

Thinking **ASEAN**

From Southeast Asia **On** Southeast Asia

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INFOGRAPHIC
China-US Trade War and Its
Impacts on ASEAN Economies

*A Lean Harvest
at The 51st Asean
Ministerial
Meeting*

*Global Trade Wars
& Asean: Potential
Implications & Policy
Responses*

*Indonesia 2019
Simultaneous Election:
Learning from Experiences
of the Philippines*



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A note from the editor

Dear readers:

Welcome to the August 2018 issue of the monthly Thinking ASEAN!

The month of August is always a special time for the region with ASEAN celebrating its establishment fifty-two years ago. This month also saw current ASEAN Chair, Singapore mark its national day whilst founding member states Indonesia and Malaysia commemorate their respective independence days.

The regional organization and its member states have certainly come a long way from their uncertain and somewhat troubled beginnings and we should thus be proud of what has been achieved up to this point. At the heart of these achievements is the culture of discourse and diplomacy that underpins the member-states interaction with one another.

In this sense, our first article by Jamil Maidan Flores (Foreign Policy Observer) takes a look at the recent 51st ASEAN Foreign Ministers' Meeting, writing on 'A Lean Harvest at the 51st ASEAN Ministerial Meeting.' His comprehensive overview of the regional gathering argues that 2018 is not likely to be bad year for ASEAN, highlighting the RCEP and smart cities network initiative as potentially transformative.

Meanwhile, our second article by Alexander C. Chandra (Associate Fellow, The Habibie Center) examines the ongoing trade war between the U.S. and China and its potential implications on ASEAN. Entitled, 'Global Trade Wars and ASEAN: Potential Implications and Policy Responses' the article argues that ASEAN should remain economically open to the rest of the world, take advantage of the trade war to enhance ASEAN economic integration, and to showcase ASEAN's political and economic stability to the world.

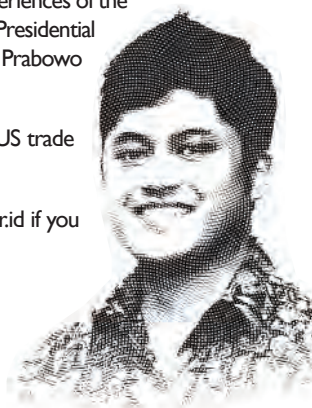
Our last article is by Bawono Kumoro (Head of Politics and Government, The Habibie Center) who writes on 'Indonesia 2019 Simultaneous Election: Learning from Experiences of the Philippines.' The article is indeed timely given the start of Indonesia's Presidential Election race with incumbent President Joko Widodo and rival Prabowo Subianto officially registering their candidacy earlier this month.

As usual, we present an infographic that this month covers China-US trade war and its impacts on ASEAN economies.

Don't hesitate to drop me a line at thinkingasean@habibiecenter.or.id if you have comments, input, or prospective submissions.

Happy reading!

Best regards from Jakarta



From Southeast Asia On Southeast Asia

Thinking ASEAN is a monthly publication that aims to provide insightful, cogent and engaging perspectives on issues central to contemporary Southeast Asia and the ASEAN member states. It is a product of The Habibie Center, with the generous support of the Republic of Korea's Mission to ASEAN.

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Project Supervisors

Rahimah Abdulrahim

Executive Director,
The Habibie Center

Hadi Kuntjara

Deputy Director for Operations,
The Habibie Center

Editor in Chief

A. Ibrahim Almuttaqi

Thinking ASEAN Team

Askabea Fadhillah

Fina Astriana

Muhamad Arif

Hana Hanifah

Vierna Tasya Wensatama

Wirya Adiwena

Lany Sekar

Anissa Dini

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The Habibie Center was founded by Bacharuddin Jusuf Habibie and family in 1999 as an independent, non-governmental, non-profit organisation. The vision of The Habibie Center is to create a structurally democratic society founded on the morality and integrity of cultural and religious values.

The missions of The Habibie Center are first, to establish a structurally and culturally democratic society that recognizes, respects, and promotes human rights by undertaking study and advocacy of issues related to democratization and human rights, and second, to increase the effectiveness of the management of human resources and the spread of technology.



A Lean Harvest at The 51st Asean Ministerial Meeting

ASEAN-US Ministerial Meeting

Source: flickr.com



Jamil Maidan Flores,
Foreign Policy Observer

The Asean foreign ministers met in Singapore earlier this month at a time when the region was charged with uncertainty.

Indonesia had begun to be seized with presidential election fever. The Philippines was agonizing over a draft constitution that would install a federal form of government. Malaysia's new administration was consumed with the charges of corruption against its predecessor.

Cambodia had just emerged from a chaotic election condemned in some international circles as a farce. Myanmar remained saddled with the humanitarian crisis in Rakhine state.

North Korea still had to show evidence that it would meet its commitment to the denuclearization of the Korean Peninsula. China continued to reinforce its hold over parts of the South China Sea that were also claimed by four Asean members.

And the United States still appeared confused and clueless on what to do in the face of China's double whammy: its pugnacious stance in the South China Sea, and its efforts to draw nations into its embrace through economic engagement, particularly the Belt and Road Initiative.

A trade deal and smart cities

To my mind the most significant yield of that meeting was the commitment of the ministers to ensuring an early conclusion of the Regional Comprehensive Economic Partnership (RCEP)—“by the end of the year,” according to reports, although the Joint Communiqué of the meeting stated only that they would “work with greater focus on finding breakthroughs for the early conclusion of the RCEP”

This mega-trade deal would cover not only products and services but also investment, e-commerce, technical cooperation, intellectual property rights and dispute settlement. It would boast three of the world's largest economies—China, India and Japan. Other members, aside from

the ten Asean countries, are South Korea, New Zealand and Australia.

It would account for about half of the world population, near one-third of world trade, one-third of the world's gross domestic product (GDP) and more than one-fourth of global inflows of foreign direct investments. Proponents have projected that within a decade, the deal could bring an additional \$600 billion into the global economy.

With nationalist fervor simmering in many nations and with China and the US in the early stages of a trade war, the need for the RCEP is urgent. Ironically, the very factor that makes the deal urgent is also a major obstacle to its early conclusion. Addressing the ministerial meeting, Singapore's Prime Minister Lee Hsien Loong pointed out a trend towards nationalism in the region as a barrier to trade liberalization initiatives like the RCEP.

