



The IKMAS-Nippon Foundation
Young Scholar Fellowship Program Series

No **1**

THE VISION FOR ASEAN BY YOUNG SCHOLARS



Institute of Malaysian and International Studies
(IKMAS)

Universiti Kebangsaan Malaysia

2019

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**The Vision for ASEAN
by Young Scholars**

edited by

Sufian Jusoh

Norinah Mohd Ali

Institute of Malaysian and International Studies
(IKMAS)
Universiti Kebangsaan Malaysia
2019

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Preface and Acknowledgements

The IKMAS-Nippon Foundation Young Fellowship programme was introduced in Oct 2017 which targeted students/young scholars, especially from the CLMV countries to participate in the program. The objective of the fellowship is to provide young scholars with an opportunity to interact with Fellows from the Institute of Malaysian and International Studies (IKMAS) and academic staffs of National University of Malaysia (UKM) on research areas of their interest. The topics must be related to ASEAN Integration.

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CHAPTER 1

Promotion of Higher Level of Integration of ASEAN Economic Community

SUFIAN JUSOH AND NORINAH MOHD ALI

Introduction

The Association of the Southeast Asian Nations (ASEAN) and the European Union (EU) have been having strong economic relations for many years. The EU and ASEAN trade and investment relations continue to grow and will continue to grow for many years to come. The EU is the ASEAN's second largest trading partner after China and the largest source of FDI inflow into ASEAN. Based on EU statistics, ASEAN-EU two-way trade reached € 226.8 billion in 2017, a 9.1% increase year-on-year.¹ ASEAN-EU two-way trade stood at € 208 billion in 2016. In 2015, ASEAN-EU two-way trade stood at €201 billion, an 11% increase year-on-year, which was 0.9% increase compared to the total trade in 2015² In 2016, Foreign Direct Investment (FDI) inflow from the EU into ASEAN significantly has increased by 46.2 per cent, amounting to USD 30.5 billion, accounting for 31.5 per cent of total ASEAN FDI.³

Based on this development, it is only natural for ASEAN and the EU to pursue are pursuing a deeper economic cooperation, which stalled in 2009. Since the suspension of the regional negotiation between ASEAN and the EU, the EU has been pursuing bilateral FTAs with individual ASEAN Member States. The FTAs include:

1. EU- Vietnam FTA and EU-Singapore FTA (both completed);
2. EU- Malaysia FTA which has been under slow progress;
3. EU-Thailand FTA which has been on hold since the coup (there is report that the negotiation with Thailand will resume soon)⁴; and

¹ Joint Media Statement, The Sixteenth AEM-EU Trade Commissioner Consultations 2 March 2018, Singapore, http://trade.ec.europa.eu/doclib/docs/2018/march/tradoc_156623.2.pdf (last accessed 30.3.2018).

² EU-ASEAN at Historical High, Press Release, 22.2.2017, https://eeas.europa.eu/delegations/philippines_sv/21127/EU-ASEAN%20at%20historical%20high,%20says%20EU%20Ambassador (last accessed, 30.3.2018).

³ ASEAN FDI Database as of 14 June 2017. For summary, please see <https://www.aseanstats.org/publication/asean-foreign-direct-investment-fdi/> (last accessed 30.3.2018).

⁴ Thailand: Council Adopts Conclusions, Press Release, 11.12.2017, <http://www.consilium.europa.eu/en/press/press-releases/2017/12/11/thailand-council-adopts-conclusions/> (last accessed 30.3.2018).

4. Negotiations for an investment protection agreement with Myanmar which has been ongoing since 2014 and has been under slow progress and has now been suspended; and
5. A Comprehensive Economic Partnership Agreement (CEPA) with Indonesia was announced in April 2016. .

In the ASEAN-EU summit in Manila in 2017, ASEAN Economic Ministers (AEM) and the EU Trade Commissioner reaffirmed their commitment to working towards an EU-ASEAN FTA.⁵ Both parties are undertaking the joint-stock taking exercise, through the formation of the Joint Working Group (JWG) for the development of a Framework setting out the parameters of a future ASEAN-EU FTA. The JWG terms of work include to report on the progress of ASEAN integration, the status of bilateral FTAs between the EU and ASEAN Member States, and how to ensure added value by building on these bilateral FTAs.⁶ The JWG presented the report to the AEM-EU Commissioner meeting in Singapore on 2nd March 2018.⁷ Talks for a region-to-region FTA are currently underway and a consultation meeting is expected to take place sometime in 2019 to discuss further progress on the matter.⁸

The ASEAN-EU FTA is also a natural progression as part of the EU cooperation and support for ASEAN including activities outlined in the ASEAN-EU Plan of Action (2018 – 2022) which replaces the Bandar Seri Begawan Plan of Action to strengthen the ASEAN-EU Enhanced Partnership (2013-2017).⁹ Among the EU cooperation program with ASEAN are the ASEAN Regional Integration Support from the EU (ARISE), the EU-ASEAN Project on Intellectual Property Rights (ECAP III), the EU-ASEAN Capacity Building Programme for Monitoring Integration Progress and Statistics (EUCOMPASS) and the ASEAN Air Transport Integration Project (AATIP). Other EU supported projects include the ASEAN Trade Repository (ATR), the ASEAN Solutions for Investments, Services and Trade (ASSIST) and ASEANStats.¹⁰

The establishment of the AEC in 2015 was a major milestone in the economic integration agenda in the region, establishing a common market that dramatically reduced tariffs and non-tariff barriers across ASEAN member countries. This resulted in the freer movement of goods, services, investment, skilled labour and capital.

⁵ Joint Media Statement, The Fifteenth AEM-EU Trade Commissioner Consultations 10 March 2017, Manila, The Philippines, <http://asean.org/storage/2017/03/AEM-EU-15-JMS-Final.pdf> (last accessed 30.3.2018).

⁶ Joint Media Statement, The Fifteenth AEM-EU Trade Commissioner Consultations 10 March 2017, Manila, The Philippines, <http://asean.org/storage/2017/03/AEM-EU-15-JMS-Final.pdf> (last accessed 30.3.2018).

⁷ Joint Media Statement, The Sixteenth AEM-EU Trade Commissioner Consultations 2 March 2018, Singapore, http://trade.ec.europa.eu/doclib/docs/2018/march/tradoc_156623.2.pdf (last accessed 30.3.2018).

⁸ The time for deeper integration between ASEAN and EU is now, The ASEAN Post, 5 March 2018, <https://theaseanpost.com/article/time-deeper-integration-between-asean-and-eu-now-0> (last accessed 30.3.2018).

⁹ ASEAN-EU Plan of Action (2018 – 2022), <http://asean.org/storage/2017/08/ASEAN-EU-POA-2018-2022-Final.pdf> (last accessed 30.03.2018).

¹⁰ ASEAN Secretariat's Information Paper as Of September 2017, Overview of ASEAN-EU Dialogue Relations, http://asean.org/storage/2012/05/Overview-of-ASEAN-EU-Relations-as-of-Sept-2017_FINAL-1.pdf (last accessed 30.03.2018).

Hence, the ASEAN-EU FTA will be able to possible ASEAN an important global economic player. The objective is to turn ASEAN as a highly integrated and cohesive; competitive, innovative and dynamic; with enhanced connectivity and sectoral cooperation; and a more resilient, inclusive, and people-oriented, people-centred community, integrated with the global economy.¹¹

In terms of the ASEAN-EU FTA, ASEAN sees the EU as important external partner. This is consistent with ASEAN's aim for a higher integration into the global economy, which includes plans to enhance talks on FTAs with ASEAN partners. The ASEAN relationship with the EU is important as ASEAN seeks to fosters a more systematic and coherent approach towards its external economic relations.¹² The objective of the ASEAN Economic Community 2025 and the integration of ASEAN into the global economic community may be achieved by creating a deeply integrated and highly cohesive ASEAN economy that would support sustained high economic growth and resilience even in the face of global economic shocks and volatilities. ASEAN also seeks to engender a more equitable and inclusive economic growth in ASEAN that narrows the development gap, eliminates if not reduces poverty significantly, sustains high growth rates of per capita income, and maintains a rising middle class.¹³

To achieve the Objective, the Project will address the following:

- a. Issues and sectors and industry that can create impact on the relation between ASEAN – EU and the ASEAN Integration; and
- b. Stakeholders to be consulted by the Project. Stakeholders include ASEAN body, academics, experts, civil societies.

Issues and Sectors

At the 15th AEM and EU trade commissioner meeting in Philippines, the EU and ASEAN have agreed to revive plans for an FTA and resume previously stalled FTA talks. EU and senior ASEAN officials have established a framework to restart talks. Based on the bilateral FTA between EU and ASEAN Member State and the result of the 6th ASEAN-EU Business Summit in Singapore on 2nd of March 2018 among topics of interest to EU and ASEAN include:¹⁴

1. Liberalisation of investment and services sector;
2. Digital economy and e-commerce;
3. Trade facilitation;
4. SMEs;

¹¹ ASEAN Community Vision 2025, para 6.

¹² ASEAN Community Vision 2025 Forging Ahead Together, para. 10.

¹³ ASEAN Economic Community Blueprint 2025, para. 6.

¹⁴ See for example, EU-Singapore Free Trade Agreement. Authentic text as of May 2015 at <http://trade.ec.europa.eu/doclib/press/index.cfm?id=961>, and the EU-Vietnam FTA at Guide to The EU-Vietnam Free Trade Agreement at http://trade.ec.europa.eu/doclib/docs/2016/june/tradoc_154622.pdf (last accessed 30 March 2018).

5. Innovation and intellectual property; and
6. Higher level of integration in the aviation sector.

This position is further enhanced at the 6th ASEAN-EU Summit in Singapore on 2nd March 2018.¹⁵ During the Summit, ASEAN and EU discussed several issues of interest. Such issues include:

1. The importance of deepening trade ties between the EU and ASEAN to face the challenging global trading climate.
2. The implementation of the ASEAN Single Window by 5 ASEAN Member States. The ASEAN Single Window will facilitate smoother cross-border trade in ASEAN.
3. The digitalisation of Southeast Asian economies. Within the digital economy the parties recognise the need:
 - a. to have the right ecosystem to be in place. For example, there is a need to facilitate cross-border digital payments, while localised data servers are needed to facilitate free data flow within the region.
 - b. to have adequate labour force skilled in technological know-how, which is crucial to operate infrastructures as well as to foster further digital innovation.
 - c. to have more EU businesses' FDI into ASEAN in order to set up the digital ecosystem as it would allow the necessary infrastructure to be built, as well as the necessary knowledge transfer to take place.
4. To need for EU business to support ASEAN Member States to achieve sustainable development. One way of doing this is by using new technologies to achieve energy efficiency. Southeast Asian governments also need to establish the right frameworks to encourage investments in new technologies.
5. The labour mobility within ASEAN which is still subject to national immigration rules.

Liberalisation of Investment and Services Sector

Liberalisation of investment and services sectors are important for an enhanced economic relation between EU and ASEAN. The Project will identify the areas of interest for the EU in seeking further liberalisation on the investment and services sectors within ASEAN.

The predominant sectors that have benefited from EU FDI inflows to ASEAN are manufacturing, financial and insurance activities, logistics, food and beverages, electricity production and the chemical and pharmaceutical industry.¹⁶ ASEAN hopes to encourage further investment by means of the ASEAN Comprehensive Investment Agreement (ACIA)

¹⁵ <https://theaseanpost.com/article/time-deeper-integration-between-asean-and-eu-now-0>

¹⁶ ASEAN Investment Report 2017 Foreign Direct Investment and Economic Zones in ASEAN ASEAN@50 Special Edition, ASEAN Secretariat, October 2017, Part 2, Chapter 2, pp. 47-70.

that aims at creating a free and open investment regime in ASEAN. However, the EU and ASEAN may be looking at investing into other sectors such as the digital economy and the e-commerce.

There are few remaining challenges in the implementation of liberalisation of investments in ASEAN:¹⁷

1. Many ASEAN Member States are not able to fully liberalise investments in the relevant sectors mainly due to the legacy and constitutional issues. In a few ASEAN Member States, some sectors remain reserved for domestic investors or the government law or by constitution, hence requiring legislative process to take place.
2. Many ASEAN Member States, especially the newer ASEAN Member States still do not have a deep understanding on the main provisions of the ACIA and other provisions relating to investment liberalisation. For example, few ASEAN Member States are not able to design effective investment negative lists to attract FDI and to reduce regulatory burden for FDIs and domestic investments. Many sectors are frequently taken on and off the Negative Investment List, resulting in e-commerce, distribution and warehousing, and various sectors including oil, gas and mining services being closed to foreign investment.
3. The ACIA has to be read together with other ASEAN Agreements, mainly the AFAS. The provisions on commercial presence under the AFAS has to be read together with the protections pillar of the ACIA. One cannot read the AFAS commercial presence in isolation from the protection pillar of the ACIA.
4. Some ASEAN Member States continue to impose performance requirement including local content requirements which require investors to use domestically manufactured goods or services in order to operate.

Digital Economy and E-Commerce

The EU-ASEAN FTA should contain provisions for the facilitation of the digital economy, including clear benchmarks for freedom of expression and the free flow of information online.¹⁸ The FTA should further ensure cross-border data flows and remove data localisation requirements. Data flow commitments should be negotiated to complement cross-border services commitments and promote responsible and accountable treatment of data. This should be achieved through binding provisions in the FTA, balancing the need to protect data with the right to move data. Jointly developed approaches to data security and protection will instil confidence in, and reduce resistance to, cross-border data flows.

¹⁷ See Julien Chaisse and Sufian Jusoh, *The ASEAN Comprehensive Investment Agreement The Regionalisation of Laws and Policy on Foreign Investment* (2016).

¹⁸ See for example, EU-Singapore Free Trade Agreement. Authentic text as of May 2015 at <http://trade.ec.europa.eu/doclib/press/index.cfm?id=961>, and the EU-Vietnam FTA at Guide to The EU-Vietnam Free Trade Agreement at http://trade.ec.europa.eu/doclib/docs/2016/june/tradoc_154622.pdf (last accessed 30 March 2018).

