A soldier gestures from his position securing a road lined with the flags of member countries of the Association of Southeast Asian Nations (ASEAN), as well as regional dialogue partner countries, at the conference venue in Phuket, Thailand, on July 21, 2009.
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About the Black Swan Strategy Papers

The Black Swan Strategy Papers are the flagship publication of the UWA Defence and Security Institute (DSI). They represent the intersection between Western Australia and strategic studies – both of which are famous for their black swans. The series aims to provide high-quality analysis and strategic insights into the Indo-Pacific region through a defence and security lens, with the hope of reducing the number of ‘black swan’ events with which Australian strategy and Indo-Pacific security has to contend. Each of the Black Swan Strategy Papers are generally between 5,000 and 15,000 words and are written for a policy-oriented audience. The Black Swan Strategy Papers are commission works by the UWA DSI by invitation only. Any comments or suggestions for the series can be directed to the editor.
Southeast Asia tends to be dropping from the top priority list of the US, even under the Biden administration. Under the Coalition government, Australia recognised the need to compete for influence in the region, but still the approach was half-hearted. The early days of the Labor government show signs that Southeast Asia, along with the South Pacific, is going to be a higher priority. Despite the growing diversity, as well as uneven displays of strategic activeness within, the ASEAN region remains critically important for the wider Indo-Pacific. There are many mounting and often competitive priorities, as well as limited resources for both governments. This report proposes a framework of TIGER priorities for the region – being technology, instability, geopolitics, environment and recovery. These are areas of both rapid growth and growing challenges towards which the region would welcome a constructive and positive contribution.

The Biden administration and the new Labor government in Australia should be guided by this framework to tailor their individual and collective engagement strategies. Better understand regional priorities before announcing big initiatives and strategies in the region. Take note that the regional priorities for the years to come are TIGER priorities: technology transformation, managing political instability, minimising the impact of geopolitics, adapting and mitigating the environmental effects of the climate crisis, and post-Covid economic recovery.

Coordinate between Canberra and Washington, leveraging respective strengths and advantageous positions, to respond to the pressing needs and support in a longer-term framework.

Executive summary

There are many mounting and often competitive priorities, as well as limited resources for both governments. This report proposes a framework of TIGER priorities for the region – being technology, instability, geopolitics, environment and recovery. These are areas of both rapid growth and growing challenges towards which the region would welcome a constructive and positive contribution.

The Biden administration and the new Labor government in Australia should be guided by this framework to tailor their individual and collective engagement strategies.
INTRODUCTION

The US’ and Australia’s roles, strategies and contributions to the Indo-Pacific are distinct, but there are also an increasing number of areas in which they can join efforts to make a stronger impact.

It is important to understand the strengths and weaknesses of Washington and Canberra individually, and to coordinate where cooperation would be welcome. In Southeast Asia in particular, American and Australian strategies have recently been seen as too security- and defence-focused. While some appreciate that, others worry that such an approach contributes to rising tensions in the region. This paper looks at the areas in which Washington-Canberra cooperation and coordination in the region would be positive and unequivocally well-received. To do so, both Washington and Canberra need to study regional priorities more closely and integrate them with their own strategic goals and advantageous position before making big announcements.

Southeast Asia is a dynamic and diverse region and is home to many long-standing risks, as well as newly emerging ones. Even more so in the midst of the pandemic recovery, with mounting challenges ranging from external geopolitical tensions, climate emergencies and disruptions in global and regional supply chains, to societal pressures, domestic governance and new demand and risks from the rapid but uneven technological development.

This paper provides some practical recommendations for policy-makers in Canberra and Washington as to where to focus their efforts in Southeast Asia. These recommendations are based on studies of the recent diplomatic track records of Australia and the US in the region, combined with an understanding of regional priorities and needs.
CHAPTER 1
How is the US traveling in Southeast Asia?

A year and a half after US President Biden took office, it has turned out that the change of administration has not elevated Southeast Asia’s position in Washington. Despite the often-promulgated commitment to the region’s centrality, Southeast Asia is yet to find its place, let alone be at the centre of America’s Indo-Pacific attention.

Biden’s first 18 months were marked by the five major foreign policy decisions that gave shape to his presidency: the Quad summits (virtual and in-person); the Climate Change summit; the birth of the Australia-UK-US trilateral security pact (AUKUS); the Summit for Democracy; the withdrawal from Afghanistan; and active support for Ukraine and NATO since Russia invaded Ukraine in February 2022. Neither the Quad, nor AUKUS, involve any Southeast Asian nations, but both of them have significant implications for the region. Despite very different functions, the Quad and AUKUS are forms of minilateralism with limited membership. A more focused agenda for these groupings as well as flexibility seems to be preferred by Washington over large-scale, slow and sometimes inconclusive multilateral gatherings.

