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Regional Integration and Challenges to Cambodia's SMEs¹

By

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Abstract

Small and Medium Enterprises (SMEs) have played significant role in economic development especially in poverty reduction in both developed and developing countries. In Cambodia, SMEs have contributed to poverty reduction and economic growth to a large extent particularly in the context of global economic downturn. This paper attempts to determine some of the challenges facing by SMEs in Cambodia in order to find appropriate solutions. Several key challenges were identified: Business environment, Functional barriers, Product and price barriers, and Informational barriers seem to be main constraints to all SMEs.

1. Introduction

The paper aims to examine the challenges facing by Cambodia's Small and Medium Sized enterprises in the context of regional integration. The paper provides the definition and characteristics of SME. It then introduces the literature reviews, research method and findings.

2. Definition of SMEs

The definition of Small and Medium Enterprises (SMEs) varies from one country to another because of differences in size of capital, labor forces, and contexts of countries.

For Cambodia, before 2005, definitions of SMEs varied. For instance, the National Institute of Statistics (NIS) viewed that Enterprises could be considered as small when the number of employees was less than 10. When the number was 11 or more, they would be regarded as Large. Further, it would fall in the category of Medium when the employment was between 11 and 100.³ In contrast, Ministry of Industry, Mine, and Energy defined small enterprises as those with less than 50 staff members.

In order to avoid differing standards in the definition of SMEs, the Cambodia SME sub-committee, in July 2005, suggested that enterprises be classified as follow:

¹ This research paper is the result of the project of the Economic Research Institute for ASEAN and East Asia.

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³ Baily, Peter, "Cambodian Small and Medium Sized Enterprises: Constraints, Policies, Proposals for Their Development," ERIA Research Report, 2007, [<http://www.eria.org/research/images/pdf/PDF%20No.5/No.5-1-Cambodian.pdf>] (accessed 15 November 2009)

Table 1: Definitions of SMEs in Cambodia

	Number of Employees	Financial Determined by Assets excluding land (USD)
Micro	Less than 11	50,000
Small	11-50	50,000-250,000
Medium	51-100	250,000-500,000
Large	Over 100	Over 500,000

Source: Royal Government of Cambodia Sub-committee on SME (2005)

3. Characteristic of Cambodia's SMEs

As of March 2009, there were 376,761 enterprises in Cambodia and 93% of which were Small and Medium Enterprises (SMEs).⁴ According to a survey conducted by the National Institute of Statistic (NIS) in 2000, almost 80% of Cambodian SMEs engaged in food, beverages, and tobacco.⁵ 13% of the SMEs were small-scale garment and textile, machinery, and non-metallic, and 7% were furniture manufacturers. Noticeably, the data of the Ministry of Industry, Mine, and Energy of Cambodia in 2005 also indicated similar results. Specifically, slightly more than 80% of Cambodian SMEs were involved in food, beverages and tobacco as shown in Table 1 below:

Table 1: Characteristics of SMEs in Cambodia

Enterprises Types	1998	1999	2000	2001	2002	2003	2004	2005
Food, beverages and tobacco	18,590	19,147	20,152	21,871	21,568	20,869	22,712	23,343
Textile wearing apparel leather	310	396	366	2,382	1,417	1,406	1,672	1,662
Wood Products including furniture	895	814	869	141	13	13	16	-
Paper products printing publishing	26	23	24	23	15	21	25	31
Chemicals petroleum coal plastics	55	67	297	277	275	96	120	153
Non-metallic mineral products	811	777	666	721	757	681	680	718
Fabricated metal products	1,375	1,647	1,824	1,454	1,899	1,850	2,239	2,222

⁴ Visal, "Cambodia has more than 300,000 Enterprises and More Than 1.4 Million Workers," *The Raksmei Kampuchia*, Vol.17, Issue. 5070, December 11th, 2009.

⁵ Baily, Peter, "Cambodian Small and Medium Sized Enterprises: Constraints, Policies, Proposals for Their Development," ERIA Research Report, 2007, [<http://www.eria.org/research/images/pdf/PDF%20No.5/No.5-1-Cambodian.pdf>] (accessed 15 November 2009)

Other manufacturing	2,035	1,356	1,208	1,286	976	1,049	667	618
Total	24,097	24,227	25,406	28,155	26,920	25,985	28,131	28,747

Source: Cambodian Ministry of Industry Mines and Energy, Cambodian National Institute of Statistics Yearbook 2006

4. Literature Review

SMEs play a crucial role in the economic development of Cambodia. Even so, research work related to SMEs is limited, especially those concerning the constraints faced by SMEs in the context of regionalism. For instance, Shariff and Peou (2008) did their research on a subject related to SMEs in Cambodia, but the study focused only on the relationship between entrepreneurial values, firm financing and management and the growth performance of small-medium enterprises (SMEs). Specifically, the research concluded that the growth performance of the SMEs is subject to the ability of entrepreneurs in creating and aligning the company. Besides Shariff and Peou, Harner also did his study on the SMEs in Cambodia. However, his research is limited to the barriers SMEs faced in obtaining bank loans. Harner identified six constraints which present difficulties for banks in Cambodia to lend SMEs: (1) perception that the current legal system of Cambodia cannot protect the interests of the banks; (2) high funding costs; (3) the lack of access by the banks to long-term capital; (4) inability to track the information of loan applicants; (5) the need to meet the National Bank of Cambodia's high liquidity ratio; and (6) lack of ability to assess and manage risks pertaining to term loans.

In addition to research carried out by Shariff, Peou, and Harner, Meas Wat Ho (2006) directed his research to the role of Cambodia's SMEs in the private sector and economic development following the government's adoption of the economic liberalization policy in the early 1990s, concluding that the nature of labor intensiveness of the SMEs help to shift [meaning unclear] the employment structure in the rural areas. The study also suggested that the products of the SMEs could not compete in the international market due to their low quality. While this research, in one way or another attempted to identify challenges which Cambodia's SMEs face due to the opening up of its market, the chosen samples of these studies were limited to only rice milling SMEs.

Baily (2007) also did his study on Cambodia's SMEs in an attempt to discover the major constraints which the domestic SMEs face, identifying three barriers to the SME development in Cambodia. They are weak regulatory and legal framework of the government, limited SME access to finance, and a shortage of SME-supporting activities. Nonetheless, the constraints identified in the Baily's research were viewed from the domestic perspective rather than a regional one. Because of limited research in the field of the SMEs, especially those attempting to discover the constraints viewed from a regional integration perspective, this paper will attempt to fill this gap.

5. Research Method

This study applies a mixed approach to collect and analyze data. Quantitative research method and case studies were used.

For data collection, standard questionnaires were distributed to the representatives of SMEs in Phnom Penh, capital city of Cambodia. The data collection had two phases: first we invited about 60 SMEs to attend a workshop on SMEs and East Asian Regional Integration held on October 5, 2009 with presentations made by experts in the field of SMEs and Regional Integration. During the workshop, the participants were briefed on the objectives of the research, some concepts regarding the roles of SMEs and regional integration in East Asia, the challenges and opportunities derived from regional integration. In addition, explanations and clarifications of the questionnaires were conducted and distributed to the participants. As a result, 51 questionnaires were completed. For the second phase of data collection, face to face interviews were carried out at the location of SMEs by three research assistants. Another 60 SMEs were chosen randomly for this second phase of data collection.

In total, there were 111 completed questionnaires. For data analysis, we used the excel format designed by the ERIA research leader.

Types of surveyed SMEs

For the purpose of this study, the definition of SMEs used differs from the standard definition of the Cambodian government. SMEs here consist of more than 200 employees. In this survey, only textile SMEs has more than 200 workers. Most of the sample in the study consists of SMEs with working staff members from 6 to 49 which accounted for 80.18% of the total SMEs. It means that SMEs in Cambodia is relatively small in terms of the quantity of employees.

Characteristics of Surveyed SMEs

In terms of sales growth, the percentage of growth in year 2008 is less than 2007 and revenue for 2008 is also less than in 2007. This can be explained through a decrease in demand of Cambodian products and high food prices. Costs of raw materials make up the highest percentage of the cost structure. Vocational training is the highest level of education among staff members in the SMEs. Vocational trainees in the Cambodian context include those who have not finished high school but had received short term training at different vocational schools.

Type, Size, and Production Network

54 surveyed SMEs fall into production network defined in this study. Only 14 surveyed SMEs are found in Production Network I while 40 others surveyed SMEs are in Production Network II. This implies that very few Cambodian SMEs are in Production Network I, and less than fifty percent of SMEs are engaged in Production Network II. The very low level of Cambodia's SMEs in engaging in production networking demonstrates low capacities and the constraints faced by Cambodia's SMEs.

6. Research Findings

6. 1. Constraints faced by SMEs

All the surveyed SMEs are faced with the lack of managerial attention in the areas of identifying new business opportunities, offering competitive prices to customers, shortage of working capital to finance new business plans, lack of production capacity to expand, and unreliable market data (costs, prices, market share).

In order to understand different constraints faced by SMEs in different areas and characteristics of production networking, two categories are used to analyze this namely: production networks I and II.

a. Production Network I

In production network I

- Top 5 constraints are: lack of production capacity to expand, offering competitive prices to customers, shortage of working capital to finance new business plans, lack of managerial time to identify new business opportunities, and limited information to locate and analyze markets and business partners.

Outside production network I

- Top 5 constraints are: lack of managerial time to identify new business opportunities, shortage of working capital to finance new business plans, offering competitive prices to customers, lack of capacity to expand, and unreliable market data

The results show that SMEs in the “in” and “out” production network I are facing different level of constraints. The lack of production capacity is the top constraint faced by SMEs in production network I while the lack of managerial time to identify new business opportunities is the top constraint for SMEs outside production network I. It implies different SMEs require different policy attention.

b. Production Network II

In production network II

- Top 5 constraints are: lack of managerial time to identify new business opportunities, offering competitive prices to customers, shortage of working capital to finance new business plan, lack of production capacity to expand, and establishing and maintaining trust with business partners

Outside the production network II

- Top 5 constraints are: lack of managerial time to identify new business opportunities, lack of production capacity to expand, shortage of working capital to finance new business plan, offering competitive prices to customers, and unreliable market data (costs, prices, market shares)

The results demonstrate that SMEs in and out of the production network II identify the top constraint as the lack of managerial time to identify new business opportunities. Consultancy support for the SMEs in production network II is necessary to locate new opportunities for them.

6. 2. Ranked Barriers

The top five general barriers SMEs face in Cambodia are: business environment barriers, functional barriers, product and price barriers, informational barriers, and tax, tariff and non-tariff barriers.

a. Production Network I

In Production Network I

The top five barriers for the SMEs in the production network I are: informational barriers, product and price barriers, business environment barriers, functional barriers, and distribution, logistics and promotion barriers.

Outside Production Network I

The top five barriers for the SMEs outside the production network II are: business environment barriers, functional barriers, product and price barriers, informational barriers, and tax, tariff and non-tariff barriers.

b. Production Network II

In Production Network I

There are five main barriers for SMEs in the Production Network II: functional barriers, informational barriers, business environment barriers, product and price barriers, and tax, tariff and non-tariff barriers.

Out (see above) Production Network II

The five main barriers for SMEs outside the Production Network II are: business environment barriers, functional barriers, product and price barriers, informational barriers, and distribution, logistics and promotion barriers.

6. 3. Ranked Effectiveness Assistance

Information is identified as the top demand from both in and outside the production network I. For the production network II the survey SMEs emphasize more on financing while information ranks second (both in and outside production network II). This implies that production network I has better financing than production network II. Both production network I and II need market information in order to improve and expand their business.

6.4. Ranked perceptions of Assistance

Overall, both SMEs in and out of production network I and II require support (from the following factors financing, business linkages and networking, overall improvement in business climate, information, technology development and transfer, counseling, and training. Financing is not really a top issue for SMEs in both production network I and II compared with SMEs outside both production networks. SMEs outside the production network need more assistance in terms of financing and business linkages. The SMEs in production networks I and II give top priority to business linkages and overall investment climate. There are different levels of importance in terms of assistance required from by different attributes of SMEs necessitates different flexible policy intervention in order to maximize the policy effectiveness.

Conclusion

SMEs have played a significant role in Cambodian economic development especially in the context of global economic crisis. Regional integration in Southeast and East Asia has created both opportunities and challenges for Cambodia's SMEs. The limited capacity of business expansion and integration in the production network restrains Cambodia SMEs from tapping into regional market. Cambodia's trade deficits with its East Asian neighbors clearly prove the inefficiency of Cambodian enterprises in exporting to the regional market.

The main constraints of Cambodia's SMEs outside the production network I and II are different from those inside the production network I and II. It means that in order to assist SMEs to enter the production network, those perceived barriers and assistance need to be addressed appropriately. Overall, Cambodia's SMEs are facing several constraints such as: business environment, functional barriers, product and price barriers, and informational barriers seem to be main constraints to all SMEs. From the perception of assistance, Cambodia's SMEs need support in the areas of business linkages and networking, financing, overall improvement in investment climate and information. It is therefore necessary to have policy responses based on both perceived constraints and actual needs of SMEs.

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Appendixes

Appendix 1. Complete Ranking of SME Perception of Barriers for All Sample

Barrier	Obs	Mean	S.D.
B4. Lack of managerial time to identify new business opportunities	111	1.63	0.80
B14. Offering competitive prices to customers	111	1.77	0.90
B7. Shortage of working capital to finance new business plan	111	1.78	0.96
B6. Lack of production capacity to expand	111	1.81	1.03
B2. Unreliable market data (costs, prices, market shares)	111	2.17	0.92
B19. Establishing and maintaining trust with business partners	111	2.17	1.25
B1. Limited Information to locate/analyze markets/business partners	111	2.24	1.02
B13. Offering technical/after-sales service	111	2.27	0.86

B5. Insufficient quantity of and/or untrained personnel for market expansion	111	2.34	0.95
B15. Difficulty in matching competitors' prices	111	2.39	0.84
B3. Inability to identify and contact potential business partners	111	2.40	1.07
B20. Unavailability of inventories/warehousing facilities	111	2.48	1.04
B8. Difficulty in getting credit from suppliers and financial institutions	111	2.52	1.08
B9. Developing new products	111	2.54	0.93
B35. Perceived risks in your current and new business operations	111	2.58	1.28
B10. Adapting to demanded product design/style	111	2.61	1.10
B11. Meeting product quality/standards/specifications	111	2.68	1.17
B28. Poor/deteriorating economic conditions (home)	111	2.72	1.08
B18. Accessing a new production chain	111	2.81	1.07
B17. Complexity of production value chain	111	2.82	0.99
B21. Excessive transportation/insurance costs	111	2.93	1.16
B37. Willingness to adopt new business strategy or ideas	111	2.98	1.04
B31. High tax and tariff barriers (home)	111	3.00	1.31
B29. Inadequacy of basic and IT infrastructure (home)	110	3.02	1.13
B23. Unfamiliarity with complexity of procedures/paperwork	111	3.08	0.99
B12. Meeting packaging/labeling requirements	111	3.09	1.22
B30. Political instability (home)	111	3.12	1.39
B38. Others, please specify.....	22	3.14	1.75
B33. Restrictive health, safety and technical standards (e.g. sanitary and phytosanitary requirements) - (home)	110	3.25	1.36
B25. Lack of home government assistance/incentives	111	3.32	1.00
B22. Participation in promotional activities to target markets/business partners	111	3.36	1.09
B36. Lack of the perceived benefits from joining production networks	111	3.36	1.01
B34. High costs of Customs administration, in exporting or importing (home)	111	3.47	1.44
B16. Anti-competitive or informal practices	111	3.52	1.31
B24. Difficulties in enforcing contracts and resolving disputes	111	3.78	1.03

B28. Poor/deteriorating economic conditions (foreign)	109	3.94	1.34
B26. Unfavourable home rules and regulations	111	3.95	1.07
B32. Inadequate property rights protection (e.g. intellectual property)- (home)	111	3.95	1.17
B27. Unfavorable host/foreign rules and regulations	111	3.99	1.20
B30. Political instability (foreign)	109	4.10	1.34
B29. Inadequacy of basic and IT infrastructure (foreign)	109	4.13	1.17
B31. High tax and tariff barriers (foreign)	110	4.22	1.18
B34. High costs of Customs administration, in exporting or importing (foreign)	110	4.26	1.30
B33. Restrictive health, safety and technical standards (e.g. sanitary and phytosanitary requirements) - (foreign)	109	4.29	1.23
B32. Inadequate property rights protection (e.g. intellectual property) - (foreign)	110	4.45	1.04

Appendix 2. Complete Ranking of Perception of Barriers for SMEs in Production Network I

Barrier	Obs	Mean	S.D.	Rank
B6. Lack of production capacity to expand	14	1.71	0.73	1
B14. Offering competitive prices to customers	14	1.79	0.89	2
B7. Shortage of working capital to finance new business plan	14	1.86	0.66	3
B4. Lack of managerial time to identify new business opportunities	14	1.93	0.73	4
B1. Limited Information to locate/analyze markets/business partners	14	2.00	0.68	5
B3. Inability to identify and contact potential business partners	14	2.14	0.66	6
B13. Offering technical/after-sales service	14	2.21	0.58	7
B19. Establishing and maintaining trust with business partners	14	2.29	0.91	8
B15. Difficulty in matching competitors' prices	14	2.36	0.74	9
B18. Accessing a new production chain	14	2.43	0.65	10
B2. Unreliable market data (costs, prices, market shares)	14	2.50	0.52	11
B35. Perceived risks in your current and new business operations	14	2.50	0.52	12
B9. Developing new products	14	2.57	0.51	13
B20. Unavailability of inventories/warehousing facilities	14	2.57	0.76	14

B5. Insufficient quantity of and/or untrained personnel for market expansion	14	2.64	0.74	15
B8. Difficulty in getting credit from suppliers and financial institutions	14	2.71	0.73	16
B10. Adapting to demanded product design/style	14	2.71	0.91	17
B17. Complexity of production value chain	14	2.71	0.47	18
B11. Meeting product quality/standards/specifications	14	2.79	0.89	19
B29. Inadequacy of basic and IT infrastructure (home)	14	2.79	0.70	20
B21. Excessive transportation/insurance costs	14	2.86	0.86	21
B23. Unfamiliarity with complexity of procedures/paperwork	14	2.93	0.62	22
B37. Willingness to adopt new business strategy or ideas	14	2.93	0.73	23
B28. Poor/deteriorating economic conditions (home)	14	3.00	0.55	24
B31. High tax and tariff barriers (home)	14	3.00	0.78	25
B34. High costs of Customs administration, in exporting or importing (home)	14	3.00	0.68	26
B36. Lack of the perceived benefits from joining production networks	14	3.07	0.73	27
B22. Participation in promotional activities to target markets/business partners	14	3.14	0.86	28
B25. Lack of home government assistance/incentives	14	3.21	0.80	29
B12. Meeting packaging/labeling requirements	14	3.50	0.76	30
B33. Restrictive health, safety and technical standards (e.g. sanitary and phytosanitary requirements) - (home)	14	3.50	1.16	31
B30. Political instability (home)	14	3.57	0.76	32
B16. Anti-competitive or informal practices	14	3.64	0.84	33
B24. Difficulties in enforcing contracts and resolving disputes	14	3.64	0.74	34
B26. Unfavourable home rules and regulations	14	3.64	0.74	35
B32. Inadequate property rights protection (e.g. intellectual property)- (home)	14	3.64	1.34	36
B29. Inadequacy of basic and IT infrastructure (foreign)	14	3.86	1.03	37
B30. Political instability (foreign)	14	3.93	0.92	38
B27. Unfavorable host/foreign rules and regulations	14	4.07	0.92	39
B28. Poor/deteriorating economic conditions (foreign)	14	4.07	0.73	40
B31. High tax and tariff barriers (foreign)	14	4.21	0.70	41

