

By Invitation

Why Asean is good for the US



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For *The Straits Times*

Asean is important to the US for three reasons: geo-strategic, economic and political.

I will focus first on the geo-strategic. The United States is a superpower. As a superpower, it has interests all over the world, including South-east Asia.

What is the geo-strategic significance of South-east Asia to the United States?

The 10 countries of this region have a combined population of 630 million, which is twice the size of the US population. The region is well endowed with natural resources. It is the world's seventh largest economy with a GDP of US\$2.4 trillion (S\$3.2 trillion) and is on a trajectory to become the fourth largest by 2050.

The world's most important sealane, the Straits of Malacca and Singapore, passes through the waters of the region. The Lombok Strait, the Sunda Strait and the South China Sea are also important to international shipping and maritime trade.

Of the 10 member states of Asean, two, namely the Philippines and Thailand, are treaty allies of the US. They are designated as "major non-Nato allies".

The US also has close defence ties with Malaysia and Singapore. The US Defence Department carries out joint military exercises with all the Asean countries. In 2015, the US and Asean raised their relationship to a "Strategic Partnership".

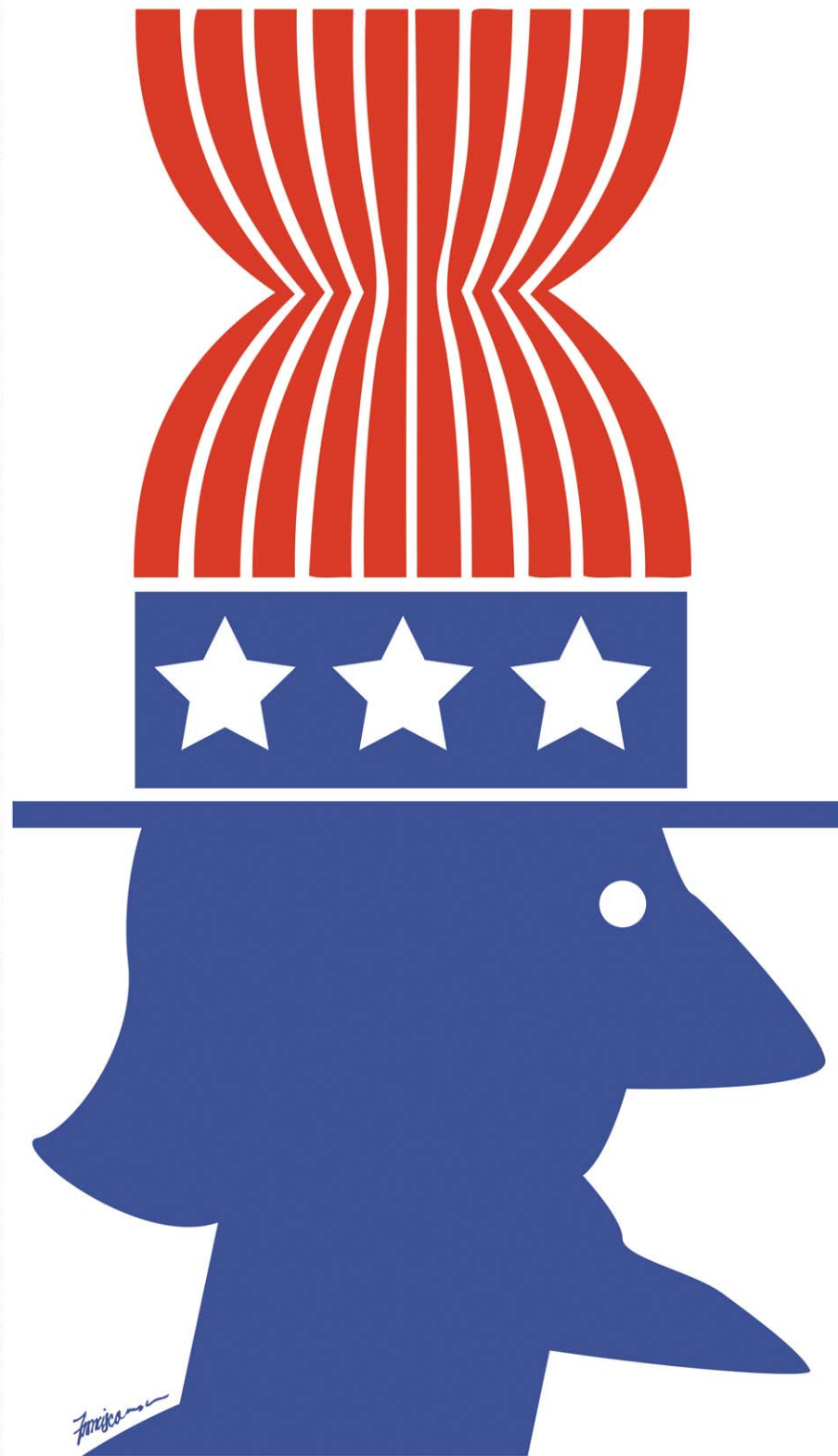
ECONOMIC IMPORTANCE

The second importance of Asean to the US is economic. The US has invested more in Asean – US\$306.5 billion – than in China, India, Japan and South Korea, combined.

