



Southeast Asia: an update

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The political and economic profile of Southeast Asia as a region continues to rise. The UK is scaling up its engagement with the region. This briefing updates aspects of our December 2011 research papers on the region, [Southeast Asia: A political and economic introduction](#) (RP 11/78) and [Military balance in Southeast Asia](#) (RP 11/79). It looks in some depth at significant developments over the past year or so in the UK's relations with the Association of Southeast Asian Nations (ASEAN) and its ten member states. But it is not comprehensive – for example, it does not give extensive attention to developments in the South China Sea territorial dispute since the beginning of 2012. The briefing will not be periodically updated except by specific request.

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1 Country snapshots

Six countries – Indonesia, Malaysia, The Philippines, Singapore, Thailand and Vietnam – featured in our December 2011 research paper [RP11/78](#). Below are brief snapshots of key developments in each of those countries since then, plus links to selected press articles. There is also a final section which very briefly summarizes important developments during 2012 in the other countries of the region.

1.1 Indonesia

- President Yudhoyono stands down after two terms in office in 2014. The competition to replace him will soon start hotting up.
- The *Golkar* party, which is part of the governing coalition but is also the Democratic Party's main rival to lead its successor after the election, has selected Aburazid Bakrie as its candidate. However, he is currently buffeted by the *Bumi* scandal.
- While economic growth rates have remained healthy at around 6%, the government is facing economic challenges in the form of a current account deficit and inflation. Last year, it tried to raise fuel prices but backed down following widespread protests.
- The governing party has also faced allegations of official corruption, with Yudhoyono trying to reassure that the ruling coalition is taking steps to tackle it. In April 2012, the former Treasurer of the Democratic Party was convicted of corruption and sentenced to five years in prison.
- There has been considerable political turbulence in Aceh, where the former separatist group the Free Aceh Movement retained the governorship in 2012 elections but under a new leader. There has been no Aceh-like resolution to the insurgency in Papua and low-level violence/instability continues in parts of the country where communal and religious tensions have long been present and Islamist extremism has a foothold. There were arrests of suspected terrorists in Bali in early 2012.
- Indonesia has sought to play a 'good offices' role over the South China Sea dispute, which is causing growing problems for Association of Southeast Asian Nations (ASEAN) unity.

Selected press articles

["Bumi fiasco casts a cloud over the president's tea party at the palace"](#), *Independent*, 3 November 2012

["Moderate Islam losing ground to extremists in Poso"](#), *Jakarta Post*, 13 Nov. 2012.

["Hoping for peace to return"](#), *Economist*, 14 April 2012

1.2 Malaysia

- Highly charged elections are due by April/May. Commentators are currently arguing that the ruling *Barisan Nasional* coalition, led by Najib Tun Razak, faces a tough challenge from the opposition coalition, *Pakatan Rakyat*, led by Anwar Ibrahim.
- Najib looked in a strong position in early 2012; but since a large-scale demonstration for electoral reform (Bersih 3.0) took place in Kuala Lumpur in April 2012, in which there were clashes between police and protestors, his momentum has slowed. As a result, he is leaving the elections until virtually the last minute.
- How the Malay middle class votes will be crucial, with growing numbers disillusioned by official corruption and lack of political freedom. But Razak remains personally popular and has begun reform measures. These continue. In addition, the BN still enjoys many advantages arising out of incumbency.
- Despite the political uncertainty, the overall economic outlook is positive in terms of growth and foreign investment, with many praising the government's Economic Transformation Programme. Growth in 2012 was around 5% and is expected to rise to 5.5% in 2013.

Selected press articles

[“Despite election jitters, Malaysia on strong footing in 2013”](#), *The Financialist*, 25 January 2013

[“Najib’s election date and electoral strategy”](#), *Free Malaysia Today*, 5 December 2012

[“Najib’s fate up to Umno if BN does not improve in polls, says Dr M”](#), *Malaysian Insider*, 31 January 2013

1.3 The Philippines

- Benigno Aquino III has reached the half way-point in his presidential term. He continues to be at loggerheads with his predecessor, Gloria Arroyo, and her supporters. She continues to face corruption and election rigging charges. During 2012, Aquino also succeeded in getting the Chief Justice of the Supreme Court, Renato Corona, impeached and removed from office for malfeasance.
- Rampant official corruption remains one of the biggest challenges facing Aquino. During 2012 the OECD’s Financial Action Task Force threatened to put the country on its blacklist unless financial reforms were implemented rapidly. Two new laws were passed and the country avoided this fate.
- Human rights groups continue to criticize Aquino had his government for not doing enough to improve the country’s human rights performance. Powerful military and political figures continue to enjoy virtual impunity; the trial of powerful members of the Ampatuan clan continues without conclusion since the 2009 massacre that claimed 58 lives.

- Aquino's biggest achievement during 2012 was the signing in October of a(nother) peace 'framework agreement' with the Moro Islamic Liberation Front (MILF), with the agreed objective being the creation of an autonomous 'Bangsamoro region'. Talks between the two sides continue. A minority has broken away from MILF and continues to fight. Clashes with the Communist New People's Army continue.
- The economic outlook is also broadly positive, although many continue to argue that it has shaky foundations. The government is expecting growth of 6-7% in 2013, which is what was achieved in 2012.
- Tensions between The Philippines and China over the South China Sea (known in Manila as the West Philippines Sea) were often high during 2012.