B34. High costs of Customs administration, in exporting or importing (foreign)	14	4.43	0.51	42
B33. Restrictive health, safety and technical standards (e.g. sanitary and phytosanitary requirements) - (foreign)	14	4.50	0.52	43
B32. Inadequate property rights protection (e.g. intellectual property) - (foreign)	14	4.57	0.51	44
B6. Lack of production capacity to expand	14	1.71	0.73	45

Appendix 3. Complete Ranking of Perception of Barriers for SMEs Not in Production Network I

Barrier	Obs	Mean	S.D.	Rank
B4. Lack of managerial time to identify new business opportunities	97	1.59	0.80	1
B7. Shortage of working capital to finance new business plan	97	1.77	0.99	2
B14. Offering competitive prices to customers	97	1.77	0.91	3
B6. Lack of production capacity to expand	97	1.82	1.07	4
B2. Unreliable market data (costs, prices, market shares)	97	2.12	0.96	5
B19. Establishing and maintaining trust with business partners	97	2.15	1.29	6
B1. Limited Information to locate/analyze markets/business partners	97	2.28	1.06	7
B13. Offering technical/after-sales service	97	2.28	0.90	8
B5. Insufficient quantity of and/or untrained personnel for market expansion	97	2.30	0.97	9
B15. Difficulty in matching competitors' prices	97	2.39	0.86	10
B3. Inability to identify and contact potential business partners	97	2.43	1.12	11
B20. Unavailability of inventories/warehousing facilities	97	2.46	1.08	12
B8. Difficulty in getting credit from suppliers and financial institutions	97	2.49	1.12	13
B9. Developing new products	97	2.54	0.98	14
B35. Perceived risks in your current and new business operations	97	2.59	1.35	15
B10. Adapting to demanded product design/style	97	2.60	1.12	16
B11. Meeting product quality/standards/specifications	97	2.67	1.21	17
B28. Poor/deteriorating economic conditions (home)	97	2.68	1.13	18
B17. Complexity of production value chain	97	2.84	1.05	19
B18. Accessing a new production chain	97	2.87	1.11	20

B21. Excessive transportation/insurance costs	97	2.94	1.20	21
B37. Willingness to adopt new business strategy or ideas	97	2.99	1.08	22
B31. High tax and tariff barriers (home)	97	3.00	1.38	23
B12. Meeting packaging/labeling requirements	97	3.03	1.26	24
B30. Political instability (home)	97	3.05	1.45	25
B29. Inadequacy of basic and IT infrastructure (home)	96	3.05	1.17	26
B23. Unfamiliarity with complexity of procedures/paperwork	97	3.10	1.04	27
B38. Others, please specify...	22	3.14	1.75	28
B33. Restrictive health, safety and technical standards (e.g. sanitary and phytosanitary requirements) - (home)	96	3.21	1.39	29
B25. Lack of home government assistance/incentives	97	3.34	1.03	30
B22. Participation in promotional activities to target markets/business partners	97	3.39	1.11	31
B36. Lack of the perceived benefits from joining production networks	97	3.40	1.04	32
B16. Anti-competitive or informal practices	97	3.51	1.36	33
B34. High costs of customs administration, in exporting or importing (home)	97	3.54	1.51	34
B24. Difficulties in enforcing contracts and resolving disputes	97	3.80	1.07	35
B28. Poor/deteriorating economic conditions (foreign)	95	3.92	1.40	36
B27. Unfavorable host/foreign rules and regulations	97	3.98	1.24	37
B26. Unfavourable home rules and regulations	97	3.99	1.10	38
B32. Inadequate property rights protection (e.g. intellectual property)- (home)	97	3.99	1.15	39
B30. Political instability (foreign)	95	4.13	1.39	40
B29. Inadequacy of basic and IT infrastructure (foreign)	95	4.17	1.19	41
B31. High tax and tariff barriers (foreign)	96	4.22	1.23	42
B34. High costs of customs administration, in exporting or importing (foreign)	96	4.24	1.37	43
B33. Restrictive health, safety and technical standards (e.g. sanitary and phytosanitary requirements) - (foreign)	95	4.26	1.30	44
B32. Inadequate property rights protection (e.g. intellectual property) - (foreign)	96	4.43	1.09	45

Appendix 5. Complete Ranking of Perception of Barriers for SMEs in Production Network II

Barrier	Obs	Mean	S.D.	Rank
B4. Lack of managerial time to identify new business opportunities	40	1.65	0.66	1
B14. Offering competitive prices to customers	40	1.73	0.75	2
B7. Shortage of working capital to finance new business plan	40	1.78	0.73	3
B6. Lack of production capacity to expand	40	1.90	0.96	4
B19. Establishing and maintaining trust with business partners	40	1.98	0.89	5
B35. Perceived risks in your current and new business operations	40	2.00	0.82	6
B38. Others, please specify	10	2.00	1.05	7
B2. Unreliable market data (costs, prices, market shares)	40	2.13	0.79	8
B13. Offering technical/after-sales service	40	2.13	0.61	9
B1. Limited information to locate/analyze markets/business partners	40	2.18	0.75	10
B20. Unavailability of inventories/warehousing facilities	40	2.23	0.80	11
B21. Excessive transportation/insurance costs	40	2.28	1.04	12
B31. High tax and tariff barriers (home)	40	2.28	0.96	13
B28. Poor/deteriorating economic conditions (home)	40	2.30	1.02	14
B34. High costs of customs administration, in exporting or importing (home)	40	2.40	1.06	15
B15. Difficulty in matching competitors' prices	40	2.43	0.71	16
B5. Insufficient quantity of and/or untrained personnel for market expansion	40	2.55	0.78	17
B17. Complexity of production value chain	40	2.55	0.68	18
B18. Accessing a new production chain	40	2.55	0.75	19
B3. Inability to identify and contact potential business partners	40	2.58	0.96	20
B30. Political instability (home)	40	2.58	1.34	21
B8. Difficulty in getting credit from suppliers and financial institutions	40	2.60	1.17	22
B9. Developing new products	40	2.60	0.67	23
B11. Meeting product quality/standards/specifications	40	2.65	1.12	24
B23. Unfamiliarity with complexity of procedures/paperwork	40	2.65	0.77	25
B10. Adapting to demanded product design/style	40	2.75	1.06	26

B29. Inadequacy of basic and IT infrastructure (home)	40	2.78	0.86	27
B37. Willingness to adopt new business strategy or ideas	40	2.98	0.86	28
B36. Lack of the perceived benefits from joining production networks	40	3.05	0.78	29
B12. Meeting packaging/labeling requirements	40	3.10	1.03	30
B30. Political instability (foreign)	40	3.10	1.50	31
B22. Participation in promotional activities to target markets/business partners	40	3.13	0.88	32
B33. Restrictive health, safety and technical standards (e.g. sanitary and phytosanitary requirements) - (home)	40	3.20	1.26	33
B28. Poor/deteriorating economic conditions (foreign)	40	3.23	1.51	34
B16. Anti-competitive or informal practices	40	3.35	1.10	35
B25. Lack of home government assistance/incentives	40	3.35	0.80	36
B29. Inadequacy of basic and IT infrastructure (foreign)	40	3.40	1.22	37
B27. Unfavorable host/foreign rules and regulations	40	3.43	1.17	38
B24. Difficulties in enforcing contracts and resolving disputes	40	3.45	0.93	39
B26. Unfavourable home rules and regulations	40	3.50	0.88	40
B34. High costs of Customs administration, in exporting or importing (foreign)	40	3.55	1.54	41
B32. Inadequate property rights protection (e.g. intellectual property)- (home)	40	3.63	1.25	42
B31. High tax and tariff barriers (foreign)	40	3.65	1.37	43
B33. Restrictive health, safety and technical standards (e.g. sanitary and phytosanitary requirements) - (foreign)	40	3.68	1.49	44
B32. Inadequate property rights protection (e.g. intellectual property) - (foreign)	40	4.00	1.24	45

Appendix 6. Complete Ranking of Perception of Barriers for SMEs Not in Production Network II

Barrier	Obs	Mean	S.D.	Rank
B4. Lack of managerial time to identify new business opportunities	71	1.62	0.87	1
B6. Lack of production capacity to expand	71	1.76	1.08	2
B7. Shortage of working capital to finance new business plan	71	1.79	1.07	3
B14. Offering competitive prices to customers	71	1.80	0.98	4
B2. Unreliable market data (costs, prices, market shares)	71	2.20	0.99	5
B5. Insufficient quantity of and/or untrained personnel for market expansion	71	2.23	1.02	6
B1. Limited Information to locate/analyze markets/business partners	71	2.28	1.15	7
B19. Establishing and maintaining trust with business partners	71	2.28	1.41	8
B3. Inability to identify and contact potential business partners	71	2.30	1.13	9
B13. Offering technical/after-sales service	71	2.35	0.97	10
B15. Difficulty in matching competitors' prices	71	2.37	0.91	11
B8. Difficulty in getting credit from suppliers and financial institutions	71	2.48	1.03	12
B9. Developing new products	71	2.51	1.05	13
B10. Adapting to demanded product design/style	71	2.54	1.12	14
B20. Unavailability of inventories/warehousing facilities	71	2.62	1.14	15
B11. Meeting product quality/standards/specifications	71	2.70	1.20	16
B35. Perceived risks in your current and new business operations	71	2.90	1.37	17
B18. Accessing a new production chain	71	2.96	1.20	18
B28. Poor/deteriorating economic conditions (home)	71	2.96	1.05	19
B17. Complexity of production value chain	71	2.97	1.11	20
B37. Willingness to adopt new business strategy or ideas	71	2.99	1.13	21
B12. Meeting packaging/labeling requirements	71	3.08	1.32	22
B29. Inadequacy of basic and IT infrastructure (home)	70	3.16	1.24	23
B33. Restrictive health, safety and technical standards (e.g. sanitary and phytosanitary requirements) - (home)	70	3.27	1.42	24
B21. Excessive transportation/insurance costs	71	3.30	1.06	25
B25. Lack of home government assistance/incentives	71	3.31	1.10	26

B23. Unfamiliarity with complexity of procedures/paperwork	71	3.32	1.03	27
B31. High tax and tariff barriers (home)	71	3.41	1.32	28
B30. Political instability (home)	71	3.42	1.34	29
B22. Participation in promotional activities to target markets/business partners	71	3.49	1.17	30
B36. Lack of the perceived benefits from joining production networks	71	3.54	1.08	31
B16. Anti-competitive or informal practices	71	3.62	1.41	32
B24. Difficulties in enforcing contracts and resolving disputes	71	3.97	1.04	33
B34. High costs of Customs administration, in exporting or importing (home)	71	4.07	1.27	34
B38. Others, please specify...	12	4.08	1.68	35
B32. Inadequate property rights protection (e.g. intellectual property)-(home)	71	4.13	1.09	36
B26. Unfavourable home rules and regulations	71	4.20	1.09	37
B27. Unfavorable host/foreign rules and regulations	71	4.31	1.10	38
B28. Poor/deteriorating economic conditions (foreign)	69	4.35	1.03	39
B31. High tax and tariff barriers (foreign)	70	4.54	0.91	40
B29. Inadequacy of basic and IT infrastructure (foreign)	69	4.55	0.92	41
B33. Restrictive health, safety and technical standards (e.g. sanitary and phytosanitary requirements) - (foreign)	69	4.65	0.87	42
B34. High costs of Customs administration, in exporting or importing (foreign)	70	4.67	0.93	43
B30. Political instability (foreign)	69	4.68	0.80	44
B32. Inadequate property rights protection (e.g. intellectual property) - (foreign)	70	4.70	0.80	45

Appendix 7. Ranked Constraints by Category Faced by SMEs

Barrier	Obs	Mean	S.D.	Rank
Business environment barriers	110	2.83	1.62	1
Functional barriers	111	2.91	1.61	2
Product and price barriers	111	3.14	1.52	3
Informational barriers	108	3.87	1.94	4
Tax, tariff and non-tariff barriers	110	4.64	2.09	5
Distribution, logistics and promotion barriers	109	4.92	1.58	6
Procedural barriers	108	5.60	1.84	7
Other barriers	98	7.81	0.83	8

Appendix 8. Ranked Constraints by Category Faced by SMEs - Production Network I

IN					OUT				
Barrier	Obs	Mean	S.D.	Rank	Barrier	Obs	Mean	S.D.	Rank
Informational barriers	14	2.50	1.70	1	Business environment barriers	96	2.76	1.61	1
Product and price barriers	14	3.14	1.17	2	Functional barriers	97	2.85	1.56	2
Business environment barriers	14	3.29	1.64	3	Product and price barriers	97	3.13	1.57	3
Functional barriers	14	3.36	1.91	4	Informational barriers	94	4.07	1.90	4
Distribution, logistics and promotion barriers	14	4.29	1.77	5	Tax, tariff and non-tariff barriers	96	4.59	2.12	5
Tax, tariff and non-tariff barriers	14	4.93	1.94	6	Distribution, logistics and promotion barriers	95	5.01	1.54	6
Procedural barriers	14	6.50	0.85	7	Procedural barriers	94	5.47	1.91	7
Other barriers	14	8.00	0.00	8	Other barriers	84	7.77	0.90	8

Appendix 9. Ranked Constraints by Category Faced by SMEs - Production Network II

IN					OUT				
Barrier	Obs	Mean	S.D.	Rank	Barrier	Obs	Mean	S.D.	Rank
Functional barriers	40	3.30	1.84	1	Business environment barriers	70	2.44	1.31	1
Informational barriers	40	3.40	1.85	2	Functional barriers	71	2.69	1.43	2
Business environment barriers	40	3.50	1.88	3	Product and price barriers	71	2.89	1.39	3
Product and price barriers	40	3.58	1.65	4	Informational barriers	68	4.15	1.95	4
Tax, tariff and non-tariff barriers	40	4.18	2.07	5	Distribution, logistics and promotion barriers	69	4.84	1.53	5
Procedural barriers	40	5.00	2.24	6	Tax, tariff and non-tariff barriers	70	4.90	2.07	6
Distribution, logistics and promotion barriers	40	5.05	1.68	7	Procedural barriers	68	5.96	1.46	7
Other barriers	40	8.00	0.00	8	Other barriers	58	7.67	1.07	8

Appendix 10. Ranked Effectiveness of Assistances to SMEs

	Obs	Mean	S.D.	Rank
Information	96	1.18	0.46	1
Others	17	1.24	0.66	2
Business linkages and networking	100	1.35	0.67	3
Financing	27	1.44	1.12	4
Training	35	1.66	0.97	5
Technology development and transfer	61	1.72	0.82	6
Overall improvement in investment climate	74	1.73	0.71	7
Counseling and advice	49	1.76	0.85	8

Appendix 11. Ranked Effectiveness of Assistances to SMEs - Production Network I

IN					OUT				
	Obs	Mean	S.D.	Rank		Obs	Mean	S.D.	Rank
Information	13	1.00	0.00	1	Information	83	1.20	0.49	1
Business linkages and networking	14	1.00	0.00	2	Others	15	1.27	0.70	2
Others	2	1.00	0.00	3	Business linkages and networking	86	1.41	0.71	3
Financing	5	1.20	0.45	4	Financing	22	1.50	1.22	4
Training	3	1.33	0.58	5	Training	32	1.69	1.00	5
Counseling and advice	6	1.50	0.55	6	Technology development and transfer	51	1.73	0.83	6

Overall improvement in investment climate	9	1.56	0.53	7	Overall improvement in investment climate	65	1.75	0.73	7
Technology development and transfer	10	1.70	0.82	8	Counseling and advice	43	1.79	0.89	8

Appendix 12. Ranked Effectiveness of Assistances to SMEs - Production Network II

IN					OUT				
	Obs	Mean	S.D.	Rank		Obs	Mean	S.D.	Rank
Financing	14	0.79	0.58	1	Others	5	0.80	0.45	1
Information	39	1.10	0.31	2	Information	57	1.23	0.54	2
Business linkages and networking	40	1.13	0.46	3	Business linkages and networking	60	1.50	0.75	3
Overall improvement in investment climate	30	1.30	0.47	4	Technology development and transfer	33	1.76	0.87	4
Others	12	1.42	0.67	5	Training	17	1.88	0.78	5
Training	18	1.44	1.10	6	Counseling and advice	26	1.96	0.77	6
Counseling and advice	23	1.52	0.90	7	Overall improvement in investment climate	44	2.02	0.70	7
Technology development and transfer	28	1.68	0.77	8	Financing	13	2.15	1.14	8

Appendix 13. Ranked Perception of Assistances to SMEs by Degree of Importance

	Obs	Mean	S.D.	Rank
Financing	110	2.67	1.34	1
Business linkages and networking	111	2.79	1.63	2
Overall improvement in investment climate	111	2.94	1.85	3
Information	110	3.11	1.45	4
Technology development and transfer	110	5.28	1.56	5
Counseling and advice	109	5.54	1.46	6
Training	109	5.80	1.25	7
Others	94	7.66	1.39	8

Appendix 14. Ranked Perception of Assistances to SMEs by Degree of Importance -

Production Network I

IN					OUT				
	Obs	Mean	S.D.	Rank		Obs	Mean	S.D.	Rank
Business linkages and networking	14	1.79	1.12	1	Financing	96	2.60	1.39	1
Overall improvement in investment climate	14	2.71	1.59	2	Business linkages and networking	97	2.94	1.64	2
Information	14	3.07	1.21	3	Overall improvement in investment climate	97	2.97	1.89	3
Financing	14	3.14	0.86	4	Information	96	3.11	1.49	4
Technology development and transfer	14	5.14	1.75	5	Technology development and transfer	96	5.30	1.54	5
Counseling and advice	14	5.64	0.93	6	Counseling and advice	95	5.53	1.53	6
Training	14	6.50	0.65	7	Training	95	5.69	1.29	7
Others	14	8.00	0.00	8	Others	80	7.60	1.50	8

Appendix 15. Ranked Perception of Assurances to SMEs by Degree of Importance - II

Production Network

IN					OUT				
	Obs	Mean	S.D.	Rank		Obs	Mean	S.D.	Rank
Overall improvement in investment climate	40	2.23	1.42	1	Financing	70	2.63	1.40	1
Business linkages and networking	40	2.43	1.30	2	Business linkages and networking	71	3.00	1.76	2
Financing	40	2.75	1.26	3	Information	70	3.06	1.56	3
Information	40	3.20	1.24	4	Overall improvement in investment climate	71	3.34	1.95	4
Counseling and advice	40	5.58	1.15	5	Technology development and transfer	70	5.09	1.64	5
Technology development and transfer	40	5.63	1.35	6	Counseling and advice	69	5.52	1.62	6
Training	40	6.15	0.83	7	Training	69	5.59	1.41	7
Others	38	8.00	0.00	8	Others	56	7.43	1.77	8

State of Social Enterprises in Southeast Asia

Case Studies in Cambodia, Singapore, Thailand, and Vietnam

By
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Abstract

Social Enterprises have been recognized as the new frontier of sustainable economic development but it is relatively new concepts in Southeast Asia. This paper attempts to explore the evolution of Social Enterprises in Southeast Asia by examining four case studies in Cambodia, Singapore, Thailand, and Vietnam.