While different in nature and functions, the Quad and AUKUS show the growing preference in Washington to work in smaller, exclusive groups, mostly with allies – with the exception of India in the Quad, which the US considers an increasingly important strategic actor due to its size and role in the Indo-Pacific.

The withdrawal from Afghanistan has arguably had the biggest impact on the US’ global power image. The decision might not be affecting Southeast Asia directly, but it has had important implications on the region’s views of America’s ability to complete missions and achieve strategic goals. Some prefer to see the decision itself as the US making more effort to focus on the Indo-Pacific, which the forever conflicts of the Global War on Terrorism prevented it from achieving. But the implementation and the shocking images of the withdrawal left the world horrified, and Southeast Asia was no exception. This was particularly true in the poignant – albeit not precise – comparisons to the Fall of Saigon and America’s retreat from the region that followed. There are unfortunate similarities between these two abandoned projects by the US, in that both failed in building democracy and resulted in humanitarian and refugee crises that invoked more doubts than confidence in America’s global role. Southeast Asia, while relatively reticent, has since watched carefully how the US contributes to order in the Indo-Pacific.

Both of President Biden’s signature initiatives thus far – the climate change and democracy summits – involved only a selective number of ASEAN members. Indonesia, Singapore, and Vietnam were invited to the climate summit in April 2021, while Indonesia, Malaysia and Philippines were included in the Summit for Democracy in December 2021.

† People run alongside a U.S. Air Force C-17 transport plane as it moves down a runway of the Kabul airport.
In terms of diplomacy, the regional visits, including by Vice President Kamala Harris and the Secretaries of Defence and State (Lloyd Austin and Anthony Blinken respectively), also reflect the recognition that the US’ engagement in the region is not going to be equal but targeted. The US is pragmatic and cannot afford to waste time in inconclusive and un substantive meetings. It is prepared to help and assist those who play a role in its larger Indo-Pacific vision – those who “want to help themselves”. That means that in the region, countries that are shoring up resilience, if not resistance, towards China will be assisted, but the so-called ‘panda huggers’ are less likely to be receiving much of Washington’s resources and attention. Understandably, the engagement strategy is conditional, reciprocal and transactional. As such, under Biden’s first 18 months or so, the US Indo-Pacific strategy has been shaping up as more exclusive than inclusive.

American high-level visits to Southeast Asia have been limited because of the pandemic, but those that took place have also been selective. The US diplomatic appointments have been slower than expected despite initial expectations that it would be diplomacy that Biden would invest in first. ‘Diplomacy should be the first instrument of American power’ he wrote, pitching his candidacy in early 2020 on restoring foreign policy following the Trump administration. But it took over one year to fill the key vacant positions in the region. Singapore, arguably the most important security partner for the United States in Southeast Asia, only recently had an appointed ambassador after nearly five years of the post being vacant. It has been a similar scenario for the ambassadorships in both of America’s treaty allies in the region: Thailand has been vacant too, and the Philippines has been vacant for the East Asia Summit but left just before it started. In the following years, he sent lower-ranking representatives to the regional summits. President Joe Biden, due to the pandemic, also did not partake in regional summits in 2021. Instead of traveling, he hosted the special US-ASEAN summit at Sunnylands in May 2022. The previous iteration of this high-level diplomacy, hosted in 2016 by President Obama with all 10 ASEAN members, had been hailed as a high mark in the relationship. The 2022 summit, however, needed to be postponed several times and eventually it took place in incomplete composition as the Philippines – a US treaty ally – did not attend due to the ongoing presidential elections, and Myanmar was absent. There have been a number of obstacles that are preventing a smooth start to Biden’s relations with ASEAN. The pandemic deterred his travel plans. The coup d’état in Myanmar in February 2021 and the problematic position of Tatmadaw’s leader Min Aung Hlaing in some ASEAN meetings posed another challenge to engaging with the group and it is yet unclear if Biden will attend the 2022 summits.

The war in Ukraine and the urgency that has arisen from more frequent consultations among the NATO allies have also become factors in deprioritising US engagement with ASEAN. In other words, the region will “need to” continue to compete for Biden’s attention. Increasingly exacerbated by the global division over the war in Ukraine, the Biden administration is reluctant to engage in the ASEAN-style of inclusive multilateralism. For example, the US Department of Defense has withdrawn from the two-day ASEAN Defence Ministers’ Meeting (ADMM) Plus Experts’ Working Group on Counter Terrorism in late July 2022 in Moscow. The rotational chairmanship meant that this round was led by Myanmar – represented by the Tatmadaw – which was co-chairing with Russia. Given that ASEAN maintains ‘neutrality’ towards both Myanmar and Russia, following the coup and the war respectively, it will be difficult for the US to reconcile its promulgated respect for ASEAN centrality and its style of multilateralism, with America’s own values-driven foreign policy.