Trade Facilitation

Trade facilitation seeks to simplify and streamline procedures to allow for an easier flow of trade across borders. Within this broad understanding, it can in turn be defined according to different sets of policies affecting trade processes and the cost of trade. It can be narrowly defined as the improving of cross-border administrative measures or more broadly to include behind-the-border measures such as infrastructure, institutional transparency, good governance, and domestic regulations. All these measures affect trade costs and with it the trade performance of a country.

The World Trade Organization (WTO)'s Trade Facilitation Agreement (TFA) was concluded at the 2013 Bali Ministerial Conference and entered into force on 22 February 2017.¹⁹ It is a landmark for being the first multilateral trade agreement to be reached since the Uruguay Round. Besides, it has the potential to improve trade facilitation measures in all the 164 signatories. Meanwhile, ASEAN Trade Facilitation Framework (ATFF) focuses on existing ASEAN commitments and instruments relating to trade facilitation. The ATFF was adopted in 2016, with the aim at consolidating ASEAN's trade facilitation obligations and commitments in various ASEAN.²⁰ ASEAN's Trade Facilitation measures have a much broader coverage than the WTO TFA as it goes beyond customs procedures and processes, for example to include standards and conformance while the WTO TFA covers mainly customs.

ASEAN's trade facilitation arrangement covers eight areas which include tariff liberalisation; elimination of Non-Tariff Measures and Non-Tariff Barriers (NTMs and NTBs); customs integration; ASEAN Single Window; Self-Certification System; enhancement of Common Effective Preferential Tariff (CEPT) Rules of Origin Requirements (Operational Certification Procedure's); harmonisation of standards and conformance procedures; and engagement with private sector.

Nevertheless, there are issues facing the CLMV, especially on how to ensure their exports are capable of complying with the technical regulations and standards, such as those in the Sanitary and Phytosanitary (SPS) measures set in the more developed ASEAN Member States and the developed export markets.

In relation to the EU-ASEAN FTA, the EU may want to look at the following:²¹

¹⁹ World Trade Organisation, Trade Facilitation Agreement, https://www.wto.org/english/docs_e/legal_e/tfa-nov14_e.htm (last accessed 30 March 2018).

²⁰ ASEAN Trade Facilitation Framework, <http://asean.org/storage/2016/08/ASEAN-Trade-Facilitation-Framework.pdf> (last accessed 30 March 2018).

²¹ See relevant discussions in Tham Siew Yean, Trade Facilitation Synergies between WTO and ASEAN Initiatives, ISEAS Perspective, 4th July 2017, ISSUE: 2017 No. 47 ISSN 2335-6677. The list is also based on the existing EU bilateral FTAs and the author's works in the ASEAN Member States. See also AMCHAM Indonesia, Towards a Comprehensive Economic Partnership Agreement between the EU and Indonesia, https://www.amchameu.eu/system/files/position_papers/amcham_eu_pop_eu-indonesia_fta_final.pdf (last accessed 30 March 2018) and A Qualitative Analysis of a Potential Free Trade Agreement between the EU and ASEAN, Contract No.: SI2.421512 – 8th June 2006 A Report prepared for the European Commission and EU-

1. Commercially meaningful tariff liberalisation for EU exports to ASEAN Member States including in goods such as footwear, apparel and sports equipment; electronics, electrical and non-electrical milling, chemicals, cosmetics, medicines, wine and spirits, iron wire and wire nails.
2. Forced localisation measures, such as foreign equity caps, for example on retail store ownership and pharmaceutical companies;
3. Various requirements on local content and local manufacturing and establishing enterprises providing e-commerce services as well as requirements on partnerships with local SMEs;
4. Various requirements for data centres locally to store consumers' data to conduct any business activities;
5. Greater consistency in import licensing systems, preventing the need to re-register import licenses;
6. More transparency when setting policies and regulations, as well as overall simplification to avoid redundancy, with appropriate consultation of stakeholders including foreign companies.
7. Harmonisation or mutual recognition of standards and testing requirements, whilst respecting both parties' right to regulate.
8. Reduction of the frequency of pre-shipment inspection in Ports of Origin for importation of goods for importers who have demonstrated a history of compliance in reducing shipment overtime;
9. Clear interpreting rules on the halal certification to prepare for compliance and implementation, as well as the establishment of mutual recognition with foreign halal certification providers and/or agencies, as drafted in the implementing regulation; and
10. Establishment of efficient, coherent and simplified procedures to accelerate the release and customs clearance of goods, and improved transparency of regulatory information and procedures.

On the part of ASEAN, the ASEAN Member States would want to consider the following issues:²²

1. Market access of vegetable oil and palm oil. These are important for countries like Malaysia and Indonesia;
2. Market access for garment and other textiles as these are important for CLMV countries;
3. Linkages and opportunities for the ASEAN SMEs in the global and regional value chain; and
4. Capacity building and technical assistance to certain ASEAN Member States to meet the technical conformity and SPS requirements of the EU member states.

ASEAN Vision Group, http://trade.ec.europa.eu/doclib/docs/2007/march/tradoc_134021.pdf (last accessed 30th March 2018).

²² The list is also based on the existing EU bilateral FTAs and the author's works in the ASEAN Member States.

SMEs

The process of regional economic integration is expected to encourage SMEs to upgrade their capabilities and narrow the development gap among ASEAN economies. Hence ASEAN economic integration and the EU-ASEAN FTA have to contribute towards the development of SMEs, both in terms of market access through reduction or elimination of tariff and non-tariff barriers and technology development. The contribution of SMEs to economic growth, employment and development in the region plays an important part in achieving equitable economic development and regional economic integration.

Innovation and Intellectual Property

For ASEAN Integration and the EU-ASEAN FTA to move forward, both ASEAN and the EU has to also focus on the innovation and science, technology and innovation (STI). It is important to note that in the design of the ASEAN Economic Community, the STI covenant has been shifted from the sociocultural pillar to the economic pillar of ASEAN. This move signals a recognition of the contribution of research and innovation to social and economic development within the region. For this to happen, the supranational support structures and innovation incentives at the ASEAN level would need to be strengthened.

Both ASEAN and the EU consider STI an engine for economic growth. The new ASEAN Plan of Action on Science, Technology and Innovation (APASTI), endorsed by the ASEAN Committee of Science and Technology (ASEAN COST), articulates the principles and strategic activities for regional research and innovation policy.²³ APASTI acknowledges the need to enhance public-private partnerships, to engage research and higher education institutions and to support commercialization of R&D and IP policies. The ASEAN private sector which favours the regional integration process, recognize the key role of STI in their competitiveness and plans to adapt their strategies accordingly.

The overall situation in ASEAN is one of great diversity and partly less mature systems for IP generation. All ASEAN countries are members of the World Trade Organization (WTO) and are required to comply with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). However, the IP infrastructure and expertise on IPR protection varies significantly among ASEAN members: from sophisticated legal frameworks, such as Singapore, to rudimentary and/or archaic legal frameworks, as in Myanmar at present.²⁴

Trade in counterfeit goods continues to be widespread in much of the region, and there has been a dramatic increase in online content piracy.²⁵ Nonetheless, in recent years, ASEAN

²³ The ASEAN Secretariat, ASEAN Plan of Action on Science, Technology and Innovation (APASTI) 2016-2025.

²⁴ Intellectual Property Protection in ASEAN, <https://2016.export.gov/asean/IPR/index.asp> (last accessed 30 March 2018).

²⁵ Intellectual Property Protection in ASEAN, <https://2016.export.gov/asean/IPR/index.asp> (last accessed 30 March 2018). See also United States Trade Representative, Overview of the Results of the 2017 Out-of-Cycle Review of Notorious Markets, 2017.

Member States have generally adopted policies and attitudes which reflect a recognition that stronger and more enhanced protection and enforcement of IPR will positively impact their economic growth.²⁶

Aviation Integration

ASEAN as a region consists of continental countries and the archipelagos of Indonesia and the Philippines. To support ASEAN integration in a meaningful way, aviation plays a key role. ASEAN may be able to learn from the EU's approach towards aviation as a mode of integration, such as the creation of community carriers.

ASEAN's airlines are poised for rapid expansion over the next two decades as they take delivery of an estimated 3,000 new commercial aircraft by 2032, which represents a market of about \$500 billion for aircraft manufacturers (sea-globe.com, 2013).²⁷ Key trends during this period will be continued expansion of ASEAN's carriers especially low-cost carriers, a growth boost for the region's tourism industry and the extension of aviation services such as aircraft movement, maintenance and overhaul.

To develop a well-integrated and sustainable air transportation network, which is important for the acceleration of ASEAN's economic development and market integration, ASEAN agree to establish the ASEAN Single Aviation Market (ASAM) by 2015.²⁸ In April 2016, ASEAN reached a significant milestone with the realisation of open skies for the ASEAN market through the full ratification of the ASEAN open skies agreements. The ASEAN open skies agreements consisting of a set of multilateral agreements, namely Multilateral Agreement on Air Services (MAAS), Multilateral Agreement on the Full Liberalisation of Passenger Air Services (MAFLPAS) and Multilateral Agreement on the Full Liberalisation of Air Freight Services (MAFLAFS)²⁹ are indeed critical elements in the establishment of an ASAM.

Despite all the agreements, there is a need to further explore the following issues:³⁰

1. Potential harmonisation or mutual recognitions of important rules and regulations in the aviation sector such as, but not limited to, the Pilot Licensing and Flight Crews; Operators' Safety; Aircraft movements; Air Traffic Management; and Consumer Rights and Protections;
2. The state of the aviation infrastructure and the state of the technology in the ASEAN Member States, including any protection proposal for improvement and investment;
3. The state of the capacity in ASEAN Member States to implement any potential policy improvement in the ASEAN Single ASEAN Market;

²⁶ Intellectual Property Protection in ASEAN, <https://2016.export.gov/asean/IPR/index.asp> (last accessed 30 March 2018).

²⁷ Time for Take-off, Southeast Asia Globe, 23 May 2014, <http://sea-globe.com/aviation-focus-asean/> (last accessed 30 March 2018).

²⁸ ASEAN Secretariat, Implementation Framework of the ASEAN Single Aviation Market.

²⁹ ASEAN Secretariat, Building the ASEAN Community, ASEAN Single Aviation Market, 2nd Edition.

³⁰ ASEAN Economic Integration Forum, Workshop on ASEAN Aviation Integration, Outcome Report – 3.2.2018 (File with author).

4. The integration of the ASEAN Single Aviation Market to within the ASEAN Framework Agreement on Services (AFAS) 10th package; and the ASEAN Comprehensive Investment Agreement (ACIA); and
5. Liberalisation in ownership and management and control of ASEAN based airlines.

Reform of the ASEAN Institutions

To realise the full potential of the AEC, there is a need to reform the ASEAN Secretariat, and institutional reforms at the national and regional level for the AEC to reach its fullest potential.³¹

The AEC also requires greater buy-in by the private sector, and not just by the ASEAN member state governments. Augmenting ASEAN institutions, whether through increasing authority or creating more institutions, will mean greater interaction between the regulated (the private sector) and the regulators (the ASEAN institutions). Such an increase in authority in the ASEAN institutions should be balanced with greater legal safeguards to protect the expectations and rights of the private sector.

In short, ASEAN needs to address the following issues:³²

1. the need to increase the role of the ASEAN Secretariat which will be able to provide leadership on issues and implementation of programs;
2. the need to relook at the funding of the ASEAN institutions especially for the ASEAN Secretariat, where funding could be more efficiently provided to fund the operation of the Secretariat and the relevant programs rather than heavy reliant on the donors;
3. to look into increasing intra-ASEAN trade and investment where they are smaller than trade and investment between ASEAN Member States and other non-ASEAN Partners. This is linked to the need to enhance the level of liberalisation and the reduction in the non-tariff measures in the ASEAN Member States, to be in tandem with the similar efforts undertaken by ASEAN and the Member States in their extra ASEAN agreements such as the TPPA, RCEP and the AANZFTA;
4. to look into increasing the utilisation ASEAN wide diplomacy where ASEAN acts as a body when dealing with issues of mutual interest to ASEAN such as the South China Sea; and
5. to encourage social integration and movement of people in order to achieve a higher level of integration including integrating human talents and human capital.

³¹ See the ASEAN Community Vision 2025 Forging Ahead Together, para. 13.

³² See ASEAN Community Blueprint 2025, Characteristics And Elements Of ASEAN Political-security Community Blueprint 2025, para. 6; and Strengthened ASEAN Institutional Capacity and Presence, para 12 onwards, page 53 onwards.

CHAPTER 2

ASEAN's Principle of Consensus: Its Role and Challenges to the Conflict Prevention in the South China Sea

VO XUAN VINH

Introduction

As an important mechanism for cooperation in the Asia-Pacific, especially since the end of the Cold War, ASEAN and ASEAN-led mechanisms such as the ASEAN Regional Forum (ARF), ASEAN plus, East Asia Summit (EAS), ASEAN Defense Ministers Meeting Plus (ADMM+), Expanded ASEAN Maritime Forum (EAMF), have played an important role in maintaining peace, stability, and security in the area, especially in the South China Sea. However, the relations between China and ASEAN's member states in the South China Sea dispute and in economic field have created great challenges for the spirit of solidarity of the association.

This chapter will clarify the principle of ASEAN decision-making and its contribution to preventing the conflicts in the South China Sea since the end of the Cold War. The challenges posed by the principle of consensus in ASEAN decision making are also highlighted in the paper.

ASEAN's Principle of Decision-Making

As stipulated in *The ASEAN Charter 2008*, 'as a basic principle, decision-making in ASEAN shall be based on consultation and consensus'³³. Principle of consultation and consensus, especially consensus is the core principle of ASEAN in its development for more than 50 years.

Before the ASEAN Charter was released and came into force since December 2008, thirty days after Thailand's delivery of the final instrument of ratification, the mechanism of decision-making was there in the *Rules of Procedure of the High Council of the Treaty of Amity and Cooperation in Southeast Asia* (2001) and the *Declaration of ASEAN Concord II (Bali*

³³ *The ASEAN Charter*, Jakarta: ASEAN Secretariats, p.22.