1. Introduction

While the roots of social entrepreneurship (SE) can be traced back for more than three decades, only in recent years has the term quickly turned from a buzzword into a real movement. In 2007, the Guardian estimated that this ‘third sector’ could employ up to 40 million people worldwide, with over 200 million volunteers.⁷ The movement is arguably a response to the needs for accountability in development and consideration beyond financial in the private sector, reinforced by the global financial crisis and recent public concerns on the issues of climate change, global poverty, and fair trade.⁸ Unmet by neither governmental effort nor traditional nonprofit ventures globally, these contemporary challenges have encouraged the birth of social enterprises – the hybrid entities that create socially inclusive wealth, particularly in areas often not served by either governments or the private sector. The seemingly contradictory concept is soon to become a real sector as more and more actors come into play. These include but are not limited to nonprofits, social enterprises, corporate foundations, social investment funds, impact investment exchanges, consulting firms, brokers, and research centers. The increase in diversity indicates the sector’s increasing complexity. This paper attempts to contextualize such complexity through field findings in Cambodia, Thailand, Singapore, and Vietnam. Existing SE players included in the field study will shed light on the trends, challenges, and future of this emerging field.

2. Methodology

The field research was conducted in Cambodia (Phnom Penh) Vietnam (in three cities – Ho Chi Minh, Hoi An, and Ha Noi), Thailand (Bangkok), Singapore, and Vietnam (in three cities – Ho Chi Minh, Hoi An, and Ha Noi). I mostly utilized my networks at the East-West Center as well as web resources such as SocialEdge, Schwab Foundation, and Ashoka to identify players in the field. In total I approached and conducted in-depth interviews with leaders of 29 SE agents, 5 in Cambodia, 7 in Thailand, 10 in Singapore, and 7 in Vietnam. While this number is by no means

⁶ She is a Asia Pacific Leadership Program Fellow of the East West Center

⁷ Charles Leadbeater, “Mainstreaming of the mavericks,” *Guardian*, 25 Mar 2007, <http://www.guardian.co.uk/society/2007/mar/25/voluntarysector.business>

⁸ M. Hackett, “Social Enterprise in a Global Financial Crisis: Is there a developing-world voice” (PhD diss., University of Adelaide, 2009), 3, 16.

aggregated, insights learned from these movers and shakers are indicative of certain trends and realities on the ground.

As the field is emergent, I kept the research framework flexible so that findings will be shaped by contexts and not hypotheses.

In order to capture information systematically, I developed two sets of surveys, one for SE agents and one for SE supporters. Both include non-profit and for-profit entities. Both drill into the organization's network ecosystem. The central question is: which organizations have they been actively working with and in terms of what? After quantifying these relationships' intensity, I employ social network analysis (SNA) software called UCINET to visualize and analyze the networking activities. I also created five main categories for the entities within the ecosystem. Those are government agencies, multilateral organizations, civil society organizations (NGOs, Foundations, and Associations), businesses, and academia. The tendencies to network with certain group(s) reflect both the constraints and access an organization has, as well as the population and issue areas it has impacted on through its SE edge. More social network analysis will be discussed in the latter part of this paper.

Last but not least, this is an organization-level study. Since the survey questions require a certain level of willingness from the surveyors to expose their networks, answers are not expected to reflect the whole picture of reality. My findings are based on organizations' perspectives and public information available on the World Wide Web.

3. Contexts

Definition:

Due to its state of emergence, there is no ubiquitous definition for a social enterprise. Most would agree that a social business is an entity guided by social entrepreneurship philosophy. However, the debates on sustainable levels of market mechanism employed in an SE model as well as the entities' motivations when calling themselves a social enterprise have yet to subside. In the scope of this study, I have applied a working definition as follows:

“A social enterprise's *primary* mission must be social and/or environmental, and the model has to incorporate the market mechanism in achieving that mission, regardless of legal status.”⁹

This definition allows me to identify social enterprises based on their impact and financial sustainability, rather than mere marketing and/or fund raising schemes.

Contextualize Definition:

Through my field observations and interviews, it is clear that the lack of a legal framework for SE agents has allowed room for both creativity and abuse, making SE a highly context-sensitive field. This point is best made through case studies in Vietnam.

⁹ Modified from the Social Enterprise London's official definition <http://www.sel.org.uk/about-social-enterprise.aspx>

Known for its China-like, dualist system of coexisting central government and a market economy, Vietnam does not have a civil society-friendly environment but rather an iron hand for potential dissidents.¹⁰ Judging from the ambiguous and yet to be approved by the National Assembly NGO law, the future of legal structures for social enterprises is grim. Despite this drawback, SE is gaining momentum quickly across the country, as seen in efforts to structure SE movement into a real sector by the Center for Social Initiative Promotion (CSIP). Funded by the One Foundation in Ireland, CSIP is playing a facilitator role to forge collaborative relationships among social enterprises in Vietnam. The center is also in the process of compiling a legal manual that contains nuances SEs need to know to navigate and operate in the distinct legal climate in Vietnam.

VIP Bikes is among some of the SEs that has successfully navigated through this climate. VIP Bikes is a chain of motorbike rental and repair shops in Hanoi, which spun off from a project from the Blue Dragon Children Foundation (BDCF), an Australia-based foundation that aims to help children at risk in Vietnam stand on their own feet through care, education, and career development. Thus, VIP Bikes was able to leverage the BDCF's network of donors and supporters to nurture itself financially in its early days. After two years, VIP was bought by its Australian volunteer manager and the Vietnamese mechanic, and began to operate as a business. This NGO project-turned-business model, though seemingly ideal, has its own limitations in the context of Vietnam. While the model solves the seed funding need (channeled through its umbrella organization – the BDCF) and the legal status (now a business while still maintaining its social roots), this approach is more feasible for foreign organizations or organizations with foreign ties. The reason for that comes back to the legal framework available to support philanthropy. There is no tax exempt provision in Vietnam's charity landscape, therefore "outsourcing" fund raising activities to organizations abroad that can offer tax benefits would attracting significantly more funding for SEs to get off the ground.

On the other hand, as the term SE is gaining ever more attention from international philanthropy and its definition is yet to be agreed on globally, it is open to abuse. The ambiguity of the term allows a range of entities to claim to be an SE, despite the fact that sustaining double bottom lines – profit and impact – is not at the heart of their organization's mission and/or operation. Following this logic, neither corporate foundations that depend on the mother organizations for finance nor nonprofits that earn some income just merely to survive without infusing a fully-fledged market mechanisms into their operations fit the realm of social enterprises.

3. Major Trends

Handicraft:

In Cambodia, Thailand, and Vietnam, where issues of trafficking, ethnic minorities, and people with disabilities are prominent, handicrafts have become a niche for social entrepreneurs to establish enterprises that employ, train, and help these disadvantaged groups to stand on their own feet. There are three main reasons explaining this trend.

¹⁰ Netherland Development Organization SNV – UNDP – VUSTA, "Filling the Gap: The Emerging Civil Society in Vietnam," Page 15-6 (Jan 2007), *UN Publications by Agency/UNDP Publications*, <http://www.snvworld.org/en/regions/asia/ourwork/Pages/ASI-Publications.aspx>

First, these disadvantaged groups often have low education, making handicraft training particularly more desirable than other vocations such as IT outsourcing or training mechanics. Vietnam's Ministry of Labor – Invalids and Social Affairs (MoLISA) estimates that 41% of people with disabilities in Vietnam are illiterate¹¹, compared to the literacy rate of 93.5% of the population as a whole.¹² As for Reaching Out, a Hoi An-based business that hires and trains people with disabilities to produce high-quality handicrafts, it serves as a stepping-stone for learning. Employees at Reaching Out are encouraged to learn English and communicate with customers in parallel with handicraft-making activities. Having the base of handicraft making is a key here, as it creates an enormous sense of productive contribution and acceptance. This then fosters confidence and a sense of responsibility for individuals to push forth their ideas. These empowering elements are what boost both productivity and sales.

Second, the handicraft sector provides a safe, flexible, and in many cases community-oriented workspace, which is desirable for these disadvantaged groups, especially for victims of human trafficking. At Daughters of Cambodia, a Phnom Penh-based nonprofit that employs and trains sex trafficking victims in Cambodia to make handicrafts, the women are not only provided with a safe workspace among other fellow victims but they can also send their children to the in-house day-care center. The sense of belonging and being cared for is believed to have positive impact both on their productivity and mental healing process.

Third, since tourism is a critical backbone of these three economies, handicraft business is competitively lucrative. Tourism in Thailand in particular has enjoyed continued growth amidst the Asian financial crisis in 1997 till recently thanks to collaborative efforts from the Thai government and Royal family, charities, and NGOs.¹³ Notably, after the tsunami struck its coastal areas in late 2004, more sustainable types of tourism have emerged such as community-based tourism. Piggy-backing on such support for tourism, handicraft organizations like ThaiCraft and Doi Tung have found their own competitive advantage in the market. Aside from the primary mission of promoting fair trade crafts directly from the village, ThaiCraft also collaborates with the Community-Based Tourism Institute of Thailand to bring tourists into villages where their artisans operate and educate tourists about socially responsible business and tourism. This type of collaboration has shown a huge impact in the local socio-economic landscape, such as keeping young people from migrating to cities and fostering strong community spirit.¹⁴ Though different in operating style and impact, Doi Tung, a social enterprise founded by the Princess Mother in 1986, is similar to ThaiCraft in their context-sensitive approach to handicrafts and with respect to local norms and the environment. They engage the issue of poppy growing in Thailand with a simple logic that people need *viable* economic alternatives to abolish this illegal product. In tandem with coaching locals to grow crop substitutes, Doi Tung also maintains a job center where handicraft production is taught in order to provide an economic option attractive enough to encourage locals to give up poppy growing.

¹¹ The MoLISA National Action Plan to Support People with Disabilities, 2006-10.

¹² Vietnam Household and Living Standards Survey, 2009.

¹³ Ploysri Porananond, "Tourism in Thailand: Past, Present, and Future," *Review of Tourism Research*, http://ertr.tamu.edu/index.php?option=com_content&view=article&id=1244%3Atourism-in-thailand-past-present-and-future&catid=142%3Atourism-in-asia-conference-&Itemid=64

¹⁴ Going Green, "Keeping it local: Community Tourism in Thailand," *CNN.com/Asia*, 01 Jul 2008, <http://edition.cnn.com/2008/WORLD/asiapcf/06/30/green.communitytourism/index.html>

In many cases, handicraft production serves as the foundation for upward mobility that boosts confidence, a sense of responsibility, and empowerment among the disadvantaged groups it employs. I would argue that the potential for handicraft industry in this region remains underutilized, as no formal regional network exists for handicraft industry yet. Such a network will be the key to formalizing the infrastructure, investment, bargaining power, and knowledge-sharing and peer-learning mechanisms in order to advance the handicraft productivity and impact region wide. More innovations and collaborations are needed to further invest in this industry as well as the enormous disadvantaged population base on which it can have an impact.

Career Development:

If handicrafts appear to be the most traditional industry among the social enterprise sphere in this region, then career development comes in as a close second. Any kinds of SEs that incorporate vocational training in its approach fit this category. The “teach a man how to fish rather than give him a fish” idea is undoubtedly a popular one. It is relatively easy to market this idea to the public and institutions across the board including the government, social, and business sectors. Such popularity can mobilize cross-sector collaboration that is much needed in any social innovations. Moreover, the concept itself hinders long-term nurturing and investments, which justifies proposals for large grants over a long period.

Singapore is ahead of the rest of the region in supporting this theme. The Ministry of Community Development, Youth and Sports (MCYS) formed the Social Enterprise Committee in 2006 to harness the culture of social entrepreneurship in Singapore, primarily through providing employment and training opportunities for needy and disadvantaged groups.¹⁵ In addition, the Singaporean MCYS has developed a government grant program called the ComCare Enterprise Fund (CEF) that provides seed funding for SEs whose mission specifically aims at helping disadvantaged groups to achieve self-reliance.¹⁶ These abundant sources of government support in Singapore are indicative of the growing recognition for the impact of SEs that provides career development for their beneficiaries. The attention to this particular SE theme – career development for disadvantaged groups – can have a ripple effect to other SE themes (fair trade, green energy, etc.) due to its popularity. Last but not least, these SE supporting initiatives in Singapore may be the answer for the commonly raised challenges echoing among other SE players in the region, to be discussed later in this paper. That is not to say that this supporting system is flawless, but rather that there is a real need for government-level collaboration and knowledge sharing in order to truly engage and effectively harness social entrepreneurship across the region.

The Environmental Edge:

The number of environmentally responsible SEs is growing rapidly in the studied countries. Major emerging trends include fair trade, organic farming, green products, and environmentally friendly energy. The trends seem to have been fostered from green movements abroad, demonstrated by the growing number of INGOs that create rules of the game in this area, such as the Fair Trade Label Organization (FLO) and the World Fair Trade Organization (WFTO).

¹⁵ Phillip Yeo et al., “Report of the Social Enterprise Committee,” Singapore’s Ministry of Community Development, Youth and Sports (MCYS), <http://www.mcys.gov.sg/web/SocialEnterpriseCommitteeReport.html>

¹⁶ -ibid-

Having fair trade standards mostly helps handicrafts enterprises to meet foreign consumers' preferences. All the handicraft SEs who were interviewed for this survey have obtained fair trade proof for their products, adding that aspect of their crafts into the SE model as a whole. Betterday, a Hanoi-based SE that sells agricultural and handicraft commodities from ethnic minority groups in Vietnam, has fair trade proof not just based on the end product assessment but also throughout their business model. They provide green technical assistance to farmers to ensure the tea and coffee grown are absolutely organic, and a stable fair trade price that ensures their farmers don't have to trade off quality over quantity. Another example that demonstrates this trend is Energaia, a Bangkok-based SE that reduces carbon emissions by using algae to consume waste CO₂. Its mission and business model are essentially one, driving a comparatively focused SE.

According to Ed Rubesch, Program Coordinator of the Global Entrepreneurship MBA at Thammasat University (Thailand), in order to sustain a competitive advantage in today's complex world, a business needs to develop one or all of the following strengths: social and/or environmental drive, innovative technological solutions, and international mindset. If that is true, Energaia in particular and clean tech startups in general have two of the three secret ingredients, and given the growing market for environmentally responsible businesses in particular and social enterprises at large, leapfrog achievements are on the horizon for them.

Provenance:

With the exception of Singapore, over 85% of the SEs approached were founded and/or managed by foreigners. In Cambodia, where the number of NGOs per capita is highest in the world, this statistic is 100%.¹⁷ While this figure does not reflect the total market, it does indicate the lack of local grassroots awareness about the movement. Another indication this statistics implies is the need to foster a grassroots sense of urgency and social entrepreneurship, because the community members are those who understand best its problems and thus, could drive out the most context-sensitive and fitting solutions for that particular community. Technical expertise and funding can come from outside, but the initiatives should come from within. Not until the movement reaches the grassroots level and into the community it aims to impact, will the sector be sustainable.

Fostering social entrepreneurship is not just policy prescription but more importantly, it is about creating a SE-friendly environment to harness an organic sense of SE. As SE is a grassroots movement, social enterprises should also be grassroots. That can be translated into the "made by local social entrepreneurs, for local communities" mission. Current SE activities in the region, though mostly started and/or managed by foreigners, will hopefully plant the seeds for future SE initiatives to spring up from the ground. With technologies, willingness, and genuine intentions to transform the philanthropy landscape to become more effective, we can expect to see leapfrog innovations in the field soon.

¹⁷ For more details, see Appendix

Challenges & Potential Solutions

Legal framework:

The lack of an appropriate legal framework and transparency in this emergent sector is seen by many as one of the biggest obstacles for SEs to grow in the area. With the exception of Singapore, where legal status such as Company Limited by Guarantee and Co-operative allow entities to earn and at the same time enjoy tax breaks, the rest of the studied countries face this challenge. The main concern is that without a legal framework, SEs face constraints either in implementing their market solutions or in enjoying the tax benefits that charitable entities have. Essentially, the choice of registration is either as a business or a nonprofit, who leads to creativity and abuse discussed at the beginning of this paper.

Field findings suggest that when faced with this problem, SEs that choose to be a business in legal terms manage to avoid bureaucratic problems to save time, while those that choose an NGO structure have a hard time scaling up. The reason for this trend is if you pay taxes, the government leaves you alone and vice versa. This insight is particularly true in Vietnam, where the central government still maintains tight control over the civil society.

Another advantage of starting a social enterprise as a business is that it can then access mainstream financing options such as bank loans and equity, rather than having to spend time navigating the funding options for nonprofits or even harder, for social enterprises.

The legal challenge is closely linked with the funding challenge. As charitable funds have arguably shrunk significantly after the global financial crisis in 2008,¹⁸ the social sector as a whole suffers from increasingly competitive funding pools let alone an emergent sector like SE. Different attitudes have emerged in response to the scarcity. Some organizations, which wished not to be named here, chose not to participate in this SNA study and not to disclose their supporting network as that might hurt their secured funds and support. I would argue that with growing ambitions and shrinking budgets, what SEs ought to do is not to compete for funds but rather collaborate to work on common goals, particularly because at the core, what characterizes social enterprises best is independence from charitable donations. Such freedom and power of choice are the very outcomes SEs strive to achieve for their beneficiaries. In the SE online forum SocialEdge.org in April 2010, a blogger expressed the optimism that “some form of collaboration or merging may be just the thing to increase social return on effort expended” – stressing the crucial role of meaningful collaborations in formalizing this movement into a real sector with institutional players to create structural impacts.

Competitiveness in the free market:

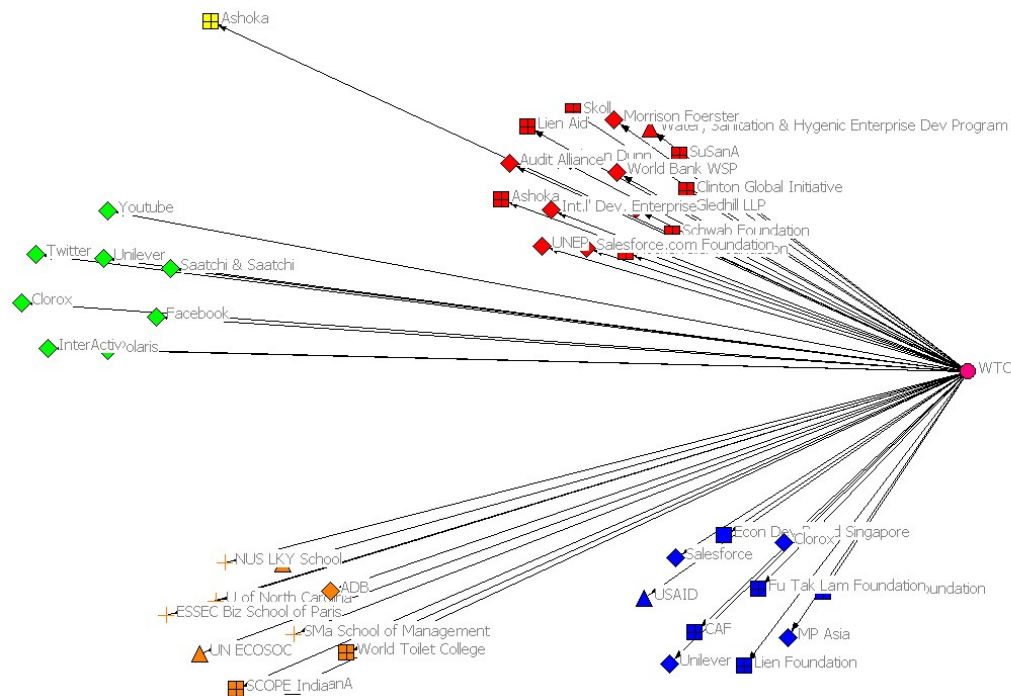
As mentioned, one of the traditional SE models is employment and career training for disadvantaged groups. Without safety nets from charitable entities (for funding) and government agencies (for legal support), this social edge in the business model is more likely to become an economic burden rather than an asset, as training for disadvantaged groups is often more cost and

¹⁸ Teka, Zeferino and Vhumani Magezi, “Global financial crisis and donor funding implications: should NGO beneficiaries be concern?” *AIDS Foundation of South Africa*, http://www.docstoc.com/docs/document-preview.aspx?doc_id=19773687

time consuming. People with disabilities often need extra facilities, victims of sex trafficking need a support center for their children while at work, and street children need a shelter to free themselves from the big brothers' management and focus on learning a vocation, just to name a few. This is a concern mostly expressed by commodity-based SEs (i.e. restaurants, coffee shops, handicrafts). Though the grant-giving communities have shown sympathy to this phenomenon and extend funding for for-profit entities with a social mission, it is counter-intuitive for SEs to keep relying for such charitable support in the long term.