**Ideology**

Biden’s focus on the democracy agenda makes sense for America, as well as its democratic partners, but pitching ideology as a base for global solidarity seems misplaced, particularly beyond the limited group of staunch democratic allies. For Hanoi, reintroducing divisions based on democracy conditionality for regional cooperation, and now becoming an ally – regardless of their ideological inclinations and embarked on being pragmatic and being friends with everyone – regardless of their political systems. That was one of the preconditions that allowed Vietnam to normalise with, and now become an increasingly stronger partner of, the US. For Hanoi, reintroducing divisions based on ‘us’ vs ‘them’ makes no sense.

ASEAN is a group that encompasses a diversity of different political systems and views and could not afford any discriminatory practices. Hence, pragmatism and inclusivity have become a conditionality for regional cooperation. Moreover, countries like Singapore, Thailand (which is officially
a US treaty ally) and Vietnam are important partners in the region. Excluding either is not a good look. Importantly, the alignment between the US and a number of those invited to the US’ democracy summit, including India – to the extent we can talk about alignment (other than a level of like-mindedness when it comes to China), are not based on ideology but on common threat perceptions. Democracy as a foundation to unify actors in the Indo-Pacific is unstable and insufficient. The ideological solidarity cannot be taken for granted – as each year’s performance of the democratic institutions differ. The danger of such framing of a club of democracies could be more divisive than uniting. This is particularly true when the US is starting from arguably the weakest point in its history, with its own democratic standing under serious challenges.

Southeast Asia is clearly divided on major issues – from the South China Sea disputes, the Myanmar crisis, the AUKUS pact or even the Ukraine war. There are only a few things that the region can collectively agree on – economic recovery, return to a growth trajectory and future prosperity. Despite the differences, the economic agenda remains a top priority for all. Yet the conspicuous absence of the US from the trade pacts and the lack of a strong economic pillar to its Indo-Pacific strategy is a major shortcoming.

Without a concrete economic strategy, the US is effectively sitting out from shaping the evolving economic order in the Indo-Pacific.

As much as the Biden administration enjoys a greater deal of expectations from the region, in important aspects it seems succumbing to the same mistakes of Trump’s foreign policy, particularly the lack of trade and an economic agenda. It would be remiss, however, not to mention that the Biden administration is much more responsive to criticism, including some level of acceptance that it lacks a regional economic agenda. In fact, one of the most significant ways that America’s Indo-Pacific strategy has evolved is that it has attempted to address that gap, albeit still with limits. While the premise of competition – including economic, ideological and in terms of power – has not changed, it is more responsive to criticism. So, the Biden administration has increased partnerships with Japan and Australia on infrastructure, as well as providing vaccines under the Quad, and introducing an Indo-Pacific Economic Framework (IPEF).

America’s IPEF is supposed to substitute for a lack of trade arrangements after the US withdrawal from the Trans-Pacific Partnership. Still, it is yet to be seen to what extent the substitute will get the job done.

Despite the intention to focus more resources on the Indo-Pacific, and by extension, Southeast Asia too, the unexpected war in Ukraine has complicated the strategic outlook for many. The European theatre is becoming the immediate focus now, which risks ‘distracting’ the US from Asia, and diverting the newly-gained attention of European actors from the Indo-Pacific. While cementing its NATO alliance relationships, it contrasts with the US-led alliance system in Asia. Then there comes the question of capacity and budgetary commitment, that the US has to spare – especially in the wake of the economic challenges of inflation, stagnation and the poorer middle class. The war has also exposed more drift between the US and many countries in Asia – with the notable exceptions of Japan, South Korea and to a lesser degree Singapore, who all imposed sanctions on Russia following the attack on Ukraine. A majority of the region prefers the ‘neutral’ position of not taking sides, refraining from criticising, let alone sanctioning Russia.

This includes the two treaty allies in Southeast Asia: the Philippines and Thailand, as well as the new key security partner and Quad member, India.

So, in terms of results, Biden has not proven to be an antidote for Trump’s unpopular policies in Southeast Asia. The intention may be better but the execution fails to live up to expectations.
CHAPTER 2
How is Australia traveling in Southeast Asia?

The China factor
In recent years, Australia has come to be recognised as a leader when it comes to ringing alarm bells about the growing influence of China in the region and thus the need to compete. The souring of Canberra-Beijing bilateral relations was both a reason for and an outcome of Australia's growing public criticism about almost everything that is related to China, be it critical technology, infrastructure investments, governance issues, or even public health management. Canberra's international activism in determining the origins of the Covid virus and raising awareness about the human rights abuses in Xinjiang, legislative issues in Hong Kong, the vulnerability of Taiwan being challenged by Beijing, the predatory practice of the Belt and Road Initiative (BRI), and even most recently objecting China's participation in the Comprehensive Progress Trans-Pacific Partnership (CPTPP) trade pact shows that Canberra's view of China seems increasingly universally negative.