The mega trade-deal could be the best thing that happened in the region in a long while, but there are no guarantees that it would happen very soon. But should it happen, it would strengthen Asean's claim to centrality, calm the jitters over the escalating trade war between China and the US, and probably do wonders for the regional economy.

Another initiative that could boost Asean's regional economy is the Singapore-led effort to create a network of smart cities. Last month officials of several of the 26 pilot cities in the ten Asean member countries signed deals with various corporations to develop cyber systems that would provide technological solutions to the challenges—the growing pains—that these cities are facing. Among these challenges are the delivery of social services, law enforcement, e-payments, urban planning and logistics.

Although there is a region-wide Smart Cities Framework developed earlier during the year, a framework that defines what a smart city is, each of the pilot cities has its own smart city action plan that is geared to the situation, the needs

and the culture of the country. Successful implementation of these action plans would not only arrest the encroachments of urban sprawl, it would also distinctly link Asean economies with supply chains, creating new job opportunities. It would also ensure that Asean would be among the top five digital economies in the world by 2025.

Toward a Code of Conduct

One result of the ministerial meeting that was greatly celebrated in media commentaries was the adoption of a single draft document that would serve as the basis for really substantive negotiations toward a code of conduct in the South China Sea. It does look like a breakthrough: before the adoption of this single draft, there were reportedly 11 competing drafts of the projected

The chair of the ministerial meeting, Singapore's Foreign Minister Vivian Balakrishnan, called it “yet another milestone” in the history of the multilateral disputes in the South China Sea, but how many more “milestones” would need to be passed before a code of conduct satisfactory to all concerned could be concluded? It is not the case that just because there is now a single draft document to negotiate over, a successful conclusion is already a matter of course. That is why Singapore's foreign minister would not make an estimate as to when the negotiations would be completed.

And at any rate, at this late stage any code of conduct would be too late to prevent what China has been carrying out to consolidate its hold on the real islands, artificial islands and maritime territory that it has claimed amid controversy in the South China Sea. The code cannot possibly reverse what China has done to convert sea features into forts and air bases.

Some six years ago, a diplomat from an Asean country shared this idea with me: that when China appears to be ready to negotiate in earnest on a code of conduct

The policy aims to strengthen ties between South Korea and ASEAN. During his visit, President Moon stated that, “Korean diplomacy in Asia has been more toward Japan, China and Russia. But I see that it should expand to new horizons.”

for parties in the South China Sea, that will be the clearest sign that China has already achieved all it needs to change the situation on the ground in order to consolidate its disputed claims. That critical point may be approaching or it may have been reached already; that is why China has finally agreed to a single draft document of a code that would implement the Declaration on Conduct (DOC) of Parties in the South China Sea that was signed some 16 years ago.

This is not to say that the putative code of conduct, when it is finally concluded, will be totally useless. It may not be able to undo the usurpation of territory that China has done, but it can still prevent unintended incidents at sea that can escalate into armed conflict. The current negotiations should therefore proceed as speedily as possible.

Myanmar crisis, Korean denuclearization

It is *pro forma* that the plight of the Rohingya, the Muslim ethnic group living in Myanmar’s Rakhine State should be taken up during the ministerial meeting. But of course the ministers had to take up this issue in the so-called “Asean way.” This means not only that the discussion should not constitute an undue interference in the internal affairs of Myanmar but that it should also appear obviously that it was

not interference in the sensitive eyes of the Myanmar authorities. Translation: On this festering humanitarian and human rights issue, Asean has no choice but to treat Myanmar with kid gloves.

Yet nobody can say that Asean is doing nothing about the crisis in Rakhine State. During the meeting the ministers committed themselves to sustaining the work of the Asean Coordinating Center for Humanitarian Assistance (AHA Center) in Myanmar. The Center is collaborating with the Myanmar government in the delivery of humanitarian assistance to the displaced persons.

The ministers also called on Myanmar to complete the implementation of the recommendations of the final report of the Advisory Commission on Rakhine State. The ministers also cited the implementation of the Memorandum of Understanding between the UN High Commissioner for Refugees (UNHCR), the UN Development Program (UNDP) and the Myanmar government to repatriate displaced persons from Rakhine.

Still, it is lamented in international circles that Asean is not doing enough for Myanmar. Can Asean still do more than it is doing now? Maybe it can, but a stronger initiative could be branded as interference in the internal affairs of a sovereign state.

At the ASEAN Regional Forum (ARF), one of several post-ministerial meetings, the North Korean foreign minister, Ri Yong Ho, tried to reassure Forum participants that the “Hermit Kingdom” was firm in its determination and commitment to carry out denuclearization of the Korean Peninsula. That commitment was made during the historic summit between US President Donald Trump and North Korean leader Kim Jung-un last June. For his part US State Secretary Mike Pompeo talked of keeping up the pressure on North Korea so that it would keep its word on denuclearization. Ri then complained that the US was being impatient on the matter.

Terror

The greatest security challenge in the region today, however, is probably not North Korea’s nuclear weapons and missiles but “the rise of radicalization and violent extremism conducive to terrorism,” and the ministers gave this problem a great deal of attention. They enthused about the Manila Declaration to Counter the Rise of Radicalization and Violent Extremism and the soon to be updated Asean Comprehensive Plan of Action on Counter Terrorism.

This was probably Asean’s response to the Siege of Marawi, during which a terrorist group that had sworn allegiance to the Islamic State, reinforced by foreign fighters,

held off an elite force of the Philippine military from May to October last year.

The fact is that Asean has been strongly addressing this challenge well before the 9-11 attacks in the US and the subsequent Bali bombings. Asean countries like Indonesia and the Philippines have scored some notable successes in the law enforcement aspect of the fight against terror, but the whole region—for that matter, the whole world—still has to find an effective answer to terrorist propaganda and radicalization strategies.

Let us hope that the ASEAN Plan of Action to prevent and counter radicalism and violent extremism, which would be adopted in the near future, would be sophisticated enough to compete with the Islamic State narrative.