Selected press articles

["Remembering the Maguindanao massacre"](#), *New Internationalist*, 23 November 2012

["A Dramatic Year for Anti-Corruption in the Philippines"](#) Partnership Transparency Fund, 15 October 2012

["Talks between gov't, MILF in Malaysia hit impasse"](#), *Philippines Star*, 18 December. 2012

["China hails Philippines' pullout in South China Sea"](#), *BBC*, 18 June 2012.

1.4 Singapore

- The ruling People's Action Party (PAP)'s political ascendancy remained intact during 2012 but there continues to be evidence of underlying discontent among some sections of the population, including the young. For critics, the party leadership is still too quick to threaten legal action against dissenting views or allegations of official corruption.
- The main opposition party, the Workers' Party, has won two by-elections since the beginning of 2012. It is drawing support from those who feel level of immigration are too high, leading to job shortages, rising house prices and overburdened public services.
- The economy continues to be affected by the global financial crisis and its consequences, with growth estimated at 1.2% in 2012. The performance of the manufacturing sector has been weak and looks set to remain so into 2013.

Selected press articles

["Lawsuit threat reminds critics of caution in more open Singapore"](#), *Reuters*, 11 January 2013

["Singapore ruling party stung by fresh poll loss"](#), *AFP*, 27 January 2013

1.5 Thailand

- Prime Minister Yingluck Shinawatra's government remained reasonably stable during 2012, although a cabinet reshuffle in October, in which supporters of her self-exiled brother Thaksin did well, brought the 'yellow shirts' back out onto the streets for a period. Some of its leaders now face criminal charges. Opponents of Yingluck still view her as a cipher for Thaksin. Plans to amend the Constitution are viewed with suspicion by opponents.
- More broadly, the shadow of the 2006-11 political crisis continued to hang heavily over the Thai political scene. In December former Prime Minister Abhasit Vejjajiva was charged with murder in connection with the death of a 'red shirt' supporter in 2010. A Truth and Reconciliation Commission published its report during the year. The government is still looking for ways of securing an amnesty for Thaksin.
- The insurgency in the South continues. The International Crisis Group has warned that it is gathering in intensity.
- In compliance with a 2011 ICJ ruling, Thailand and Cambodia withdrew troops from the disputed Preah Vihear temple on their mutual border; the soldiers were replaced with police. There remains a strong constituency for defying the ICJ in Thailand.
- Tourism and domestic demand has helped to sustain the economy during 2012, despite reduced manufacturing output and exports; the overall growth performance is estimated at about 5.5% for the year, with something similar predicted for 2013.

Selected press articles

["Yingluck enters 2013 a survivor"](#), *Nation*, 1 January 2013

["Thailand 'yellow-shirt' leaders charged over 2008 protest"](#), BBC, 27 December 2012

["Thailand: The Evolving Conflict in the South"](#), International Crisis Group report, 11 December 2012

["Thailand compensation for protest victims approved"](#), BBC, 11 January 2012

1.6 Vietnam

- There was debate within Communist ranks about the performance of the leadership, which came under unprecedented scrutiny at the party Congress, but factional splits did not mean a weakening of the party's grip on power. However, the National Assembly has voted to hold regular votes of confidence in top officials from 2013 onwards, signifying for some a trend towards accountability.
- Crackdowns on dissent have continued, with 14 Internet activists sentenced to up to 13 years in prison in January 2013. At the end of January, the trial of 22 people charged with attempting to overthrow the government began.
- These crackdowns have led to a relative cooling of relations between Vietnam and the US, but the UK has sought to strengthen ties.

- The dispute with China over the South China Sea continued and tensions were high for a time, but there have been no major clashes in recent months.
- Real GDP growth slowed to 5% in 2012 but inflation also fell; overall, the underlying problems in the economy remained – above all, bad debts. The government predicts a rise in growth to 5.5% in 2013.

Selected press articles

[“Vietnam’s Communist Party Admits Mistakes as Dung Keeps Job”](#), *Bloomberg News*, 16 October 2012

[“Vietnam condemns China's sea claims as ‘serious violation’”](#), *Reuters*, 4 December 2012

[“Vietnam subversion trial opens in Phu Yen”](#), *BBC*, 28 January 2013

1.7 Other countries

During 2012, the diplomatic fortunes of **Burma** were transformed, although many challenges remain. Western sanctions were suspended. For more on developments in Burma during 2012, see Standard Note SN06474, [Burma: recent security and political developments](#) (16 November 2012). The ICG has published a range of useful reports on the country’s democratic transition – most recently [Myanmar: Storm Clouds on the Horizon](#) (Asia Report N°238, 12 Nov 2012):

Even as Myanmar’s democratic transition continues apace, ethnic violence in Rakhine State represents a threat to national stability. It demands decisive moral leadership from all the country’s leaders as they strive to find long-term solutions to the many challenges that lie ahead, including longstanding discrimination of the Rohingya and other Muslim minorities.

Violence also continues in Kachin state. The Burmese armed forces have been on the offensive, including through air attacks, and human rights groups have raised concerns about civilian casualties. The central government rejects allegations that its forces are targeting civilians but defends its use of air power. Some have questioned how much control the central government actually exercises over the army leadership in Kachin state. A few days ago, the government announced that it had declared a unilateral ceasefire in Kachin state, but fighting has continued unabated. There has also been some criticism of Aung San Suu Kyi for not taking a strong enough stand on what is happening, but she has recently called publicly for an end to the conflict. China has become increasingly concerned about refugee flows into China.

In **Cambodia**, Prime Minister Hun Sen is into his third decade in power. He faces few challenges to his political ascendancy. But human rights groups view his government as authoritarian and repressive. In November 2012 Human Rights Watch published a report to this effect, [“Tell Them That I Want to Kill Them’: Two Decades of Impunity in Hun Sen’s Cambodia](#). The group also accuses the government of undermining the tribunal trying senior Khmer Rouge officials for genocide. Economic growth in 2012 was 7%.

