caution: the “Indo-Pacific” has been a protean concept mentioned by many and with many different shades of meaning. Some view and even promote the Indo Pacific as a way of containing

China. In this interpretation, the Indo Pacific allows leadership to be asserted by “the Quad”: bringing together the USA together with Japan, Australia and India, with an emphasis on shared democratic values and US-centered partnerships. China would be excluded and indeed seems to be the implicit target of such a Quad configuration of the Indo-Pacific. ASEAN, while not the target, would be sidelined.

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Given this, my reading is that some in ASEAN thought that the Indo-Pacific initiative could be ignored. Others that it must be responded to and with an active agenda. The compromise has been unveiled in ASEAN's Outlook, announced just some weeks ago here in Bangkok. It is beyond the scope of my remarks today to consider the Outlook in detail. But allow me to congratulate ASEAN and Thailand as the current chair for making this response. It is my belief that further iterations may be needed. However, even if so, we can all acknowledge it is often the act of getting something started which is hardest.

29

Another type of response to the Indo-Pacific concept is exemplified in the inaugural ASEAN-United States Maritime Exercise (AUMX) this week, hosted by Thailand. All combined, AUMX involved eight ships, four aircraft, and just over a thousand naval personnel. All 10 ASEAN member

states participated but were not equally involved. Malaysia and Indonesia notably sent just observers, not ships. While further engagement with the USA through AUXM, steps have been to ensure that China should not have cause for concern. Much of the training in AUXM will also focus on non-traditional security and maritime safety, such as search and rescue operations and unexpected encounters at sea. Moreover, ASEAN held a similar maritime drill with China nearly a year before, off the coast of Guangdong province.

30

Let me next turn to China's BRI. From the start, I wish to congratulate China for bringing much needed attention to the critical gap in infrastructure and connectivity. I am one who believes that without filling some of these gaps, the economic integration efforts, FTAs and rise of Asia will be slower and incomplete, and will risk being unbalanced and inequitably distributed both socially and spatially. In this regard, I do not agree with the many criticisms that have arisen against the BRI. There are legitimate concerns about some of these first BRI projects – their financial viability and possible debt traps, and considerations about environmental protection, social benefit and good governance versus corruption. These can and must be addressed. But the concerns should not obscure the need and opportunity





of the BRI and other efforts to help connectivity across Asia by other governments and multilateral banks. There are ways to help maximize the benefits of the BRI and to minimize the potential negativities.

31

A first step has been taken by China itself. The BRI Summit of 2019 saw the tone from the very top change. There is now a clearer recognition of the need for approaches that emphasize financial viability, sustainability and win/ win partnership between China and the host country. A second step should come from the financial sector that will be involved in financing BRI projects. The financial sector will need to bring market discipline, and make proper risk and return evaluation of the various projects, and not simply pour in money because of an overarching strategic reason. In that risk and return evaluation, the environmental and social dimensions must also be factored in more clearly, early and strongly. Otherwise, there is a real risk to the project itself and there are already projects that have stalled and failed because of such controversies.

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A third step must come from the country itself. While many in the region want the infrastructure and do not have the funds at hand from their own sources, they must be ready to calculate the full cost and benefit and

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make decisions that are best for their own country in the long run. In this, there is a need for better systems of governance in many countries when dealing with large scale, and big ticket infrastructure projects. Another step would be to ensure good standard environmental and social impact assessments, not only on paper but in practice. Countries that invite and host BRI projects cannot put the blame on China if they do not do their own homework.

33

A fourth step is for ASEAN at the regional level or 3rd country ASEAN members to play some role in the BRI. At present almost all BRI projects are exclusively bilateral between the host country and China. That may still be the predominant modality. But ASEAN's connectivity master plan should be brought into the frame. So should the plans of neighbouring ASEAN states when there is a need to link between different BRI projects. For example, China-Lao PDR and China-Thailand efforts on railway links can be complemented by Lao-Thai discussions to triangulate and harmonize the development of the BRI projects with national and also ASEAN priorities.