The Indo-Pacific redux

Like the subject of terror, almost all the other topics that the ministers took up were old themes that evolved and expanded through the accretion of meetings and implementing activities (which are also mostly meetings). In the Joint Communiqué issued by the meeting, there was one topic whose importance was belied by the brevity of the paragraph that discussed it. This was the Indo-Pacific

concept as Indonesia presented it to the meeting.

This Indo-Pacific concept has a pedigree: in 2013 Indonesia advocated an Indo-Pacific Treaty of Friendship and Cooperation, with the participants to the East Asia Summit (the ten Asean countries plus China, India, South Korea, Japan, Russia, the United States, Australia and New Zealand) proposed to be the first signatories. The advocacy waned and disappeared in the years that followed.

Then in October 2017, the US adopted the Indo-Pacific as the strategic framework for its new engagement with Asia and all of a sudden the term became a household word again. At this point, Indonesia entered the scene to rescue the concept from the clutches of a new Cold War—and offered a notion of the Indo-Pacific “which embraces key principles such as Asean Centrality, openness, transparency, inclusivity and rules-based approach.” If Asean handles this concept with skill and vigor, it could make highly significant progress in its regional architecture building.

A resource for peace

Among the items in the Joint Communiqué that would attract the least attention was a

reference to the Asean Institute for Peace and Reconciliation (Asean-IPR). Adopted as an Asean initiative spearheaded by Indonesia several years ago, it became operational only very recently. The fund for its first major research effort—on the peace talks between the government of the Philippines and the Moro National Liberation Front (MNLF) as mediated by Indonesia—has yet to be made available at this writing.

If Asean gives the Institute the leadership support that it needs and deserves, it could become a valuable source of ideas, policy recommendations and expertise in the prevention and resolution of conflicts in the region and beyond.

All in all, this is not likely to be a bad year for Asean—with two of its current efforts, the RCEP and the smart cities network, having the potential to be transformative. No cigars, however, for the adoption of a single draft document in the negotiations toward a Code of Conduct of parties in the South China Sea. This is progress—even substantial progress—but too late to prevent consolidation of China’s claims to parts of the South China that have no basis in international law.

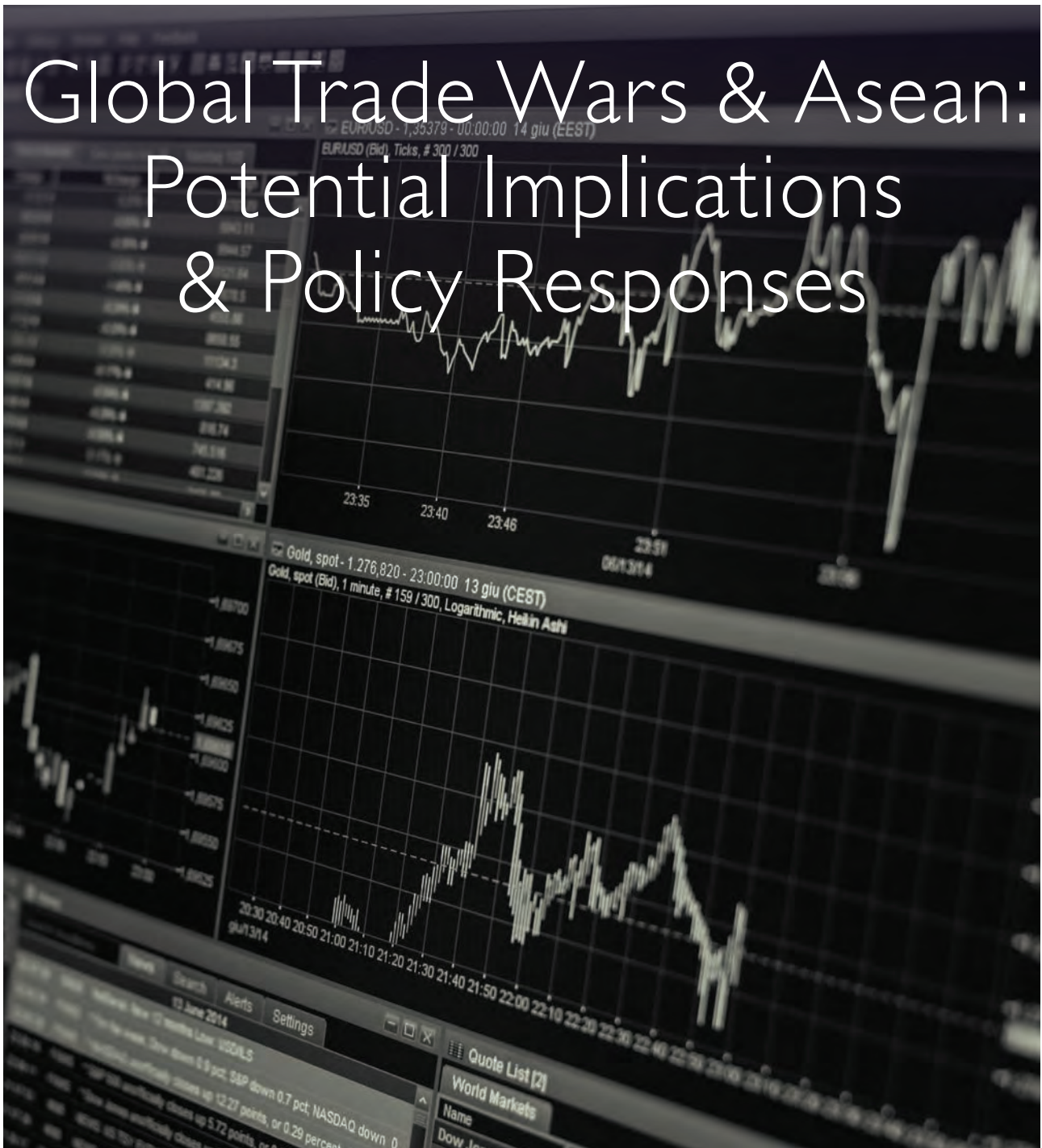
Everything else, to my mind, has been business as usual.