Laos, like Vietnam a one-party communist state, saw growth of over 8% during 2013. In recent years, it has become a popular destination for Western tourists. Predictably, dissent is

not tolerated, as witnessed by the disappearance in December 2012 of a human rights activist, Sombath Sombone.

In **Brunei**, the main event in 2012 was the marriage of the Sultan's daughter. The economy grew 1.6% in 2012, a reduction largely due to a fall in oil and gas output.

2 UK relations with ASEAN and its member states¹

Since the beginning of 2012, the UK government has continued its drive to strengthen UK relations with ASEAN and its member states, particularly in the economic sphere, which is now estimated to be worth \$28 billion dollars annually. As you may recall, the **UK-ASEAN Business Council** (UKABC) was launched in November 2011 by the Business Secretary, Vince Cable.² The initiative aims to raise awareness, target and connect key businesses and decision makers in Britain and ASEAN member states. It has as its counterpart, the **ASEAN-UK Business Forum**, which was established by business, academia and other professional groups in the region to promote relations with the UK.³ In October, a new service, Called '**Headstart**', providing practical support to UK businesses seeking to export to high-growth markets in Southeast Asia was launched by the Department of Business, Innovation and Skills. Below is an extract from the press release:

The Headstart initiative will help small and medium sized businesses seeking to export to these markets for the first time, offering:

- Access to local business networks.
- Introductions to already established UK companies.
- Temporary office space with local British Chambers of Commerce (BCC) representation.
- Ongoing access to BCC staff.

The service is a partnership between UK Trade & Investment (UKTI), the UK-ASEAN Business Council (UKABC) and the British Chambers of Commerce in Singapore, Thailand and Indonesia.

Headstart will initially be offered as a 6 month pilot which, if successful, will be expanded to other markets in South East Asia.

Trade and Investment Minister Lord Green said:

"Many more British companies could be exporting, but we know that striking out into new and unfamiliar markets can sometimes look daunting. Headstart will help small and medium sized companies seize the many opportunities in fast growing economies of South East Asia by connecting them with local support quickly.

"We want to see another 100,000 businesses exporting by 2020 and helping more small firms to do so is vital to securing a return to long-term and sustainable growth."

¹ For a good overview of key issues for ASEAN in 2013, see: "[10 ASEAN Trends to Watch for in 2013](#)", thediplomat.com, 4 January 2013. The full article can be found in Annex 2 of this briefing.

² [UK-ASEAN Business Council](#) (UKABC)

³ [ASEAN-UK Business Forum](#) (AUBF)

Chairman of the UK-ASEAN Business Council Lord Davies of Abersoch said:

"I am delighted that Lord Green announced the Headstart pilot at the UK-ASEAN Business Council (UKABC) Annual Conference today. This pilot is a perfect example of the practical support which the UKABC is providing to UK small and medium sized enterprises, enabling them to make the most of opportunities in South East Asia.

"There are many more British businesses who could be exporting to South East Asia and we're here to support them as they take that first step on the ladder."⁴

In December 2011 there was an **article by William Hague on UK-ASEAN relations**. In it, Foreign Secretary William Hague noted that:

The ten countries of ASEAN, South East Asia's regional political organisation, are already more populous than the EU or the Arab World, have a larger economy than India and absorb more UK exports than China. They hold substantial geopolitical significance, with important influence on neighbouring major powers China, India and Japan. This means that they should be, and are, key partners for Britain on issues ranging from climate change to non proliferation. Their considerable prosperity and significant future economic potential is also vital to our interests. Average growth forecasts for ASEAN members over the next four years are around 6% and plans to establish an economic community by 2015 hold even further promise.⁵

The full text of this article is found in Annex 1 of this briefing.

Security ties have also been strengthened. In July 2012 the **UK acceded to the Treaty of Amity and Association with ASEAN**. Foreign Secretary William Hague hailed this move as

an important step towards deeper mutual understanding between the UK and ASEAN that will facilitate greater collaboration on our joint economic and security interests in the months and years ahead.⁶

In June 2012, Britain also appointed a **UK official ambassador to the region** – Mark Canning, who is also UK Ambassador to Indonesia.⁷ At the time he published a blog entry:

Today I presented my credentials as the British Ambassador to ASEAN to Dr Surin Pitsuwan, the Secretary General. This underlines the commitment of the British Government to deepen its ties with a region that is of increasing importance to the UK and with an institution that is becoming pivotal to a range of security and other policy challenges.

Deepening the UK's trade and investment relationship with the countries of SE Asia is obviously one aspect of this, but there is much more besides. Challenges like climate change, transnational crime, terrorism and other aspects of security are increasingly ones to which solutions needed to be forged collectively, hence the growing importance of ASEAN.

It is a relatively young institution compared, say, to the EU, but it is striking the speed at which it has become a key part of the regional architecture and to efforts to achieve common standards in areas such as human rights, and to finding solutions to territorial disputes which if left to fester can flare into something more dangerous. My discussion

⁴ BIS Press release, "[A new service providing practical support for UK businesses to export to high growth markets in South East Asia was unveiled today](#)", 18 October 2012

⁵ "[Looking East](#)" - UK-ASEAN relations for the 21st Century", December 2011

⁶ "[Strengthening cooperation with South East Asia](#)", 12 July 2012

⁷ "[A step towards greater UK-ASEAN collaboration](#)", FCO blog, 27 June 2012

with Dr Surin touched on a range of these security, stability and economic challenges. I was also able to brief him on the UK's imminent accession to the Treaty of Amity and Co-operation and the accession of the five permanent members of the UN Security Council to the Southeast Asia Nuclear-Weapons-Free Zone.