Concord II, 2003), *ASEAN Security Community Plan of Action* (2003). The mechanism of decision-making is also reflected in the *ASEAN Community Vision 2025* (2015). Related to the South China Sea dispute, the mechanism is also clarified in the *Declaration on the Conduct of Parties in the South China Sea* (2002) and the *Guidelines for the Implementation of DOC* (2011). In addition, ASEAN-led multilateral mechanisms such as the ASEAN Regional Forum (1994) and the *Kuala Lumpur Declaration on the East Asia Summit* (2005) also mention of the principles of cooperation and decision-making.

In 2001, 25 years since the Treaty of Amity and Cooperation (TAC) in Southeast Asia was released (1976), working mechanism of the High Council of the TAC was stipulated in the *Rules of Procedure of the High Council of the Treaty of Amity and Cooperation in Southeast Asia*. This document states that ‘all decisions of the High Council shall be taken by consensus at a duly convened meeting’.³⁴ The Declaration of ASEAN Concord II (Bali Concord II, 2003), known as the ASEAN’s first document officially declaring to establish an ASEAN Community in 2020, comprising three pillars of ASEAN Security Community (ASC),³⁵ ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community (ASCC), then states to ‘abide by the UN Charter and other principles of international law and uphold ASEAN’s principles of non-interference, *consensus-based decision-making*, national and regional resilience, respect for national sovereignty, the renunciation of the threat or the use of force, and peaceful settlement of differences and disputes’.³⁶ In the same year, ASEAN member states adopted the *ASEAN Security Community Plan of Action* in which, the ASC process was determined to be ‘guided by well established principles of non-interference, *consensus based decision-making*, national and regional resilience, respect for the national sovereignty, the renunciation of the threat or the use of force, and peaceful settlement of differences and disputes which have served as the foundation of ASEAN cooperation’.³⁷ The future of ASEAN described in the *ASEAN Community Vision 2025* (2015) is also ‘guided by the purposes and principles of the ASEAN Charter’,³⁸ which upholds the principles of consultation and consensus in decision-making, as mentioned above.

Regarding the SCS dispute, the *Declaration on the Conduct of Parties in the South China Sea* (DOC) signed in 2002 by ASEAN member states and China states that all parties to the Declaration ‘agree to work, *on the basis of consensus*, towards the eventual attainment of (the) objective’³⁹ of promoting peace and stability in the region by the adoption of a code of

³⁴ *Rules of Procedure of the High Council of the Treaty of Amity and Cooperation in the Southeast Asia*, Hanoi, 23 July 2001, http://asean.org/?static_post=rules-of-procedure-of-the-high-council-of-the-treaty-of-amity-and-cooperation-in-southeast-asia-2

³⁵ ASEAN Security Community (ASC) was then renamed as ASEAN Political-Security Community (APSC).

³⁶ *Declaration of ASEAN Concord II (Bali Concord II)*, Bali, 7 October 2003, at

http://asean.org/?static_post=declaration-of-asean-concord-ii-bali-concord-ii

³⁷ *ASEAN Security Community Plan of Action*, at http://treaty.kemlu.go.id/uploads-pub/5439_ASEAN-2004-0203.pdf

³⁸ *ASEAN 2025: Forging Ahead Together*, Jakarta: ASEAN Secretariat, November 2015, p.13.

³⁹ *Declaration on the Conduct of Parties in the South China Sea*, Phnom Penh, November 4, 2002, at http://asean.org/?static_post=declaration-on-the-conduct-of-parties-in-the-south-china-sea-2

conduct (COC) in the South China Sea. Due to the limits of DOC implementation and the sluggish of concluding the COC, the *Guidelines for the Implementation of DOC* was adopted at the ASEAN-China Foreign Ministers' Meeting in 2011. The Guidelines clarifies that the implementation of concrete measures or activities of the DOC should be *based on consensus* among parties concerned.⁴⁰

Besides, some ASEAN-led multilateral mechanisms also uphold the principle of consensus in settling disputes. Having established in 1994, ASEAN Regional Forum (ARF) features decision-making *by consensus and non-interference*.⁴¹ East Asia Summit held the first meeting in 2005 affirmed to 'keep the principles of equality, partnership, *consultation and consensus*' since its first summit meeting in 2005.⁴²

By examining ASEAN's key documents such as the *Rules of Procedure of the High Council of the Treaty of Amity and Cooperation in Southeast Asia* (2001), the *Declaration of ASEAN Concord II (Bali Concord II, 2003)*, *ASEAN Security Community Plan of Action* (2003), the *ASEAN Charter* (2008), *ASEAN Community Vision 2025* (2015) and ASEAN-China bilateral document namely the *Declaration on the Conduct of Parties in the South China Sea* (2002) and the *Guidelines for the Implementation of DOC* (2011) along with ASEAN-led multilateral mechanisms such as the ASEAN Regional Forum (1994) and the *Kuala Lumpur Declaration on the East Asia Summit* (2005), it could be underlined that ASEAN's principles of decision-making are based on the consultation and consensus.

ASEAN's Contributions to Peace and Stability in the South China Sea

Till date, ASEAN is the most important theatre for the South China Sea dispute to be raised and discussed. Claimants to sovereignty and maritime rights in the South China Sea includes Vietnam, Brunei Darussalam, Malaysia, the Philippines, China (PRC) and Taiwan. Four out of six parties as the claimants are ASEAN member states. Therefore, the consequences of South China Sea dispute have affected the stability and security of ASEAN. That is the reason why *ASEAN has been acting as a grouping in its efforts to prevent the disputes/conflicts in the South China Sea*.

When the dispute in the South China Sea, especially in the Spratlys heated up in the late 1980s, ASEAN as a bloc officially participated in preventing conflicts in the sea. 'Perhaps responding to the growing assertiveness of China's territorial claims in the South China

⁴⁰ *Guidelines for the Implementation of DOC*, Bali, July 20, 2011, at <http://www.asean.org/storage/images/archive/documents/20185-DOC.pdf>

⁴¹ *About the ASEAN Regional Forum* at <http://aseanregionalforum.asean.org/about.html>

⁴² *Kuala Lumpur Declaration on the East Asia Summit*, Kuala Lumpur, 14 December 2005, http://asean.org/?static_post=kuala-lumpur-declaration-on-the-east-asia-summit-kuala-lumpur-14-december-2005

Sea',⁴³ especially in the wake of China's forceful attacks to kill 64 Vietnamese soldiers and seize features controlled by Vietnam in the Spratlys in 1988, ASEAN Foreign Ministers adopted in July 1992 the *ASEAN Declaration on the South China Sea* which urges all parties to 'resolve all sovereignty and jurisdictional issues pertaining to the South China Sea by peaceful means, without resort to force' and 'exercise restraint'.⁴⁴

After China occupied the Mischief Reef in February 1995, Statement by the ASEAN Foreign Ministers on the *Recent Developments in the South China Sea*⁴⁵ expressed 'serious concern over recent developments which affect peace and stability in the South China Sea', 'urge all concerned to resolve differences in the South China Sea by peaceful means and to refrain from taking actions that de-stabilize the situation' and 'call upon all parties to refrain from taking actions that destabilize the region and further threaten the peace and security of the South China Sea'. In addition, after the Mischief Reef incident, according to the information given by Rodolfo C. Severino,

at the first meeting of ASEAN and Chinese senior foreign-ministry officials, which happened to have been scheduled to take place in Hangzhou in April 1995, the ASEAN delegations pressed China on South China Sea issues, including the significance of the nine bars on Chinese maps, which dangerously skirt the gas-rich Natuna group of islands of non-claimant Indonesia, as well as on China's presence on Mischief Reef.⁴⁶

Since then, ASEAN has pushed forwards its efforts in seeking for solutions for the South China Sea disputes. For the first time, ASEAN 'endorsed the idea of concluding a regional code of conduct (COC) in the South China Sea' and urged to resolve the dispute 'by peaceful means in accordance with recognized international law in general and the UNCLOS of 1982 in particular'⁴⁷ at its 29th Ministerial Meeting (AMM) in Jakarta in July 1996. The drafting of COC just could only begin in 1999 when China agreed to join the process⁴⁸ but due to China's delay of concluding the COC, the *Declaration on the Conduct of Parties in the South China Sea* between ASEAN member states and China was issued in Phnom Penh in November 2002. In the Declaration, ASEAN and China reaffirmed their respect for and commitment to the freedom of navigation in and overflight above the

⁴³ Rodolfo C. Severino, 2010, ASEAN and the South China Sea, *Security Challenges*, Vol.6(2), Winter, p.41.

⁴⁴ 1992 *ASEAN Declaration on the South China Sea*, Manila, 22 July 1992, at <https://cil.nus.edu.sg/rp/pdf/1992%20ASEAN%20Declaration%20on%20the%20South%20China%20Sea-pdf.pdf>

⁴⁵ This document could now not be found on ASEAN website at www.asean.org. Parts of the Statement could be found at Rodolfo C. Severino, ASEAN and the South China Sea, *Security Challenges*, Vol.6(2), Winter 2010, pp.42-43; Iida Masafumi, New Developments of China's Policy on the South China Sea, *NIDS Security Report*, No.9 (December 2008), p.5; Carlyle A. Thayer, ASEAN'S Code of Conduct in the South China Sea: A Litmus Test for Community-Building? *The Asia-Pacific Journal* (Japan Focus), Volume 10, Issue 34, Number 4, Aug 2012, p.2.

⁴⁶ Rodolfo C. Severino, ASEAN and the South China Sea, *Security Challenges*, Vol.6(2), Winter 2010, p.43.

⁴⁷ *Joint Communiqué of The 29th ASEAN Ministerial Meeting (AMM)*, Jakarta, 20-21 July 1996, at http://asean.org/?static_post=joint-communicue-of-the-29th-asean-ministerial-meeting-amm-jakarta-20-21-july-1996

⁴⁸ Tran Khanh, ASEAN's Role in Preventing Conflict in the East Sea, *Journal of Global Policy and Governance*, Vol.5, No.1, June 2016, p.6.

South China Sea, agreed to undertake to resolve their territorial and jurisdictional disputes by peaceful means, without resorting to the threat or use of force in accordance with universally recognized principles of international law, including the 1982 UNCLOS, and undertook to exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability including, among others, refraining from action of inhabiting on the presently uninhabited islands, reefs, shoals, cays, and other features and to handle their differences in a constructive manner.⁴⁹

China's deployment of Haiyang Shiyou 981 oil rig in Vietnam's EEZ and continental shelf in 2014 made ASEAN member states release a separate statement to response to China's move. In the statement, ASEAN expressed their serious concerns over the on-going developments in the SCS that have increased tensions in the area, and urged all parties concerned to resolve disputes in accordance with the universally recognized principles of international law, including the 1982 UNCLOS.⁵⁰

Not only having discussed and declared their viewpoints in the SCS as a bloc, ASEAN and its dialogue partners also have the same voices in protecting international law in the SCS. For instance, in the wake of China's activities of reclamations and constructions in the SCS, U.S. and ASEAN in February 2016 shared commitment to 'peaceful resolution of disputes,' and 'maintain peace, security and stability in the region, ensuring maritime security and safety, including the rights of freedom of navigation and over-flight and other lawful uses of the seas, and unimpeded lawful maritime commerce as described in the 1982 UNCLOS as well as non-militarization'.⁵¹ ASEAN as a group has been convincing China to conclude a COC could be seen as collective spirit of the grouping to some extents.

Challenges

It cannot be denied the fact that, the principle of consensus has importantly contributed to the development of ASEAN for more than 50 years since its establishment in 1967. However, this principle has also created troubles and challenges to the unity and solidarity of ASEAN. ASEAN's failure in releasing joint statements at 45th ASEAN Ministerial Meeting held in Cambodia in July 2012 and at ASEAN-China special foreign ministers' meeting in Kunming, China in June 2016 respectively, are noticeable examples. In the first case, ASEAN could not reach the consensus to issue the customary joint communiqué at the 45th ASEAN Ministerial Meeting. While the Philippines wanted to bring the Scarborough Shoal incident into the proposed text, the Cambodian chair consistently

⁴⁹ *Declaration on the Conduct of Parties in the South China Sea*, Phnom Penh, November 4, 2002, at http://asean.org/?static_post=declaration-on-the-conduct-of-parties-in-the-south-china-sea-2

⁵⁰ *ASEAN Foreign Ministers' Statement on the Current Developments in the South China Sea*, 10th May 2014, Nay Pyi Taw, at <http://asean.org/asean-foreign-ministers-statement-on-the-current-developments-in-the-south-china-sea/>

⁵¹ *Joint Statement of the U.S.-ASEAN Special Leaders' Summit: Sunnylands Declaration*, Sunnylands, California, February 15-16, 2016, at <https://www.whitehouse.gov/the-press-office/2016/02/16/joint-statement-us-asean-special-leaders-summit-sunnylands-declaration>

rejected any proposed text that mentioned the incident.⁵² In the second case, hours after agreeing to a joint communiqué that referenced rising tensions in the South China Sea, ASEAN foreign ministers retracted their statement. The reason was, ‘a couple of countries began signaling their discomfort with the (earlier) joint statement, thereby undermining the consensus that previously existed and leading to the statement eventually not be issued’.⁵³

Although the principle of consensus has prevented ASEAN from getting separated, it could not hide a fact that, ASEAN has in some cases reached the consensus in the divided situation. In the *ASEAN Foreign Ministers’ Statement on the Current Development in the South China Sea* issued in May 2014 in Myanmar, ASEAN foreign ministers as a whole expressed their serious concern over the on-going developments in the South China Sea.⁵⁴ However, after the rotation chair of Myanmar in 2014, the situation got different when China’s activities of reclamation and construction in the South China Sea only made ‘some ASEAN’s minister’ expressed their serious concerns although those minister affirmed that China’s activities ‘have eroded trust and confidence, increased tensions and may undermine peace, security and stability in the South China Sea’ at the 48th ASEAN Foreign Ministers Meeting⁵⁵ in Malaysia in 2015. In the same year, ASEAN’s consensus in reluctance continued when Chairman’s Statement of the 27th ASEAN Summit ‘shared the concerns expressed by some Leaders on the increased presence of military assets and the possibility of further militarisation of outposts in the South China Sea’.⁵⁶ The same situation took place in Laos when the Joint Communiqué of the 49th ASEAN Foreign Ministers Meeting in July 2016 ‘took note of the concerns expressed by some Ministers on the land reclamations and escalation of activities in the area, which have eroded trust and confidence, increased tensions and may undermine peace, security and stability in the region’.⁵⁷ ‘Some ministers’, ‘some leaders’, ‘expressed by some ministers,’ or ‘expressed by some leaders’ have been used when recent developments in the South China Sea were mentioned of in ASEAN’s 30th Chairman’s Statement (April 2017),⁵⁸ 50th Foreign