ASEAN-US Ministerial Meeting

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Global Trade Wars & Asean: Potential Implications & Policy Responses



Money Market

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Alexander C. Chandra,
Senior Fellow of The Habibie Center

Introduction

The global economy is facing yet another uncertain future as it embraces increased protectionism by the US, the largest economy in the world. Triggered by its growing trade deficits, the current administration of the US has taken steps to raise trade barriers. Citing concerns over national security and unfair trade practices, trade tensions between the US and other major economies, including China, Canada, and the European Union (EU) continue to escalate. After imposing 25 percent tariff on imports of steel, and a 10 percent tariff on aluminium from the EU, Canada, and Mexico (Long, 2018), the latest development of the impending global trade war saw Washington imposing tariffs on USD 34 billion of Chinese imports, which was subsequently retaliated by the latter by imposing a similar quantity of levies on imports from the former (Osborne, 2018).

Whilst the impacts of trade wars have been relatively minimal in the Southeast Asian region, the ten members of the Association of Southeast Asian Nations (ASEAN) remain cautious about the future outlook of the region's economy should the present US administration continues to pursue aggressive trade actions against its allies and other friendly nations across the world. Speaking at the opening of the 32nd ASEAN Summit in April this year, for instance, ASEAN Chairman, Prime Minister Lee Hsien Loong of Singapore, identified the mounting trade spat between China and the US as one of the most pressing worries for the region with Leaders of ASEAN Member States (AMS) expressing concerns over rising global protectionism (Kim, 2018). Similar concerns were also raised by leaders responsible for economics and financial affairs. Interviewed on the sidelines of the 4th ASEAN Finance Ministers' and Central Bank Governors' Meeting, which took place in Singapore on 6th April 2018, Indonesian Finance Minister, Sri Mulyani Indrawati, and Bank of Thailand Governor, Veerathai Santiprabhob, also stated that the conflict will have global repercussions, even if the direct impact on Southeast Asia's gross domestic product may be minimal for now (Jamrisko, 2018).

Amidst global trade tensions across major economies, ASEAN continues to be on alert, and is watching recent developments closely. Whilst it is true that some ASEAN economies may, in the near-term, benefit from a stand-off between the US and its closest allies through potential trade diversion and rebalancing (Tang, 2018), in the long-term, however, persistent rifts between these economies will be bad news for ASEAN economies. For one thing, prolonged tensions are likely to undermine the global economic recovery, which would, in turn, slow down the ASEAN economy as a whole. Furthermore, if trade friction causes productions in the world's major economies to stagnate, the decline in overall demand would likely affect ASEAN negatively. A significant portion of ASEAN's exports to China are in the form of components that make up Chinese exports to the US. This is not to mention other investment and financial volatility risks that may further affect ASEAN's growth potentials in the years to come.

Although it is far from clear how the present global trade tension may evolve, there is little doubt that this phenomenon will affect ASEAN economies significantly. Seeing solid economic fundamentals of the region, however, this article mainly argues that the growth story within ASEAN remains intact. Although ASEAN would find it difficult to control the environment that precipitates events around the global trade tension, ASEAN could definitely play some roles in not only mitigating the impact of the trade tension on its own economy, but also in setting an example to the rest of the world the importance of economic openness and integration in returning the world's economy to sustainable recovery. Paying special attention to the recent trade rift between the US and China, this article attempts to identify ways in which this friction may affect the region's economy. This article, furthermore, also intends to humbly offer policy solutions that ASEAN governments could consider to adjust to potential short- and long-term shock generated by such global economic uncertainties.

Trump and the rise of American protectionism

The prospect of the US putting in place protectionist policies had been made clear ever since Donald J. Trump announced his presidential candidacy in 2015. At the time, the Republican presidential candidate accused China of dumping exports and devaluing its currency, the yuan, at the expense of American commercial interests. The same presidential candidacy announcement also saw Trump accusing China of conducting illegal activities, including stealing US trade secrets and intellectual properties, and vowing to bring cases against Beijing in both the US courts and at the World Trade Organisation (WTO) should he be elected president.¹ Tapping into economic discontent at home, Trump also asserted that decades of US free trade policies were responsible for the decline of the American manufacturing industry (Allen, 2016). Trump's 'America first' policy eventually put him into the White House as the 45th US president, and made him the first American leader after Herbert Hoover (1929-1933) who openly advocated protectionism.

Fulfilling his campaign promises, Trump issued an executive order shortly after his inauguration on January 2017, which saw the US withdrawing from the Trans-Pacific Partnership (TPP) negotiations and agreement, a core component of the US' trade policy under the former Barack Obama administration. Not long after the US' formal withdrawal from this mega-trade deal, President Trump, through his newly appointed US Trade Representative, Robert Lighthizer, notified Congress of the government's intention to renegotiate the North American Free Trade Agreement (NAFTA) on May 2017. Throughout 2017 alone, the US initiated a total of 54 antidumping investigations, and imposed 32 antidumping orders. In addition, Washington also initiated 25 countervailing duty investigations, and imposed 11 new countervailing orders. Over the same period of time, the US International Trade Commission (USITC) also instituted 59 new section 337 investigations, and commenced 14 ancillary proceedings, of which seven were based on requests for modifications or rescission of outstanding commission remedial orders (Lu, n.d.).

Since then, the US has been consistently pursuing aggressive protectionist policies and actions that undermine not only its relations with its key allies, but also the global economy as a whole (refer to Table I for the full summary of key protectionist policies and actions of Trump administration). In addition to key allies, such as Canada, Mexico, the European Union, South Korea, and Australia,

all of which were affected by the US' imposition of an unilateral tariff of 25 percent on steel imports and a 10 percent tariff on aluminium imports,² special attention was also given to China, the second largest economy in the world, and the US' largest trading partner. Consistent with his earlier campaign pledges, President Trump began instructing the USTR in August 2017 to look

into unfair practices of China, including alleged theft of US intellectual property. By early 2018, the US began imposing antidumping and countervailing duties on Chinese steel flanges, washing machines, solar cells, cast iron pipe fittings, and other products, and this was followed by the submission of an official complaint over China's alleged IPR violation to the WTO at the end of March.