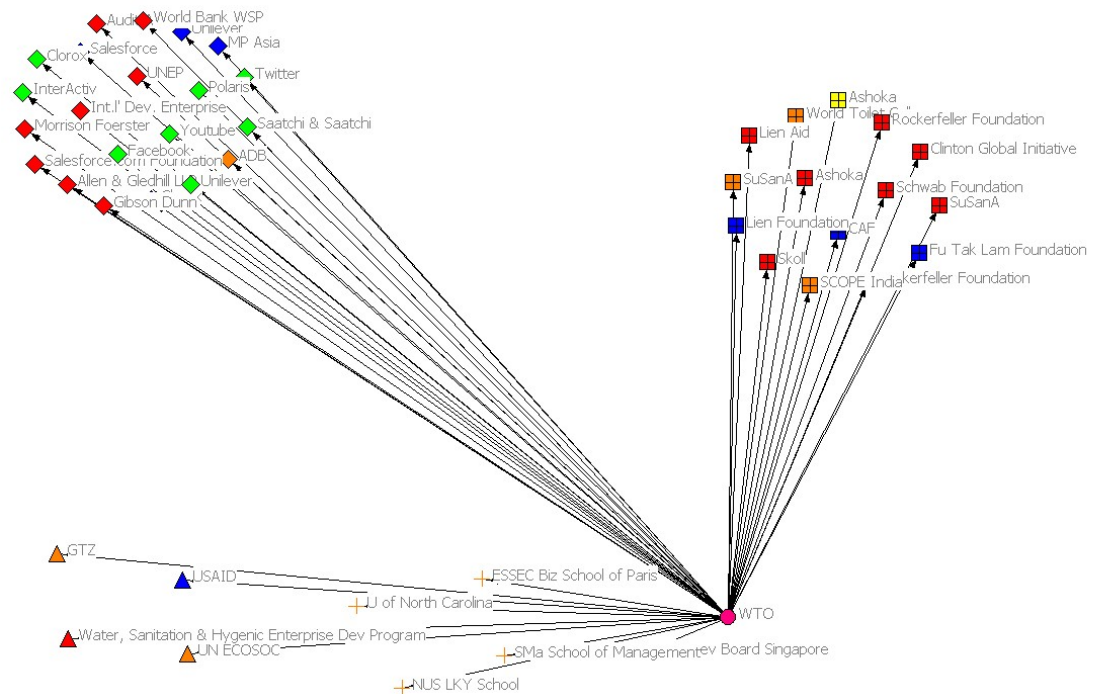
This is the critical test where SEs need to find ways to survive in the free market and at the same time, uphold their social mission. Not being able to pass this test, SEs will remain a social organization. All other things being equal, this particular challenge is faced by all enterprises in the market and not just SEs. Thus, the possible solutions are by and large not distinct from the ones regular businesses employ, such as minimizing overhead costs, improving product quality, and launching strategic marketing campaigns.

Having said that, SEs often have a distinct supporting network that can play to their advantage over regular businesses. The network's sectoral diversity can be very powerful in creating public awareness that leads to conscious purchasing decisions. The following graphs of the networking activities of the World Toilet Organization (WTO) will illustrate this point. WTO is a Singapore-based INGO that aims to improve toilets and sanitation through advocacy and social marketing.



Above: WTO's network sorted by functionality (five categories: funding, information, strategic planning, marketing, and talents/HR).

Below: WTO's network sorted by types (five categories: government □, multilateral △, civil society ☒, business ◇, and academia †).



Founder's Syndrome:

This pattern is more often found in social organizations, describing the negative effects that come with the founder's overly concentrated charisma and network. This syndrome overtime weakens the organization's adaptability to change, especially to changes in strategy or management. This is a distinct challenge for SEs. Due to the hybrid nature and double bottom lines, it is a lot harder for SEs to scale up and for Founders to hand over to new management, according to Stephen Salmon, co-founder of ThaiCraft Fair Trade Co.

Conclusion

The bottom line of SE is about the change in the development and charity mentality to cope with today's complex world; one that invests in the beneficiaries rather than mere giving and thus, treats them as stakeholders. While the SE space appears to be chaotic and unorganized at the moment, its market potential is enormous both in financial and impact terms. Like the free market philosophy propounded by Adam Smith in the 18th century, with active participations from all stakeholders over time, the market will weed out the inefficient and unsustainable actors of this field, leaving the fittest to strive for the wealth and the well-being of nations. Yet unlike such classical market ideology, SE requires not just the invisible hand but both top-down and bottom-up approaches and collaboration across sectors and borders in order to generate powerful and sustainable impact.

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Appendix 1 | Approached organizations in Vietnam

NAME	LEGAL STATUS	PROVENANCE	ORG TYPE	MAIN SE EDGE
Reaching Out	Business	Vietnamese	Handicraft	Employs and trains people with disabilities
Streets	Foreign Business	Expat	Restaurant and hospitality school	Employs and trains selected disadvantaged kids
Betterday	Business	Expat and Vietnamese	Fair trade, organic agricultural products	Provides environmentally-friendly assistance and fair trade price to ethnic minority farmers
VIP Bikes	Business	Expat	Bike repair	Employs and trains disadvantaged kids
KOTO	Foreign Business	Australian Vietnamese	Restaurant and hospitality school	Employs and trains disadvantaged kids
LIN Center	Local NGO	American Vietnamese	Broker between business and social sectors (including local NGOs and social enterprises)	Builds NGO capacity, facilitates collaborations between corporate and social sectors
Small Giants	Not yet available	Expat	Social Investment Fund	Provides financial and strategic assistance for social enterprises

Appendix 2 | Approached organizations in Thailand

NAME	LEGAL STATUS	PROVENANCE	ORG TYPE	MAIN SE EDGE
Cabbages & Condoms	Business	Thai	Restaurant	Most profits go directly into PDA's projects
Doi Tung	Business	Royal Family	Handicraft	Provides viable economic alternatives to poppy-growing regions
Energaia	Business	Expat	Clean technology	Reducing CO2 emission using algae technology
ThaiCraft	Business	Expat and Thai	Handicraft	Sells fair trade handicrafts directly from the villages
ChangeFUSION	Business	Thai	SE Association	A platform for SE to network and also a SE resource center
Ashoka	INGO	Foreign	Resource hub for social entrepreneurs worldwide	

Appendix 3 | Approached organizations in Singapore

NAME	LEGAL STATUS	PROVENANCE	ORG TYPE	MAIN SE EDGE
World Toilet Organization (WTO)	INGO	Singaporean	Sanitation	
NUS Center for Social Entrepreneurship and Philanthropy (CSEP)	Research Center	Singaporean	Handicraft	
Social Enterprise Association	Government Agency	Singaporean	Consultancy	
Lien Center	Research Center	Singaporean	Research	Promotes and develops social innovations
aidha	NGO	Foreign	Financial Education for female migrants	
Social Enterprise Ventures	Venture Partner	Singaporean	Social Investment	Provides funding and strategic assistance to social enterprises in Southeast Asia
Lien Foundation	Foundation	Singaporean	Research	Builds capacity for NGOs
Salesforce.com Foundation	Corporate Foundation	USA	Corporate Foundation	Grants CRM licenses to nonprofits to increase efficiency

Appendix 4 | Approached organizations in Cambodia

NAME	LEGAL STATUS	PROVENANCE	ORG TYPE	MAIN SE EDGE
Insitor Fund	Foreign Investment Fund	Expat	Social Investment Fund	Provides funding and strategic assistance to social enterprises
Daughters of Cambodia	Nonprofit	Expat	Handicraft	Employs and trains trafficked sex workers, including the lady boys
ddd	Business	Expat	Technology outsource center	Employs, trains, and provides scholarships for college dropouts, first-time job seekers, and people with disabilities
Export Service Center	Foreign Business	Foreign	Export	Full-service export firm
TCE Consulting	Foreign Business	Expat	Social consulting firm	Provides strategic assistance to socially-minded organizations
WING Cambodia	Company Limited, a branch of the Australia & New Zealand Banking Group Limited (ANZ)	Foreign	Microfinance	Provides financial services via mobile for “unbankable” people in rural areas
HAGAR	INGO	Foreign	Economic empowerment for disadvantaged women and children	

ASEAN: Between China and India

By
*Chheang Vannarith*¹⁹

Abstract

This study examines the possible implications of the rise of India and China for Southeast Asian nations. In doing so several issues such as relationship between China and Southeast Asia, India and Southeast Asia, Sino-Indian relations and its implications for Southeast Asia, and Southeast Asian responses to the rise of India and China are discussed. The study argues that politically, the rise of India and China can be a threat but in the short term and in the economic aspects, the rise of India and China provides more benefits than costs for Southeast Asia.

Introduction

Studies and observations have shown that the 21st century is the Asia Pacific century in which India and China are the rising stars in the region. This can be explained by the extraordinary economic growth of both countries and their populations. Populations of these two countries amount to about 40 percent of the world population. In terms of economy, China is the fourth largest in the world with a GDP of US\$2.22 trillion measured in USD-exchange rate terms (2005). It is the country experiencing the world's fastest economic growth. India is the twelfth largest in the world with a GDP of US\$719.8 billion measured in USD-exchange rate terms (2005). India has the world's second fastest growing economy with GDP growth rate of 8.9% at the end of the first quarter of 2006-07. "China is widely expected to become the largest economy before 2040. By then, also, India will become the third-largest economy, after that of the United States" (Yuchengco, 2006:3).

The rise of India and China attracts a great deal of interest in terms of trying to explain the phenomenon itself and its consequences. Some optimists think that the rise of India and China affect regional stability and prosperity positively. But some pessimists hold that the rise of India and China can destabilize regional security due to conflicting interests in energy, power, and spheres of influence. Located in such an external environment, Southeast Asian countries are seeking their own ways to respond to the rise of India and China. This paper, therefore, attempts to examine the two countries' motives toward Southeast Asia and question the possibility of confrontation between China and India and its implication for Southeast Asia, and how Southeast Asian countries respond to the rise of India and China.

¹⁹ This paper was presented at the East Asian Seminar at the Ritsumeikan Asia Pacific University in 2007.

China and Southeast Asia

Historically, the relationship between China and its Asian neighbors can be traced back to the Han Dynasty when the suzerainty of the Chinese empire was widely accepted (Gipouloux, 1994: 29). Chinese emperors usually preferred to bring foreign rulers into their orbit by peaceful means- gifts, grants of titles, and favorable trade relations (Cotterell, 2002:45). “Going to war is a terrible thing”, said the Manchu emperor Kangxi, the effective founder of the Qing which was the last imperial dynasty in China. The first exception to its tributary system occurred when China accepted equal relations with another country after their conflict with the Russians which resulted in the Treaty of Nerchinsk in 1689, the first treaty ever signed by China with a European power and the first to accord diplomatic equality with another signatory (Cotterell, 2002:45).

China used to have a larger economy than the West at the beginning of the sixteenth century, but China lost the opportunity to keep up and compete with the West because it did not use its economic advantage to spread influence through trade with its Asian neighbors (except for a short period during the Ming Dynasty) (Chan, 1993:16). Learning from such historical experience, China now seeks all available means to trade with its Asian neighbors.

Culture, especially Confucianism, plays an important role in the East Asian economic development through philosophical guidance and trust based on cultural connection (Brook & Luong, 2002). China tries to promote its culture together with economic development. The early relationship between China and Southeast Asian countries is one where China always considered itself as the centre of civilization exercising a sphere of influence over the other countries in the region (Umbach, 2000:173) particularly through Chinese culture (Kim, 1998:209). “Advanced culture” is one of the “Three Represents” developed by China in 2000. Therefore, in order to maintain and strengthen their cultural influence, China assists in creating more contacts with Southeast Asia through trade and investment. For instance, Singapore is a base for Chinese influence in Southeast Asia (Jie, 1993:153).

China’s foreign policy with regards to East Asian regional integration, for instance, is both economically and politically-motivated with emphasis on economic rather than political factor (Taylor, 1996:129). China needs material resources in order to fulfill its industrialization and modernization as two of the main pillars of Chinese economic policy, especially after former Chinese President Jiang Zemin’s economic reform policy. Moreover, Chinese productivity and output are greater than domestic demand and Chinese exports is decreasing due to some quotas imposed on Chinese products in Europe and US, therefore China needs to find new markets, especially in developing countries, since Chinese products are competitive in price and of acceptable quality. Therefore closer economic interdependence between China and its Asian neighbors would help China continue its economic development strategy and become a factor in pushing China towards the “economic center of gravity in Asia” (Dillion & Tkacik, www.heritage.org). The drive for economic development is certainly the most important determinant of Chinese behavior.

On the military side, “the Chinese have, in recent years, stressed the need for “comprehensive national strength” in determining their country’s role in international affairs.” China has embarked on its military modernization. China maintains its annual rate of increase of 10 percent in the military field (budget?) since 1995 (Grare, 2004:45-6). But the rise of the

Chinese expenditure on military modernization does not seem to threaten Southeast Asia so much as argued by many scholars. But of course South China Sea is still a flash point that could destabilize regional security. The claimant states in Southeast Asia are always worried about their loss of sovereignty over the Spratlys and Paracel Islands. China tries to cool down the situation by addressing its military buildup as one to make sure that Taiwan cannot be separated from China.

Chinese leaders realize, especially after the Cold War, that “the future security and prosperity of their country requires the cultivation of close relations with the Asia-Pacific as a whole and with its neighbors in particular” (Yahuda, 2004:159). “China has practiced multipolarity not only because it did not jeopardize its own ambitions and security, but also because it served to enhance its power and influence” (Cabestan, 2004:120).

China-ASEAN trade and investments have increased dramatically. Statistics from the Chinese Ministry of Commerce show that the trade volume between China and ASEAN countries soared at a pace of 20 percent a year on average since 1990. A historic record was set in 2003 when the trade between the two sides was valued at 78.2 billion US dollars, 90 times as much as that in 1978 (*Xinhua News*, Nov 03, 2004). In recent years, China and ASEAN countries have seen an annual growth of 30-50 percent in trade and ASEAN countries became China's fourth biggest trading partner in the first half of the year 2004 with a two-way turnover reaching nearly US\$59.8 billion. The China-ASEAN trade stood at US\$105.9 billion in 2004 (*Xinhua News*, Sep 29, 2005). President Hu Jintao stated that the goal is to bring the China-ASEAN trade up to 200 billion dollars before 2010 (*Kyodo News International*, Apr 27, 2005). In the long term, the proposed China-ASEAN free trade area could favor China more than the other members (*The Australian*, Dec 4, 2004).

China's interest in Southeast Asia is not merely limited to trade. In the past two years China has poured Official Direct Investment (ODI) in the region. Chinese investments in ASEAN—endowed with natural resources—remained modest in 1998 but climbed up in 1999 and 2000. In 1999, the Chinese government approved an investment of \$72 million in ASEAN countries. In 2000, it jumped by 50 per cent to \$108 million.²⁰ Southeast Asia would become one of the China's strong industrial bases (Frost, 2002:7).

With this arrangement, China would become like Japan, catching up with Japan's standard manufacturing industries and high technologies. This trend will force China to re-export its low level manufacturing industries to Southeast Asian countries.

To conclude here, China is approaching Southeast Asia in multidimensional ways. Chinese economy, culture, and security are interconnected with the Southeast Asian region. China cannot sustain its current economic growth and power without the backing of the Southeast Asian region. China's consistent strategy is “to stabilize China's periphery, and treat the region as China's base.” (Cheng, 2003:432)

India and Southeast Asia

²⁰ available at “<http://www.blonnet.com/2002/06/27/stories/2002062700040800.htm>”

Historically, India had a long history of cultural, economic, and political influences in Southeast Asia. This can be witnessed through the Indian influence in most of the temples in Southeast Asia. But India lost its regional influence due to colonialism and economic backwardness. India tried to reconstruct its traditional role in the region after gaining independence. Nehru had a “grand strategy for a major-power role during his tenure from 1947-1964. Although deeply aware of his country’s serious domestic issues, he still believed that India is destined to be a key player on the international stage”. (Nayar, 2003:115-158).

India aspires to be in the circle of great power politics and searches for its international status, for instance nuclear tests in 1998 showed Indian muscle striving to have a permanent seat at the UN Security Council. But India still faces economic difficulties, making it difficult to play a critical role in world political economy (Grare, 2004:47). India recognizes the importance of info-tech economy as Gordon states “India’s status as a regional great power will depend to a significant degree on the ability of the nation to improve its performance in the marriage of design and production in high technology areas.” (Gordon, 1993:45). As a result, India becomes the center of info-tech which attracts large outsourcing from all around the world especially the United States.

On the international relations front, India is interested in seeking a greater role in the region through engagement with, i.e. BIMSTEC (Bangladesh India Myanmar Sri Lanka and Thailand Technical and Economic Cooperation) established in 1997, India-South East Asian dialogue since 1992²¹, Asian Regional Forum (ARF), and the East Asian Summit.

Some Indian policymakers and commentators expressed their views that the perception of a Chinese threat in the Asia-Pacific Region can push for shared interests between India and ASEAN, Japan, and the United States (Malik, 1995:322). But this statement is not totally correct. India is seeking regional stability for the sake of economic development. India needs Southeast Asia to back Indian economic development.

India has increased its attention to Southeast Asia since 1992 following after “Look East” policy. India has set up their companies in many parts of Southeast Asian countries, especially Singapore, Malaysia, Indonesia, and Thailand. Bilateral trade has increased from \$5.8 billion in 1997 to about \$30 billions in 2006. Now Indo-ASEAN Free Trade Agreement has been discussed and waiting for ratification. In addition, the Indian diasporic community network is also strong in Southeast Asia. This network creates favorable conditions for strengthening economic relations and encouraging mutual understanding between India and Southeast Asia.

To conclude here, “Slowly but surely, ASEAN is emerging as central pivot in the Indian view of Asia and its future, and essential to the construction of a security order that will be in India’s interests.” (Mattoo, 2003:463).

China-India: Neighborhood with mistrust

²¹ At the inception of ASEAN, India did not believe in the durability of the Association. India just viewed its involvement with the Association in broad economic terms (Sridharan, 1993:118) but since the early 1990s, India started the “Look East” policy of engaging and looking towards Southeast Asia, East Asia and the Pacific.

Asian security depends much on the bilateral relations between India and China. There are two contradictory views on the bilateral relations between the “rising tiger” (China) and “rising elephant” (India). Realists amongst political and security strategists look at bilateral relations between China and India quite negatively. On the other hand, liberalists such as economists and regional institutionalists, have a positive view on Sino-India relations and its impact on Asia.

Perception of threat to important values and interests, the competition for markets, commercial rivalry that transforms into strategic rivalries, competition over armaments, cultural influence are the causes of rivalry between the great powers – for e.g. France Vs. Spain (1462-1700), France Vs. The Habsburg Monarchy (1715-1918), France Vs. Germany (1830 to WWII), Genoa Vs. Venice (1183-1381), Venice Vs. Portugal (1487-1516), Anglo-Dutch rivalry (1609-1689), Anglo-American rivalry/crisis (1793-94, 1807-08, 1812, 1837-41, 1845-46, 1854-56, 1861, 1862, and 1895), Ottoman Empire Vs. Venice (11th -15th century), Britain Vs. France (1066-1453, 1687-97, 1702-13, 1744-48, 1778-83, and 1793-1815), Great Britain Vs. Russia (1791-1956), Anglo-Germany rivalry (1890-1914), US- Japan rivalry in the early twentieth century (Thompson, 1999).