Even in the midst of the pandemic, when most of the Western world was scrambling with public health emergencies, the Australian Coalition government did not lose sight of the security challenges that China poses. In July 2020 it announced the Defence Strategic Update (DSU)\(^1\) and Defence Force Structure Plan (FSP)\(^2\) setting three main goals of national defence: to shape Australia's strategic environment; to deter actions against Australia's interests; and to respond with credible military force, when required. The DSU reflected the growing sense of instability in the region and propelled the narrative that the world is in the most dangerous place since World War II because of China's aggressive rise to power and remarkably rapid militarisation. At the same time, other serious security threats, like climate change, were mentioned only once in the documents. This narrative of securitisation, as it turns out later, going by the first speech of the Deputy Prime Minister and Minister of Defence Richard Marles in Washington DC, is being continued by the new Labor government elected in May 2022.\(^3\) Canberra has made up its mind that China poses a threat to regional stability – there is no question about it anymore.

The deteriorating bilateral relationship with China is the new normal and until the new government came in, was completely frozen. Despite initial talks\(^4\), even with a more diplomatic Labor government in place, there seems almost no space to back down domestically. Equally, Beijing's 'wolf warrior' attitude complicates any real improvement in bilateral relations in the foreseeable future.

More than that, Australia's attitude towards Taiwan has changed during the latter part of the Morrison government, with increasingly bold statements by then-Defence Minister Peter Dutton, with little regard for Beijing's reaction. This newfound greater interest in Taiwan is reflected in increased reference to the cross-straits tensions, elevating the 'Taiwan contingency' to one of the most heated issues of security policy in Australia in recent years. Taiwan's security issues have also become a political tool for domestic purposes. This amounted to 'beating the drums of war'\(^5\), as then-Defence Minister Peter Dutton and Home Affairs Secretary Mike Pezzullo often did to inform the
public about the creeping threat. The remarks were used, in part, to justify major defence commitments like the nuclear-propelled submarine acquisition under the AUKUS arrangements. Increasingly, Canberra was signalling that it is strongly committed to policies that prevent, limit and complicate China’s domination of the region and to maintain a favourable balance of power. It has signalled that it is prepared to pull its weight and bear more defence responsibilities in the alliance with the US. However, in Southeast Asia, this was often seen as fuelling regional tensions and is rarely well-received across all regional capitals.

A “partner of choice”?
The Morrison government was more interested in urging like-minded nations to push back against Beijing. Australia’s foreign policy in Southeast Asia has, in recent years, been premised on a competitive mindset and the desire to limit China’s influence in the region. As a result, Canberra had been criticised for insufficient attention to Southeast Asia. This is critical given Australia’s significance to its direct neighbourhood. Moreover, Morrison framed the rising challenges to the world order as a result of cooperation between an ‘arc of autocracies’ — referring to both China and Russia. This had similarities to the narrative promoted by Trump’s Secretary of State Mike Pompeo, who also propounded a bipolar-type of worldview. The Biden Administration has since moderated this narrative, but still subscribes to the concept of ‘competition of systems’ whereby the world is seen as divided between democracies and competitor major power autocracies. This, as argued earlier, is in clear dissonance with how Southeast Asia sees the world. It did not help Australia’s reputation that there was little, if any, distinction from Washington’s unpopular narrative.

The Coalition government’s priorities were also reflected in the allocation of the aid budget. While their Pacific Step Up – a long overdue reprioritisation of attention to the ‘Pacific family’ was applauded, development aid to Southeast Asia visibly shrank over the same period. A lack of commitment to the Pacific initiative and the Chinese pact with the Solomon Islands had the then-opposition and the media referring to the program as the ‘Pacific Stuff Up’. Nonetheless, Australia has acknowledged the importance of the Southeast Asian region in the wake of intensifying great power competition and tried to play a more active role in the region. For example, in November 2021, the government announced a range of what the government calls ‘packages’ to support Southeast Asia’s efforts in addressing the Covid-19 pandemic, and fulfill its needs in infrastructure development and maritime and cyber security, among others. The announcements of several ‘packages’ with hundreds of millions of AUD sounded impressive and has already been branded as the largest injection since the assistance for the Indian Ocean tsunami in 2004. However, these initiatives pale in comparison to Australia’s other expenses, including the significant defence budget increase. As a chief author of 2017 Foreign Policy White Paper, Richard Maude, concluded: ‘Prime Ministerial and ministerial attention on Asia, especially Southeast Asia, waxes and wanes. Dropping into Singapore is not the same as engaging the region. Australian direct investment in developing Asia remains low.’