Table I. Brief Timeline President Trump's Protectionist Actions, as of 1st August 2018

Date	Policy Actions
23/1/2017	US' withdrawal from the Trans-Pacific Partnership.
31/3/2017	Executive Order instructing the USTR to identify foreign trading partners with which the US has had trade deficit with in 2016.
	Executive Order to enhance collection and enforcement of the US' anti-dumping and countervailing duty laws.
18/4/2017	Executive Order on 'Buy American and Hire American'.
29/4/2017	Executive Order to renegotiate or terminate any existing trade agreement that harms the US economy, businesses, IPR, innovation rate, or American people.
18/5/2017	USTR, Robert Lighthizer, notified Congress of President Trump's intention to renegotiate the North American Free Trade Agreement.
22/1/2018	Imposition of safeguard tariffs on imported residential washing machines and solar cells and modules.
8/3/2018	Imposition of additional tariffs on steel (25 percent) and aluminium (10 percent) was announced.
22/3/2018	President Trump announced that the US would take actions in response to China's unfair trade practices covered in the USTR Section 301 investigation of China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation.
26/3/2018	USTR filed a WTO case against China's discriminatory technology licensing requirement.
3/4/2018	USTR released the proposed list of Chinese products to be subjected to the retaliatory tariff under the Section 301 action, covering an approximately 1,300 tariff lines.
5/4/2018	In response to China's retaliation against the Section 301 tariffs announced in late March, President Trump instructed the USTR to consider USD 100 billion additional retaliatory tariffs on China.
30/4/2018	President Trump issued two proclamations regarding his decision to impose punitive tariffs on imports of steel and aluminium based on the result of 232 investigations.
23/5/2018	Department of Commerce announced to self-initiate Section 232 investigation against imports of automobiles, including SUVs, vans and light trucks, and automotive parts into the US.
29/5/2018	President Trump announced that the US will impose a 25 percent tariff on USD 50 billion of Chinese imports containing industrially significant technology.
31/5/2018	Two proclamations regarding the imposition of Section 232 punitive tariffs on steel (25 percent ad valorem tariff) and aluminium (10 percent ad valorem tariff) imports from Mexico, Canada, and the EU effective 1 st June 2018.
4/6/2018	US Secretary of Commerce concluded two-day trade negotiations with China in Beijing.
15/6/2018	Imposition of a 25 percent punitive tariff on a list of Chinese goods based on the result of its section 301 investigation.
19/6/2018	USTR to identify USD 200 billion worth of Chinese products to be subjected to a rate of 10 percent in response to China's decision to tariff on USD 50 billion worth of US' exports.
6/7/2018	The US Customs and Border Protection announced that additional import duties for Chinese goods covered by the section 301 action officially take into effect after 12:01 am. The new duties will affect 818 lines of products, which cover about USD 34 billion worth of imports from China.
10/7/2018	Following China's retaliation, the USTR announced that it would impose a 10 percent additional tariff on another USD 200 billion of Chinese imports.
16/7/2018	The USTR announced that the US launched separate disputes at the WTO against China, the EU, Canada, Mexico, and Turkey, challenging the tariffs each WTO Member imposed in retaliation to President Trump's Section 232 actions on aluminium and steel.
1/8/2018	USTR indicated that President Trump is considering increasing the proposed additional tariff from 10 percent to 25 percent on USD 200 billion worth of US imports from China.

Source: Lu (n.d.)

Over the next few weeks, both China and the US threatened to impose tariffs on each other's imports, but officials from both sides did begin to express a desire to initiate dialogue that eventually put the bilateral trade war on a temporary hold. Shortly after, or at the end of May 2018, however, the US once again threatened to impose tariffs on USD 50 billion worth of Chinese imports, and this culminated in the imposition of new duties on 818 lines of products, which cover about USD 34 billion worth of imports from China. Beijing retaliated to this protectionist action on the same day by putting in place similar sized tariffs on an unspecified clutch of American products. These latest actions carried out by China and the US officiated the dawn of a new bilateral trade war between the largest two economies in the world.

Potential implications

Whilst the impacts of global trade wars have been relatively minimal in ASEAN, there is little doubt that the growing, and possibly prolonged, frictions amongst

major economies may bring about major impacts on ASEAN. The Asian Development Bank (ADB) (2018), in its Asian Development Outlook 2018, for instance, projects that growth in developing parts of Asia could take a hit throughout 2018 should trade tensions between China and the US escalate further. The Manila-based lender forecasts that the developing Asia to grow by 6 percent in 2018, down from 6.1 percent in the previous year. Overall, there are at least four ways in which global trade wars could affect ASEAN economies negatively, and these include ASEAN's economic openness, financial volatility and capital outflows, debt trap, and lower business confidence to invest.

To start with, increased trade dependence between ASEAN and major trade partners of the US also means that ASEAN may be vulnerable to the negative impacts of the trade wars, and this is particularly so in the case of ASEAN's commercial relations with China. Indeed, with Beijing increasingly becoming the global hub of manufacturing goods, it receives a lot of

ASEAN exports that also make up China's larger value chain. Therefore, US' import tariff increases against Chinese imports will also generate adverse effects since China imports from ASEAN as part of their value chain (Arifin, 2018). Amongst ASEAN countries, the Philippines is likely to be the most at risk from a bilateral trade war between Beijing and Washington. Citing a recent note issued by RHB Bank Ltd., a Malaysian public limited company, Bloomberg (2018) reported that, to date, about 16.9 percent of the Philippines' shipment abroad are part of China's value chain, and this means that the country's main exports to China, such as electronics and electrical machinery, including computers and industrial goods, will be severely hit by a trade war between China and the US.³ The same article also suggests that other ASEAN countries that may be at risk from China-US trade tensions are Malaysia and Indonesia where exports of 11.4 percent and 10.9 percent of each respective country are involved in China's value chain.

Table 2. China-US trade war and its impacts on ASEAN economies

AMS	Impacts	Affected industries
Brunei Darussalam	With Japan as its leading export destination, Brunei has minimal export exposure to both Beijing and Washington. Only 0.4 percent of its exports go to the US, whilst 2.2 percent go to China.	
Cambodia	Direct impact should be relatively insignificant, though the US is a top export partner.	
Indonesia	Indonesia trades heavily with China with one-quarter of the country's exports to the latter involve intermediate goods.	<ul style="list-style-type: none"> Commodities: Coal, rubber, and palm oil (palm oil prices and exports may benefit if it becomes a substitute for soya beans); Steel, aluminium, and iron: if the US slaps metal products with import duties, China could dump its own domestic excess somewhere, which may put pressure on the Indonesian metal industry.
Lao PDR	Lao PDR trades heavily with China, and less so with the US. Direct impact is expected to be minimal.	Electronics: Machinery, transport equipment, and manufactured goods make up most of Lao PDR's exports to the US, and these could potentially make some gains as the US imposes tariffs on similar Chinese products.