The Treaty of Amity and Co-operation in Southeast Asia since 1976 has promoted strength and solidarity between the people of Southeast Asia. I am delighted that the UK will accede to it on 12 July in Phnom Penh.

All of this, and my appointment as Ambassador to ASEAN, underlines the determination of the UK to strengthen its links with South East Asia and with the body that so ably represents many of their interests.

In July 2012, there was another **speech by Jeremy Browne on UK-ASEAN relations**. He said:

In my remarks today, I would like to concentrate not only on my country's relationship with Cambodia, but with ASEAN as a whole - whose Chairmanship is held here this year. So let me give you the view of Ministers from London and our vision for relations with this part of the world.

When this government came to power a little over two years ago, we committed to investing more resources in our relationships with the emerging powers of the world - the places that were driving global economic and political development.

Nowhere is this more evident than in South East Asia. Not only are countries here growing quickly, you are also playing an increasingly important role on the world stage. This is a fact that we welcome and encourage. After all, ASEAN has a population bigger than both the European Union and the United States. And its combined GDP would put it in the world's top ten economies.

This is why - despite global economic difficulty - we have been investing scarce resources in our relationships here. So far, we have expanded our diplomatic network in the region by over forty staff; we are reopening our embassy in Vientiane - closed for 27 years - so we will be represented in every ASEAN state; and already more Ministers have visited ASEAN countries this year than at any time in the last twenty years - including our Prime Minister, David Cameron, and our Foreign Secretary, William Hague. So while there remains uncertainty in global markets - especially considering the recent difficulties in the Eurozone - we are confident that by increasing our trade abroad, and by tackling economic challenges at home, we can restore growth and confidence.⁸

A range of **country-specific UK diplomatic initiatives** took place across the region during 2012. Here are some examples.

The UK took the lead in calling for the suspension of EU sanctions against **Burma**. The Prime Minister, David Cameron, was the first Western leader to visit Burma in decades. Britain has also opened up a "British interests office" in the capital, Naypydaw.⁹ A high powered British trade delegation also visited the country last year.¹⁰ It is worth noting that Burma will be ASEAN chair in 2014.

⁸ "The UK and Southeast Asia", 3 July 2012

⁹ "UK to open British interests office in Burma", *Daily Telegraph*, 26 April 2012

¹⁰ "UK opens trade office as Western firms eye Burma riches", *Daily Telegraph*, 12 July 2012

As mentioned in Mr Browne's July 2012 speech, after more than 27 years of frozen relations with **Laos**, Britain re-established relations with the country and re-opened its embassy in Vientiane in November 2012, making Britain the third European country to have embassies in all ten ASEAN countries.¹¹

In a statement in Parliament, the Foreign Secretary William Hague stated:

The United Kingdom last had an embassy in Laos in 1985. Today there is a need for one once again. Laos takes up the chair of the Association of South East Asian Nations (ASEAN) in 2016. It remains the only ASEAN country where the UK is not currently represented. Re-opening the embassy will strengthen our bilateral relations with the Laotian Government as the country's role and influence in the region continues to grow. Trade between our countries has more than doubled in the last year. An embassy will play a vital role in helping more British businesses access this emerging market.

Of considerable potential significance to the UK in terms of future economic ties will be the plan to form an ASEAN Economic Community (AEC) by 2015. This would provide a free trade zone for the free movement of goods, services and labour across the region.

In November 2012, the Department of Business, Innovation and Skills announced nine new higher education partnerships between the UK and **Indonesia**. This is part of a wider initiative known as the [UK-ASEAN Knowledge Partnership](#). Below is an extract from the press release issued at the time:

The agreements include eight partnerships between UK and Indonesian institutions and a new UK-Indonesia Scholarship Programme supporting up to 150 PhD students to come to the UK each year. Universities and Science Minister David Willetts said:

"This is a major step towards establishing the UK as Indonesia's partner of choice in education and research. The positive effect of these agreements will go further than simply providing scholarships; it will build and strengthen institutional links in teaching and research.

"We will also be looking for future opportunities for our countries to work together in vocational education and training and for partnerships between further education colleges"

Dr Joanna Newman, Director of the UK Higher Education International Unit, said:

"The UK Indonesia Scholarship Programme is a landmark commitment by the Indonesian government and UK universities in student mobility. Indonesia has 5.4 million students and has huge ambitions for the education of its population and the UK is extremely well placed to develop long-lasting partnerships in teaching and research."¹²

The UK has made a concerted effort to upgrade relations with **Malaysia**. David Cameron visited in April in the course of a visit to the region as a whole; below is an extract from his speech while in Malaysia, in which he announced a number of new initiatives:

¹¹ ["With this new Embassy, Britain becomes one of only three European countries to be represented in all ten states of ASEAN"](#), speech, 5 November 2012

¹² BIS Press release, ["UK and Indonesia strengthen their relationship with nine new higher education partnerships"](#), 1 November 2012

As a first step, I have been delighted to announce a number of new deals on my visit today: AECOM and Western Williamson providing new rail infrastructure to Malaysia; Lifesaver supplying world-beating water purification technology; and Shell building on its 30-year £1 billion oil recovery projects, with Petronas, with a new £100 million commitment to oil and gas exploration.

It is not all in one direction. The Malaysian company Infovalley are investing up to £10 million in the UK on bioinformatics technology. I hope that this is just the beginning. We have set a target of doubling our trade by 2016, and I know that with your help we can do it.