⁵² Erlinda F. Basilio, Why there’s no Asean joint communiqué, *Inquirer.net*, July 19th, 2012, at

<http://globalnation.inquirer.net/44771/why-there%E2%80%99s-no-asean-joint-communiqué>

⁵³ Prashanth Parameswaran, China, Not ASEAN, the Real Failure on South China Sea at Kunming Meeting, *The Diplomat*, June 16, 2016, at <http://thediplomat.com/2016/06/china-not-asean-the-real-failure-at-south-china-sea-kunming-meeting/>

⁵⁴ *ASEAN Foreign Ministers’ Statement on the Current Developments in the South China Sea*, 10th May 2014, Nay Pyi Taw, at <http://asean.org/asean-foreign-ministers-statement-on-the-current-developments-in-the-south-china-sea/>

⁵⁵ *Joint Communiqué 48th ASEAN Foreign Ministers Meeting*, Kuala Lumpur, Malaysia, 4 th August 2015, at

http://www.asean.org/wp-content/uploads/images/2015/August/48th_amm/JOINT%20COMMUNIQUE%20OF%20THE%2048TH%20AMM-FINAL.pdf

⁵⁶ *Chairman’s Statement of the 27th ASEAN Summit*, Kuala Lumpur, 21 November 2015, at <http://www.asean.org/wp-content/uploads/2015/12/Final-Chairmans-Statement-of-27th-ASEAN-Summit-25-November-2015.pdf>

⁵⁷ *Joint Communiqué of the 49th ASEAN Foreign Ministers Meeting*, Vientiane, 24 July 2016, at

<https://www.asean2016.gov.la/kcfinder/upload/files/Joint%20Communique%20of%20the%2049th%20AMM%20%28ADOPTED%29.pdf>

⁵⁸ *Chairman’s Statement: 30th ASEAN Summit*, 29 April 2017, <http://www.asean2017.ph/chairmans-statement-30th-asean-summit/>

Ministers' Meeting's Joint Communiqué (August 2017),⁵⁹ and Chairman's Statement of the 32nd ASEAN Summit (April 2018).⁶⁰ Having used 'some ministers', 'some leaders', 'expressed by some ministers,' or 'expressed by some leaders' instead of 'ministers', 'leaders', 'expressed by ministers,' or 'expressed by leaders' has reflected ASEAN's division in responding to recent developments in the South China Sea.

Facing with challenges in terms of decision-making caused by ASEAN's principle of consensus, Singaporean Ambassador-at-Large Bilahari Kausikan questioned 'the efficacy and relevance of ASEAN's consensus principle' because 'decision-making by consensus degrades ASEAN's ability to act on controversial issues' and 'the consensus principle are only theoretical propositions, advocated by those with no responsibility for where they may lead ASEAN'.⁶¹

Way Forwards

It cannot be denied that ASEAN has created a theatre to discuss regional and international issues. However, being crucified by the principle of consensus, ASEAN has sometimes failed to collectively acts on controversial issues, including incidents related to the SCS dispute. In other words, the consensus principle has had great contributions to maintaining peace and stability in the region but it has also posed significant challenges to the unity and consolidation of ASEAN. As a result, ASEAN could not have any breakthrough in its process of development. It is therefore necessary for ASEAN member states to consider the ASEAN-X formulation by which the community has rights to issue common decisions based on majority vote, beginning with less sensitive issues.

⁵⁹ *Joint Communiqué of the 50th ASEAN Foreign Ministers' Meeting*, Manila, Philippines 5 August 2017, http://asean.org/storage/2017/08/Joint-Communique-of-the-50th-AMM_FINAL.pdf

⁶⁰ Chairman's Statement of the 32nd ASEAN Summit, Singapore, 28 April 2018, https://www.asean2018.sg/Newsroom/Press-Releases/Press-Release-Details/20180428_Chairmans_Statement

⁶¹ *Consensus, centrality and relevance: ASEAN and the South China Sea*, an excerpt of Ambassador-at-Large Bilahari Kausikan's speech at Asean Summit 2016, organised by RHTLaw Taylor Wessing and RHT Academy, at <http://www.straitstimes.com/opinion/consensus-centrality-and-relevance-asean-and-the-south-china-sea>

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CHAPTER 3

Collaborator or Competitor? The Role of China's Economic Development in the ASEAN Economic Integration Process

DARRYL TAN JIE WEI

Introduction

Regional economic integration is an important agenda for the ASEAN, being seen as pivotal to sustaining high economic growth in the region. The integration process received a recent boost following the establishment of the ASEAN Economic Community (AEC) in 2015. The AEC sets out several strategic measures to promote the free movement of goods, services, capital and skilled labour.

The process of ASEAN economic integration follows a top-down approach, driven by regional initiatives designed by the governments of the respective member states. However, non-ASEAN member states also play a major role in influencing the integration process. This influence can be wielded through foreign investment, free trade agreements and the like. One such key player in the region is China. With a population of over 1.3 billion and a GDP of \$11.2 trillion, the economic potential of China is difficult to ignore during regional decision-making (Morrison, 2019).

This chapter analyses the extent of which ASEAN economic integration is influenced by China's economic development. In particular, it takes into account recent developments in the regional economic landscape, such as the launching of China's Belt and Road Initiative and the Asian Infrastructure Investment Bank.

A Background on ASEAN-China Economic Ties

ASEAN-China economic ties remained relatively low-key throughout the early 1990s. Despite the steadily increasing trade between the two economies, most of ASEAN's engagements with China during that period focused on establishing security dialogues such as the ASEAN Regional Forum (Lee, 2001). The 1997 Asian Financial Crisis proved to be the turning point for ASEAN-China economic ties. What began as a financial crisis in Thailand quickly spread across the region, exposing the vulnerabilities of the deep economic linkages between ASEAN member states.

During the crisis, Japan's efforts to establish the Asian Monetary Fund to assist the region were severely constrained by the United States. China proved to be an unexpected source of stability throughout the crisis. Not only did it offer emergency loans to affected countries, it also gave repeated reassurance that it would not devalue its yuan – a potential devaluation of the yuan would have boosted China's export capabilities at the expense of the crisis-stricken countries (Kirton, 1999). China would later become a member of the Chiang Mai Initiative, a region-wide arrangement of credit swaps which provides a financial safety net to its members during times of crisis.

After over two decades of pursuing economic reforms, China was eventually granted WTO membership in 2001. China's accession to the WTO triggered a new wave of concern in ASEAN, as both economies were competing in several key industries such as agriculture and manufacturing. ASEAN had long relied on its relatively liberalised economy to attract trade and foreign investors, and there were fears that a more open China would cause a redirection of foreign investment. These concerns were especially relevant because China had the competitive advantage of cheaper labour and land.

To assuage ASEAN's concerns, China initiated the ASEAN-China Free Trade Agreement (ACFTA) in 2002. As the first FTA of its kind for China, the ACFTA increased ASEAN's access to China's market. China even offered the Early Harvest program as a gesture of goodwill, giving unilateral tariff cuts on certain products ahead of the ACFTA's implementation. The ACFTA process was successful in increasing the efficiency of the production network between the two economies – as the “world's factory”, China relied heavily on raw materials and intermediate goods from ASEAN. China eventually became ASEAN's largest external trading partner by 2008. In 2011, ASEAN became China's third largest trading partner.

It is worth pointing out that the benefits of the ACFTA go beyond the improvement of bilateral trade between ASEAN and China. Not wanting to be left behind in the FTA competition, Japan and South Korea crafted similar bilateral FTAs of their own with ASEAN shortly after. This had a positive impact on increasing trade within the East Asian region overall.

China's Economic Development

There are three notable features of China's economic development. First, China has moved rapidly up the global value chain over the past few decades. China began shifting away from its reliance on primary industries – such as agriculture and mining – to secondary manufacturing industries in the late 1990s. Currently, the service sector is experiencing a boom in China.

Second, China is facing an overcapacity in its infrastructure industry. Despite its past economic reforms, China's infrastructure industry remains either controlled by state-owned enterprises, or heavily subsidised by the government. As a result, it is difficult for the Chinese government to trim down the infrastructure sector without facing political backlash.

In 2013, President Xi Jinping launched the Belt and Road Initiative, an ambitious plan to build transportation infrastructure across several regions to enhance connectivity. As these infrastructure connections will eventually lead back to China, the overarching objective of the initiative is to expand China's central role in the global production network. At the same time, the construction projects lined up under the initiative would help ease the infrastructure surplus that China is currently facing (Dollar, 2015).

Lastly, there is a trend for China's foreign trade and investment deals to focus on a shared interest in the economic development of its partner countries. This is often contrasted against trade and investment deals initiated by Western economies, which typically stress the adherence to standards of accountability and transparency. China's more relaxed approach goes down well with the governments of ASEAN member states, which prefer to minimise the extent of foreign interference on local governance.

ASEAN Economic Integration and the Chinese Factor

How then does Chinese economic development factor into ASEAN's integration efforts? For a start, China is expected to play a key role in addressing a dire problem faced by ASEAN – a lack of funding for infrastructure projects in the region. ASEAN has an ambitious goal to increase physical connectivity across the region through its Master

Plan for Connectivity (MPAC). However, there remains a mismatch between the plan's objectives to construct a series of ports, railways and highways across the region, and the funds available to achieve them. It is reported that up to \$110 billion is required yearly just to bridge the infrastructure gap between ASEAN member states (Vineles, 2017).

This is where the interests of China and ASEAN are hoped to dovetail. The overlapping objectives of the China's Belt and Road Initiative and the ASEAN MPAC will likely attract some Chinese investment in ASEAN's infrastructure projects. And even if the MPAC does not coincide with the interests of the Belt and Road Initiative, there exist other funding options for ASEAN. One such option comes in the form of the China-led Asian Infrastructure Investment Bank (AIIB). Established in 2015, the AIIB's main purpose is to provide financing for infrastructure needs throughout Asia (Weiss, 2017). Another option is the China-ASEAN Investment Cooperation Fund, a quasi-sovereign equity fund which invests Chinese assets into investment opportunities in infrastructure, natural resources and energy products in the region (Lim, 2014).

At the same time, ASEAN integration would also allow ASEAN to become a part of the larger production network across the region. As of late, labour costs in China have been increasing as a result of China moving up the value chain. There is also societal pressure on the Chinese government to reduce local environmental pollution caused by low-end manufacturing industries. As a result, Chinese manufacturing industries – such as garment industries – have been looking beyond their borders for potential operation sites. Many companies are moving their bases to the CLMV countries, where labour costs remain low. ASEAN integration and connectivity provides an additional incentive for corporations to invest in the region, as they would be able to transport materials, components and finished products across the region more efficiently.

But as much as there are benefits which can be reaped from closer relations with China, ASEAN economic integration can also be viewed as a precautionary measure to protect the region against vested Chinese interests. Security issues, especially the border dispute in the South China Sea, continue to test bilateral relations between ASEAN and China. Despite the attractiveness of its trade and investment policies, China has shown that it is not averse to using its economic might to place diplomatic pressure on its trading partners. A relevant example would be the so-called 2012 'banana crisis' between China and the Philippines. Following a standoff over the contested Scarborough Shoal, China extended and further tightened restrictions on the import of tropical fruits from the Philippines. This had an adverse effect on the local economy of the Philippines, where the export of tropical fruits remains a key industry (Ravindran, 2012). Although these restrictions were eventually lifted in 2016, the incident highlights the possible risks of becoming over-reliant on China's economy.

While there are observations that China prefers to keep its territorial disputes separate from its economic policies (Lim, 2014), ASEAN is not taking any chances. China's economic involvement and influence is certainly welcome, but ASEAN is also hedging its interests by diversifying its sources of trade and investment.

Conclusion

The theme of China's economic development being both a threat and opportunity to ASEAN economic integration is likely to remain relevant in the coming years. The ongoing border disputes will have an effect over bilateral economic ties between the two economies, although the extent of which cannot be predicted just yet. Meanwhile, the economic disparities between ASEAN member states result in differing levels of economic dependency on China. The current challenge is for ASEAN to use China's economic development to fuel its own economic integration, while retaining its principles of centrality and consensus-seeking in the meantime.

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CHAPTER 4

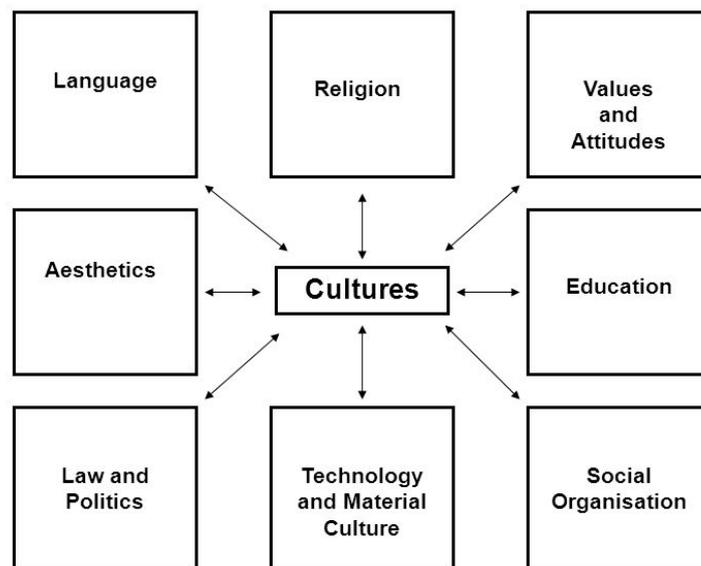
UNDERSTANDING THE DIFFERENCES BETWEEN LAO AND MALAY CULTURE

LATDAVANH PHOMMAKHOT

Introduction

In today's global business marketplace, the ability to communicate efficiently and multi-culturally cannot be underestimated. Even when both parties speak the same language there can still be misunderstandings due to the background and cultural differences. Over the last decade, there have been countless examples from the business that demonstrate how poor communication can lead to poor organizational performance. "Culture" is defined as the set of learned behaviors, beliefs, attitudes, values, and ideals that are characteristics of particular society or population. This is supported by Terpstra and Sarathy (2000) Cultural framework.