Malaysia	With relatively significant level of trade openness, trade dispute between China and the US are expected to hike the costs of raw materials and intermediate goods.	<ul style="list-style-type: none"> • Palm oil: Prices and exports could be lifted if palm oil becomes a substitute for soya beans; • Chemicals: Malaysia is seen as a competitive alternative to China; • Solar panels: The US imposes 25 percent import tariffs on Malaysian solar panel; • Electronics: Malaysia's top exports to China, and Malaysia can gain from trade dispute.
Myanmar	Myanmar trades heavily with China, and trade war could help boost Chinese attention towards the country.	<ul style="list-style-type: none"> • Cattle: China and Myanmar are currently working on a deal to meet growing Chinese demand for beef with Myanmar exports. Trade dispute should provide Myanmar with ample opportunity on this front; • Manufacturing: Chinese companies are increasingly keen on setting up factories in Myanmar, especially in the Thilawa Special Economic zone.
Philippines	As most of the country's growth stems from domestic consumption, the Philippines is more likely able to shrug off its high trade exposure to the US and China, compared with the rest of AMS.	<ul style="list-style-type: none"> • Pork: The Philippines could potentially boost exports to the US, taking advantage of US' tariffs on Chinese pork; • Electronics: Both China and the US are major export destinations and sources for the Philippines.
Singapore	Given its dependence on manufacturing and trade, the economy is likely to suffer should trade wars are prolonged.	<ul style="list-style-type: none"> • Maritime shipping: If China shifts production offshore, Singapore's transport and logistics hub could benefit from higher maritime and shipping activities; • Electronics: Certain products (e.g. solar cells and modules, washing machines, and steel and aluminium) may be directly hit by the US tariffs, but they account for a relatively modest 0.1 percent of Singapore's exports.
Thailand	Mainly exporting primary products, which shield it somewhat from trade tensions, Thailand's trade surplus with the US may face further trade protectionist policies from Washington.	<ul style="list-style-type: none"> • Fruits: With China imposes tariffs on US agricultural products, Thai fruits would stand to benefit in Chinese market; • Automotives: As ASEAN's biggest automotive actor, Thailand could become a more attractive manufacturing venue for global automakers, including Harley-Davidson.
Vietnam	Vietnam is quite dependent on China for trade, and is also exposed to the US. Whilst a recalibration of trade flows might benefit Vietnam, there is also concern that Chinese companies could turn Vietnam into a dumping ground for exports, which could disrupt Vietnam's local industries and manufactured good prices.	<ul style="list-style-type: none"> • Consumer goods: China could look to Vietnam's labour intensive consumer goods industry in a bid to raise market access, diversify risks, and cut manpower costs; • Machine parts and components: Vietnam deals in intermediate goods that are partially assembled in China, and then shipped to US customers.

Source: *The Business Times* (2018)

Secondly, trade wars may also induce financial volatility and capital outflows in the ASEAN region. Whilst most Asian currencies have been appreciating since the end of 2016, President Trump's protectionist policies have been translated into occasional fluctuation in the region's financial markets. In the early phases of the trade war, countries that relatively export more to China than to the US, such as Singapore, Indonesia, and Malaysia, tend to have their currencies better positioned vis-à-vis US dollar as opposed to those that export more heavily to the US, such as Vietnam. Generally speaking, however, many ASEAN currencies have been projected to be vulnerable should trade wars amongst major economies continue to persist. Amongst lower-middle income economies, currencies that represent the relatively fastest growing economies, such as the Indonesian rupiah and Philippine peso, were projected to see their value depreciated -5.0 percent and -7.4 percent against the US dollar. The same goes with Thailand, an upper-middle income economy, and Singapore, a high-income economy, where each would see their currencies depreciate -2.3 percent and -1.4 percent against the US dollar respectively (Steinbock, 2018).

Thirdly, rising interest rates, as a result of monetary normalisation in advanced economies and currencies volatilities, may also prove disastrous to ASEAN's infrastructure development ambition. Needing around USD 60 billion per year over the next decade to address its infrastructure needs (ADB, 2012), many countries in the region rely on overseas financial supports from countries such as China and Japan. These economies, however, may end up in a debt trap if the global economic recovery continues to slow down amidst growing trade tensions amongst major economies (Dancel, 2018).

Fourthly, global trade wars may also curb business confidence and undermine investment flows into ASEAN. Whilst this may be less of an issue for now, global economic uncertainties are also likely to delay major foreign direct investment (FDI) decisions into the region. Multinational corporations, for instance, are more likely to postpone major foreign investment

decisions, and adopt a 'wait and see' approach as they try to figure out possible next steps that they could take amidst global economic uncertainties. Although FDI inflows rose by 11.6 percent year-on-year to reach USD 137 billion in 2017, FDI inflows from ASEAN's major trade partners were already lower in 2017 than in 2016 (ASEAN Secretariat, 2018: 4).

Notwithstanding these challenges, global trade wars may also prove to be beneficial for ASEAN. Tariff battles amongst some of the world's major economies could enhance Southeast Asia's appeal as an alternative destination for trade and investment (Nakano and Sumoto, 2018). In the manufacturing sector, for instance, US companies located in China could shift their manufacturing technology supply chains to production locations in Thailand, Malaysia, and Vietnam. Likewise, Chinese punitive trade action against American food or poultry imports opens up new market opportunities for ASEAN countries to serve as a potential source for China's food imports (Tang, 2018). This trend has been visible in countries such as Vietnam where the country is reported to have been seeing a surge of foreign investment from Japan, South Korea, Hong Kong, and China that are keen to diversify their global investment. Driven largely by FDI, Vietnam's economy has been growing at a record pace, with growth surging to 7.8 percent in the first half of 2018, the largest since 2011.