So, while Australia wants to be seen in the region as a ‘partner of choice’, the level of diplomatic engagement between Canberra and Southeast Asian capitals still pales in comparison to other resident powers, like Japan, South Korea or Taiwan. To be fair, Australia’s financial capacity is finite and, moreover, its diplomacy has been under financial pressure in recent years. But as an immediate neighbour to the region, Australia cannot afford an optional or fluctuating engagement with Southeast Asia. Ahead of achieving the goal of becoming a ‘partner of choice’ – if achievable – it needs to consolidate the view as a resident and committed part of the region, not an extra-regional actor. Canberra has the advantage of joining forces with the US, its Quad and AUKUS partners, and amplifying its efforts in the region, which needs to be recognised too. But Australia needs to consolidate its strategy independently from any of them. While coordinating efforts with the US, Australia needs to be mindful not to propagate the perception of adding to regional tensions, fuelling divisions among camps, and adding to the arms race. Rather, focusing on the region’s priorities and responding to its needs, in a constructive and contributive manner, can better achieve long-term goals for all.

↑ Morrison’s attempted to shore up the family ties with the South Pacific.
CHAPTER 3
A widening range of Southeast Asian strategic outlooks

That Southeast Asia is politically, socio-economically, and culturally diverse is not news to anyone. The growing disparity in strategic outlook and assessment among the Association of Southeast Asian Nations (ASEAN) grouping is becoming a growing issue of concern. While neither ASEAN as an institution, nor the individual members, aspire to arrive at a level of alignment akin to those, for example, like the North Atlantic Treaty Organization (NATO), or even the European Union that has a function of collective foreign policy, the widening gap among ASEAN states poses further challenges to the group.

ASEAN was never meant to become an alliance-type organisation, but it has aspired to foster solidarity and a level of collective response and action to wide-ranging issues that concern the whole region. The reasoning behind ASEAN was to create a protection mechanism among smaller and mid-size countries in the wake of the raging major power-driven Cold War (as well as a diplomatic reassurance platform, given the uneasy post-colonial relations between neighbours, like Malaysia and Indonesia had during the Konfrontasi era). In the wake of current great power competition, their internal solidarity, instead of being strengthened, is challenged by the differences in their security assessments and strategy prioritisation.

While the previous sections of this paper have highlighted some of the popular views of the region towards the US and Australia, it is important to highlight that these views are “neither” uniform nor fixed. Both Canberra and Washington need to recognise the nuances in different Southeast Asian capitals and adjust their policies and plans accordingly. Collectively in the official ASEAN language, all Southeast Asian countries reject the pressure of choosing sides and they push back on the framing of “zero-sum” competition in the region, and instead advocate for regional cooperation with the ASEAN centrality at its heart. Individually, however, the various countries’ approaches to major power competition as well as their engagement strategy with partners had been distinct and reflective of their respective national strategic calculus.

Indonesia is traditionally a non-aligned state that puts strategic autonomy over alliance politics. In this light, as the US-China competition intensifies, Indonesia will likely refuse to commit to any sides in security policies and insist on keeping a ‘strategic equilibrium’. In reality, Sino-Indonesian ties have strengthened significantly during Joko Widodo’s presidency, particularly in economy and diplomacy. With the US, due to a lack of high-level visits and limited investments, the relationship seems to have cooled down. Jakarta is resentful that even under the Biden-Harris administration the number of high-level US visits to Southeast Asia remains small, and they have ‘snubbed’ the region’s biggest country.

Within ASEAN, the Philippines under president Rodrigo Duterte pursued a strategy of ‘less America, more China’. This was driven by both the President’s personal antipathy towards the United States and a hope that China’s resources would propel the country’s infrastructure development. As such, Manila downplayed the territorial disputes in the West Philippines Sea and the significance of the Arbitral Tribunal ruling from 2016, upholding Philippines claims under international law. However, Beijing’s promised multi-million-dollar investments have not come to fruition, so at the end of Duterte’s term, he scrapped the inconclusive plans for joint exploration of oil and gas with China. At the height of the pandemic, with the US’ significant help in providing vaccines, Duterte also walked back the previously announced decision to abrogate the Visiting Force Agreement (VFA), which is a part of the alliance with the US. Bongbong Marcos Jr inherited this volatile ‘flip-flop’ foreign policy as he won the presidential election in May 2022. How the Philippines goes ahead in navigating the relationship between the competing major powers is yet to unfold.