A Cultural Framework - Terpstra and Sarathy (2000)



One example of a community where there is a range of culture and ethnic diversity is the ASEAN community. Malaysia, for instance, is a multicultural society where the population is made up of different types of ethnic group that includes Malay, Chinese, Indian and the native. The majority ethnic group is Malays 50.1% (2014 est.). A comparative analysis shows that Laos is similar to Malaysia where a majority of the ethnic group is the Lao with 53.2% compositing the total population (2015 est.). This article intends to focus on a comparison of cultural differences between the Lao and the Malays. In promoting an understanding that should bring-relevance in fostering business relations between the two ASEAN countries.

Cultural Understanding in Organization

In 2003 by Harvard Business School, reported that culture has a significant impact on an organization's long-term economic performance. The study examined the management practices at 160 organizations over ten years and found that culture can enhance performance or prove detrimental to performance. Performance-centric organizations witnessed far better financial growth. Hence, learning the different cultures is imperative for understanding others who have different cultural backgrounds and actively trying to embrace them can open you up to the whole world of exciting new possibilities and experiences, although sometimes, it is not all that easy to gain understanding of cultural difference, whatever reason, the best approach is just to acknowledge that some people are different and to accept that that is enough as Kofi Annan said "Tolerance, inter-cultural dialogue and respect for diversity are more essential than ever in a world where people are becoming more and more closely interconnected".

Laos and Malaysia Demographics

Laos, officially the Lao People's Democratic Republic is located in the continent of Asia and the only landlocked country in Southeast Asia, shares land borders with 5 countries: Myanmar and China to the northwest, Vietnam to the east, Cambodia to the southwest and Thailand to the west and southwest. The latitudes and longitudes are 19.8563° N, 102.4955° E. The official language is Lao. The capital city is Vientiane, Lao PDR covers a total of 236,800 square kilometers, the population is 7,126,706 (July 2017 est.) The majority ethnic is Lao (53.2%) (2015 est.), the majority religion is Buddhist (64.7%) (2015 est.), and the currency is Kip (LAK).

Malaysia, on the other hand, is a multi-ethnic and multi-religious country in Southeast Asia, peninsula bordering Thailand and northern one-third of the island of Borneo, bordering Indonesia, Brunei, and the South China Sea, south of Vietnam. The latitudes and longitudes are 4.2105° N, 101.9758° E. The official language is Bahasa Melayu. The capital city is Kuala Lumpur, Malaysia covers a total of 329,847 square kilometers, the population is 31,381,992 (July 2017 est.). The majority ethnic is Malays (50.1%) (2014 est.), the majority religion is Muslim (official) (61.3%) (2013 est.), and the currency is Ringgit (RM) (MYR).

The Differences between the Lao and Malay Culture

Prior to a discussion on the focus of this article which is the differences between the Lao and the Malay culture, these two ASEAN countries share a range of similarities too. These similarities are in terms of manners, beliefs and practices. For example:

- Respect the oldest.
- Greeting by hugging and kissing, is not generally practiced.
- Head is considered the highest part of the body.
- The feet are the lowest part of the body.
- Shoes must be removed when entering a house.
- Pointing at a rainbow will make your finger drop off.
- A girl who sings in the kitchen is fated to marry an old man.
- If cats are allowed to jump over a corpse it will sit up as a ghoul.

The differences between the Lao and the Malays can be found in its traditional foods and costumes.

The Traditional Foods

For Lao, sticky rice is the staple diet in a meal using hand served with dishes. Lao traditional food is quite spicy but very delicious based on fish, beef, pork, poultry and especially herbs. Example: Chicken Soup (Tom Gai) made with basil, gingers, garlics, spring onions and tomatoes; Minced Meat Salad (Laap) made with spring onions, chilies, mint, coriander and lime juice; Green papaya salad made with chilies, garlics, tomatoes; Chicken grilled (Ping Gai) made with lemongrass. Other than sticky rice, this food can be eaten either sweet or sour, or fermented. Example: sweet steamed sticky rice parcels (Khao Tom) made with coconut cream; Sour Pork Sausage (Som Moo) made with sour sticky rice.

For the Malays, rice is the staple diet in a Malay meal it is usually eaten together with meat and vegetable dishes, it is often eaten with the hands. Malay food is strong, spicy and aromatic, combining the rich tastes of the many herbs and spices. Meats and sea foods are often marinated with special concoctions of herbs and spices before being cooked. Coconut cream is another favorite ingredient of the Malays. Example: Ambuyat made with rubia plant; Nasi Lemak, rice made with coconut cream and pandan leaves, Nasi Dagang mix coconut cream, sliced shallots, gingers and fenugreek into the cooked rice. Nasi kerabu served with coelomics, daun kesom (Vietnamese mint), cabbage, lemongrass and bean sprouts.

The Traditional Costumes

The “Salong” is a traditional garment worn by Lao men. “Salong” are big pants or the peasant

pants. They wear “Salong”, shirts and scarves to attend important events or ceremonies. Different from “Salong” of Lao men, Lao women wear The “Sinh” as the Lao traditional costumes which made of silk or cotton. There are several types and design of “Sinh” worn for a specific event which reflects the culture, social relationships and beliefs among the community and region. They wear “Sinh”, blouses and scarves to attend important events or ceremonies. The traditional attire for Malay men is the “Baju Melayu”. It consists of a loose long-sleeved top worn over trousers and a sampin, or short sarong wrapped around the hips. To complete the look, the Malay men wear a cap known as a songkok.

In the other hand, Malay women wear the “Baju Kurung” comprises two parts: a blouse and a long skirt. The outfit can be made with traditional songket or batik fabric, or with simple floral or batik designs on cotton or any modern fabric blend. To complete the outfit, the women would usually wear a shawl, also known as a selendang, or a headscarf like the tudung is a Malay term for the headscarf, veil, or shawl that covers the hair, neck, and chest area, and leaves only the woman’s face exposed. In facilitating business agendas between the two countries, it is relevant that the following cultural aspects are observed.

The Traditional Greeting

In Laos, "Nob" where palms are placed together and held in front of the chest or face, although it is acceptable for men to shake hand. The standard greeting is "Sabaidee" which means "hello" or "How are you" or "I'm fine" or "I am doing well" invariably said with a smile, this is usually done with both hands pressed together in a prayer. In the Malay culture, "Salam" resembles a handshake whereby the man offers both hands, lightly touches the visitor’s outstretched hands, and then brings his hands to his chest to mean, “I greet you from my heart”. Men should not shake hands with women unless the women extend their hands first. Western women should greet Malays men with a nod of their head and a smile.

The Business Greeting

Handshaking is common in the Lao culture during the conduct of business but only for people with same gender. Men and women should avoid public displays of affection. For the Malays, they are uncomfortable shaking hands with a member of the opposite gender. Foreign men should always wait for a Malaysian woman to extend her hand. Foreign women should also wait for a Malaysian man to extend his hand.

Gift Giving

For Lao, it is not required to give the gift when meeting business partner but giving gift shows consideration to other people and good relationship. Gift can be anything and do not have to be expensive things. Gift can be offered to anyone in the meeting but the most importance is giving one for the host or person in the highest rank. Shoes and socks are not

suitable to be gift in Laos as it is related to foot which is the least sacred part of the body. For the Malays, if invited to someone's home for dinner, bring the hostess pastries or quality chocolates. Never give alcohol, do not give anything made of pigskin, do not give toy dogs or pigs to children, avoid yellow wrapping paper as it is the color of royalty. If you give food, it must be 'halal' (meaning permissible for Muslims).

The Verbal Communication

The Lao people tend to be indirect; they will offer you the response they assume you want to hear, regardless of their feelings or plans. They always say 'yes' to indicate that the message has been heard and understood. 'Yes' means 'maybe' or 'perhaps' or 'no'. 'Maybe' means 'yes,' 'no', or just 'maybe' and there is really no 'no' as they try to avoid any form of conflict. Bad news from Lao is often slowly introduced. Important thing is saying Apologize. They always apologize when something happen, even if they did not do anything wrong. A nervous tone of voice or speech patterns may be perceived as a sign of dishonesty. The Malays, on the other hand, the tone of voice could get louder if they get excited with the topic of conversation. Rather than say "no", they might say, "I will try", or "I'll see what I can do". This allows the person making the request and the person turning it down to save face and maintains harmony in their relationship.

The non-verbal communication

When speaking with someone in Laos, as a general rule, an arm's length of personal is an acceptable space. Touching during conversations is limited to non-existent, this is especially the case with members of the opposite gender. Avoid touching anybody's head as it is considered very disrespectful. Note that it is usually acceptable for adults to touch children's heads. Public displays of affection are usually culturally inappropriate and offensive. Lao prefer a non-confrontational ways of communicating for disagreement. Instead of direct confrontation, they try to find another way to solve the conflict. They try to avoid eye contact.

For the Malays, as an extension to the need to maintain harmonious relations, they rely on facial expressions tone of voice, body language, etc... Such a communication style tends to be subtle, indirect and they may hint at a point rather than making a direct statement, since that might cause the other person to lose face. Silence is an important element of communication. Pausing before responding to a question indicates that they have given the question appropriate thought and considered their response carefully. They may laugh at what may appear to outsiders as inappropriate moments. This device is used to conceal uneasiness. Do not show anger in public as it makes them uncomfortable and creates a feeling of powerlessness. There is a greater chance of achieving a good outcome if you are calm.

Conclusion

In sum, I have identified the difference of two major ethnic groups recognized through the traditional food, the traditional costume, the traditional greeting, the business greeting, gift giving, the verbal communication, the non-verbal communication. This should raise awareness for those who are on business purposes or those travelling within countries of different cultures. Obviously, each ethnic group has its own distinct culture that describes specific practices within a group in society. As a result, in my view, the learning of cultural differences is not only to learn about others, but it also about learning to be more accepting in today's living. Hence, a better understanding of cultural differences should then be able to foster better business relations to sustain strong and long-term diplomatic relations between these two ASEAN countries.

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CHAPTER 5

‘MALAYSIA BAHARU’ and Foreign Policy: What to Expect?

NIK LUQMAN WAN ZAINODDIN

Introduction

This chapter discusses Malaysia’s foreign policy under the new *Pakatan Harapan* (PH) or Alliance of Hope government, led by Tun Dr Mahathir Mohamad, when the political coalition won the unprecedented 14th Malaysian general election on May 9, 2018.

The term ‘*Malaysia Baharu*’ was a popular phrase used after the PH won the historic Malaysian general election (Astro Awani, 2018). While ‘Foreign Policy’ briefly denotes “*a government’s strategy in dealing with other nations*” (Oxford Dictionary). This chapter first discusses the background of the PH government led by Tun Dr Mahathir Mohamad. This then followed by the skeptical views against the PH coalition on the country’s foreign policy, when the political coalition was in the opposition seats, notably prior the 14th Malaysian general election. The central argument of this article is that insofar as the current Malaysia’s foreign policy is concerned – expect the expected or business as usual – except with minor changes in several domains under the PH government. To date, Malaysia’s foreign policy has been seeking to maintain good ties with all countries and has remained committed to its multilateralism efforts. ASEAN too remains the country’s cornerstone of its external conduct. However, there will be minor changes in Malaysia’s engagement with other major powers such as China and Japan. Malaysia’s foreign policy decision-making too may be subjected to the Consultative Panel, which would be set up to discuss on foreign policies with experts in the field.

The place of *Pakatan Harapan* as the new Malaysian government

Pakatan Harapan (PH) or Alliance of Hope is a political coalition comprised of People’s Justice Party (Keadilan), National Trust Party (Amanah), Democratic Action Party (DAP) and Malaysian United Indigenous Party (Bersatu). It was founded on September 22, 2015 (Roketkini, 2015). Prior to win the 14th Malaysian general election – the first in the Malaysian history (thus dubbed as ‘*Malaysia Baharu*’ or New Malaysia), PH coalition was a dominant force in the opposition seats in Malaysia’s political landscape. Soon after winning the

election, Tun Dr Mahathir Mohamad sworn in at the National Palace as the country's seventh Prime Minister, the second for him personally (Nik & Tan, 2018). He then quick to named key ministers. On May 13, 2018, Tun Dr Mahathir Mohammad named Tan Sri Muhyiddin Yassin as the Home Minister, Mohamad Sabu as the Defense Minister and Lim Guan Eng as the Finance Minister (Zolkepli & Yi, 2018). Then, by July 2, 2018, the Malaysian government's full cabinet sworn in at the National Palace with Dato' Saifuddin Abdullah as the new Foreign Minister (Malay Mail, 2018).

Skeptical towards *Pakatan Harapan*

The skeptical views against the PH could be summarized into two points: (a) PH may potentially jeopardize Malaysia's bilateral relations with major power like China; (b) PH would resort to foreign intervention into Malaysia's domestic affairs at the expense of the country's sovereignty. As will be discussed below, these skeptical views were thrown by the then ruling government towards PH which according to their perspectives, PH's actions in the country's political landscape could have adverse effect towards Malaysia's external affairs and its sovereignty.