Moving forward: Potential policy options for ASEAN

Whilst there is an emerging consensus amongst world leaders, business practitioners, and observers alike that there are no winners in trade wars, it remains to be seen how global trade frictions will evolve in the future. By and large, however, the growth story within ASEAN remains intact, and this stems from positive economic fundamentals that have been visible throughout the region (Tang, 2018). Although ASEAN would find it difficult to control external environment that precipitates events around global trade war, it can, however, play a significant role not only in mitigating its potential negative impacts on the region's economy, but also in setting an example to the rest of the world

the right path to return to global recovery. The following are several policy options that ASEAN could consider to address the impacts of the trade wars:

- **Keeping ASEAN economically open to the rest of the world**

Economic openness will prove critical in fortifying ASEAN against the negative impact of escalating global trade wars. Although it remains contentious for a small section of the society, economic openness can be a key principle to enhancing the region's economic growth, poverty alleviation, FDI, technology transfers, and so on. More importantly, ASEAN needs to maximise the potential trade diversion impact of trade wars, and capitalise its economic attractiveness vis-à-vis to major external economic partners, many of which have been seeking to secure special commercial treaty with the Association. In relation to this, ASEAN countries may also consider the accelerated conclusion of the ongoing Regional Comprehensive Economic Partnership (RCEP).

- **Trade war as a momentum to enhance ASEAN economic integration**

Although trade wars may hamper ASEAN integration, they may also be used as a momentum to enhance ASEAN economic integration. As shown in the previous regional economic crisis in the late 1990s, and the subsequent global financial crisis in the later decade, the deepening of economic integration can serve as a buffer to address shocks from global economic uncertainties. In addition to fulfilling commitments set under the 2025 ASEAN Economic Community Vision, ASEAN could also consider reviving the 'Made in ASEAN' concept as a way to bolster regional economic connectivity.

- **Showcasing ASEAN political and economic stability to the world**

Linked to the first policy option, AMS should also consider taking collective efforts to showcase the region's political and economic stability. Although this has often been done through official

statements, more practical initiatives, such as collective trade and investment promotion activities and roadshows, could be done with the support of the region's private sectors and ASEAN's strategic economic partners.

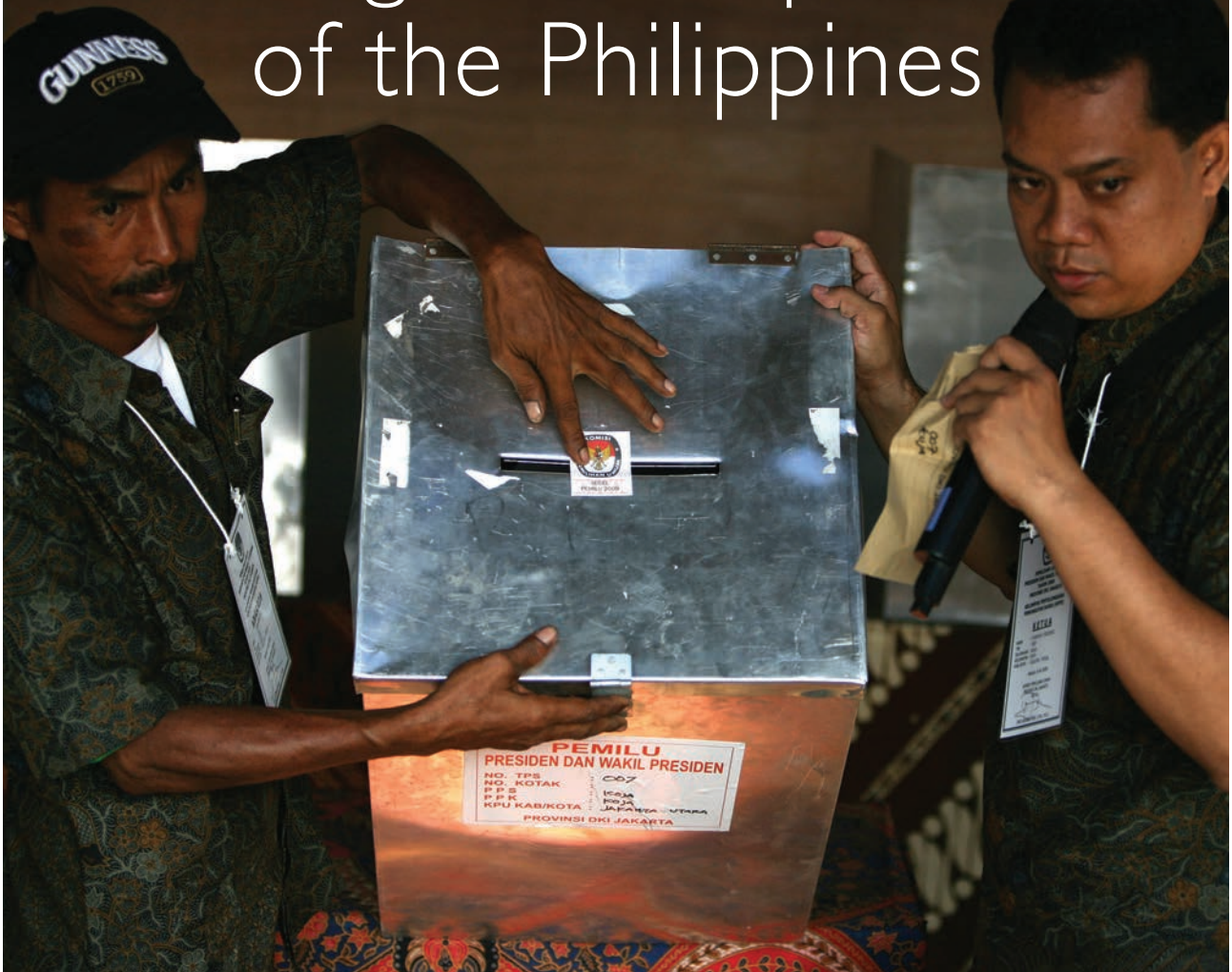
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End Note

1. For the full transcript of Donald J. Trump's presidential candidacy announcement in 2015 see, for example, the *Time* (2018).
2. Steel imports from some ASEAN countries, including Malaysia, Thailand, and Vietnam, were also subjected to a minimum of 53 percent.
3. The argument that the Philippines to be the most badly affected by China-US trade war was later refuted by an opinion piece written by Lynn Tan (2018) for the *Philippine Daily Inquirer*. Citing data from the Philippine Statistics Authority, the article stresses that China accounts for only 11 percent of the Philippines' total exports in 2016 and 2017. Moreover, given that the Philippines is largely domestically driven economy, with exports accounting for only 18.8 percent of the country's total GDP (as opposed to 113.8 percent for Singapore, 86 percent for Vietnam, and 63.9 percent for Malaysia), 16.9 percent data from the RHB Bank Ltd. also means that the impact of China-US trade war would only affect 3.2 percent of the country's GDP (as opposed to 7.3 percent for Malaysia, and 5.7 percent for Singapore).