Vietnam has a policy of no alliances and self-reliance in its defence outlook. That said, Hanoi invests in deepening and expanding international partnerships, including with the US and Australia. Increasingly, the US is seen as more important to balancing China’s dominance in the region, hence Hanoi has engaged more proactively and been steadily more supportive of Washington’s engagement in the region. Similarly, relationships with Japan, India, Australia and the EU – and the UK after Brexit – have intensified in recent years. Vietnam has become one of the most receptive countries in the Indo-Pacific to US strategies and supportive of external powers’ engagement in the region. Similarly, Singapore recognises the importance of the involvement of ‘multi-stakeholders’ in the region and unlike Indonesia or Malaysia, for example, it welcomes, rather than complains about the ‘over-crowdedness’ in the region. Vietnam, like Singapore, found a way to work with the Trump administration and intentionally became ‘useful’ to both nations by providing venues for the two Trump-Kim summits. In fact, the Vietnamese viewed America’s hardening stance on China under Trump positively and expect that Biden will continue this approach.

Above are only some examples that showcase key trends in the regional strategic outlook and highlight the diverging views that may affect the receptiveness in the region to the US and Australian initiatives. Both Washington and Canberra need to take those nuanced pictures of regional views into account.

ASEAN was never meant to become an alliance-type organisation, but it has aspired to foster solidarity and a level of collective response and action to wide-ranging issues that concern the whole region.
CHAPTER 4
Where can the US-Australia alliance contribute in Southeast Asia?

Individually, the US and Australia both have records of some new engagement initiatives, as well as persistent shortcomings. Both countries have also contributed to a number of multilateral and minilateral initiatives that benefit the region.

These include the long-standing institutional support for ASEAN, development support, and relatively new initiatives like the Quad vaccine partnership or the trilateral infrastructure partnership along with Japan. Bilaterally, to advance regional engagement, Australia and the US need to work more on a positive agenda – one that contributes genuinely to a resilient region – rather than solely on the objective of preventing China’s dominance. Often the two would mutually reinforce each other, but operating with the sole strategic intention to deny China’s growing influence will have a limited outcome.

Southeast Asian priorities are different from those of the current American and Australian governments. Both allies are increasingly convinced about the need to respond to the changing geopolitical balance, and to respond to China in particular. That conviction is so strong that not only does it dominate their foreign policy, but it has also become one of few issues that unify their divided domestic politics. Despite the fact that many of the countries are at the forefront of those geopolitical challenges – arguably even more so than the US and Australia – their priorities are for a clear economic and development agenda rather than a focus on defence. This is even more strongly felt since the Covid-19 pandemic, which has had a devastating economic effect throughout the region.

There is no shortage of issues that require further cooperation and even a plethora of areas that both Americans and Australians have had a track record in contributing to the region. As such, it will be challenging to successfully marry the divergent American and Australian interests with a growing Southeast Asian appetite for geopolitical posturing. Moreover, there is a dissonance in the sense of timing. The sense of urgency to respond to Chinese coercive intentions is much stronger on the American and Australian side. The Southeast Asians – who have learnt to live with China for centuries – recognise the permanency of the threat, but compared with the US, or even Australia, are less pressed by the urgency to act. More often, they are pressed by their own priorities in domestic development – which in turn, is a condition for national stability and resilience.
POLICY RECOMMENDATIONS
Recognise Southeast Asia’s top priorities: TIGER.

While regional strategic outlooks may differ, there are some commonalities in the big-picture aspirations for a prosperous and stable region.

The following section proposes the TIGER framework that encompasses the region’s key priorities in detail. Importantly, in crafting a regional agenda, Australia and the US should focus on the issues that unify the region, rather than the ones that may introduce further frictions.

T – is for tech transformation. This demographically young and rapidly urbanising region is home to one of the fastest growing digital booms in the world. The 2021 Google-Temasek report saw the 2020s as the “Trillion Twenties” as within this decade the value of the Southeast Asian digital economy will pass the trillion-dollar mark. The pandemic accelerated the digital economy, making many governments push this ‘drive for digital’ while at the regional level, in early 2021, ASEAN endorsed an updated Digital Master Plan out to 2025. Tech transformation has been coming, but since the pandemic, it has been hailed as one of key “ways out” from economic stagnation. The year 2022 will be important in bringing these digital ambitions into reality and shaping the policies and standards for a fast-paced, but still unequal, transformation. The technological infrastructure needs more investment and thorough planning as well as capacity-building.

The tech transformation will also be indispensable in other areas, including mitigating the climate crisis. Sustainable energy transition for this energy-hungry region that is seeking an accelerated industrialisation, will be critical. At last year’s COP26, many pledged the phasing out of coal, set ambitious net zero targets and promised significant efforts towards reforestation. To get closer to achieving any of these goals, the region must speed up its sustainable energy transition. This requires a massive boost in tech capacity. So for both an economic bounce-back and ongoing sustainable development, the region must get the tech transition right and equitable.