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For Singapore, the Government master plan underscores the efforts to build air and seaport hubs, and how the Government intends to continue investing heavily in Singapore's future

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– even without China’s involvement and even as regional integration grows apace. Singapore can helpfully be a participant along the ASEAN host countries and China in the BRI, and provide a launch pad for linking up parts of ASEAN. These possibilities are not only in the physical construction of the infrastructure but even more in advising on and sharing Singapore’s experience in urbanization, transport and other key aspects of “smart cities”. As a major finance hub too, Singapore can assist and help ensure the viability, quality and long term sustainability of these BRI projects. By working more closely with its neighbours – not only in terms of amount of investment but also by means of collaboration, enhancing human resource capabilities and helping to improve efficiencies, Singapore can enhance its present strategies and move towards a deeper regionalisation.

### **The Path Forward: Unity, Resilience and Transformation**

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Back in 2010, I published a book titled, “Asia Alone: The Dangerous Post-Crisis Divide from America”. I wrote this while residing in the USA, in New York during the global financial crisis. In this book, I described an America that believed globalization had harmed it and was resentful of Asia

and especially China for taking “unfair” advantage. I feared an America that would abscond from its global responsibilities; not into isolationism but into unilateralism. Looking at Asia, in this period, I observed a China that was beginning to be proud of its rise and becoming more assertive. Yet without sufficient trust among Asians, my conclusion was that Asia was not prepared to be alone: making a divide with the USA a dangerous thing.

36

I mention this as there are reasons to see the Sino-American conflict not as something wholly new and personality driven but from factors that have emerged from a truly global crisis and that have been gestating since then, over the last decade. The tensions we are now seeing are just a beginning and that are real risks that a conflict will emerge that will be broad, deep and long lasting. If that is the case, Sino-American conflict will impact the world as we have known in these past decades since the end of the Cold War and, mostly, not for the better. Unless managed, these Sino-American tensions will combine with wider nationalist-protectionist measures and anti-globalization sentiments in more countries.

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If so, the open, global and rule-based order we have known since the end of the Cold War can come to an end. In its place, there may be no new and





agreed order, but a prolonged period without certainty and rules. In this sense, the Sino-American conflict should not be framed a choice between one Great Power or the other. There is instead as an even more radical choice: between the rules-based order we have known and chaos.

38

This unsettled, potentially tumultuous period will have a dampening effect on the global economy. But the good news is that countries within ASEAN are positioned to enjoy a silver lining, relatively. If ASEAN can also remain united and respond adroitly and appropriately to the initiatives of one and the other Great Power, it can remain central and not be forced to take sides.

39

Can more be done? There has been political will to bring the ASEAN Community into being—even if far from complete, the ten member states have deepened their cooperation and integration and are well positioned to try to maintain unity. There are similar efforts among many of ASEAN's neighbouring countries and partners. Many are seeking to improve and position themselves for growth, in tandem with efforts towards the wider Regional Comprehensive Economic Partnership and often with a renewed emphasis on ties with ASEAN. In this there are hopes not only to maintain ASEAN unity and centrality, but to

make ASEAN an important and foundational partner in a network of like-minded states.