On February 24, 2018, while addressing before the crowds at the Chinese New Year Celebration of Hua Zong, then Prime Minister Najib Tun Razak cautioned the Malaysians that if PH were to take over the government, PH may potentially jeopardize Malaysia's bilateral relations with major power like China (Zulkifli, 2018). In his own words, "*Kita tidak akan benarkan perkara ini. Jika pembangkang ambil alih (negara), hubungan dengan China akan menjadi teruk, daripada berada di level yang tinggi kepada level yang rendah.*" (Translation: "*We will not allow this to happen. If the (then) opposition helms the government, our good relations with China will deteriorate to a lower level*"). He further elaborated that the untruth remarks made by PH meant to sow confusion among Malaysian especially with regards to China-related mega projects in the country, including the Forest City and Malaysia-China Kuantan Industry Park projects. This was echoed by then Minister at the Ministry of International Trade and Industry, Datuk Seri Mustapa Mohamed, adding that PH's manifesto and promises to review mega projects in the country, which mainly invested and funded by China, may culminated in the lack of confidence of Chinese investors in Malaysia's economic outlook (Zainol, 2018). As a whole, he was of the opinion that PH may potentially adversely affect the overall Malaysia-China relations.

Moreover, Dato' Sri Anifah Aman, then Foreign Minister too, described Tun Dr Mahathir Mohamad and other PH leaders' meeting with the European Union (EU) Delegation on January 26, 2018 as the "*most unpatriotic*" and claimed that it was a precursor for foreigners to meddle in the country's affairs (Free Malaysia Today, 2018). In the press statement released by the Ministry of Foreign Affairs on January 28, 2018 in *Bahasa Malaysia*, Anifah Aman stated that "*Pertemuan ini jelas mengundang campur tangan asing dalam urusan negara serta perkara-perkara yang dibangkitkan telah menjejaskan maruah dan kedaulatan*

negara.” (Ministry of Foreign Affairs, Malaysia, 2018) (Translation: “*The meeting was an obvious invitation for foreign interventions in the country’s internal affairs and the issues discussed are detriment to the country’s sovereignty*”).

Hence, it was against this backdrop that the skeptical claims against the PH coalition as to where the country’s foreign policy orientation is heading should the PH helming the government. This article then analyzes Malaysia’s foreign policy under the new *Pakatan Harapan* or Alliance of Hope government, led by Tun Dr Mahathir Mohamad, when the political coalition won the unprecedented 14th Malaysian general election on May 9, 2018.

Literature Review

Extensive studies on Malaysia’s foreign policy in general have been conducted throughout the years. However, the studies on Malaysia’s foreign policy under the PH government are still lacking, though a few number of articles have been written. When approaching with Malaysia’s foreign policy issue, it is impossible to not refer to the work of Johan Saravanamuttu (2010). His study is often referred to as among the earliest work on Malaysia’s foreign policy. Although his work has outlined the Malaysia’s foreign policy in spans of five decades – a large time by measure, but his analysis is limited prior to PH took over the government. The same applies to the work of Abdul Razak Baginda (2007) and Azhari Karim (1995).

Ngeow Chow Bing (2018), on the other hand, acknowledges that there exists the debate whether the less China-friendly foreign policy on the part of Malaysia is possible. Even though he has highlighted that if careful look into Tun Dr Mahathir Mohamad’s hindsight views on foreign policy - this debate will not exist in the first place, but his work has focused on Malaysia-China relations solely. The overall PH government’s foreign policy is nevertheless left untouched. The same applies to the work of Richard Javad Heydarian (2018) too, though he did add on the ASEAN perspectives.

Meanwhile Tan Siew Mung (2018) did touch on the Malaysia’s foreign policy under the PH government. His paper has analyzed Malaysia’s current relations vis-à-vis Japan and China. However, Tan’s work is confined to Malaysia’s relations with these two major powers only, without touching on the overall of Malaysia’s foreign policy under the new administration. Hence, a study on the overall Malaysia’s foreign policy at the helm of the PH government is significant yet fundamental to enquire into.

Malaysia's Foreign Policy under PH government: Expect the Expected or Business as Usual except with Minor Changes

The central argument of the article is that insofar as Malaysia's foreign policy is concerned - expect the expected or business as usual - except with minor changes in several domains under the PH government. To date, Malaysia's foreign policy has been seeking to maintain good ties with all countries and has remained committed to its multilateralism efforts. ASEAN too remains the country's cornerstone of its external conduct. However, there will be slight changes in Malaysia's overall engagement with other major power such as China and Japan. Malaysia's foreign policy decision-making too may be subjected to the Consultative Panel, which would be set up to discuss on foreign policies with experts in the field. These then defy the skeptical views by then government that should the PH helms the country, Malaysia's bilateral relations with China will deteriorate and PH would resort for foreign intervention into domestic affairs.

The Malaysia's foreign policy under the PH government could be characterized into two features: (a) Expect the expected or business as usual i.e Malaysia remains committed to its bilateral, multilateral and ASEAN engagements; and (b) Minor changes in several domains i.e Malaysia's overall engagements with China and Japan, and the establishment of Consultative Panel. As will be discussed below, these two features serve as the basic tenets with which the PH government is currently utilizing in navigating the Malaysia's foreign policy.

Expect the expected or Business as usual: Malaysia's Bilateralism and Multilateralism engagements

Indeed, Malaysia's bilateral, multilateral and ASEAN engagements are unlikely to experience any major overhauls under the PH government. For instance, the PH's new foreign minister, Dato' Saifuddin Abdullah has recently remarked that Malaysia's foreign policy will continue as it is. In his own words, "*We'll continue with our current policy of being friendly to all nations, with ASEAN as our priority.*" (The Star, 2018). This then suggest that Malaysia will continue its foreign policy orientation to be friendly with all countries across the globe, even under the PH administration. It is as expected, or in other word, business as usual, for the country's external policy.

Furthermore, should Malaysia's bilateral relations to see major revamp in its external conduct, then the Ministry of Foreign Affairs, Malaysia's website would not note that vis-a-vis the country's external relations, "*The nation's well-being is founded on the strong and friendly relations with other countries and its commitment to the multilateral system.*" (Ministry of Foreign Affairs, Malaysia). Moreover, Malaysian mission abroad too are not being cut down, as these could be regard as the yardstick which manifests the Malaysian government's intention to operationalize the conduct of good and strong bilateral relations with other

nations. As a matter of fact, the Malaysian government has established a “*network of 110 diplomatic missions in 84 countries as well as one friendship and trade center have been established*”, which “*the diplomatic missions comprised of Embassies, High Commissions, Consulates-General and Consulates.*” While on the part of Malaysia, its government is hosting approximately 102 foreign missions (as of July 2018) (Ministry of Foreign Affairs, Malaysia, 2018) with most of them stationed in the heart of the country – Kuala Lumpur.

Apart from the maneuver to flourish under the bilateral relations, Malaysia under the PH government too remains committed to the multilateralism efforts, such as the United Nations. For instance, Dato’ Saifuddin Abdullah said that the Malaysia’s Ministry of Foreign Affairs is aspired to accede to more UN-based Human Rights convention, namely the UN International Convention against All Forms of Racial Discrimination, Covenant on Civil and Political Rights, Convention against Torture and other Cruel, Inhuman and Degrading Treatment and Punishment, International Covenant on Economic, Social and Cultural Rights, International Convention on the Protection of Migrant Workers and Members of their Families and finally International Convention for the Protection of All Persons from Enforced Disappearance, as well as to focus on the Sustainable Development Goals 2030 (SDG2030) (The Sun Daily, 2018), while maintaining other Malaysia’s priority in other UN-led initiative such as Peacekeeping Operations, and active participation in UN’s organs, such as General Assembly and Security Council.

The principle of “*ASEAN remains the cornerstone of Malaysia’s Foreign Policy*” (Ministry of Foreign Affairs, Malaysia) too is likely not to be changed under the PH government. Indeed, as stated by Dato’ Saifuddin Abdullah, the Malaysia’s Foreign Minister “*We’ll continue with our current policy of being friendly to all nations, with ASEAN as our priority.*” (The Star, 2018) Malaysia’s role too, according to PH’s manifesto, would be “*to enhance the capacity of the Malaysian Representative to the ASEAN Intergovernmental Commission on Human Rights (AIHCR)*”. Indeed, this suggests that the PH government remains committed to regionalism efforts.

Minor Changes in Malaysia’s Engagement with China and Japan

Minor changes in Malaysia’s engagement with China started off even prior to the 14th Malaysian general election. Tun Dr Mahathir Mohamad, as the then opposition leader, had casted criticism over Malaysia’s overtly reliance on China. This then marks the advent of minor changes in Malaysia’s engagement with China. In the interview with Bloomberg on April 9, 2018, Tun Mahathir said,

“In the case of Najib, what he did was, he invites foreign investments from China to buy properties in Malaysia, (to) develop all sophisticated towns which the price are beyond the reach of Malaysian, and the chances are that these developments will be for outsiders including the mainland Chinese to come and live here. That is not foreign direct investments and none of our people are employed as workers, none of our companies are used for designing, and planning and supervising etc. We gain nothing. We don't want to sell chunk of this country to foreign companies who will develop whole town. No country would accept the influx of huge number of foreigners into the country.” (Bloomberg, 2018)

Tun Dr Mahathir too, wrote on his famous blog Chedet on May 2017, saddened by the fact that the first national automotive project, Proton, which is his brainchild, had been sold to Chinese Geely. Presently, 49.9% of stake in Proton Holdings with a value of \$107 million is owned by Geely, Chinese Automaker (Anuraghunathan, 2018).

“1. Proton has been sold. It has been sold to foreigners.”

“2. They say Proton is my brainchild. Now the child of my brain has been sold.”

“3. Yes. I am sad. I can cry. But the deed is done. Proton can no longer be national. No national car now. We Malaysians are glad to be rid of this pesky car. I am sure Proton will do well. It will be a commercial success. It will be sold all over the world. The Proton name will be everywhere.” (Mohamad, 2017).

Furthermore, in a live-streaming video on Facebook entitled Policy Talk with a focus on governance and economy, Tun Dr Mahathir mentioned about the view of the PH coalition on China-related mega projects, *“We believe that when Harapan (i.e PH coalition) becomes the government, we will study these investments and if they are not important, we will negotiate new deals to perhaps cancel these projects”* (Mohamad, 2018). This is against the backdrop of Malaysia was seen too close to China. Notably, this is due to the eagerness of then Prime Minister, Najib Tun Razak, to be part of the China-Belt and Road Initiative (BRI). As a matter of fact, between 2009 until 2017 of his premiership, seven official visits had been made to China (The Star, 2017), Malaysia had signed a number of Memorandum of Understanding (MoUs) amounting to billions ringgit, agreements on mega projects such as Forest City, East Coast Railway Link (ECRL) (Yan, 2018) among others, and China becomes the country's first trading partner (Ying, 2017)

Fast forward to post-14th Malaysian general election, in less than two months after PH forms the government, Tun Daim Zainuddin, special envoy of the Malaysian Prime Minister, Tun Dr Mahathir Mohamad, met with Chinese Premier Le Keqiang on July 18, 2018 in Beijing, according to the China's Ministry of Foreign Affairs (Ministry of Foreign Affairs of the People's Republic of China, 2018). During the visit, Tun Daim passed a letter from Tun Dr

Mahathir Mohamad to the Chinese Premier, which among other, *“(The) Prime Minister Mahathir pays high attention to relations with China and is willing to work closely with China to promote bilateral ties.”* But the reports rife as the visit is seen as *“pave the way for Malaysian Prime Minister’s trip next month (August)”* for the negotiations of the Chinese-led projects (Wong, 2018).

Moreover, in an interview with the South China Morning Post as the new Prime Minister, Tun Dr Mahathir spoke on his views vis-à-vis China,

“There are certain things of course, which were done – which were not to Malaysia’s advantage or even good to Malaysia. We welcome foreign direct investments from anywhere, certainly from China. But when it involves giving contracts to China, borrowing huge sums of money from China and the contracts goes to China and China contractors prefer to use their own workers from China, use everything imported from China and even the payment is not made here (referring to Malaysia). It’s made in China. So we gain nothing at all. That kind of contract is not something that I welcome.”

“I think there should not be too many warships (referring to South China Sea)

Thus, the negotiation with which Tun Dr Mahathir Mohammad is looking at is to reach an agreement on the Chinese-related mega projects diplomatically, to turn to Malaysia’s advantages. This suggests a minor changes in Malaysia’s engagement with China- a contrary to previous administration under Najib Tun Razak’s administration, as it is seen as Malaysia was too lenient with the Chinese, in return to the latter’s investments and loans. Moreover, insofar as the skeptical claims by then government against the PH coalition is concerned, the current PH government’s approach towards China is unlikely to bring the relations level between the two countries to a lower point.

Meanwhile, minor changes in Malaysia’s engagement with Japan started off when Tun Dr Mahathir Mohamad took the second premiership of his lifetime. Soon after the election, Tun Dr Mahathir Mohammad has embarked on a working visit to Japan on 10 until 12 June 2018 (Ministry of Foreign Affairs, Malaysia, 2018) and announced, together with his Japanese counterpart Shinzo Abe - the revival of Look East Policy. *“We are very happy that Japan welcomes Malaysia’s Foreign Policy once again and we hope to benefit from greater cooperation between Japan and Malaysia as a part of the policy,”* (RTM Facebook, 2018). Among others, Tun Dr Mahathir also pointed out areas of collaboration, which includes education, training, investments and deepening exchange opportunities (The Star, 2018). Tun Dr Mahathir too has requested to extend Japanese yen credit to Malaysia, in addressing the country’s debt issue. In a briefing with reporters after his visit to Japan, *“If the yen credit loan is given as a soft loan, it will help us to deal with our big debt problem”* (BERNAMA, 2018).

The Look East Policy, which first introduced by Tun Dr Mahathir Mohamad back in 1981 after he assumed his first premiership, was to shift Malaysia's orientation from West to East, in order to assist Malaysia's industrialization efforts. Indeed, this is a minor departure of Malaysia-Japan relations, primarily under the previous administration. Though back in 2014 saw the launch of a 'Second Wave of Look East Policy', but it was "*unclear if the Second Wave of Look East Policy" gave a new thrust to the bilateral relations"*, especially when the previous administration too preoccupied on China.