I is for political instability. Across the world, the pandemic has created multi-faceted stresses on governance. Topped with Covid exhaustion, no country will be spared from pressure on their political leadership. Instability has always been one of the most feared risks within the region but the pandemic has exposed governments’ weaknesses and incompetencies. We may see further friction between people and the authorities in the near future. One of key examples is the deteriorating situation post-coup d’etat in Myanmar. The Tatmadaw’s continued violence and civilian killings exacerbate ethnic tensions, brew humanitarian disaster and cause many to flee to neighbouring nations. The junta’s disastrous effects on the country’s economy are another source of concern, with growing activities in illicit trade, especially narcotics. Different approaches about the most appropriate response to the Tatmadaw regime contributes to unstable regional relations and furthers ASEAN division. Cambodia, as this year’s ASEAN chair, is up against an almost impossible mission to bridge that widening gap. The instability in Myanmar will increasingly affect neighbouring countries and further divide ASEAN. Myanmar is by no means the only source of instability in the region. Weakness in domestic governance, internal divisions and polarisation, pressure from poorly-managed economic policies, especially since the Covid pandemic, the mounting risks of external debts, natural disasters and food and resource scarcity are persisting challenges for all.

G is for geopolitics. The global turbulence is not going anywhere and will continue to cast a long shadow over the region. The competition between the great powers continues and this will have an effect on regional actors. China’s assertiveness has shown no sign of mellowing, nor has the US’ determination to respond. This systematic competition is likely to continue to bring greater stress to regional actors. China’s performance in the region still lacks a concrete, comprehensive and effective strategy, and despite promises, it is yet to fully focus on this part of the world. Yet the strategic multiplicity will continue, as geopolitical ‘activism’ will be played out by not only the Indo-Pacific powers, but increasingly also European actors. Southeast Asia will remain at the centre of great power competition.

Moreover, 2022 marks some important anniversaries for the Southeast Asian maritime domain: 40 years since the signing of UNCLOS, and the 20th anniversary of the Declaration of Conduct (DoC) – the regional dispute management mechanism. It is not improbable that ASEAN and China could celebrate these anniversaries with an important milestone (to show some progress with the (in)famous Code of Conduct (CoC). That certainly would fit into Beijing’s preferred timeline, and this year’s ASEAN chair is particularly cooperative with China. With Myanmar scheduled as a coordinator for China-ASEAN relations from 2021-2024, it presents the group with yet another challenge in managing the many differences in regional matters.

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Any real progress on a meaningful CoC is unlikely, so there will be no shortage of pressure and fault lines presenting themselves this year – but this also presents opportunities for Southeast Asian countries to exercise their strategic agency.

**E is for environment.** The region is also home to some of the most severe impacts of the climate crisis. Too familiar with frequent natural disasters, Southeast Asia can only expect the proliferation of the occurrence and severity of typhoons, cyclones and landslides, as well as slow-onset events like droughts, floods and the vector-borne diseases that often accompany them. The 2022 Intergovernmental Panel on Climate Change (IPCC) found that ‘up to 96% of the ASEAN region is likely to be affected by drought, and up to 64% affected by extreme drought’. At the same time, the developing and rapidly-industrialising nations in this region are also heavy polluters. Collectively the ASEAN group contributes some 5.6% of global greenhouse gas emissions, with Indonesia making up almost half of that share. Apart from the recent pledges to lower emissions, climate mitigation plans in the region are still very poorly developed, if at all. The economic toll on the region is likely to grow significantly, by as much as 11% collectively by the end of the century, especially if no adequate measures are adopted soon. Agriculture, fisheries, tourism – major industries for most in the region – are expected to be the most affected. Moreover, rises in temperature and sea levels, salinisation of the coastal countries and other deterioration of biodiversity can result in mass migration and contribute to destabilisation of the affected population. Among the challenges that Southeast Asians face in building an adequate climate response are fragmented, reactive governance; a lack of finances; and an insufficient scientific and technology infrastructure. Those are some key areas where external partners’ assistance is most needed.

**R is for recovery.** Despite the many differences, one thing that the region is most unequivocally interested in – despite its political differences – is the recovery from pandemic-induced economic, social and political exhaustion. Any efforts towards economic recovery will be well-received by the region and this priority will absorb the region’s attention and state capacities. Indeed, recovery remains the main priority for the region’s domestic politics as well as their foreign policy goals. The region’s biggest country and this year’s G20 president, Indonesia, vows to focus on collective and inclusive recovery as its priority. Thailand, which, on the other hand, chairs this year’s Asia Pacific Economic Cooperation (APEC) has championed resilience, inclusiveness and openness. Cambodia’s ASEAN and East Asia Summit (EAS) chairmanship is themed as ‘Addressing Challenges Together’, also alluding to a preference for working on issues that the group agrees on (rather than ones that introduce friction), which these days almost exclusively means economic recovery. Multilateralism and regional cooperation, hence, as per Southeast Asian preference, is to serve this goal.