Asean investment in the US, US\$33 billion, is modest. It is, however, larger than China's investment in the United States.

Asean is the fourth largest trading partner of the US. In 2016, the two-way trade stood at US\$262.9 billion. The US has a surplus in trade in services. Asean has a surplus in trade in goods.

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It has been estimated that US exports to Asean, of over US\$100 billion (S\$132 billion), support 550,000 jobs for American workers. Many US companies, including many of the leading US multinational corporations, have a presence in Asean. Singapore alone hosts 4,200 US companies.

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Even more business opportunities will emerge for American companies, given the region's good growth prospects and its growing middle class.

I want to acknowledge that some US companies are sceptical about Asean economic integration and the Asean Economic Community.

Their experience on the ground shows that our journey is incomplete and there remains

non-tariff barriers to doing business across borders. They feel that Asean has not yet become a single market.

At the same time, I would point out that Asean remains committed to free trade, economic integration and open economies. Asean is growing at about 5 per cent per annum. Its embrace of the digital economy, e-commerce and e-payment will boost our growth and create many new opportunities for US business.

Tourism is another booming sector. In 2015, 3.5 million Americans visited Asean. A smaller number of Asean citizens,

780,000, visited the US in the same year.

It has been estimated that Asean visitors add US\$5 billion to the US economy. The 55,000 Asean students studying in the US add another US\$1.7 billion to the US economy.

Finally, the US has a Free Trade Agreement with Singapore, a trade agreement with Vietnam, and Trade and Investment Framework Agreements with Asean and nine of the Asean member states. The Trump administration is happy with the US-Singapore Free Trade Agreement as the US enjoys a trade surplus with Singapore.

POLITICAL IMPORTANCE

The third importance of Asean to the United States is political.

Asean has kept the peace in South-east Asia for 51 years. It has created and chairs several regional institutions, which include the United States, such as the Asean Regional Forum, the East Asia Summit and the Asean Defence Ministers' Meeting Plus.

These forums are open and inclusive and help to improve mutual understanding and reduce suspicion and mistrust. In this way, Asean helps to maintain peace, stability and prosperity in the Asia-Pacific.

The US and Asean cooperate to deal with several non-traditional security challenges, such as humanitarian emergencies, the trafficking of drugs and humans, counter-terrorism, cyber security, non-proliferation, transnational crime, climate change, pandemic disease, and so on.

The US and Asean share some beliefs, such as, the rule of law, the peaceful settlement of disputes, and respect for international law, including the United Nations Convention on the Law of the Sea.

As a mark of respect for Asean and an acknowledgement of Asean's importance to the US, in 2016, then President Barack Obama invited the 10 leaders of Asean and the Asean Secretary-General, to a special US-Asean Leaders' Summit. The venue was Sunnylands, California, the same venue where President Obama had hosted Chinese President Xi Jinping in 2013.

The US-Asean Summit adopted the Sunnylands Declaration, which is a very significant document. It contains some consequential language such as, "US respect and support for Asean centrality and Asean-led mechanisms in the evolving architecture of the Asia-Pacific" and "the shared commitment to peaceful resolution of disputes, including full respect for legal and diplomatic processes in accordance with the universally recognised principles of international law and the 1982 UN Convention on the Law of the Sea".

LOOKING AHEAD

I am pleased that the Trump administration appears to have continued with the previous administration's pro-Asean policy. In April last year, US Vice-President Mike Pence visited the Asean Secretariat in Jakarta, becoming the most senior US leader to do so.

We appreciated his visit to our region, made when the administration was only three months old.

During his first year in office, President Donald Trump had invited four Asean leaders to visit him at the White House. The President attended the commemorative US-Asean Leaders' Summit, in Manila, last year.

He has accepted Prime Minister Lee Hsien Loong's invitation to visit Singapore this year, possibly for the Asean-US Summit. We look forward to welcoming him to Singapore.

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