Minor Changes in Malaysia's Foreign Policy Decision-Making: The Establishment of Consultative Council

Indeed, at the helm of the PH government, Malaysia's foreign policy decision-making is likely to experience minor change with the establishment of Consultative Council, which would be set up to discuss on foreign policies with experts in the field. In a statement by Dato' Saifuddin Abdullah, "*I will establish a consultative panel which involves all stakeholders at Wisma Putra which I will head. Its representatives will be from Wisma Putra, former ambassadors, academicians, think tanks, and private entities, experts who are well-versed on international issues, civil societies and trade. This group will consist of between 10 and 12 people initially. We want to have the best ideas on foreign policy as it is important for Malaysia, especially when we are a new government. The world wants to know what our policy is.*" (Fazaniza, 2018)

As a matter of fact, the initiative to establish the council, which among other, comprised of the public, is new in the Malaysia's foreign policy history. Johan Saravanamuttu (2010) for instance, acknowledges that the decision-making in the Ministry of Foreign Affairs, Malaysia is an institutionalized procedure, which invariably involves government officers, as well as the minister and cabinet. While Chandran Jeshurun (2007), written about the close, even intimate relationship between the policy makers in the ministry with the Prime Minister. This suggests that the Malaysia's foreign policy decision-making has been traditionally been confined into the government's circles. Thus, under the PH administration, specifically at the helm of Dato' Saifuddin Abdullah, Malaysia's foreign policy decision-making is likely to experience minor change with the establishment of Consultative Council, though the minister is yet to name the potential members in the council.

Conclusion

It can be inferred from the above analysis that the PH government's foreign policy conduct is ideally described as – expect the expected or business as usual with minor changes in several domains. Despite the skeptical views claimed by the then government against the PH coalition should the latter helms the government; (a) PH may potentially jeopardize Malaysia's bilateral relations with major power like China; (b) PH would resort to foreign intervention

into Malaysia's domestic affairs at the expense of the country's sovereignty, while the latter in the opposition seats, these are considered as irrelevant, insofar as the current PH government's foreign policy's discussion is concerned.

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CHAPTER 6

A Preliminary Study on the Influence of Kdrama in Southeast Asia: A Focus on Local Drama

NURUL AKQMIE BADRUL HISHAM

Introduction

The rise of Korean Drama and Kwave in the ASEAN region has challenge the way media, culture and arts being presented and consumed. In fact, many Asian countries has fell under the spell (charm) of Korean dramas after the many great success of Korean dramas in 2002 to 2004 (Chang & Lee, 2017). This conceptual paper explores how learning the tropes of Korean drama narrative can be beneficial to create the awareness of ASEAN culture. By focusing on Korean drama tropes, we can understand how some aspect of a culture can be learn and known by watching dramas. By watching Korean drama which portrays the trivial daily life of a certain society, audience can relates to the content at the same time learns about the culture behind it. The objective of this preliminary research is to understand and explore how Kdrama may influence Malay drama narrative. By studying this we can also look at the effects that Kdrama has in order to create the awareness of the ASEAN culture to the rest of the world. This paper will only be using past years discussion on Korean dramas by previous researcher to understand more on the influence.

The long-standing relationship of Republic of Korea with many ASEAN countries signifies a thriving high-level partnership for both parties, they has long been considered as a pioneer in building a constructive relationship in culture with ASEAN (*The Myanmar Times*, 2017). The ambassador of Republic Of Korea to ASEAN (*The Myanmar Times*, 2017) pointed out that ASEAN timely pledged such goal to envision its regional identity. This is because the region has inherited rich and priceless cultural assets. The multicultural background has enamored international audiences that draw attention to each ASEAN member state's culture as well as ASEAN culture as whole. The current Work Plan for culture and arts (2013-2017) will expire by the end of 2017 and the new Work Plan is being prepared ('ASEAN.org', 2016). Shim (2015) point out that there is an increased importance and necessity of academic and cultural exchange in the process of building a sustainable East Asian community. Hence, the ASEAN Strategic Plan for Culture and Arts 2016 – 2025 under the Socio-cultural and development cooperation also play a role in focusing on the new horizons for culture and the arts and their roles in raising awareness, building a sense of community, bonding ASEAN together by a common identity for a better shared future ('ASEAN.org', 2016).

Despite receiving criticisms, many locally produce drama started to tap on the narrative tropes of Kdrama, drama such as *Ustaz Korea Sebelah Rumah*, *Duda Pujaan Dara*, *Love U Miss Pomen*, *Patahnya Sebelah Sayap*, *Kekasih Paksa Rela* and many more. There are also remakes of popular Kdrama in Malaysia, such as the adaptation of *Coffee Prince* and *Monalisa*. Despite the fact that there is much news coverage that reported many are against the trend of making remakes of Kdrama for local consumption, the emerging of these dramas proves that the influence in narrative of Kdrama in Malay drama is on the rise. Nevertheless, the influence should be taken as a positive learning opportunity for the ASEAN creative industry.

Cultural Products In Terms of Television Drama

Korean Dramas refers to the television content that is scripted and fictional, can be understand as mini-series produced in Korean language in limited episodes between 12-16 episode (Metaveevinij, 2009). The narrative in Korean dramas that focus on emotion, struggle, the relationships between love and hate, loyalty and betrayal, greed and compassion, and hope and despair where audience can find pleasures in watching a drama which has element of comedy, romance, drama and action are very appealing (Rizki Briadana, 2015).

Korean Culture and Information Service 2015 points out that a common concept in Kdrama is “Jeong”—a Korean term for human affection, it is a central theme which includes element of friendship, family values, and love, which are a universal themes that appeal to a wide audience. This concept resonates well with the values that remained in the Asian culture. The emphasize put on dramatizing the growth of relationship or conflicts between individual rather than just creating and connecting incidents are more favorably received.

Although the storytelling in Kdrama remained the main attraction, the Internet has also play a vital role in the spread of Kdrama where accessibility is no longer a problem with the emergence of video streaming website such as YouTube, Netflix and more recently Iflix. This easy accessibility becomes a huge driving force in the increase viewer consumption, which has change the way people consumed, shared and remembered information and entertainment. A new media platform that is more reliable for viewer compared to the more traditional platform such as television.

Similar view was also shared at the 11th Conference Of ASEAN Ministers Responsible For Information (AMRI), Ms Grace Fu (2012) mention that, due to the vast array of global content now made easily available to audiences through both traditional and new media platforms, public broadcasters are increasingly challenged to offer compelling content to target audiences. Hence, with encouraging more local creative media content, it is hope that it can bring some awareness of the local culture in ASEAN to others especially in creating an understanding in the multicultural background of ASEAN to create a regional identity.

In Malaysia, television stations are the main market for drama products (Azizah Hamzah, 2008) where, Malay dramas grace the Malaysian society that encompasses largely of Malay viewers. “Cerekarama” which is native to the Malays has emerged as the top-ranked drama slot this indicates a wide reception of dramas (Ruzy Suzila et al, 2013). Television drama is a prominent genre on Malaysian television where the production of local dramas has gradually increased. One of the most viewed dramas was Nur Kasih, where the story was centered on a Malay family with themes of rural versus urban lives (Juliana et al, 2013).

The proliferations of variety of televisions dramas from different origin seemed to have heavily influence the consumption patterns of the local audience, such example can be seen in the 80s and 90s, where American soaps, Hong Kong, China, Taiwan and Japanese alongside Latin’s telenovelas drama were popular among the Malaysian audience. These influences continue in the early 2000 due to heavy importations of drama from the neighboring countries such as the popular drama Pangako Sayo from the Phillipines and Phoenix Blood from Thailand (Juliana et al 2013). In the mid-2000s, Indonesian Sinetron and Korean Drama started to make their presence into the local scene (Juliana et al 2013, Azizah Hamzah 2008, Latiffah et al 2009). Rizki Briandana dan Intan Soliha (2015) showed that in Indonesia, Kdrama have become more popular than local sinetron, this was contributed by several reason which include the high quality of the production, the positive social values embedded in Kdrama, the theme song of a drama and also the physical attractiveness of the actors.

How Kdrama Introduce Korea to the World

Jackson (2017) stated that, when neighboring East Asian countries watch Korean television programs, they too recognize cultural similarity between their own society and the society presented in these Kdramas. Spending a long time watching Korean dramas and also music videos has led to a growing interest in Korean culture (Chang & Lee, 2017). Other than learning the language, they also added that, the foreign consumers who spend many hours on Kdramas are likely to form different images about Korea, which may affect their decision making process in purchasing goods associated with Korea (ibid).

This can be seen by overseas Kdrama fans that have indirectly experience the Korean culture and life styles through the dramas, which may alter their preference (Chang & Lee 2017). Their research proves that, 54.2% of the total sample said that they became highly interested in eating Korean food after experiencing the Kdramas (ibid), 51.6% said that they develop the desire to travel to Korea and 41% the desire to purchase electronics and beauty products (ibid). They also mention that, Korean firms tend to sponsor the production of TV dramas, with a condition that their certain products naturally appear in the drama, as a way to advertise the product (ibid). They prove that in many Asian countries, this had leads to sudden increase in sales of the products and fans also admire the stars and try to emulate their styles. They also give top seven countries that most affected by the Korean wave which is Japan, China, Hong

Kong, Singapore, Taiwan, Thailand and Malaysia. They conclude that the Korean wave phenomena in which many countries across the world would import TV shows and are also influenced by the cultural images (ibid).

Narrative Style

Miyose (2015) in his research had use Todorov's (1977) model to capture the progression of most Korean TV stories and formats, and is as follows:

1. A state of equilibrium at the outset;
2. A disruption of the equilibrium by some action;
3. A recognition that there has been a disruption;
4. An attempt to repair the disruption;
5. A reinstatement of the equilibrium.

Miyose (2015) also added that, this narrative model emphasizes a basic three-part movement from equilibrium, to disequilibrium, and finally to a restoration of equilibrium. He explained that the series' narratives include the denouement of each character, to gauge whether each resolution ending, or reinstatement of equilibrium, could be considered as a realistic or unrealistic ending.

Similarly, the idea of narrative can be trace back to Aristotle's argument of plot in Poetics, where plot or structure of the incidents is the most important element in tragedy of life (Landa, 2004). He also conceives his plot as an abstraction to deal with the narrative aspect of tragedy (ibid). Aristotle point out that, action in drama is complete within itself. Where it has a beginning, middle and an end (Won, 2013). Firstly, the action begins along with complications and reaches its climax then followed by a crisis before proceeding to solution and ending. By adapting the Aristotelian Plot, dramas can become a cohesive piece of storytelling.

Element of Kdrama tropes that is also similar to local Malay drama

The element of these Kdrama tropes that can also be found in the local dramas, adapting the Aristotelian Plot to create a sense of dramatic storytelling can be further explain below;

1. Love – Hate Relationship

This is one of the most common tropes and is often used for the versatility in any genre. This tropes often utilize bickering and a contentious relationship that will see a fulfilling reversal from unsavory first impression to the act of falling in love then it comes to a resolute

conclusion of a harmonious relationship for example in Fullhouse, Boys Over Flower and Strong Women Do Bong Soon.

2. Love Triangles

Korean dramas usually consist of a male and female lead and a male and female second lead character. These characters are used to create conflict most commonly used as exes that are trying to destroy the main lead characters relationship for example in My Lovely Samsong and Fullhouse.

3. Traumatic Experience

This trope usually would affect lead character where they would always carry a psychological baggage in the form of a traumatic event. The progression of the story would often show how the character overcomes it often with the help of the lead female character for example in Strong Woman Do Bong Soon and Goong.

4. Male Lead characteristic changes and Female Lead positive disposition

Male lead character in Korean drama would go through character development from being broody, cold or mysterious to a more light-hearted characteristic due to the female lead positive disposition. The female lead characteristic would usually be full of positive traits that will enable her to overcome many obstacles in life despite the many situations she was in. While the male lead would usually be emotional tortured by painful tragedy that keeps him having a detach personalities and isolate people around him. As the story progress, the female lead with her positive personality would change the male lead outlook in life and thus teaches him to love, for example in Goong and Boys Over Flowers.

Conclusion

In this preliminary study, based on the narrative tropes that were listed, it can be concluded that there is evidence that Malay drama may have been influence by Kdrama. Although there are differential points of view of this Kdrama phenomenon, this influence can be consider as a good learning process, as mentioned by Vongthep Arthakaivalyatee, Deputy Secretary-General for ASEAN social-cultural community, “I genuinely believe we in ASEAN can learn from the K-wave model, creating something like an ASEAN wave, for example. Such a culture-led diplomatic outreach will go a long way toward building the common identity of ASEAN, Korea’s creative industry has a knack for getting the pulse of its audiences, and this is something ASEAN can learn from” (*The Korean Times*, 2017).

Hence, instead of just blindly consuming Kdrama content, the local production should be encourage and supported to create their local wave. By studying the Kdrama formula, ASEAN can perhaps emulate the success by creating more local culture product, which can be used to acquaint our cultural background to the society and the neighboring countries thus creating an awareness of our region to the rest of the world. At the same, this process can also be helpful in terms of not only promoting the country's identity and culture but also to boost the country's economic as proven by how the awareness from Korean pop culture have help South Korea soaring.

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CHAPTER 7

Challenges of Renewable Energy: Case Studies of Torrefaction in ASEAN

SEPRIANDI MAULANA

Introduction

For many years, we have consumed fossil fuels with no worries about possible shortages but, now, those same oil fields are running dry, while the use of coal as a source of energy is also facing criticisms due to its contribution to environmental pollution. In view of this situation, there has been a growing impetus looking for alternative sources of energy for the future.