Tibet is one of the main causes of conflict between India and China. Through an agreement on Tibet signed on 29 April 1954, New Delhi formally recognized Chinese sovereignty over Tibet. But still India supports Dalai Lama in some ways. (Grare, 2004: 52). Another potential source of Sino-Indian conflict is the border issue, because of which China and India went to war in 1962. Since then there was a period of Sino-Indian Cold War between 1962 to 1976. Pakistan is also one of the factors leading to mistrust and conflict between India and China since China lends some support to Pakistan through diplomatic and military cooperation. (Sidhu & Yuan, 2003:19). Pakistan became a rival of India after their 1971 war which led to the birth of Bangladesh.

Sino-Indian Détente (1979-1998) oversaw the resolution of the border issues, resumption of high level exchanges visits, expanded contacts and cooperation in many areas such as trade, education, and cultural exchanges, two important agreements were reached, i.e. the 1993 Agreement on the Maintenance of Peace and Tranquility and the 1996 Agreement on Confidence-Building Measures (Sidhu & Yuan, 2003:22). Agreement “to maintain peace and tranquility” along their disputed Himalayan border and measures to build confidence between the armed forces of the two countries have been initiated. Cultural and academic exchanges have steadily increased. Bilateral trade has also developed rapidly (US\$2.9 billion in 2000 and US\$3.6 billion in 2001 as opposed to just US\$265 million in 1991). However, both countries are competing for regional dominance and influence in the multipolar world of the 21 century (Cabestan, 2004: 136; Malik, 1995: 317-355).

Moreover, the future rivalry of the two countries concerns competition for a regional leadership. Each country views the other as an expansionist hegemonic power. China creates and maintains good relationships with India’s neighbors such as Myanmar, Bangladesh, and sometimes with Pakistan (e.g. China-Pakistan nuclear cooperation; China supplies Pakistan with nuclear technologies). Such encirclement strategy makes India more suspicious of China. (Grare, 2004:.52-3). Taylor argues that “over the long term, India and China...will always tend toward a rival relationship and thus each will seek a security link with a different superpower” (Taylor, 1987:232).

On the other hand, positive thoughts arise regarding the rise of China and India and their bilateral relations. Sridharan argues “Imminent conflict between China and India is much more remote” (Sridharan, 1993:118): “Although New Delhi and Beijing remain wary of each other’s long term intentions as both acquire greater economic and military power, neither side finds its fundamental interests served by using openly adversarial terms.” High level visits were restored and economic and technological development has seen progress. (Sidhu & Yuan, 2003:32-3). “The current leaders of China and India have determined that they can achieve economic growth and enhanced power most effectively within a peaceful, stable international environment” (Frazier, 2004:306).

Sino-Indian relations can be categorized into two main streams of thoughts. From economic liberal perspective, they believe that “expanding webs of economic interdependence create a basis for peace and cooperation in the competitive and anarchical state system”. However, economic nationalists believe that “economic interdependence must have a political foundation and that it creates yet another arena of interstate conflict, increases national vulnerability, and constitutes a mechanism that one society can employ to dominate another.” (Gilpin, 1987:12-3)

China-India relationship cannot lead to serious conflict or rivalry. China and India both, by all possible means, try to maintain peace and stability in the region for the sake of economic development. Concerning border and strategic issues, it can be solved through diplomatic means rather than force or it just hangs out there while allow other sectors to develop.

ASEAN: Between India and China

Politically, the rise of India and China may create some kind of “threat” perceptions but it is just short term because, when greater engagement and interactions take place among the politicians, businessmen, and scholars among ASEAN, China, and India, mutual trust and understanding can be created and the perceived threat may diminish overtime.

Strategically, the rise of India and China can create a magnetic effect in the region. India and China may attempt to build their influence in some countries considered as the main geopolitical strategic points in the region. India tries to create some kind of a strategic sphere of influence in South Asia and is now looking towards Southeast Asia and the Pacific. China is also making efforts to spread its influence in the region. But China seems to regard Indian increasing presence in Southeast Asia as something good for China. Sheng Lijun argues that China would like to see the influence of India grow in Southeast Asia in order to create a triangular power strategy against the U.S. because China perceives that it is one against two other powers (i.e. China Vs. US-Japan) (Sheng, 2006). If this is the case then both Indian and Chinese presence would not come into any conflict in influencing Southeast Asia politically.

Economically, the rise of India and China positively helps Southeast Asian countries develop their own economy through the spillover effect theory. Trade between ASEAN and India and China has increased remarkably as above mentioned. Indian and Chinese companies are seeking their investment locations in Southeast Asia and at the same time companies from Southeast Asia are seeking opportunities in the huge markets of India and China. Regional movements of goods and people are increasing day by day. All these economic links lead to

stronger mutual interdependence among ASEAN, India, and China. It creates a kind of economic triangle in the region.

At the same time, the rise of India and China can take away foreign direct investments (FDIs) from Southeast Asia. Southeast Asian technological development still lags behind India and China. Southeast Asia relies almost totally on FDI in order to improve their technologies. Now Southeast Asia faces the prospect of losing out to China and India technologically, creating a big challenge for Southeast Asian economies (Mani, 2005:114).

Indian and Chinese culture such as music, sports, values, and management styles are increasingly influencing the Southeast Asian region. But this is not new since Southeast Asian countries have adapted themselves to these two civilizational influences a long time ago, creating a synergy of civilizations in the region.

Southeast Asian responses to the rise of India and China

Southeast Asian countries had been the arena or the playing ground for the Great Powers in Cold War. The Southeast Asian region experienced war and armed conflict, markedly Indochina War. Southeast Asia experienced genocide which occurred in Cambodia from 1975-9 and killed more than 2 million people in their history in the twentieth century. All these wars, armed conflicts, and mass killings were mainly caused by the power politics and geopolitics of the great powers, US vs. USSR, in the cold war period.

Such experiences always put Southeast Asian countries on the alert when dealing with big powers. Now, in an Asia Pacific era when China and India are growing extraordinarily in almost all fields (political, economic, and cultural), there are big challenges as well as opportunities for Southeast Asia.

ASEAN was created in 1967 in response to political problems and security needs found at that time. The founders of ASEAN realized that they should talk and engage with each others to deal with regional security issues. They tried to solve problems by themselves. Their efforts have been successful and helped to sustain peace in the region. ASEAN-10 was finally realized in 1999 after the last member, Cambodia, entered the group. ASEAN keeps playing a more and more important role in the region. ASEAN takes the driver's seat in various forums such as Asian Regional Forum (ARF), ASEM (Asia-Europe Meeting), ASEAN Plus Three, and the East Asian Summit. ASEAN is in the process of creating the ASEAN charter which is believed to be able to further integrate and institutionalize ASEAN.

ASEAN recognizes the challenges and opportunities arising from the rise of India and China. ASEAN needs to integrate strongly with each others. ASEAN needs to reform its policies in the areas of economy, public administration, and international relations. ASEAN has tried its best to reduce the development gap in the region through issuing and implementing many policies and projects such as ASEAN Free Trade Area, ASEAN Integration Initiative, ASEAN and the Greater Mekong Subregional Development Program, poverty reduction strategy in the region especially the CLMV countries (Cambodia, Laos, Myanmar, and Vietnam).

Rising India and China create a competitive platform in Southeast Asia for foreign investments and markets. "This could become a severe test of regional cooperation in the

decades to come, but it may well be the challenge that the region needs to raise ASEAN to a higher level of cooperation” (Wang, 2003: xvii). ASEAN countries need to strengthen their competitiveness. Such competition affects positively rather than negatively the region at large. It can improve the regional competitiveness on the world market.

Southeast Asia still have comparative and competitive advantages *vis-a-vis* India and China. Rising India and China lead to increases in labor cost in these two countries. This can lead to the inflow of Indian and Chinese companies into ASEAN countries, especially the latecomers of Cambodia, Laos, Myanmar, and Vietnam. Southeast Asian countries are aware of such opportunities. Moreover, India and China increasingly need to import agricultural products from other countries including those in Southeast Asian region. This creates a lucrative agricultural sector in Southeast Asian countries (Except Singapore).

Southeast Asian countries need to reform their economic system from “mass production-based ones relying on unskilled or semi-skilled labor to knowledge-based ones”. Such knowledge-based economy requires high quality education which is being implemented in many countries in Southeast Asia (Mani, 2005). This is the best way for Southeast Asian nations to compete with China and India. Moreover, Southeast Asia needs to improve competitiveness through the improvement of corporate governance. This is critical for the health of the economic system and the competitiveness of the economy.

Conclusion

Large and proud countries, India and China, do have competing interests in the region. But such conflict of interests will not lead to serious instability in the region. They find ways to cooperate with each other and with other entities in the region to maintain peace and stability.

ASEAN countries stay in between the two powerful civilizations of India and China. ASEAN countries tackle challenges created by competing interests between India and China through deeper integration and economic reform in order to stay safe and relevant *vis-à-vis* the two giants. ASEAN is pushing ahead with its economic reform and development in order to compete with India and China and enter their big markets. ASEAN needs to improve its education system in order to meet the demand for human resources to enter the knowledge-based economy. In the meantime, Southeast Asia must prepare to welcome the potential large amount of investments from India and China in the future.

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Cambodian Perspective on ASEAN-China Relations

By

Norodom Sirivudh²²

Introduction

This paper attempts to shed some light on ASEAN-China relations in general especially amid the global economic crisis and focuses more on bilateral relations between Cambodia and China since I come from Cambodia.

ASEAN-China Relations

ASEAN-China relationship has enjoyed its development and improvement particularly since the global financial/economic crisis started from the world number one economy, United States, has impacted us all including small economy like Cambodia. The regional economy has contracted due to its export-led growth model. Over the last decade the regional production networks have been supported by the region's exports of finished manufactured products to world markets. US and Europe have played significant role in sustaining growth in East Asia. The decline of demand and consumption in the US and Europe, the predominant markets for Asian products, adversely impacts on the production base and the inflow of foreign direct investment in East Asia.

Although almost all countries in the region are experiencing very low or even negative growth, China has proven to be resilient towards to the crisis by maintaining its economic growth rate at about 9 per cent in 2008 and 7 per cent in 2009. This is especially due to the stimulus package of 4 trillion Yuan or around 586 billion US Dollars.

Recognizing the low prospect for the return of the US and Europe market, regional leaders start to think about "new sources of growth". It is unanimously agreed that only through the creation of regional demand or market and the increase of intra regional investment and trade, could East Asia sustain its economic growth for a long term vision. Regional production network will be strengthened and regional single market will be pursued.

The real actions should be the investment in both soft and hard infrastructure to connect all the countries in the region and provide easy or simple cross border custom. It is necessary to invest in human resources to create a large pool of skilled labor forces in the region and encourage the free flow of skilled labor forces, finance, goods and services in the region. It is important to coordinate macroeconomic and monetary policy in the region in order to have a more coherent and consistent approach to the crisis and other contingency.

To realize this policy it requires the participation from all relevant stakeholders especially the public sector, private sector, and development financial institutions such as the Asian

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Development Bank. In addition, East Asian regional integration process has to be accelerated much faster particularly in terms of real implementation and policy coordination.

It is realistic to create a regional production network and consumption base. ASEAN-China Free Trade Agreement concluded in 2005 is the backbone of intraregional trade and investment promotion. ASEAN-China FTA will be one of the biggest free trade arrangements with the market more than 1.7 billion population. Chinese companies operating in Southeast Asia play a significant role in creating such production network.

Recently, the ASEAN-China Investment Agreement was signed by Economic Ministers of ASEAN and China today at the 41st Meeting of the ASEAN Economic Ministers (AEM) in Bangkok, Thailand. The ASEAN-China Investment Agreement, concluded in November 2008, forms the final substantive pillar of the ASEAN-China Free Trade Area (ACFTA).

The Investment Agreement sets out comprehensive commitments on the promotion and facilitation of investments, and protection of investors and investments. In the Agreement, ASEAN and China also agree not to take over the assets of an investor unreasonably without proper compensation; ensure the right to freely transfer funds relating to investments amongst the Parties; and give recourse to an aggrieved investor that suffers losses due to the host government having acted in breach of its obligations under the agreement.

China is ASEAN's 4th largest trading and investment partner, and the successful completion of this final pillar towards the ACFTA highlights the interest of both ASEAN and China to expand investment linkages. It also underlines ASEAN and China's shared interest to maintain trade and investment regimes that are attractive to the business community, and signals ASEAN and China's commitment to further deepen and enhance economic relations.

The ACFTA effectively creates a free trade area of over 1.9 billion people with a combined GDP of almost US\$6 trillion. ASEAN's total annual trade with China was about US\$200 billion in 2008, and FDI flows from China surged to more than US\$1.1 billion in 2007, and in 2008 was a cumulative US\$6.1 billion.

Talking about China-ASEAN relations, we could not ignore the role of the Chinese ethnic community in Southeast Asia. Chinese ethnic group is the main connector between Southeast Asia and China. Through trust and business management culture, Chinese investors and traders find it faster to invest in trade with Southeast Asia.

Cambodia-China relations

China and Cambodia established diplomatic relations in 1958. Chinese leaders have close personal relationship with King Sihanouk, laying a solid foundation for deep rooted Sino-Cambodian relations. During the 1950s and 60s, Premier Zhou Enlai and President Liu Shaoqi visited Cambodia, while Prince Sihanouk visited China for 6 times. Between 1970s and 80s, Prince Sihanouk had two long stays in China.

Since 1990s, Sino-Cambodian relations turned to a new phase of development. Leaders of the two countries maintained frequent contacts and exchanges of visits. Cambodian Prime Ministers visited China frequently and came back with bilateral agreements and pledges of

Chinese grants to Cambodia. Furthermore, King Norodom Sihamoni's first overseas trip was to China in August 2005.

Sino-Cambodia relations turned to a new phase in 1997 when Hun Sen's administration was facing with temporary financial constraints and political isolation from the West after the July 1997 armed conflict between the two ruling coalition parties (Cambodian People Party and FUNCINPEC). Hun Sen ousted his co-Prime Minister Norodom Rannaridh after the conflict. China supported immediately the new government of Cambodia under Hun Sen's leadership. China gave USD 10 million loan. In addition, from 1997 to 2005, China provided USD 600 million in investments, grants, and aid. Hun Sen's administration inclined towards China in order to have breathing political and economic breathing space. After the general election in 1998 in which Hun Sen's political party (CPP) won the race, China immediately supported the new government.

The bilateral relations have been improved and both countries' heads of states have made frequent visits to each others. In 2000, President Jiang Zemin paid a state visit to Cambodia. Both sides signed the Joint Statement on bilateral cooperation, confirming further development of closer and stable traditional, neighborly and friendly relations between the two countries in the new century.

In November 2002, Premier Zhu Rongji visited Cambodia. The Chinese Government declared that all the overdue Cambodian debts would be exempted. Premier Zhu suggested maintaining high-level contacts and exchanging of visits; strengthening mutually beneficial economic cooperation; identifying key areas for functional cooperation. The leaders of the two countries agreed to take agriculture, development of human resources and infrastructural construction as key areas for cooperation between the two countries. In addition, Cambodia hoped that Chinese government would encourage Chinese tourists to visit Cambodia.

In August 2005, China's Chairman of the Standing Committee of the National People's Congress Mr, Wu Bangguo, met with Cambodian King, Norodom Sihamoni in Beijing. Wu stated that China and Cambodia has enjoyed more than 2000 year history of friendly exchanges. King Sihamoni said that the history of Cambodia-China friendship is long lasting and goes deep into the heart of the two peoples.

On the eve of the Wen's visit to Cambodia, interviewed by Xinhua News Agency, Cambodian Foreign Minister Hor Nam Hong emphasized the bilateral relationship based on historical link nurtured by King Father Norodom Sihanouk and older generation of Chinese leaders such as Mao Zedong and Zhou Enlai. The foreign minister stated that "Cambodia always attaches great importance to developing special friendly relations with China, and makes it an indispensable part of our foreign policy...It serves not only the fundamental interests of the peoples of the two countries, but also peace, stability and prosperity of the region". Regarding the Taiwan issue, the foreign minister confirmed that Cambodia always supported "One China Policy" and not allowed any Taiwanese separatist movement operating on Cambodian soil in any form.

In April 2006, Premier Wen Jiabao visited Cambodia. Cambodia and China signed several bilateral agreements and a treaty of "Comprehensive Partnership of Cooperation". China pushed forward its financial aid assistance and encouraged Chinese investments in Cambodia.

During the visit, Cambodian Prime Minister Hun Sen stated that China was a Cambodia's "most trustworthy friend". During the visit, China pledged USD 600 million in financial assistance to Cambodia. Chinese aid to Cambodia does not link with political reforms and governance betterment. It is thus more favorable from Cambodian side to receive Chinese aid than Western one.

On the occasion of 50th anniversary of the diplomatic relations between China and Cambodia, the two leaders stressed the great achievement of fruitful bilateral relations and commitment of young generation leaders in pursuing such tradition. The two leaders promised to bring friendship and mutually beneficial cooperation to a new level,

In terms of military cooperation, China has cultivated good relations with Cambodian armed royal armed forces. In the aftermath of armed conflict in 1997, China granted USD 2.8 million in military aid and since then continued supplying various types of military logistic support and trainings. In 2004, China provided USD 60 million loan to Cambodia to purchase six naval patrol boats. China is Cambodia's largest military aid provider.

To prove Cambodian adherence to One China Policy, Cambodian government ordered to close down Taiwan's de facto embassy and Taipei Economic and Cultural Representative Office in 1997 and banned Cambodian government officials from making official visits to Taiwan or attending any functional meetings. In 2002, Cambodia refused to grant Visa to Dalai Lama and suppressed the Falun Gong activities in the country.

China-Cambodia economic relations are based mainly on business cooperation and trade relations between ethnic Chinese community in Cambodia and Chinese. Ethnic Chinese constitute approximately 3-5% of Cambodia's population or 350,000. They are mainly traders and retailers. Many Chinese products could be seen everywhere in Cambodia since it is cheaper comparing with other imported products so it is suitable for Cambodian consumers. According to Asia Times, more than 60% of products in Cambodian markets are made in China.²³

China is one of the biggest investors in Cambodia with more than three thousand Chinese companies having cumulative investment capital of about USD 1.58 billion at the end of 2007. Bilateral trade volume reached USD 739 million in 2007. Cambodia has significant trade deficit with China. Cambodia imported USD 883 millions from and exported only USD 51 millions to China. During the visit of China's top political advisor Jia Qinglin to Cambodia in December 2008, China and Cambodia proposed to further increase the annual bilateral trade volume to USD one billion by 2010.

Table 1: Cambodia imported value/intensity from and (exported value/intensity) to China
USD million

Cambodia	China
2000	164/1.42 (59/1.19)
2007	883/1.80 (51/0.21)

Source: Compiled from Yasushi Ueki (2009), pp.141 and 151²⁴

²³ Available at http://www.atimes.com/atimes/Southeast_Asia/HJ06Ae01.html, last access on July 22, 2009

²⁴ Yasushi Ueki (2009). Japan's international trade and FDI to the Mekong River Basing Countries: Recent Trends in Comparison with China. In Mitsuhiro Kagami (ed., pp.108-161).

Chinese investment in Cambodia mainly concentrates on textile industry and hydropower energy. Almost 90 percent of the textile industries in Cambodia are owned by Chinese investors. Almost all hydropower plants are invested by Chinese companies.