I am not just here out of economic self-interest. There is something else that is just as important, and that is our shared political agenda. As Southeast Asia stands up in the world, so it has a growing interest and influence over global issues. Countries in this region must use their new prosperity to continue to improve the wellbeing of their citizens, but they should also use their growing political clout to be part of the solution to insecurity wherever it emerges and not just as an onlooker. So, I am here also to work with you as a partner and a major player in international politics, to encourage you to speak out and stand up on the interests that we share.

The Global Movement of Moderates is an excellent example of one way in which Malaysia is doing just that. It gives the lie to the idea that Islam and democracy are somehow at odds with each other. It shows that you can be politically moderate and take a stand against the evils of extremism while being religiously devout, strong-willed and passionate about your faith.

This is the same vision that is today inspiring brave and courageous people across the Arab world and beyond, to stand up for their rights and their responsibilities as citizens. It is the same vision that is inspiring young Muslims all across the world to choose democracy as their future. As I said at the Nottingham University campus today, inspiring young Muslim men and women with a vision of democracy, freedom and economic growth that you have here in Malaysia, that we have next door in Indonesia, is the biggest defeat we can inflict on Al-Qaeda. It is the thing that they fear the most.

Yesterday saw the coronation of His Majesty Agong Tuanku Abdul Halim, and we congratulate all Malaysians on this very special occasion. Like Prime Minister Najib, Tuanku is a graduate of one of Britain's great universities, and I am delighted that we will now double the number of Chevening scholarships for Malaysian students with the support from BAE Systems.¹³

The UK has also been busy upgrading its relationship with **Vietnam**, with whom it now has a 'Strategic Partnership'. In April 2012, there was a Westminster Hall debate on Anglo-Vietnamese Relations, in the course of which this upgrading was discussed in detail. The full text of the debate can be found by clicking on this [link](#).

Official visits, including State Visits, to the UK by heads of state/government from the ASEAN region are also being deployed by the government as a means of strengthening ties. For example, since the beginning of 2012 there have been visits by Indonesian president [Yudhoyono](#), Thailand's Prime Minister [Yingluck Shinawatra](#) and the General Secretary of the Vietnamese Communist Party.¹⁴

There is also a **European dimension** to UK-ASEAN relations. Jeremy Browne responded as follows to a parliamentary question from John Spellar MP on 3 September 2012 (c137-8W):

¹³ "[Business speech in Malaysia](#)", 12 April 2012

¹⁴ "[VIETNAM'S LEADER VISITS UK FOR 1ST TIME](#)" UK Government News, January 23, 2013

Mr Spellar: To ask the Secretary of State for Foreign and Commonwealth Affairs what representations he has made to his EU counterparts on greater involvement with the Association of Southeast Asian Nations at an EU level.

Jeremy Browne: In his speech on the UK in Asia in April, the Secretary of State for Richmond (Yorks) (Mr Hague), called for greater European engagement with Asia. The UK plays an active role in encouraging our European partners to increase engagement with Association of Southeast Asian Nations (ASEAN) states. The UK strongly supported the EU's accession to the ASEAN treaty of amity and cooperation which marked a milestone in deepening relations between the EU and ASEAN.

The Secretary of State attended the EU-ASEAN Foreign Ministers meeting in Brunei in April which agreed a Plan of Action covering the areas on which the EU and ASEAN will co-operate between 2013 and 2017. This will promote substantial EU contributions to ASEAN in the areas of maritime security, humanitarian assistance and disaster relief, peacekeeping operations and counter terrorism.

More broadly, the UK has been working to drive forward greater EU engagement in Asia and worked hard to support the recent joint EU-US statement on co-operation in Asia

Finally, for a useful overview of prospects for ASEAN in the coming year, see:

P. Parameswaran, "[10 ASEAN trends to watch in 2013](#)", [thediplomat.com](#), 4 January 2013

Annex 1 – Full texts of William Hague article and Jeremy Browne speech on Southeast Asia

"Looking East" - UK-ASEAN relations for the 21st Century, William Hague, December 2011

The article was published by the Oxford Business Group in December 2011.

Today the idea of a developed west and developing rest is all but irrelevant. Put simply the world has changed and Britain must too if we are to prevent our role and influence in international affairs from declining. Key to this challenge will be making the most of the opportunities presented by a new international paradigm in which economic power and influence is moving east and south. We are doing this by shifting our diplomatic weight to reflect these changes and by working hard to build up significantly our relationships with the emerging powers. We know that these relationships will be increasingly vital both for forging important agreements on the international stage and for boosting trade and investment that will support Britain's prosperity.

South East Asia epitomises the rationale for this approach. The ten countries of ASEAN, South East Asia's regional political organisation, are already more populous than the EU or the Arab World, have a larger economy than India and absorb more UK exports than China. They hold substantial geopolitical significance, with important influence on neighbouring major powers China, India and Japan. This means that they should be, and are, key partners for Britain on issues ranging from climate change to non proliferation. Their considerable prosperity and significant future economic potential is also vital to our interests. Average growth forecasts for ASEAN members over the next four years are around 6% and plans to establish an economic community by 2015 hold even further promise. We know full well from our own experiences of the European Single Market the benefits market integration can bring.

The region therefore deserves serious attention from global partners. The UK is fortunate to be able to draw on a foundation of existing relationships and we already enjoy multi-billion pound trade and investment links with the ASEAN countries; our largest businesses in finance, energy, life sciences, food and drink are establishing a regional foothold and more of our retailers, such as Debenhams, Boots and Tesco are becoming household names, especially in Thailand. Furthermore every year, over 30,000 students from these countries choose to study in Britain. These students often return home to positions of influence and are part of the rich tapestry of people to people links between our countries.