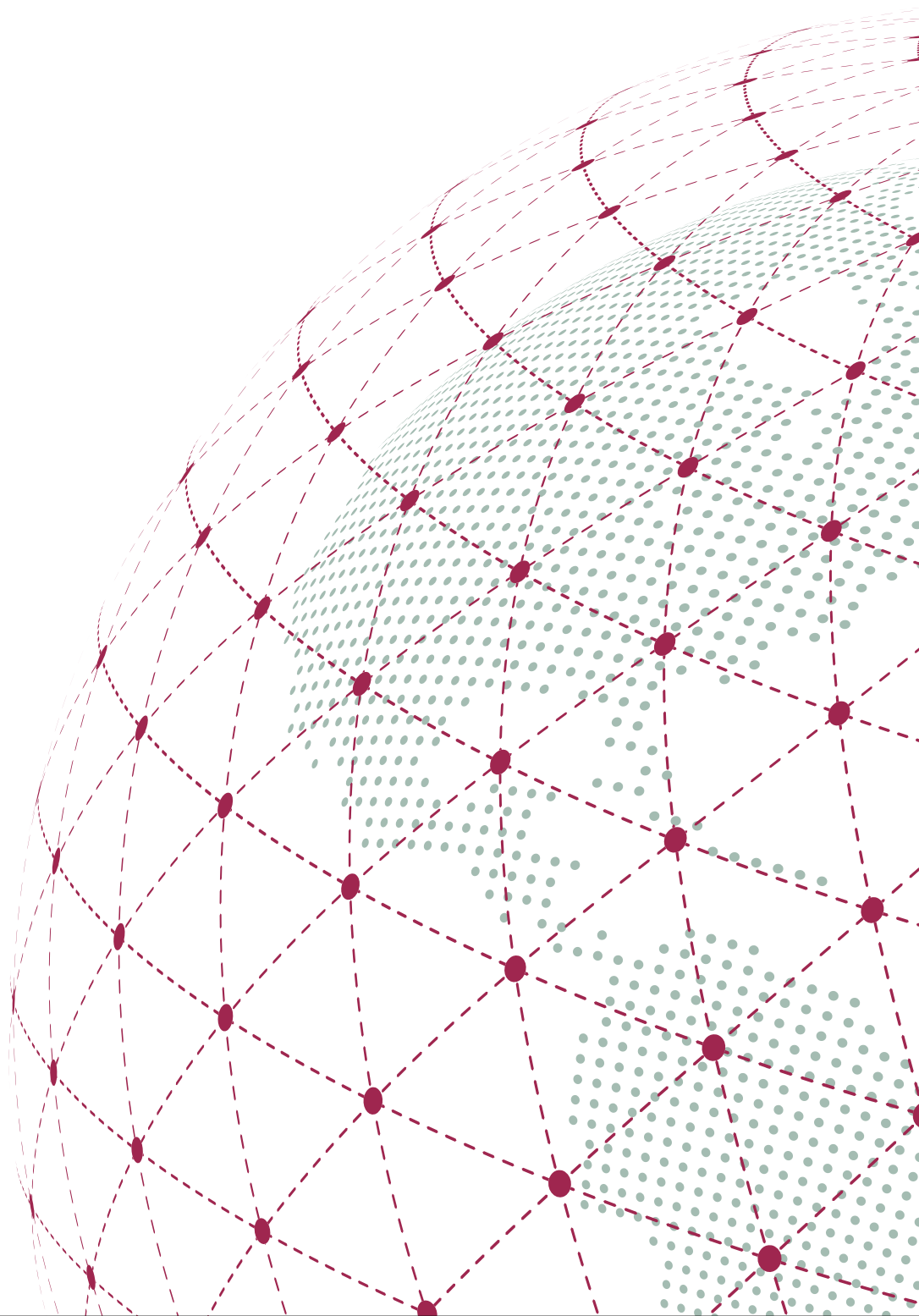
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Is this possible? Current projections are that, given current growth rates, ASEAN will become the 4th largest economy in the world by 2030. This is not of course guaranteed, especially given the global uncertainties. But ASEAN can assist itself by continuing to make efforts not only to unite and integrate and to transform itself. This will not be easy but there is political stability for a number of the governments in the region to push forward. There is greater recognition of how technology enables transformation (or disruption) to leap forward, rather than taking only incremental steps. There are also pressures that are pushing for ASEAN to seek policies to upgrade itself to seek add greater value to the global and regional value chains, to foster innovation and move forward with deeper integration with key partners. In a world caught "between" the Sino-American conflict, ASEAN's progress and transformation, unity and centrality, will allow and increasingly demand that we begin to speak with a global voice on the issues that are of concern to all.

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