Economic integration with the broader Asia-Pacific region will play a critical role in the post-pandemic recovery. In that spirit, there are a few things to look forward to in the region. On the first day of 2022, the Regional Economic Cooperation Partnership came into force. It gives a hopeful boost to the recently politicised and problematised issue of trade. The RCEP-skeptics argue that its actual impact is limited due to a lower ambitions approach required to accommodate its large and diverse membership. Yet this trade pact promised a political stimulus that is much needed for the pandemic era of economic slowdown – moreover, it also reasserts ASEAN-led initiatives. As the region makes efforts to recover from the pandemic, growing inflation and continuing global supply chain disruption, China’s economic pull feels ever stronger. Meanwhile, the US is still conceptualising an economic pillar to incorporate into its regional strategy, with IPEF being an early example. Those are vast and complex issues. Not all of them allow the support of external partners, even if well-meaning – like the risk of domestic instability – but they all require long-term attention too. While, arguably, America has much to say about managing the temperature of geopolitical tensions, it does not fully control, solely or with allies like Australia, the spiraling rivalry with China. It is also unlikely that Washington, or even Canberra, will change their strategic course of competing with Beijing in the foreseeable future, but they can take note of regional sensitivities better. In pursuing competition with China, Americans and Australians should minimize as much as possible collateral damages in Southeast Asia and avoid any unnecessary escalations or even provocative language.

Only by understanding the urgent needs of the region, and aligning them to the US’ and Australia’s capacities and interests, can it guarantee a successful and sustainable engagement strategy.
CONCLUSION

For the Biden administration – after a year and half in office and gathering ideas – it’s time to step up its efforts in Southeast Asia.

If the US is serious about the Indo-Pacific as the priority theatre and understands the value of Southeast Asia in it, it should stop being the ‘helicopter power’ as it is now. Occasional short visits to selective countries by high-ranking officials are not helping to make it a resident power. Neither do the routine naval patrols. The Biden-Harris administration needs to showcase a more visibly constructive side of its Indo-Pacific strategy.

Following the May 2022 election, Australia needs to be more serious and consistent about its direct neighbourhood. Under the Morrison government, Canberra made some efforts to demonstrate its interest in playing a stronger role in the region, but these efforts are yet to gain confidence from the region with regard to their genuineness and consistency. The tendency to first and foremost look towards the Anglosphere and treat the direct neighbourhood as secondary is still palatable in some areas of Australia strategic debate and leadership. As a good neighbour, and aspiring ‘partner of choice’, Canberra can no longer afford optional engagement with Southeast Asia, but must commit to a long-term and deep engagement. The regional expectations of the Labor government, given Foreign Minister Penny Wong’s early engagement, are also higher.

This paper has synthesised how the US and Australia are traveling in the region and highlighted key shortcomings that can be overcome. It has pointed to the most important areas where both Canberra and Washington can respond to the region’s growing needs and make meaningful and welcome change.
This Black Swan Strategy Paper has been developed as part of the Alliance Network Program. This program supported by the Embassy of the United States of America, is a multi-year public diplomacy, research and engagement activity designed to bring together influential leaders and emerging scholars currently specialising in regional security, economics or public policy to discuss the state of the Australia-United States Alliance and explore new areas of knowledge.

The first itineration of the program, developed by the Perth USAsia Centre under the direction of Professor Peter J Dean, took place on 13-14 February 2020 at the Strategic and Defence Studies Centre at the Australian National University. The subsequent program in 2021, developed by the UWA Defence and Security Institute, held workshops in Perth (UWA DSI), Brisbane (Griffith Asia Institute) and Sydney (United States Studies Centre) between March and May 2021. The workshops were designed to ascertain Australian views of the Alliance relationship and were held under the Chatham House Rule to encourage a frank and open discussion. From each of these workshops, a small number of emerging and early career scholars were selected to undertake further policy work and travel to Washington DC to engage with US think tanks and policy makers. This Black Swan Strategy Paper represents a policy discussion from one of these emerging scholars.

About the Perth USAsia Centre
The Perth USAsia Centre, located at The University of Western Australia is a non-partisan, not-for profit institution strengthening relationships and strategic thinking between Australia, the Indo-Pacific and the USA. The centre is a leading think tank focusing on geopolitical issues, policy development and building a strategic affairs community across government, business and academia.

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