We are building on these links all the time. Last year we signed a Strategic Partnership with Vietnam covering a wide range of fields including trade, political relations, security and development. On his visit to Indonesia last month the Business Secretary, Vince Cable, launched the new UK-ASEAN Business Council to strengthen further the UK's commercial engagement with the region, focusing on its emerging powers. The British Government's Private Public Partnership expert body, Infrastructure UK, is already working in the Philippines sharing expertise and we will look to do this more widely across the region, something which will be extremely useful in sourcing the capital to meet the insatiable need for infrastructure development. At the same time we will continue to support development, democratic freedoms and transparency in these countries, through initiatives such as our projects in the Philippines promoting transparency in local government.

There is more we can do. We need to diversify our engagement. Our commercial relationships in the region are strongest with our Commonwealth partners, Singapore and Malaysia who between them account for a commanding majority of our bilateral trade in goods. While continuing to strengthen these important relationships we should also be looking for opportunities in Indonesia, Vietnam and elsewhere. We also need to continue to work with EU partners to secure Free Trade Agreements with ASEAN countries which will open up markets and boost trade. And lastly we need to do more to promote two-way investment. The UK offers attractive investment opportunities for emerging economies. International institutions regularly rate the UK as the easiest place to do business in Europe, with the strongest business environment on the continent and the lowest barriers to entrepreneurship in the world.

Our relationship, however, is about more than trade and investment. We have shared interests in maintaining security in a region which straddles some of the world's most important shipping routes and to tackling together common threats such as terrorism, nuclear proliferation, cyber-crime and climate change.

The UK therefore maintains a stake in regional security and defence cooperation through our 40-year commitment to the "Five Power Defence Arrangements". This agreement between the five Commonwealth partners of UK, Singapore, Malaysia, Australia and New Zealand is unique for East Asia and enables our countries to undertake joint exercises and to share information on issues from piracy to illegal fishing.

There are a number of separatist or other domestic conflicts within ASEAN and tensions remain in the South China Sea. The UK has experience which we are keen to share to help promote stability and we are already part of a small group of countries formally supporting the Philippines Government and rebel groups in their efforts to end conflict in the south of that country.

Externally, the voices of ASEAN leaders will be increasingly influential in regional and global affairs. Indonesia's impressive democratisation and Malaysia's strong stand against violent extremism are examples of where the experiences of countries in the region can be of great value to the international community. We welcome calls by ASEAN leaders for efforts to enhance their collective contribution on global issues, in the UN and other fora; Indonesia as a full member of the G20, has an important role in ensuring that the voices of these emerging economies are heard.

We also want to work with ASEAN members on climate change, an area where their leadership can make a real difference. They are amongst the heaviest emitters of greenhouse gases but could also be amongst those most seriously affected by the consequences of changing temperatures, with sharply increased risks of droughts, typhoons and, as we saw in October, devastating floods. Any durable solutions will therefore require commitment and close coordination with ASEAN.

So this will be our approach; to build up our relations with the ASEAN countries, to seek to share expertise and knowledge, to promote increased and freer trade and to work together in a wide range of areas from security to climate change. We will continue to look east to the great wealth of opportunity to be found in South East Asia. *ENDS*

“The UK and South East Asia”, speech by Jeremy Browne, 3 July 2012

Excellency Tekreth Samrech, Secretary of State of the Office of the Council of Ministers and High Representative of HE Sok An, other Excellencies and distinguished guests, I am extremely grateful to the Office of the Council of Ministers for hosting this event with the Royal Academy of Cambodia and to his Excellency the Secretary of State for his introductory remarks.

I am delighted to be here in Phnom Penh today on my first visit to Cambodia. After just one day here, I am struck by the immense progress that your country has made in a short period of time. Decades of conflict and turmoil in the second half of the twentieth century devastated Cambodia and its people. So it is truly heartening and impressive to see how over the last twenty years, peace and stability have returned to your beautiful country and provided the foundation for economic growth and prosperity.

Britain has consistently supported Cambodia on its path towards sustainable and democratic development during this period. We have provided a substantial volume of development assistance, and continue to play an active role in the fields of health, de-mining, sustainable development, and human rights. Going forward, we will continue to support efforts to build capacity and skills, improve governance and promote democracy. Statistics clearly show how quickly our ties have developed. Trade between Cambodia and the UK has grown fourfold in the last five years. Over 100,000 British tourists visit Cambodia each year. And Cambodia is now the biggest recipient of UK demining funding in the world. We will work to ensure that these ties continue to grow.

Context

In my remarks today, I would like to concentrate not only on my country's relationship with Cambodia, but with ASEAN as a whole - whose Chairmanship is held here this year. So let me give you the view of Ministers from London and our vision for relations with this part of the world.

When this government came to power a little over two years ago, we committed to investing more resources in our relationships with the emerging powers of the world - the places that were driving global economic and political development.

Nowhere is this more evident than in South East Asia. Not only are countries here growing quickly, you are also playing an increasingly important role on the world stage. This is a fact that we welcome and encourage. After all, ASEAN has a population bigger than both the European Union and the United States. And its combined GDP would put it in the world's top ten economies.