Chinese companies built hydro dams to sell their electricity output to Cambodian public enterprise, Electricite du Cambodge (EDC). Among all these are: Synohydro Corporation-Kamchay Hydro- 193 MW. Chinese owned Michelle Corporation- Russey Chrum Krom Hydro- 338 MW. The China National Heavy Machinery- Stung Tatay Hydro- 246 MW. China Datang Corporation- Stung Ata Hydro- 120 MW. The 2600 MW Sambo Hydro Power Plan in Stung Treng is expected to be constructed by Chinese company.

Table 2: Chinese FDI to Cambodia (USD million)

	Chinese FDI			
	2005	2006	2007	2005-7
ASEAN	158	336	968	1,462
Cambodia	5	10	64	79

Source: Compiled from Yasushi Ueki (2009), p.117²⁵

China has become one of the top donor countries to assist Cambodian development. In the last decade, China has played quite important role in helping the Cambodian government to improve and build the basic physical infrastructure in the country. China's aid to Cambodia including: Concessional loan of 200 million USD as buyer's credit to build two bridges (Mekong Bridge and Tonle Sap Bridge) and two highways (No.76 and No.8) in 2004; RMB 300 million Yuan non-refundable aid for office building of Cambodian government and RMB 100 million Yuan interest-free loans to Cambodia in 2006; China agreed to provide concessional loan of 100 million USD as buyer's credit to build No. 62 highway; concessional loan of 100 million USD as buyer's credit to build No.57 highway; Aid given gratis included office equipment, trucks, transport car, bulldozer, digging machine in 2008.²⁶

Conclusion

The global economic crisis is calling for stronger regional economic integration in the East Asian region through the promotion of regional production base and market. Rising China is an engine of growth for the region. ASEAN is fortunate to live with a promising neighbor like China.

A China-Japan Comparison of Economic Relationships with the Mekong River Basin Countries. Bangkok: Bangkok Research Center, IDE-JETRO.

²⁵ Ibid.

²⁶ **Zhu Zhenming, China's economic aid to CLMV and Its economic cooperation with them.** In Mitsuhiro Kagami (ed., pp.70-107). A China-Japan Comparison of Economic Relationships with the Mekong River Basin Countries. Bangkok: Bangkok Research Center, IDE-JETRO, pp.77-8

ASEAN-China relations have been developed remarkably since the mid 1990s after China became ASEAN dialogue partner in 1996. The implementation of ASEAN-China Free Trade Agreement which starts from 2010 will be a driving force for economic growth in the region especially in the post crisis period.

Cambodia, member of ASEAN, has enjoyed good relations with China in all fields. The changing global economic landscape from the West to the East (East Asia) is beneficial for Cambodia in general and particularly the emerging Chinese economy to be number 2 after US in the near future assists Cambodian growth. Cambodia could become one of the production bases for Chinese investors and China will be the main market for Cambodian farmers and manufactures in labor intensive products which Cambodia has comparative advantages.

Cambodia-US relations

By

Quentin Debetz²⁷

This paper attempts to provide an overview of the contemporary Cambodia-US relations in a comprehensive way. It is safe to say that over the last 60 years of bilateral relations, Cambodia and United States have experienced sweet and sour tastes. The cold war really shaped the bilateral relationship. However, after the cold war ended, US-Cambodia relationship returned. In the last few years, it can be argued that the bilateral relationship reached the highest level ever especially in trust building, military cooperation, and diplomatic relations.

After the USSR collapsed, the ideological confrontation ended and an era of cooperation and prosperity took place in South East Asia, as many experts talk about the “East Asian miracle”. As an example, even if the Kingdom of Cambodia went through political instability, economic crisis and genocide, it surpassed the obstacles and achieved a transition from war to peace, from authoritarian regime to democracy and became an influent actor on a regional level.

Those efforts were possible with the support of the US government through trade partnership, military cooperation and economic aid. More than diplomatic relation, this relationship, from multidimensional perspective, overcame time of trouble and still remains a win-win partnership. Moreover, this status of “Least Developed Country” provides to Cambodia an advantageous position for trade, but also testifies about the condition of the country.

Nowadays, the United States is still the first trading partner of the Kingdom of Cambodia, as the U.S. Generalized System of Preferences (GSP), led USA to become the largest overseas market for Cambodian manufacturing goods.

Thanks to a bilateral agreement with the U.S. government since 1997, Cambodia has developed a highly productive garment industry. Importations quota of Cambodian textiles both promoted trade partnership with the USA and also protection of labor rights of Cambodia workers.

During the last 60 years, the Kingdom enjoyed rapid growth in trade and economic cooperation, which benefited the two peoples. Exports to the US represented 35% of Cambodia’s GDP in 2004 and according to many experts, this trading relation provides more “funds” than any other kind of financial aid, while the USA are also exporting goods to Cambodia (road vehicles, machinery, textile fibers).

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The US is also present in the Kingdom as the third most important investor in the country. Several US groups such as Coca Cola, Caltex, ChevronTexaco are involved in Cambodia, which is also proof of the trusting relationship between our two Nations.

The American influence is real and undeniable in Cambodian society. The country embraced globalization, and Cambodians listen to “Voice of America” and “Radio Free Asia”, in Khmer language. In addition, US Dollars is commonly used in Cambodia. CNN is broadcasted in the country, Coca-Cola products are available everywhere, bars and night clubs are still giving tributes to American singers while Kentucky Fried Chicken Restaurant appeared in 2008 and studying in American universities is an aspiration for many students.

The successes of Cambodian Pop Music Band “Dengue Fever” shows also the importance of cultural ties and the impact of Cambodian culture, as more than 250,000 Cambodian American are living all over the USA. Also, American tourists have been more and more to come in Cambodia (about 7% of total) and increased of 146% between 2006 and 2009. Those examples are symbolizing the mutual cultural interests between the two Nations.

The U.S. Embassy in Cambodia is also promoting education and cultural exchange through an active commitment to the Fulbright Program and the Youth Leadership Program for example, which contribute also to strengthen the historical relation.

Through the US Agency for International Development, Cambodia received 62 million USD of financial aid in 2009. The Agency is also involved in developing healthcare program and combating diseases such as malaria, dengue fever through the distribution of mosquito’s net. This program led also to improve clinical skills as well as community education and managed to increase access to education for marginalized population and people are grateful for the American commitment to bring growth and development among Cambodian society.

Objectives are to develop Cambodia with principles of good governance, democracy, market economy, rule of law, human rights and justice. It has taken us more than three decades to bring those senior perpetrators to justice, but the Extraordinary Chambers in the Court of Cambodia has proven to be a strong example of justice for people, not only for Cambodians but also for the entire international community. This trial is crucial to bring justice to the people of Cambodia and to remind people that persons involved in mass atrocities shall not live in impunity and I would thank the US government for its support through financial aid (US\$ 7 million) and documentation about Khmer Rouge atrocities.

This financial support from the USA also leads to a political and regional stability, a sine qua non condition for growth and investments in the Kingdom. As the United States has crucial interests in Southeast Asia, the Royal Government of Cambodia and the American federal government are both involved in multilateral and bilateral cooperation, which contribute to bring peace and stability in the region. The military dimension remains a key element in the architecture of the US/Cambodia partnership.

Globalization increased international trade, but also led to new challenges. More than just economic opportunities, the world have seen the emergence of international and cross-borders issues, such as terrorism, human trafficking, drug issues, and international organized crime. They represent direct challenges to the attainment of peace, progress and prosperity.

Terrorism still remains one of the most important challenges that Southeast Asian countries are facing in 2010. It took advantage of the new information and communication technologies, facility of financing transfer and also strengthened with social inequalities. On a bigger scale, the terrorist attack against the World Trade Center in September 2001, and also bomb attacks in Bali in 2002 changed notions of security and increased interdependence among nations. Cambodia has been the victim of terrorist attacks. In November 2000, the Kingdom was attacked by a group of terrorists, the so-called Cambodian Freedom Fighters (CFF), which led to the death of several Cambodian citizens. US has supported Cambodia anti-terrorism capacity building and recently sentenced Cambodian American, the leader of the Cambodian Freedom Fighters to jail. Cambodia has been fully cooperating with the US in sharing information, intelligence, controlling financial transactions linked to terrorist network, and in providing U.S. aircraft's access to its airspace to aid in their mission in the region. The Kingdom also welcomed two US Navy ships in 2007, for the first time in 30 years. Cambodia's commitment to combating terrorism has been unequivocally clear and as a result, 3 members of the Jemaah Islamyah, who planned terrorist attack in Phnom Penh, were arrested in Cambodia in 2003.

Those new threats concern every nation and government involved in international security and regional stability. This context is also a new opportunity to contribute to better cooperation for better results. As terrorism cannot be considered only as a domestic threat, this threat must be solved on national, regional and global level. To reach those objectives, Cambodia has been working in cooperation with the Association of Southeast Asian Nations (ASEAN) while joining the "Declaration on Joint Action to Counter-terrorism" in 2001, the ASEAN-USA Joint Declaration for Cooperation to Combat International Terrorism (2002) and also the "Work Program on Counter-terrorism" in 2002, which promotes international protocols enforcement, army and police cooperation, through ASEANPOL and also cooperation through extra-regional partnership with the US for example.

Moreover, on a bilateral basis, the establishment of programs deepened our relation. In 2004, with the assistance of the US, Cambodia destroyed 233 ex-Soviet surface-to-air missiles to prevent them to fall into hands of terrorist organizations in Southeast Asia. Several aims were reached such as the opening of the Peacekeeping Training Center in May 2010, while English courses to RCAF soldiers were provided and 40 officials of Cambodia participated in 2005 in a training session in Pacific region and in the US, financed by the US government. The commitment between the two partners is deep and efficient. Cambodia is also participating in the Regional Defense Counter Terrorism Fellowship (RDCTF), which manage to strengthen struggle against terrorism through formation, education for counterterrorism activities and will have a direct impact on capabilities and capacities.

As mentioned before, Cambodia achieved its transition from war to peace. It was at first the beneficiary of the UNTAC's program (United Nations Transitional Authority in Cambodia), but recently, Royal Cambodian Armed Forces joined operations in Chad, Sudan and Central African Republic and will also provide troops to the peacekeeping mission in Lebanon and it has been possible for the Kingdom to acquire a status of regional actor in order to preserve security and stability.

The participation of Cambodia to military programs, such as the Global Peace Operations Initiative (GPOI), is an opportunity to deepen our cooperation through military exercises with 1,000 soldiers from 23 countries, hosted by Cambodia in Phnom Penh Province. As the GPOI equips 75,000 soldiers around the world and improves peace operations, “Angkor Sentinel” operation, will improve Cambodia’s capacity and efficiency in peacekeeping operations.

Cambodia places its strategic importance on participating in all regional endeavors aimed at establishing and ensuring a national and international environment of security, peace and stability, which constitutes the instrumental foundation for sustainable development and prosperity of the people.

It is important to emphasize that military action is not the only viable option. One should look to other options, such as political, economic, social and cultural dimensions. In other words, we need to understand the root causes of terrorism. This approach is vital in mobilizing world opinions and global efforts against terrorism. The combat against terrorism and regional insecurity is a constant and a long term struggle. It is a struggle for modernity and development against poverty, hope against terror.

Nevertheless, as we have seen few months ago with growing tensions between South and North Korea, Southeast Asia is also facing security challenges and issues. The build-up of new influential power but also the complex relationship between Pakistan and India, both nuclear powers are also a motivation for Cambodia to preserve the regional security and to strengthen relations with partners.

The strategic position of Cambodia in Southeast Asia is attractive for several countries, and especially China, which is willing to extend its sphere of influence in Asia. Cambodia has been benefitting from Chinese programs in order to promote cooperation and partnership in several areas and reached a new peak in terms of military, economic and political aspects. In the past decade, PRC provided a major source of foreign assistance and investment in Cambodia, including US\$ 800 Million between 2005 and 2007 and the trade between Cambodia and China reached US\$ 732 million in 2006. In 2009, China became the largest donor of Cambodia for the government budget, with US\$ 257 million. Hence, we are aware that Cambodia must not only depend and rely on the PRC but also preserve its friendship with its historical partners.

Cambodia wants to involve as many external countries into Southeast Asia affairs as possible, as long as it does not want to see one single dominant state. No country in the region, and especially Cambodia, wants to be in situation of dependence with powerful states.

Cambodia is managing and coping with both American and Chinese cooperation and assistance and in the process create a balance of power in the region and contribute to avoid any domination from any of those both powerful actors, in order to protect Cambodia’s interest and regional development and security.

This is why the Royal Government of Cambodia is still developing strong ties with the US for example, through economic partnership and military cooperation. Noticing the deeper commitment of China in Southeast Asia, the US has shown a renewed interest for this region. The US is aware of their need to maintain its position as an influential superpower in the region and President B. Obama, who called himself the “America’s First Pacific President”, promised

“a new era of engagement” with the region. Political and economic interests of US and China will require a long-term commitment of resources and energy.

As Cambodia and the US share the same views, this cooperation has been strengthened on several levels. Development is the key to peace and prosperity and American government has been a trustful partner in the pursuit of this aim through economic and humanitarian assistance. In the last decade, with the US support, Cambodia made a giant step in term of democracy and economic development.

Finally, the US and Cambodia are both deeply involved in a win-win partnership, which provides economic resources, financial aid and FDI to Cambodia and lead the USA to keep a political, military and cultural influence in the region, which represent efficient tools in case of threats against their interests. Cambodia and US share an extensive range of common interests on a number of key issues such as that of preserving world peace and that of promoting common development. The further development of the bilateral relationships of co-operation and mutual benefit is in conformity with the common and long-term interests of both sides.

Security Challenges in the Asia Pacific Region

By

Chheang Vannarith

Our region is facing both traditional and non-traditional security issues. As far as traditional security is concerned, we are still experiencing various conflicts related to territorial sovereignty (both land and maritime border), military build-up and modernization (in East Asia alone, military expenditure grew 56 per cent between 1999 to 2008), ultra-nationalist movements in some countries can damage good neighborhood, and strategic competition between and among superpowers in the region that can make small developing countries to be more vulnerable to taking sides. Regarding non-traditional security issues, our region is facing environment-related security (such as food scarcity, diseases, environmental refugees, natural disasters), poverty (mainly caused by environmental degradation, unfair distribution of wealth/income, and weak institution), terrorism (mainly caused by poverty and extremist ideology), pandemic diseases (such as SARS, H1N1, HIV/AIDS), international organized crimes, and human and drug trafficking.

Looking at the strategic challenge in the Asia Pacific Region, there are concerns related to the rise of China and the fall of the US. Whether China can change the US-centric security architecture status quo is still work in progress. Whether the new security order in which China can have larger strategic space and maintain peace and stability is still unknown but history shows that China has never invaded other countries in the region except a short border war with Vietnam in 1979. What we really know is that the region is changing so fast in a rather unpredictable manner and the security is getting more complicated and multidimensional.

Some people look to China for economic and strategic interests while others still stick to the US. Since, as a human nature, change is not widely acceptable due to the high level of uncertainty. It is therefore logical to say that most of the regional leaders prefer to see the status quo of security architecture in the Asia Pacific Region in which US is the hub of security provision. But it is impossible to preserve the status quo since China needs to strategically outreach to the wider region in order to get necessary resources especially energy and raw materials to maintain her economic growth in the home country. It is understandable that China needs to have stable high economic growth of about 8 percent GDP growth per year for her own economic and political survival. Widening development gap and employment are the two main issues facing China. Without China, the world will not enjoy peace, stability, and development. China is the locomotive of global and regional economic development and contributes to global and regional peace and stability.

There is natural that China is struggling to break the so-called containment strategy of the US. Whether this tendency can lead to the greater strategic division is still unknown. Nevertheless, many observers agree that whatever changes may take place, a multi-polar world

and multilateralism prevail. The reasons or logics supporting multilateralism are mainly based on the fact that no one country can really address the security issues embedded with international dimension, no one country has the capacity to adapt and adopt to new changes alone, and it needs cooperation and coordination among the nation states and relevant stakeholders including the private sector and civil societies.

Large-scale interstate war or armed conflict is unthinkable in the region due to the high level of interdependency and democratization. It is believed that economic interdependency can reduce conflicts and prevent war. Democracy can lead to more transparency, accountability, and participation that can reduce collective fears and create more confidence and trust among the people in the region. In addition, globalism and regionalism are taking the center stage of national and foreign policy of many governments in the region except North Korea. The combination of those elements is necessary for peace and stability in the region and those elements are present and being upgraded in this region.

Lets' take a step back and reflect on the strategic challenges caused by the rising China and falling US. China and US can be regarded as the two main strategic competitors for regional influence but at the same time both countries also improve their bilateral strategic partnership and cooperation. They believe that only through such partnership the region can stay in peace and development. China and US cannot be separated given the two countries are so much interconnected and interdependent on each others. US is still the main market for Chinese export while China is the main recipient of US' Foreign Direct Investment.

Regional security architecture in the Asia Pacific region has been developed in many layers in which ASEAN is by and large stays at the center. ASEAN are regarded as the successful regional institutions in providing peace, stability, and development to the region. However, we must not ignore the current and potential security threats around the world and especially in the region. What we need to do is to keep strengthening regional and global institutions together with national capacity building to cope with security risks.

Although trust and confidence have been improved and collective fears have been reduced, the state's foreign policy is still strongly dominated by domestic political changes which can lead to conflict if self-regarded nationalism is applied to get domestic political support. It is therefore necessary to have a strong and effective regional system that can bind nation states together and constrain political attitudes of national leaders from damaging regional cooperation and interests.

At the national level, strong and effective institutions with good governance has to be in place to check and balance political leadership from violating national and regional interests. Stronger people participation in national and regional policy is necessary in this regard.

ASEAN Charter paves the way for the people of ASEAN to actively engage in regional integration process through awareness and greater voices. The People of ASEAN have to right to be informed and get involved. The States have the responsibility to facilitate this engagement process especially through the Member of Parliament and relevant ministries and agencies.

Regarding the ASEAN Political Security Community, we are still facing with several challenges such as the lack of effective and responsive mechanism to deal with especially inter-

state conflicts over sovereignty and territorial integrity. To implement the rules based regionalism with democratization is still at very slow pace.

The ASEAN Summit and other related meetings hosted by Vietnam in 2010 have proven to be more action-oriented approach. The summit focused on accelerating the realization of the Roadmap for an ASEAN Community and implementation of the ASEAN Charter; promoting ASEAN connectivity; enhancing cooperation to deal with global challenges affecting the region; strengthening ASEAN's external relations and ASEAN's role; exchanging views on regional and international issues of mutual concern.

Also at the Summit in Vietnam, ASEAN has shown proactive role in pushing regional integration and ASEAN community construction through concrete action plans and efforts. It was said that the Summit has proven ASEAN role with certain political willingness and cautionary steps in extended and open regionalism in the Asia Pacific region. ASEAN continues to play a relevant role as the driving force in shaping regional architecture in the Asia Pacific region.

Dispute Settlement Mechanism for ASEAN Charter is one of the most important documents for ASEAN to deepen its security cooperation and conflict resolution. The signing of the Protocol to the ASEAN Charter on Dispute Settlement Mechanisms signifies the determination of ASEAN in transforming ASEAN into a rules-based organization. In addition several other important documents were produced including ASEAN declaration on sustainable recovery and development and the declaration on responses to climate change.

ASEAN has shown its political commitment to reduce the development gap between the rich and poor countries in the region especially to assist Cambodia, Laos, and Myanmar in poverty reduction and sustainable macroeconomic performance. The limitation for this is the lack of necessary resources especially financial and technical resources to help poorer ASEAN member countries. It is strongly recommended that ASEAN Development Foundation should be created for this Endeavour.