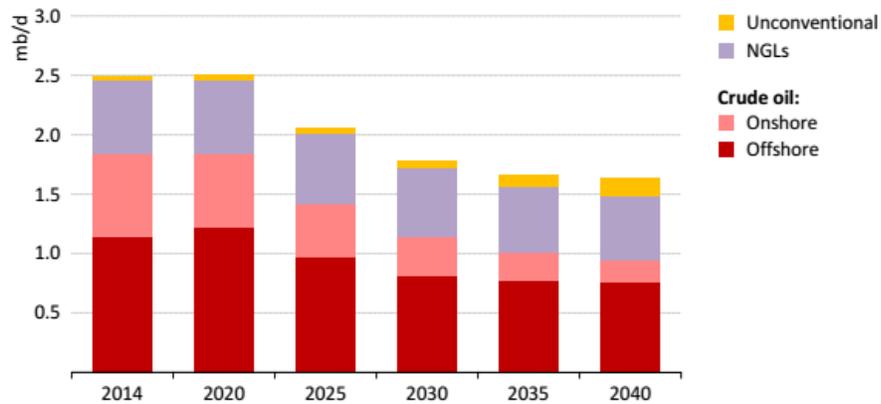


Figure 1. Oil production by type in Southeast Asia
(Source: Southeast Asia Energy Outlook, 2015)

In the present days, in almost every developing country we found that the development of those countries is not based on sustainable development. It is an important opportunity to foster innovation and promote economic growth while enhancing access to secure, clean, and affordable energy by renewable energy technologies development which is now widely realized

as a crucial component in providing an integrated solution to reduce greenhouse gas emissions. (Shukla et al, 2017).

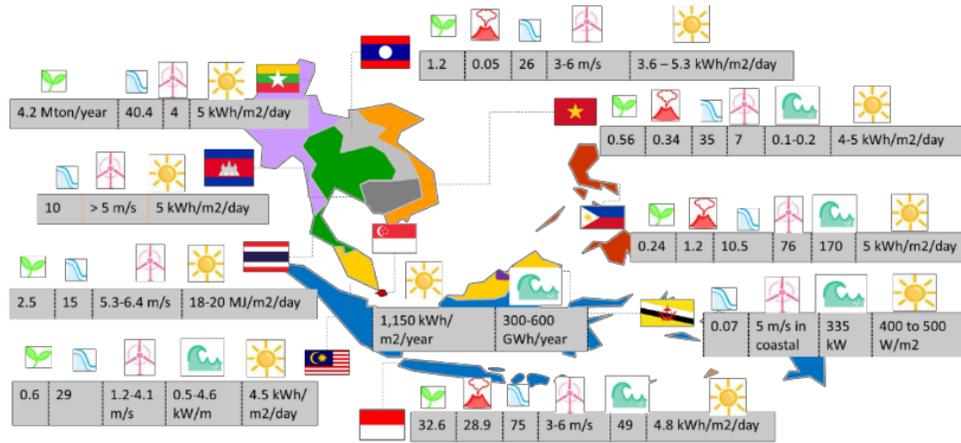


Figure 2. Renewable Energy Potential in ASEAN (GW)

Source: ACE, 2013)

ASEAN region is blessed with huge potential for the use of renewable energy (RE) and hence the role of RE becomes more important in a diversified energy mix. Indonesia and Philippines are blessed with its tremendous geothermal potential; Thailand with biomass; Vietnam, Cambodia, Lao PDR and Myanmar with hydropower and most importantly, the sun shines throughout the year in ASEAN region. Some ASEAN Member States (AMS) like Thailand, Philippines, Vietnam, and Indonesia has identified the significant potential of wind power and starting its deployment. Total installed power capacity of renewable energy in ASEAN, including large hydropower, reached only around 51 GW or 26% of total around 197 GW installed power capacity in the region. If the hydropower is excluded, the share of other renewable energy was only 5% in 2014 (Yosiyana, 2015).

Biomass utilization is environmentally friendly because it is carbon neutral energy which means that every time we burn it to produce the energy we do not produce emission to the environment. We can produce heat or power by biomass conversion using some technology. Some of the inherent problems with raw biomass materials compared to fossil fuel resources (low bulk density, high moisture content, hydrophilic nature, and low calorific value) render raw biomass difficult to use on a large scale.

Torrefaction, which is a thermal pretreatment process, is a viable technology that significantly alters the physical and chemical composition of the biomass. Biomass torrefaction is a pre-treatment method carried out at 200-300°C in absence of oxygen. The occurring decomposition reactions at this temperature level cause the biomass to become completely dried and losing its tenacious and fibrous structure. These changes make torrefied biomass very attractive for combustion and gasification applications (Bergman & Kiel, 2005). In ASEAN

especially, it needs more research and development to find the best formula or model so it could be used on a bigger scale.

Biomass Potential of ASEAN

Energy demand in the region has frequently outpaced growth in sustainable energy. Strong economic growth and poor regional coordination have been cited by experts as underlying causes for the persistently low share of renewables in the region’s energy mix. Thailand saw its energy production decrease in 2015, forcing the country to increase energy imports to meet domestic demand. Cambodia’s electricity prices are among the highest in the region, due to its reliance on imported fuel. With Southeast Asian energy demand set to jump by more than 80 percent between 2015 and 2040, as projected by the International Energy Agency, Southeast Asian governments face the daunting task of producing enough sustainable energy to meet the burgeoning demand for electricity.

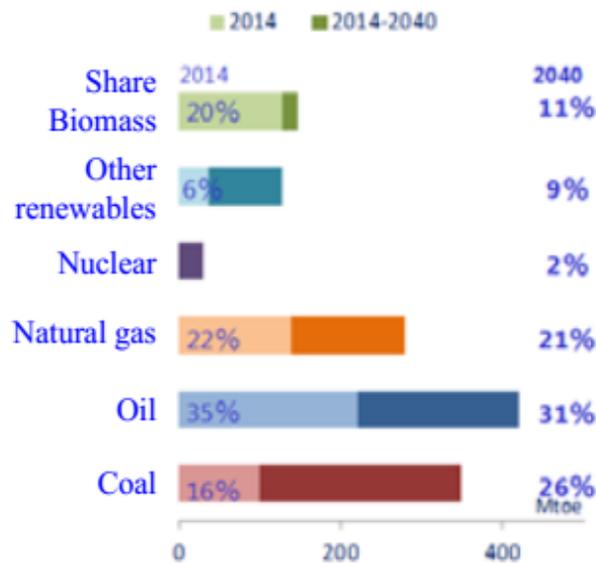


Figure 3. ASEAN primary energy demand mix
(Source: Zheng et al, 2017)

But some of the renewable energy has some weakness, solar energy needs huge land and also high capital cost, same as wind energy. This renewable energy also depends on the weather, the solar panel will not produce electricity at night, and wind turbine will not produce electricity when the wind speed is not enough. Moreover, most hydroelectric power plants have a dam and a reservoir. These structures may obstruct fish migration and affect their populations. Operating a hydroelectric power plant may also change the water temperature

and the river's flow. These changes may harm native plants and animals in the river and on Land.

. In Sarawak, Malaysia, people affected by the construction of the Bakun dam are the inhabitants of 15 villages; about 20,000 people were forced to leave their homes and were relocated to a new area.

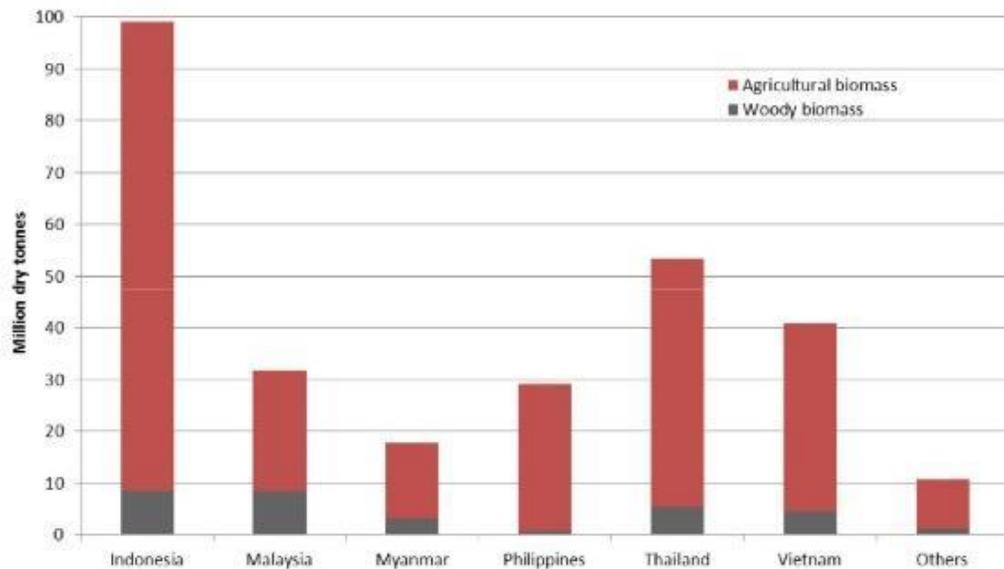


Figure 4. Biomass Potential of Southeast Asia

(Source: Povrv, 2009)

Biomass is organic material that comes from plants and animals, and it is a renewable source of energy. Unlike this renewable energy, biomass-based second generation biofuels could partly assist to resolve some of these issues, especially from the feedstock point of view for energy production applying various conversion methods to improve the combustion efficiency. The advantages of using biomass are obvious as this material, is generally left to rot or burn in an uncontrolled manner, producing CO₂ as well as smoke (Mhilu, 2014).

In ASEAN, the potential of biomass is so high especially in Indonesia, Malaysia, Thailand, and Vietnam. But for now, it is not fully developed because biomass has several constraining characteristics which limit its effective use in current systems designed for fossil fuels as well as handling challenges that compromise the competitiveness of this renewable resource. Biomass comes in various types and forms, therefore highly heterogeneous, which results in wide variations in combustion properties. In addition, biomass usually has high moisture content and consequently low heating value. It is hydrophilic and biodegradable, posing storage problems. Its combustion efficiency is lower than fossil fuels, which decreases the capacity of,

especially thermal conversion systems. Furthermore, biomass is usually tough and fibrous and thus difficult to grind. Biomass therefore often needs to be pre-treated to improve its characteristics and associated handling. However, pre-treatment costs are significant and can render biomass uneconomical (Batidzirai et al., 2014).

Due to its low energy density compared to fossil fuels, very high volumes of biomass are needed, which compounds problems associated with storage, transportation, and feed handling at cogeneration, thermochemical, and biochemical conversion plants. High moisture in raw biomass is one of the primary challenges, as it reduces the efficiency of the process and increases fuel production costs. High moisture content in biomass leads to natural decomposition, resulting in loss of quality and storage issues such as off-gas emissions. Another consequence of high moisture content is the uncertainty it causes in biomass's physical, chemical, and microbiological properties. Irregular biomass shapes constitute another issue, especially during feeding in a cofiring or gasification system. In addition, biomass has more oxygen than carbon and hydrogen, making it less suitable for thermochemical conversion processes. Considered collectively, these properties make raw biomass unacceptable for energy applications.

Biomass conversion to energy could be done by some technology. Gasification is one the technology that nowadays usually used by the factory, but it also has issues. The utilization of this technology is not highly efficient. In the other hand, torrefaction could be the solution to this issue. Torrefaction is defined as slowly heating biomass in an inert environment and temperature range of 200–300°C. This process improves the physical, chemical, and biochemical composition of the biomass, making it perform better for co-firing and gasification purposes (Shankar Tumuluru et al., 2011).

Torrefaction Research and Development in ASEAN

Nippon Paper Industries Co., Ltd installs Demonstration Facilities for the Production of Woody Biomass Fuel in Thailand in a joint research and development agreement with Phoenix Pulp and Paper Public Company Limited (hereinafter, "PPPC") in Response to the Increased Demand. It was invested by Nippon Paper Industries in Thailand, on April 21st,

2016. The demonstration facilities for production will be installed on the premises of the mill of PPPC in the northeastern part of Thailand. They will utilize woody biomass as a raw material from the company-contracted forested site nearby.

In 2017 Nippon Paper Industries envisions installing commercial production facilities with a yearly production capacity of 80,000-ton when commercialization is realized. Andritz factory has received the order from Marubeni, Tokyo, Japan, to supply an EcoFluid fluidized bed boiler

with flue gas cleaning system for a waste-to-energy power plant at SCG Packaging's Ban Pong paper mill, located in Ratchaburi, Thailand. The fluidized bed boiler will be Thailand's first of its kind that operates with 100% waste fuel and also the first boiler at SCG Paper Energy Co. Ltd., a subsidiary of SCG Packaging.

Rahmatullah Jami'in, a young researcher and also a lecturer of Sriwijaya University has done the torrefaction research and development by the end of 2016. It was funded by Sriwijaya University by using Penerimaan Negara Bukan Pajak (PNBP) fund. It was conducted at Energy Laboratory of Graduate Degree Chemical Engineering Department of Sriwijaya University by using durian's bunch as the feed in order to study the effects of temperature 200, 250, 300, 350 and reaction time at 20, 20, 30 minutes to the biobriquette.

The research by Thuraiya Thaim and, Ruwaida Abdul Rasid. Universiti Malaysia Pahang, Faculty of Chemical Engineering and Natural Resources. This project was supported by the Ministry of Higher Education Malaysia and Universiti Malaysia Pahang. It was conducted at the Faculty of chemical Engineering and Natural Resources, Universiti Malaysia Pahang for providing the lab space to conduct the trials. Torrefaction of oil palm Empty Fruit Bunch (EFB) was carried out in the inert atmosphere in order to investigate the effects of temperature at 280, 300, 320oC and residence time 30, 60, and 90 minutes on the characteristics of solid products. The mass yield decreased with increasing temperature and residence time. The longer residence time may not be as important to improving the fuel physicochemical properties compared with temperatures. The calorific value increased with increasing temperature. Therefore, it proved that EFB can be turned out to be useful feedstock to generate energy through torrefaction process.

Conclusion

Based on these research and development, torrefaction technology is available but need the different formula for each characteristic of biomass. It is a challenge for countries in ASEAN to do collaboration in order to develop this technology. But this idea would not be easy because every country has different stakeholder and different policy if we want to develop it in ASEAN integration to promote biomass as renewable energy.

In the end, biomass will be a promising solution to provide a cleaner and substitute the fossil energy for ASEAN countries and torrefaction is a new technology that can bring us to the green era of ASEAN by utilizing it to convert biomass. But it needs research and development between stakeholder, government and also researcher to provide the best model for ASEAN.

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