This is why - despite global economic difficulty - we have been investing scarce resources in our relationships here. So far, we have expanded our diplomatic network in the region by over forty staff; we are reopening our embassy in Vientiane - closed for 27 years - so we will be represented in every ASEAN state; and already more Ministers have visited ASEAN countries this year than at any time in the last twenty years - including our Prime Minister, David Cameron, and our Foreign Secretary, William Hague. So while there remains uncertainty in global markets - especially considering the recent difficulties in the Eurozone - we are confident that by increasing our trade abroad, and by tackling economic challenges at home, we can restore growth and confidence.

The difficulties in Europe stem from anxiety about the scale of national debts and about the ability of states to pay those debts. However, my government has taken bold but necessary steps to significantly curb our deficit. This has made our commitment to reducing our debt credible with the markets, and our economy remains a relative safe haven for investment.

We are not a member of the European Single Currency but remain a willing and active participant in the European Union, and are fully supportive of efforts to find a solution to the Eurozone's troubles. We have benefitted hugely from the European Single Market and will continue to do so. Restoring confidence in the markets will require restoring growth. We believe that will need to involve deepening and widening the Single Market, promoting EU-wide innovation, and cutting burdensome regulation. Most importantly, we must give a real push to trade and cooperation with the states and regions that are developing fastest.

This is the backdrop for my own visit here, and indeed for all our business with this special part of the world. Britain wants to cooperate more closely and widely with ASEAN as an organisation and with each member state of ASEAN individually. This desire is based on four cornerstones of rationale, which I will address in turn:

First, many of today's challenges require coordinated multilateral responses;

Second, economic wellbeing and growth is dependent on free trade and openness;

Third, we face the same security threats and will be stronger at defending ourselves if we do so together;

Fourth, for peace, prosperity and partnerships to be sustainable, they need to be underpinned by common values, mutual understanding, and respect for human dignity.

Multilateralism

So let me start by explaining why we find it so important to work more closely with ASEAN as a grouping of countries.

Most of the fundamental challenges that we face are ones that affect everyone together and cannot be solved by anyone alone: regulating the world economy; tackling climate change; preventing proliferation of nuclear weapons; preparing for natural disasters.

Britain cannot solve these problems by itself. Neither can Cambodia, or China or even the United States. However, if the UK coordinated action with the rest of the EU, Cambodia coordinated action with the rest of ASEAN, and the EU and ASEAN coordinated action together, we could begin to have a meaningful impact.

These two regional organisations are the most integrated that the world has to offer. I believe that each can learn much from the other's experiences and expertise - as proved by the second EU-ASEAN Business Summit, held here in Phnom Penh in April, as well as through regular visits and exchanges between EU and ASEAN institutions and member states.

Although the countries of the European Monetary Union are currently experiencing difficulties, our integration project has generally been a great success. Our companies have benefitted hugely from having access to the largest single market in the world. So efforts to create a single economic community in ASEAN should be considered to be extremely encouraging.

But beyond economics, political coordination to address mutual problems is also important. The EU has managed to coordinate action to reduce greenhouse emissions, to forestall

nuclear proliferation in the Middle East though sanctions against Iran, and to bring about democratic change in our neighbourhood.

We have found that we are stronger together. But this truism does not only hold among immediate neighbours. Strong partnerships with countries and organisations around the world make all sides stronger. So it is our determined desire for us to work more closely with ASEAN as a whole, both through our own government and through the EU.

That is why our Foreign Secretary, William Hague was so keen to attend the EU-ASEAN ministerial meeting in Brunei in April. And it is why Britain will advocate increasingly close ties between our organisations in the future.

Prosperity

So we recognise that cooperation can have big payoffs. This is perhaps most immediately obvious in the realm of trade and investment - the second cornerstone of our engagement with the region.

When considering emerging markets, some people only speak of the BRICS. Of course, individually, countries like China and Brazil have massive economies that can't be ignored. But ASEAN, which continues its process of economic integration, has a combined economy much larger than India, Russia or South Africa and a higher growth rate to match. There is no doubt, that if ASEAN were a country, it would be a BRIC.

The high levels of growth that have been sustained across South East Asia over recent decades are nothing short of miraculous. This success has demonstrated what can be achieved through free trade. States here have truly grasped the principles of openness that will drive growth in the 21st century. You have harnessed the power of globalisation, taking advantage of global flows of goods, knowledge and capital.

This is precisely the strategy that my country wishes to emulate. We recognise that growth is a positive sum game from which we can all benefit. George Osborne, our Chancellor has challenged us to double our exports - to one trillion pounds - by 2020.

We already export more to ASEAN members than we do to China, over twice as much as we export to India and over four times as much as we export to Brazil. And we have ambitious plans to do more - not just with the biggest economies in ASEAN, but with every member state.

That is why we have just announced that we will open a new trade office here in Cambodia and are reopening our embassy in Laos. That is why we have targets to double trade with countries in this region over the next five years. And that is why we are at the forefront of efforts to negotiate EU Free Trade Agreements with ASEAN collectively and its members individually.

Obviously, we are convinced of the diverse range of opportunities on offer here. But we are also convinced that Britain has much to offer the growing economies of South East Asia too. We are world leaders in education, financial services, and low-carbon and high-tech innovation - all of which will be vital to sustaining high growth rates and all of which have great potential for cooperation.

Education links between the UK and this region are already proliferating. Many British universities have strong links with universities here, and Nottingham University - where I was a student - has opened its own campus in Malaysia. My government is very keen to

underscore this aspect of our relationship at a regional level by becoming an Associate Member of the South East Asian Ministers of Education Organisation. Links between universities are mirrored by strong links in research and development, science and innovation and all other aspects of the knowledge economy. The new UK/ASEAN Knowledge Partnership will be able to boost such links further.