Stronger cooperation between the executives and legislatives in ASEAN member countries are encouraged. AIPA can play a significant role in realizing ASEAN Community. It is within the vision of people oriented ASEAN when the members of parliament of ASEAN actively engage in ASEAN community-building process. The Member of Parliament is the bridge between ASEAN at the regional and national levels to grassroots level.

In this region, we have two important regional mechanisms to deal specifically with regional security issues namely: ASEAN Regional Forum (ARF) and ASEAN Defense Ministers Meeting (ADMM) Plus.

ASEAN Regional Forum (ARF)

ARF was established in 1994. Now it has 28 member states (Australia, Bangladesh, Brunei Darussalam, Cambodia, Canada, China, European Union, India, Indonesia, Japan, Democratic Peoples' Republic of Korea, Republic of Korea, Laos, Malaysia, Myanmar, Mongolia, New Zealand, Pakistan, Papua New Guinea, Philippines, Russian Federation, Singapore, Sri Lanka, Thailand, Timor Leste, United States, Vietnam).

The objectives of the ASEAN Regional Forum are outlined in the First ARF Chairman's Statement (1994), namely: To foster constructive dialogue and consultation on political and security issues of common interest and concern; and To make significant contributions to efforts towards confidence-building and preventive diplomacy in the Asia-Pacific region.

The 27th ASEAN Ministerial Meeting (1994) stated that "The ARF could become an effective consultative Asia-Pacific Forum for promoting open dialogue on political and security cooperation in the region. In this context, ASEAN should work with its ARF partners to bring about a more predictable and constructive pattern of relations in the Asia Pacific." At the tenth year of the ASEAN Regional Forum, the ARF Ministers met in Phnom Penh on 18 June 2003 and declared that "despite the great diversity of its membership, the forum had attained a record of achievements that have contributed to the maintenance of peace, security and cooperation in the region."

Although ARF creates a regional platform for security dialogue, it has been criticized to be just a mere "talk shop" which implies that ARF is not effective when it comes to solve security issues and conflict. The Council for Security Cooperation in the Asia Pacific (CSCAP) observes that the ARF is an under-achiever. It has not achieved its mandated evolution established at the outset in 1994. While ARF has been able to undertake many confidence building measures (phase one of its mandate), it has been reluctant or unable to move to preventive diplomacy (phase two) and conflict resolution (phase three). Unless the ARF is able to move forward, its relevance will be questioned, thereby opening the way for other options and bodies to be considered for this role.

CSCAP further notices that the ARF risks irrelevance if it did not address the security challenges confronting the region because of the inability and reluctance of its members to move towards meaningful preventive diplomacy. The challenge for the ARF is that if it is unable to reenergize and rebuild itself because of the continuing grip of sovereignty-protectionist logic in traditional security concerns, then it can shift its focus from overarching regional security architectures to focus on more "as-needed" ad hoc multilateralism on specific issues. The ARF could consider making itself relevant by shifting to focus on functional cooperation on a range of essentially non-traditional security issues from climate and environmental change to natural disasters and food security among other issues.

ASEAN Defense Ministers Meeting (ADMM) and ADMM Plus

In order to meet dynamic security challenges, the Defense Ministers of ASEAN gathered first time in Kuala Lumpur in 2006 to create an independent track to report directly to ASEAN heads of state/government. It is the belief among ASEAN Defense Ministers that only through constructive, open, and practical cooperation among the security sector, the region can stay at peace and deal with emerging security issues effectively. Security here refers to both traditional and non-traditional security.

As an "open, flexible, and outward looking" regionalism, ADMM Concept Paper calls for the establishment of ADMM Plus to engage with dialogue partners in the region. The objectives of ADMM Plus are:

- To benefit ASEAN member countries in building capacity to address shared security challenges, while cognizant of the differing capacities of various ASEAN countries.
- To promote mutual trust and confidence between defense establishments through greater dialogue and transparency.
- To enhance regional peace and stability through cooperation in defense and security, in view of the transnational security challenges the region faces.
- To contribute to the realization of an ASEAN Security Community which, as stipulated in the Bali Concord II, embodies ASEAN's aspiration to achieve peace, stability, democracy and prosperity in the region where ASEAN member countries live at peace with one another and with the world at large.
- To facilitate the implementation of the Vientiane Action Programme, which calls for ASEAN to build a peaceful, secure and prosperous ASEAN, and to adopt greater outward-looking external relation strategies with our friends and Dialogue Partners.

ADMM Plus raises some concern relating to the duplication work with the ASEAN Regional Forum or even can make ARF less relevant in terms of security dialogue mechanism.

In addition to these two permanent security dialogue mechanisms, we have ad hoc special security working groups or committee to deal with specific issues such as Six Party Talk. Such ad hoc security dialogue and negotiation can play an important complementary role to the overall regional mechanism. It is more effective and expeditious when it comes to reach consensus and conclusion due to the smaller number of concerned countries. However, the ad hoc security mechanism will never can replace the existing permanent one.

Looking at the current regional security flashpoints, it suggests several practical recommendations as follow:

Korean Peninsular

- Security confidence between the two Koreans needs to be restored through different means including unofficial communication channel especially environmental and economic cooperation in the Demilitarized Zone.
- Justice for the victims of Cheonan is required and appropriate actions have to be taken.
- Six Party Talk needs to be resumed.
- ARF and ADMM Plus should create a special working group to discuss on the issue.

Cambodia-Thailand

- ASEAN needs to create special working group to deal with the political crisis in Thailand and ASEAN Troika is an option.
- Domestic politics in Thailand needs to be resolved first before having any fruitful bilateral or multilateral negotiation on Cambodia-Thailand border conflict.
- People relationship and economic interactions between the two countries need to be preserved and even strengthened in order to create a peaceful environment.
- Thailand should resume high level diplomatic mission to Cambodia so that diplomatic communication and friendship can be improved.

South China Sea

- The concerned states need to adhere to the Declaration on the Conduct of Parties to The South China Sea done in Phnom Penh 2002.
- The guidelines on the implementation of the DOC needs to be concluded expeditiously in order to have a more binding regional code of conduct in South China Sea.
- Joint development with fair share of profits among the concerned states should be pursued.
- Bilateral dialogue and trust building between China and concerned state need to be further nourished. A network of bilateralism should work best in managing the conflict from going out of track.

As we are living in an unstable and uncertain world, we have to build our capacity to adapt to changes and deal with new challenges. As conflict is mainly caused by the lack of confidence and trust, collective fears, poverty, extremism, and weak institutions, we have to cope with these causes in a holistic and integrated way in which it includes multi-track diplomacy, education, and international partnership for sustainable development and good governance.

Traditional and non-traditional security issues are increasingly posing threats and damages to us at different level and in a multidimensional way. We (nation state and people) need to join hands and heads together to address those security issues in a timely and effective manner.

We need to strengthen global and regional institutions, and state capacity to cope with the issues. To do that, we need to calculate our national interest as a function of regional and global interest. We need to prevent self-regarding nationalism and accommodate each others' interests. To realize this, regional citizenship and leadership is needed.

A multi-polar world with international cooperation and interdependency will definitely bring peace, stability, and prosperity to human kind. Global-Regional-National Partnership is the cornerstone of peace and stability while its principle and method lies on trust, confidence, openness, transparency, and accountability.

The Politics of R2P: Southeast Asian Perspectives

By

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Abstract

The ‘Responsibility to Protect’ has emerged as a worthy contender on the battlefield of international security discourse. Developed precisely to overcome the understandable caution of developing nations towards norms that might compromise their sovereignty, its proponents argue, this norm supersedes other contentious concepts such as humanitarian intervention. Stressing the role of regional level institutions in giving flesh to the R2P concept, this article assesses the prospects for integrating the R2P agenda in the Southeast Asian context through ASEAN and particularly through the evolving ASEAN Political Security Community (APSC). Situating such prospects in the evolving negotiating space between what the article identifies as contrasting tendencies within ASEAN, particularly the non-interference norm and an emerging discourse centred on a norms-based community, political development and democratisation, it seeks to demarcate the boundaries of the APSC as a platform for the R2P agenda.

1. Introduction

Little known outside of political and academic circles, ‘the responsibility to protect’ (commonly abbreviated as R2P or RtoP) is a new international security norm centred on the idea that sovereignty is not a privilege of the state, but a responsibility. Designed to forge consensus around questions of intervention, the R2P has become the basis for collective action against the four crimes of genocide, war crimes, ethnic cleansing and crimes against humanity. As in the first instance an attempt to create an international moral consensus, this paper argues that perceptions and efforts at the regional level will be crucial for the success and practical application of the R2P concept, as existing regional arrangements are excellently placed to engage with the R2P enterprise. Quite apart from debates about the R2P agenda per se²⁸, or the full implications of operationalising it on the ground²⁹, this article asks the questions of if and

²⁸ See, for example, Bellamy, Alex J. *Responsibility to Protect: The Global Effort to End Mass Atrocities*. Cambridge/Malden: Polity Press, 2009; Evans, Gareth. *The Responsibility to Protect: Ending Mass Atrocity Crimes Once and For All*. Washington: The Brookings Institution, 2009; Cooper, Richard H., and Voinov Kohler, Juliette. *Responsibility to Protect: the global moral compact for the 21st century*. Palgrave Macmillan, 2009; Hehir, Aidan. “The Responsibility to Protect: Sound and Fury Signifying Nothing?”. *International Relations*, June 2010, Vol 24, No 2, pp 218-239; Focarelli, Carlo: “The Responsibility to Protect Doctrine and Humanitarian Intervention: Too Many Ambiguities for a Working Doctrine”. *Journal of Conflict and Security Law*, 2008, Vol 13, No 2, pp 191-213

²⁹ See Barbour, Brian, and Gorlick, Brian. “Embracing the Responsibility to Protect: A Repertoire of Measures Including Asylum for Potential Victims”. *International Journal of Refugee Law*, 2008, Vol 20, No 4, pp 533-566; Nasu, Hitoshi, “Operationalising the ‘Responsibility to Protect’ and Conflict Prevention: Dilemmas of Civilian Protection in Armed Conflict”. *Journal of Conflict and Security Law*, 2009, Vol 14 (2), pp 209-241

how R2P could plausibly be integrated into the evolving ASEAN framework. ASEAN's non-interference norm has of course been coquettishly guarded since the organisation's inception. On the other hand, whilst ASEAN has not resolved any bilateral conflict, it can pride itself with a successful record of bilateral conflict management based on a comprehensive concept of security very much in line with the R2P agenda. At present, ASEAN is changing face as it is preparing to step into a new phase with the establishment of an ASEAN Community projected for 2015. The present negotiation between the non-interference norm and the emerging realisation of a community of norms will set the boundaries for the reception of the R2P project.

This article assesses the challenges and prospects for integrating the R2P agenda into the ASEAN framework, particularly the evolving ASEAN Political Security Community (APSC), proceeding as follows. First, I provide an outline of the evolution of the R2P concept within the United Nations framework. Thereafter, I situate the applicability of the R2P at the regional level. The final section analyses the prospects for integrating R2P within ASEAN, first by briefly rereading ASEAN's legal foundations, and then tracing out existing tensions in the development of the ASEAN Political Security Community (APSC), by examining how these play out both in the guiding blueprint and the debates surrounding it.

2. Genealogy of the R2P within United Nations discourse

Kofi Annan and the 2001 ICISS Report

The R2P can be understood as the most recent attempt to grapple with one of the most central questions coming out of the previous century, namely that of defining a legitimate way of preventing mass atrocities. In the post-Holocaust wake, the 1948 UN Convention on the Prevention and Punishment of the Crime of Genocide provided an early institutional response. As the nature of armed conflict changed in the late 20th century, the focus shifted to the protection of civilian victims of domestic conflicts. Alarmed by the genocides in Cambodia and Rwanda, where the international community failed to intervene, and former Yugoslavia, where some states took action without its explicit approval, the international community shifted its attention to questions of legitimate intervention on behalf of victimised populations. The resulting concept of 'humanitarian intervention' sparked one of the most heated debates the discipline of IR witnessed since the 1990s, with reverberations far outside academic circles.³⁰ This was to a large extent centred around then Secretary General of the UN Kofi Annan, who in a series of speeches in 1998-99 spoke favourably of 'intervention'. Reminding the General Assembly of the UN Charter's provision that armed force is only to be used in the common interest, Kofi Annan threw out the questions: "But what is that common interest? Who shall define it? Who will defend it? Under whose authority? And with what means of intervention?"³¹ In Annan's analysis, these issues crystallised into a two-sided debate, between a conception of sovereignty as the rule of law based on the rights of states and an opposing conception whereby the rule of law is based on the rights of individuals.

³⁰ For its academic elaborations, see among others: Holzgrefe, J.L. & Keohane, R.O (eds). *Humanitarian Intervention: Ethical, Legal and Political Dilemmas*. Cambridge: Cambridge University Press, 2003; Jokic, A (ed). *Humanitarian Intervention: moral and philosophical issues*. New York: Broadway Press Ltd., 2003; Weiss, T. G. *Humanitarian Intervention: Ideas in action*, Cambridge / Walden: Polity Press, 2007

³¹ Annan, Kofi A. "Two Concepts of Sovereignty". Address to the 54th session of the U.N. General Assembly, September 20, 1999. See also Tharoor, Shashi & Daws, Sam (2001)

The following year, Annan in his report to the 2000 General Assembly asked the member states to develop a consensus on the question of legitimate intervention. The Canadian government then set up The International Commission on Intervention and State Sovereignty in September 2000 as a direct response. Its report, released in December 2001, was the first to make use of the term Responsibility to Protect. This concept emanated from then Representative of the United Nations Secretary-General on Internally Displaced Persons Francis M. Deng's idea of 'sovereignty as responsibility'. Branding the 'Emerging principle: The Responsibility to Protect', the report stated that: "The debate about intervention for human protection purposes should focus not on 'the right to intervene' but on 'the responsibility to protect'" (para. 2.29) and that "The responsibility to protect implies an evaluation of the issues from the point of view of those seeking or needing support, rather than those who may be considering intervention" (para. 2.29).³² Asserting that 'prevention is the single most important dimension of the responsibility to protect' (synopsis p. xi), the report outlined that the international community has the *responsibility to prevent* mass atrocities by addressing root causes as well as direct causes through economic (e.g. development assistance, better terms of trade), political (e.g. democratic institution-building), and legal measures (strengthening the rule of law) (para 3.36-3.42), the *responsibility to react* to current crises by coercive measures short of military action whenever possible, and military intervention as a last resort provided that a range of precautionary conditions are satisfied (para 4.3-4.39), and the *responsibility to rebuild* by bringing security, justice, reconciliation and development to the victim population (para 5.8-5.25).

The UN 2005 World Summit

The ICISS report, although providing an elaborate foundation for the R2P concept, failed to mobilise much support for its conclusions. 9/11 and the ensuing 'War on Terror' uncompromisingly shifted the public debate to questions of international terrorism. Meanwhile, the R2P debate remained confined to the UN corridors, where more quietly a series of important developments took place.³³ In 2005, Kofi Annan's 'In Larger Freedom: Towards Development, Security and Human Rights for All', synthesised his collected experience and 'own conscience and convictions' as UN Secretary General to propose a range of reforms and agenda for the September 2005 UN World Summit.³⁴ Annan pled the necessity of 'moving towards embracing acting on the 'responsibility to protect' potential or actual victims of mass atrocities'.³⁵ This appeal was acted on at the World Summit, where the support of the governments of many developing nations ensured its inclusion in the 2005 World Summit Outcome Document:³⁶

(are these numbers quoted from the actual report, can they be transferred to the footnotes?) 138. Each individual State has the responsibility to protect its populations from genocide, war crimes, ethnic cleansing and crimes against humanity. This responsibility entails the prevention of such crimes, including their incitement, through appropriate and necessary means. We accept that responsibility and

³² The Report of the International Commission on Intervention and State Sovereignty (ICISS). "The Responsibility To Protect" (2005)

³³ These included the 2004 report of the High-level Panel on Threats, Challenges and Change, "A More Secure World: our shared responsibility", which endorsed the protection of populations by the international community, and Kofi Annan's 2005 "In Larger Freedom: Towards Development, Security and Human Rights for All".

³⁴ Annan (2005): Paragraph I. 4

³⁵ Ibid: Paragraph IV. 132

³⁶ Outcome Document of the High-Level Plenary Meeting of the General Assembly, September 2005

will act in accordance with it. The international community should, as appropriate, encourage and help States exercise this responsibility and support the United Nations in establishing an early warning capability.

139. The international community, through the United Nations, also has the responsibility to use appropriate diplomatic, humanitarian and other peaceful means, in accordance with Chapters VI and VIII of the Charter, to help protect populations from genocide, war crimes, ethnic cleansing and crimes against humanity. In this context, we are prepared to take collective action, in a timely and decisive manner, through the Security Council, in accordance with the Charter, including Chapter VII, on a case-by-case basis and in cooperation with relevant regional organizations as appropriate, should peaceful means be inadequate and national authorities manifestly fail to protect their populations from genocide, war crimes, ethnic cleansing and crimes against humanity. We stress the need for the General Assembly to continue consideration of the responsibility to protect populations from genocide, war crimes, ethnic cleansing and crimes against humanity and its implications, bearing in mind the principles of the Charter and international law. We also intend to commit ourselves, as necessary and appropriate, to helping States build capacity to protect their populations from genocide, war crimes, ethnic cleansing and crimes against humanity and to assisting those which are under stress before crises and conflicts break out.

140. We fully support the mission of the Special Adviser of the Secretary-General on the Prevention of Genocide.

Ban Ki-moon: The three-pillar approach

UN Secretary General Ban Ki-moon has proven himself to be a firm proponent of the R2P approach, who has advanced and refined the concept with the objective of making it more readily operationalisable. During his leadership, the position of Special Adviser on the Responsibility to Protect was instituted, although the title has later been revised.³⁷ Perhaps his greatest contribution towards the conceptual development is a three-pillar strategy for advancing R2P the agenda, outlined in his 2009 report ‘Implementing the Responsibility to Protect’:

Pillar One: *The Protection Responsibilities of the State* - ‘the enduring responsibility of the State to protect its populations, whether nationals or not, from genocide, war crimes, ethnic cleansing and crimes against humanity, and from their incitement’³⁸

Pillar Two: *International Assistance and capacity-building* – ‘the commitment of the international community to assist States in meeting those obligations. It seeks to draw on the cooperation of Member States, regional and subregional arrangements, civil society and the private sector, as well as on the institutional strengths and comparative advantages of the United Nations system’³⁹

Pillar Three: *Timely and decisive response* - the responsibility of Member States to respond collectively in a timely and decisive manner when a State is manifestly failing to provide such protection. (...)A reasoned, calibrated and timely response could involve any of the broad range of tools available to the United Nations and its partners. These would include pacific measures under Chapter VI of the Charter, coercive ones under Chapter VII and/or collaboration with regional and subregional arrangements under Chapter VIII’⁴⁰

³⁷ This position was filled by Edward Luck. In 2008, Edward Luck’s title was revised to Special Adviser at the Assistant Secretary-General level, where his primary role is set as conceptual development and consensus building of the responsibility to protect concept. See SG/A/1120 BIO/3963, Department of Public Information, United Nations, 21 February 2008. In 2007, Francis Deng was appointed the United Nations Special Adviser on the Prevention of Genocide.