So there are valuable opportunities for collaboration between British and South East Asian companies and institutions. But there are also great opportunities in Britain for your companies to take advantage of. Nearly half of all foreign investment into the EU is directed through our country and more overseas companies set up their European headquarters in the UK than anywhere else.

That isn't surprising. We are quickly developing the most competitive tax regime for businesses in the entire G20. And we rank 7th in the world for ease of doing business.

So we can provide a springboard for your companies into the European Single Market - the biggest trading bloc in the world. But there are also plenty of opportunities for investment in our economy. One of the biggest investments in the UK last year was from SSI, the Thai steel manufacturer. And I am personally grateful for the investment of Tony Fernandes, the Malaysian CEO of AirAsia, into Queens Park Rangers - the football club that I support.

It is our desire to see more of your companies in our cities, more of your students in our universities, and more of your tourists in front of Buckingham Palace.

By creating more links between our countries, our companies and our citizens, we will be able to benefit from mutual growth and mutual prosperity.

Security

However, prosperity can only be fully enjoyed in an environment of security and stability. Many threats are no longer geographically constrained. So in Britain, we highly value the strong cooperation that we enjoy with countries in this region on security issues. Not only is it in our interests that there is peace and stability in this part of the world, we also want to show that we are committed to broad relationships here. Your concerns are our concerns.

So we are proud to play a role in the Mindanao peace process in the Philippines, in the Five Power Defence Arrangement with Singapore and Malaysia, in our defence engagement with Vietnam and Brunei Darussalam, in promoting maritime security and in helping with counter-terrorism efforts.

And I am delighted that our security cooperation with ASEAN is due to take a step up next week when the UK will accede to the Treaty of Amity and Cooperation and the P5 Protocol to the South East Asia Nuclear Free Weapons Zone will be completed. Both these momentous developments will take place here in Cambodia.

But we believe that there is further potential for cooperation. As valued partners, we would certainly welcome the engagement of ASEAN nations on security issues beyond your own immediate neighbourhood. For example, support for our efforts to make Iran meaningfully engage with the international community over its nuclear programme would be very much appreciated.

And last month at the Shangri La Defence Dialogue, Nick Harvey, our Minister for the Armed Forces, warned about rapidly evolving threats to cyber security. These range from terrorist

radicalisation to intellectual property theft. Attacks and crimes can be carried out online anywhere in the world from anywhere in the world.

A framework for dealing with these threats is only just being conceived. The governing rules of cyber space that the international community decides upon will shape the future of internet usage. So this must be a collective activity.

But in trying to protect our citizens from the dangers of the internet, we must not sacrifice their rights and freedoms. We need to find a way - together - of protecting our citizens from the dangers of the internet, while also maintaining online the rights and freedoms that they enjoy offline.

Values

This brings me to the final cornerstone of our engagement with ASEAN: we share common values and a common commitment to those values. I had the pleasure of representing Britain at the Bali Democracy Forum last December. I was struck by how much consensus there was among participants of the fundamental importance of transparent and accountable governance and protection of human rights for long term peace and prosperity.

The Arab Spring has graphically demonstrated to the world the universal desire of human beings for political and social freedom. It has also demonstrated the inherent instability of regimes that deny citizens their rights and freedoms.

But I also believe that South East Asia has demonstrated an equally important fact: that providing people with the freedom to express themselves, to think freely and to pursue their own ambitions, creates a creative and dynamic environment that is essential for long term *growth*.

Manufacturing goods that were invented elsewhere will only allow countries to develop so far. Long term development requires the innovation and entrepreneurship fostered by individual rights and freedoms.

I know that the ASEAN Charter makes clear the commitment of its member states to democracy, the rule of law, human rights and fundamental freedoms. As an organisation, ASEAN can be a massive force for good in helping countries to embed these important practices and values. Indeed, the EU has been able to use its collective influence to raise the bar of human rights standards both among its members and its neighbours.

The Human Rights Declaration that will be presented to your Foreign Ministers at their meeting later this month could be an important step. By underlining ASEAN's support for universal human rights values in its own declaration, ASEAN can set an important example to other countries in Asia and beyond.

Businesses also have an important role to play in protecting human rights. It is important that they are aware of their obligations and can act together to increase respect for the rights of workers in the marketplaces in which they operate. The United Nations has recently approved Guiding Principles which do just this.

The challenge now is to ensure that businesses and states follow these principles. My government hopes to cooperate with all countries - including ASEAN members - to raise awareness of the Guiding Principles and encourage their implementation.

I am delighted to announce that the British Government will be supporting a project in Cambodia to promote these Guiding Principles in the garment sector. In addition, this afternoon I will be opening a new British garments factory - Dewhirst - that is already putting these Principles into action.

Like all ASEAN members, we recognise that each country has the right to develop in its own way and in accordance with its own culture and traditions. But that is not to say that we in the international community cannot help and empower states to create the building blocks of transparent and accountable government. After all, we are agreed that in the long term, the spread of political and social rights is in the interests of everyone.

So I hope that Britain and ASEAN will be able to work together to encourage change in the region that guarantees people's rights, freedoms and dignity in ways that respect and fit with their own cultures, experiences and desires.

Conclusion

Today I have set out my country's vision for its relationship with this region. It is ambitious and diverse. But we are committed, we are determined and we are here for good. As William Hague said in Singapore earlier this year, the Britain's engagement in Asia is not an option, it is an imperative.

We think that the rise of South East Asia as a cohesive economic and political partnership of nations is an immensely positive trend, and one which we believe will intensify in the future. We want to share your successes and your challenges. We want to work with you - individually and collectively - to promote peace, prosperity and dignity for our own people, and for people all over the world.