³⁸ Ban Ki-moon (2009): Section II

³⁹ Ibid: Section III

⁴⁰ Ibid: Section IV

The resolve of member states to turn the R2P into a real concept has further been manifested by the July 2009 General Assembly debate on R2P, in which member states showed strong support. On 14 September 2009, a first UN resolution on the Responsibility to Protect was adopted, introduced by the Guatemalan delegation and co-sponsored by 67 member states.⁴¹

3. R2P and the regional level

Alongside the levels of the UN and of the state, the regional level is arguably crucial to the R2P enterprise. Where regional bodies and institutions have the capability and mandate to take action, existing regional arrangements are often in an advantageous position to address emerging issues to pre-empt conflict in the own region. Both the second and the third pillar in Ban Ki-moon's three-pillar approach accord responsibility to regional arrangements. International assistance and capacity-building is in many instances to a great extent catered for by regional arrangements. The third pillar provides for collaboration with regional arrangements in the event of a collective response.

The R2P has been fully embraced by the African Union (AU), which enshrined all its core principles in its founding Charter in 2000.⁴² Responding to the proposed reforms of the UN in preparation for the 2005 World Summit, the AU adopted a 'Common African Position', known as the 'Ezulwini Consensus'.⁴³ This recognised the authority of the Security Council to decide on the use of force. Moreover, it insisted on the responsibility of regional bodies: "*Since the General Assembly and the Security Council are often far from the scenes of conflicts and may not be in a position to undertake effectively a proper appreciation of the nature and development of conflict situations, it is imperative that Regional Organisations, in areas of proximity to conflicts, are empowered to take actions in this regard. The African Union agrees with the Panel that the intervention of Regional Organisations should be with the approval of the Security Council; although in certain situations, such approval could be granted "after the fact" in circumstances requiring urgent action. (...)*"⁴⁴ The African Union represents the example of a regional organisation which supports the R2P concept in its entirety, and demonstrates the implications this has on international security policy.

4. R2P and ASEAN – an impossible wedding? Challenges and prospects for integrating the R2P norm

4.1. ASEAN's legal foundations – evolving tensions

In the case of ASEAN, there has been no similar commitment; and indeed, to many observers, the non-interference principle represents the single most important component of the organisation's identity. It is therefore important to note that since the very inception of the organisation, the notion of non-interference coexists alongside statements of adherence to principles of the UN and international law, and a comprehensive notion of preventive security

⁴¹ UN Resolution A / RES / 63 / 308

⁴² Constitutive Act of the African Union, Lomé, 11 July 2000

⁴³ The Common African Position on the Proposed Reform of the United Nations: The Ezulwini Consensus, Executive Council, 7th Extraordinary Session, 7-8 March 2005, Addis Ababa, Ext/EX.CL/2 (VII)

⁴⁴ Ibid B.i

that requires economic and socio-cultural consensus-building. Thus, looking at ASEAN's legal foundations, we find how the 1976 ASEAN Declaration of Concord affirms the commitment to the United Nation's Charter (preamble), alongside: 'Member states shall vigorously develop an awareness of regional identity and exert all efforts to create a strong ASEAN community, respected by all and respecting all nations on the basis of mutually advantageous relationships, and in accordance with the principles of self-determination, sovereign equality and non-interference in the internal affairs of nations.'⁴⁵

That the long-awaited ASEAN Charter (2007) brought few surprises to the basic setup of ASEAN, partly masked the tension that had emerged between the renewed commitments to non-interference and to international law. In spite of discussions that proposed the removal of the non-interference policy, the list of ASEAN's principles (Chapter 1, article 2) includes several principles reaffirming support to it in its most orthodox and conventionally understood form:

- (a) respect for the independence, sovereignty, equality, territorial integrity and national identity of all ASEAN Member States;
- (e) non-interference in the internal affairs of ASEAN Member States;
- (f) respect for the right of every Member State to lead its national existence free from external interference, subversion and coercion;
- (k) abstention from participation in any policy or activity, including the use of its territory, pursued by any ASEAN Member State or non-ASEAN State or any non-State actor, which threatens the sovereignty, territorial integrity or political and economic stability of ASEAN Member States;⁴⁶

Interspersed with these, another range of principles pleads for other sets of considerations, including international law and the shared responsibility for regional peace, security and prosperity.

- (b) shared commitment and collective responsibility in enhancing regional peace, security and prosperity;
- (c) renunciation of aggression and of the threat or use of force or other actions in any manner *inconsistent with international law* (emphasis added);
- (g) enhanced consultations on matters seriously affecting the common interest of ASEAN;
- (j) upholding the United Nations Charter and international law, including international humanitarian law, subscribed to by ASEAN Member States;⁴⁷

The set of principles circumvents questions of the internal balance and order of priority between principles that stand in tension, if not direct contradiction, with each other. It does not address the tension that has developed between the non-interference norm and evolving international law, in its denial of the legitimacy of resort to military intervention as a last resort. Secondly, it is left an open question how these issues relate to the development of an ASEAN security community that the Charter prepares for. Arguably, aspects of ASEAN's security concept has long been ahead of that of the international community, in part coinciding with the agenda that is now being forwarded by the R2P proponents which advocates a more inclusive redefinition of security. ASEAN from its inception set out to advance consensus-building as its strategy to becoming a stable and effective security institution. In doing so, ASEAN has pursued a broader definition of comprehensive security when compared to its Western counterparts, including not only military-political but also economic, social and cultural aspects. This is epitomised by the ASEAN Community-building under Vision 2015, and its three pillars. The

⁴⁵ *Traité d'Amitié et de Coopération (TAC)*, Article 8

⁴⁶ ASEAN Charter, Chapter 1, Article 2

⁴⁷ *Ibid*

vital role of Community-building for regional security, at the side of conventional defence, is part and parcel of the R2P agenda.

4.2 The ASEAN Political Security Community (APSC)

Not only conceptually in line with the R2P agenda, but also the perhaps most promising institutional framework for adapting and developing it to the regional setting is the ASEAN Political Security Community (APSC). Inevitably, the APSC also provides the arena where the evolving tensions and contradictions in the ASEAN project will be played out. The ASEAN Political and Security Community (APSC), then known as the ASEAN Security Community, was established under the Bali Concord II (October 2003), alongside the ASEAN Economic Community (AEC) and the ASEAN Social and Cultural Community (ASCC), as three pillars of the ASEAN Community. These were created as a measure of concretising the ASEAN Vision 2020 (now Vision 2015), which includes a range of issues pertaining to human development and security in order to promote peace, stability, democracy and prosperity through political, social and economic interdependence. Work to realize the APSC is well underway, and at the time of writing there have been four Political Security Community Council meetings to this end.⁴⁸

The process of defining the nature and negotiating the boundaries of the APSC has provided a platform displaying significant differences between ASEAN member countries in terms of commitment and vision. The original proposal to create a security community came from Indonesia, a country that at the time of the Bali Concord II was undergoing what has been interpreted as a democratic transition. Indonesia included four measures in its definition of proposed 'political development' for the region: i) to promote people's participation, ii) to implement good governance, iii) to strengthen legal institutions and iv) to promote human rights through the ASEAN CHR. These measures reflected a discourse of democratisation, and as such met resistance with other member-states which perceived of a conflict between the principle of non-interference and an agenda to promote democratisation in individual states.⁴⁹ Hence, the ASEAN Concord II Declaration made no reference to 'political development' but only listed norm-setting, conflict-prevention, conflict resolution and post-conflict peace-building as four necessary measures to create the ASC. These four, in theory, still cover a large part of the commitments pertaining to the R2P agenda. After Indonesian pressure, aided by the support of the Philippines, 'political development' was finally included in the 2004 ASEAN Security Community Plan of Action (ASCPA), making democracy an objective of ASEAN, albeit implicitly.⁵⁰ As noted by Sukma, it is quite significant to draw to mind that the agenda of political development and a collective regional enterprise of promoting democracy for member states was adopted through this process of political bargaining and under pressure of a founding member of ASEAN, rather than any sense of real concord.⁵¹ Consequently, there are still significant question marks regarding the political will to further this agenda amongst other member states, and to create concrete measures to this end.

⁴⁸ For latest progress at the time of writing, refer to '4th Meeting of the ASEAN Political and Security Community Council (APSC) and Meeting of the Commission for the Southeast Asia Nuclear Weapons Free Zone', ASEAN 2010, MoFA of Vietnam, 19 July 2010.

⁴⁹ Sukma (2009): 6

⁵⁰ Ibid

⁵¹ Ibid: 7

The perceived conflict between the non-interference principle and democracy building is relevant to a discussion of the non-interference principle and R2P, not only in that the discussions mirror each other. As part of the same liberal agenda, ‘democracy’ can easily be translated into the R2P framework and particularly the first of its three pillars; both are at present norms rather than clearly defined and enforceable packages; and both debates fundamentally concern the boundaries of legitimate regional interference. Therefore, our assessment of the prospects of integrating the R2P agenda needs to take stock of how the former debate is practically being played out. Presently, the non-interference principle constrains the democracy agenda so that democracy building can only be promoted within a state if the initiative has arisen from within that particular state. Peer pressure is at present not an option, in spite of democracy being a collective regional objective.⁵² This reflects the boundaries of the present compromise in this paradoxical situation.

Let us turn to consider the codification of such ambiguities in the most recent document created towards the creation of the APSC, the APSC Blueprint which provides the roadmap for establishing the APSC, adopted in Thailand 1 March 2009:⁵³

(II.7) The APSC shall promote *political development* in adherence to the principles of *democracy*, the *rule of law and good governance*, respect for and promotion and protection of *human rights* and fundamental freedoms as inscribed in the ASEAN Charter. It shall be a means by which ASEAN Member States can pursue closer interaction and cooperation to forge shared norms and create common mechanisms to achieve ASEAN’s goals and objectives in the political and security fields. In this regard, it promotes a *people-oriented ASEAN* (...) (emphasis added)

(II.9) The APSC subscribes to a comprehensive approach to security, which acknowledges the interwoven relationships of political, economic, social-cultural and environmental dimensions of development. It promotes renunciation of aggression and of the threat or use of force or other actions in any manner inconsistent with international law and reliance of peaceful settlements of dispute. In this regard, it upholds existing ASEAN political instruments such as the Declaration on Zone of Peace, Freedom and Neutrality (ZOPFAN), the Treaty of Amity and Co-operation in South East Asia (TAC) and the Treaty on the Southeast Asian Nuclear Weapon-Free Zone (SEANWFZ), which play a pivotal role in the area of confidence building measures, preventive diplomacy and pacific approaches to conflict resolution. It also seeks to address non-traditional security issues.

(II.10) Based on the above, the ASEAN Political-Security Community envisages the following three key characteristics:

- a) A Rules-based Community of shared values and norms;
- b) A Cohesive, Peaceful, Stable and Resilient Region with shared responsibility for comprehensive security; and
- c) A Dynamic and Outward-looking Region in an increasingly integrated and interdependent world.

Several provisions stand out as particularly instrumental in terms of preparing the way for the R2P agenda.⁵⁴ Thus, we have a) the reaffirmed commitment to ‘political development’

⁵² Ibid p 8-9. Thus, although both ASEAN Concord II and the 2005 Kuala Lumpur Declaration stated that ‘ASEAN Member countries shall not condone unconstitutional and undemocratic change of government’, the 2006 military coup in Thailand met no reaction by ASEAN.

⁵³ ASEAN Political-Security Community Blueprint, Jakarta: ASEAN Secretariat, June 2009. The APSC Blueprint is guided by the ASEAN Charter, the 2004 ASEA Security Community Plan of Action (ASCPA), and the Vientiane Action Programme (VAP).

⁵⁴ Our reading of the blueprint should be tempered by further considerations than those already discussed regarding political will to implement the agenda. In one interpretation of how ASEAN’s institutional development and its concern for international legitimacy converge, it has been argued that ASEAN’s institutional development stems

comprising democracy and human rights, first mentioned in the 2004 ASCPA, b) the mention of a people-oriented ASEAN, c) the emphasis on a comprehensive approach to security which includes political, economic, socio-cultural and environmental aspects, d) the fundamental vision of ASEAN as a community of shared norms and values. Firstly, the creation of common norms, founded on an idea of political development that comprises democracy and the respect of human rights, is conducive to preventing domestic crimes and thus adds towards the protection responsibilities by the state. Secondly, these provisions express the legitimacy of normative intervention, contributing both towards international assistance and capacity-building, and scenarios that require a timely and decisive response. In addition, it raises dormant questions of the mechanisms of upholding such a normative consensus. The creation of values is to be based on ASEAN's principle of human security, and aimed at strengthening ties between member countries and the international community. This is significant in that the human security concept is centred on the idea that security should be people-centred, taking into account the range of forms of insecurity people face, including civil-political, socio-cultural, physical and economic.⁵⁵ On the conceptual level, human security thus relates closely to the people-centred R2P agenda, suggesting that the concept of R2P could be integrated into discussions around human security.

However, a number of limitations and hesitations in the blueprint restrain the scope of implementation. First of all, the development of a community of shared norms is to take place *'with due regard to the rights and responsibilities of the Member States of ASEAN, so as to ultimately create a Rules-based Community of shared values and norms. In the shaping and sharing of norms, ASEAN aims to achieve a standard of common adherence to norms of good conduct among member states of the ASEAN Community'* (A.12; emphasis added). Much emphasis is given the promotion of *'understanding and appreciation of political systems, culture and history of ASEAN Member States'* (A.1.1), implying the justification of political systems that do not easily lend themselves to the democratic label. Moreover, the section on the promotion of principles of democracy (A.1.8) in the region remains toothless. If the creation of a value community is in the R2P context a promising albeit circumscribed undertaking, then the implications of the practical measures set out towards conflict prevention are not as clear-cut. In line with the second pillar and conducive to the prevention of abuse of domestic populations, the blueprint does provide a range of practical measures conducive to mutual capacity-building, including the mutual development of strategies for strengthening the legal infrastructure (A.1.3). The blueprint dedicates much attention to bilateral conflict prevention and conflict resolution at an early stage through Confidence Building Measures and Preventive Diplomacy. Measures suggested include the exchange of observers of military exercises, defence officials and exchange visits between military training institutions (B.1.2); the development of an ASEAN early warning system to prevent occurrence/escalation of conflicts; preparatory work for the development of practical cooperation programmes among the militaries of ASEAN Member States (B.1.5), and, creating a space for action that could perhaps in the future be used proactively to protect domestic populations, consultations to strengthen

from a concern for legitimacy more than meeting a functional demand from the member states. (See Jetschke 2009.) In this scenario, the project would run the same risk of a major gap between rhetorical goals and actual implementation. On the other hand, such a desire to conform to what is internationally considered legitimate, might in the longer-term result in the gradual withering of the so-called 'ASEAN way'.

⁵⁵ The concept of 'human security' was introduced by the 1994 UNDP Human Development Report. Flowing from this notion, a secure society needs to provide the people with the twin notions of 'freedom from want' and 'freedom from fear'. Both of these were included in the Millennium Declaration from which the Millennium Declaration goals were derived.

cooperation in addressing separatist threats to the territorial integrity of ASEAN Member States (B.1.5). A section on conflict resolution promotes the pacific settlement of disputes through pointing to the TAC, which ‘seeks to preserve regional peace and harmony and prescribes that Member States refrain from threat or use of force. The TAC gives provision for pacific settlement of disputes at all times through friendly negotiations and for refraining from the threat or use of force to settle disputes. The strategies for conflict resolution shall be an integral part of a comprehensive approach.’ (B.21-22) Moreover, ASEAN may also establish appropriate dispute settlement mechanisms (B.2.22). Such measures for mainly bilateral conflict prevention recall a double-edged sword. They would have the potential to strengthen the R2P agenda, provided that they go hand in hand with the establishment towards a community of norms based on political development. In such a scenario, they would be part of the same move to establish a friendly and mutually supportive concord. In another scenario, if a community of norms fails to materialise due to lack of political will, they could provide the justification of complete oblivion to member states’ interactions with their domestic populations.

4.3 Civil society actors and constituency-building

Of course, regional cooperation at the institutional level does not alone hold the key to the success of the R2P concept. Perceptions and support among the domestic populations and civil society actors constitute an important determinant. The strength of nationalism in many ASEAN countries might prove a powerful obstacle to the R2P agenda, both in terms of government commitment and popular support for political action. It might also bias motivations for and terms of engagement or intervention in another member state.

ASEAN is still a mainly inter-governmental organisation, and it is doubtful if any sense of community has yet emerged at the level of the general populace. This makes constituency-building intrinsically difficult. ASEAN has taken a number of initiatives intended to bridge this gap. The ASEAN Peoples’ Assembly was created to bolster the feeling of an ASEAN Community and bridge the gaps between the ASEAN societies. The ASEAN Civil Society Conference (ACSC), by inviting civil society actors to engage, is meant to make ASEAN more ‘people-centric’. Within the civil society sector, there is a perception that civil society actors need to have a direct influence on the political security community, as a state-centred ASEAN has less incentives to realise the APSC blueprint pledges of a *people-centred* community. During the latest ACSC conference, ASEAN was also challenged by civil society representatives to be more pro-active in preventing regional conflicts and to act consistently with the R2P norm.⁵⁶

As the perhaps most vocal advocate for the R2P agenda in the region, the Asia Pacific Centre for the Responsibility to Protect (APC-R2P), an associate of the Global Centre for the Responsibility to Protect, based at the University of Queensland, plays an important role in the region. Apart from producing research, it also runs an outreach project which aims to build national constituencies and develop a consensus for implementing the R2P. These activities highlight the crucial importance of support for the agenda at the level of general society.

⁵⁶ Initiatives for International Dialogue (2009)

Conclusion

Could the responsibility to protect agenda be integrated into the ASEAN framework, fully or partially, theoretically or practically, and with what levels of enthusiasm? This paper has placed such prospects in the negotiating space between a downplayed tension between different tendencies within ASEAN during recent years; between bids to guard the non-interference norm and evolving developments in line with the responsibility to protect agenda, particularly the commitment to international humanitarian law and UN provisions, and an emerging discourse of a norms-based community, political development and democratisation. It suggests the most promising platform for such a project would be the evolving APSC, as it reflects the attempt to enable closer security cooperation through forging a community of shared norms. If successful, the creation of a community of democratic norms and values could help further the R2P agenda, both by containing abuse against domestic populations per se, and more widely by establishing the legitimacy of normative intervention, which could ultimately pave the way for the R2P agenda in its entirety. Assessing the APSC blueprint, it could be reasonably argued that it contains provisions to support most of the R2P agenda, stopping short only of the last resort of the third pillar – military action. The blueprint itself can be read, ultimately, as yet another arena for contestation and negotiation to be played out.⁵⁷ Its implementation will be determined by the selective interpretation, political will and convictions of political actors, to which we are given clues by studying debates around shared norms of political development in the past. In the final instance, these prospects will be affected by a range of external factors not touched upon within the limited space of this paper. Geopolitical considerations are a case in point, as the political strategies of great powers such as China and India that are taking an active interest in the region might weigh heavier than normative commitments.

In practical and minimal terms, the APSC could be helpful to develop a climate of more exchange of constructive criticism, assistance and advice, as opposed to simple condemnation in the event of dispute. This might be a more constructive avenue for regional engagement in domestic problem-solving, as has been suggested in the case of Thailand and its southern insurgency.⁵⁸ In this regard, exchange within the APSC on member states' different experiences of conflict resolution mechanisms and mutual self-help might prove valuable. Conceivably, this could also help in creating a greater feeling of interconnectedness, and dedication to the creation of a truly united, engaged and mutually concerned ASEAN Community.

⁵⁷There is no enforcement of the APSC blueprint; it is an 'action-oriented document with a view to achieving results and recognises the capacity and capability of ASEAN Member States to undertake the stipulated actions' (II.11). Member States are to integrate the programmes and activities of the Blueprint into their respective national development plans (III.A.28) whereas the APSC Council shall be responsible for the overall implementation of the Blueprint (III.A.31).

⁵⁸ Sunchindah (2005): 113

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