Indonesia 2019 Simultaneous Election: Learning from Experiences of the Philippines



2009 Elections, Indonesia
Source: commons.wikimedia.org



Bawono Kumoro,
*Head of Politics and Government,
The Habibie Center*

Indonesia will hold simultaneous national elections for the first time on 17 April 2019. On this historical occasion, Indonesia will vote for members of national and regional parliaments (*Dewan Perwakilan Rakyat/DPR and Dewan Perwakilan Rakyat Daerah/DPRD*) as well as the senate (*Dewan Perwakilan Daerah/DPD*), while simultaneously vote for the president-vice president. This marks a difference from previous elections post-*Reformasi*, in which there is a several months-break between voting for parliament-senate and president-vice president.

The rationale behind this change is not only to cut expenditures for elections across the country, but more importantly, simultaneous national election is expected to strengthen the architecture of presidential democracy in Indonesia. This article will explore this argument further with lessons from the Philippines as an ASEAN country that have prior experience in implementing simultaneous national elections to elect both the legislative and executive branches of the government at the same time.

Presidential system in Indonesia, between theory and practice

Historically, Indonesia can see a number

of procedural improvements since the downfall of the New Order regime in 1998. But, it would seem that previous national elections are only directed to fill in a number of positions in the national and local parliaments. There was a disconnect between the legislative elections and the presidential elections. In this sense, the previous elections in Indonesia simply do not reflect a presidential system that Indonesia's founding fathers envisaged.

It is important to note that the presidential system has been strengthened in the post-New Order Indonesia. This was agreed by the People Consultative Assembly (*Majelis Permusyawaratan Rakyat/MPR*) in 1999 and further institutionalized through four constitutional amendments between 1999 – 2002. This process was not an easy one and the electoral process only forms a portion of it.

Indeed, the amendments have enlarged the original Constitution, the *Undang-undang Dasar 1945*, by around three times from 71 points to 199 points. It is not surprising that some see the new Constitution as a wholly different tome, one that reflects the challenges and necessity of *Reformasi*.

Four basic interrelated substances are discussed in the amendments. First, the president and vice president shall be

directly elected by the people. Second, the the president and vice president should only hold the office of their respective institution for five years with maximum two terms. Third, the legislative powers that was previously held strongly by the executive branch during the New Order now become the authority of the legislative institution although legislation still require presidential approval. Fourth, the senate in the New Order, the MPR, will no longer be the highest institution in Indonesia but be equal to the president.

These amendments are aimed at strengthening presidential system in Indonesia, by reflecting the core elements of a presidential system: president and vice president that are elected for a fixed term, directly elected by the people, and president as the sole head of executive.¹

However, to have the infrastructure for a presidential system alone is not always enough. The relationship between the executive and legislative is not only determined by the institutional architecture, but also by other variables that are different from countries to countries. Nevertheless, this relationship is critical in ensuring that an elected government—presidential or otherwise—will be able to govern effectively or not.

The rationale behind this change is not only to cut expenditures for elections across the country, but more importantly, simultaneous national election is expected to strengthen the architecture of presidential democracy in Indonesia.

Theoretically, a presidential system can govern effectively when a legitimate president receives their mandate through a fair election. The separation between the executive and legislative branch should also mean that policy implementation should not be overly encumbered by the dynamics of politics inside parliament. The underlying assumption is that the least amount of distortion and interruption in the creation and implementation of a policy will create a more effective climate for governance.

Furthermore, a presidential system will work with the support of a majority seat in the parliament. On the contrary, a support of non-majority seat or even minority seat will open up more doors for disruption in policy making and implementation.

This practice in Indonesia is especially visible during the two periods of President Susilo Bambang Yudhoyono (SBY), whereby the support of a large coalition by multiple political parties hindered the government to establish clear policy line and compromised the presidential system itself.

A compromised cabinet in a presidential system will disrupt the balance between the legislative and executive. Thus, although the architecture might still delineate a separation between the two branches, in practice there can be some political compromise between the two branches that are made to ensure that certain policies are implemented and legislations are passed. This can also mean political compromise would play a role in deciding key positions in the government such as the head of police, armed force, and central bank.

This compromise can increase the strength of political parties and weaken the position of an elected president. As a result, even political parties in a coalition can have more bargaining power in a government that will give them more room to not be disciplined if they fail to follow government policy lines.

How, then, can a simultaneous national election strengthen the presidential system in Indonesia?

Simultaneous legislative and presidential election is a logical consequence of a presidential system. It is odd to have legislative elections prior to a presidential election, as the later election will be indirectly influenced by the former. For example, the process to vet presidential candidates and the bargaining powers of political parties to put their support for a presidential candidate will be determined by their successes in legislative elections. Furthermore, the process for nominating presidential and vice-presidential candidates is also determined by the electoral threshold. Only political parties that won 25% legitimate votes in the legislative election, or acquire 20% seat in the parliament are allowed to nominate a candidate for the presidential election.

The implementation of a threshold for nominating presidential and vice-presidential candidates should not exist in a presidential system. The separation of legislative and executive branch should mean that there is check and balance between the branches and one institution should not be overly dependent on the other. Furthermore, direct election of a president means that the political mandate given to a president is from the people and should not be overly encumbered by the political dynamics of parliament.

To separate the dates of legislative and executive elections may sound simple, but it cannot be denied that it has a significant impact on the implementation of a presidential system. Transactional politics can be strengthened through such arrangement, especially when the elected president does not come from winning political parties or from any political party at all. It is in this context that the Indonesian national simultaneous election is important for the country.

On a fundamental level, this is about creating basic changes to strengthen the

practice of Indonesian presidential system.

Indonesia has committed to adopt a presidential system of government as is enshrined in the Constitution. The electoral architecture should reflect this commitment. The result of an election should aim to help a government to effectively perform its functions.

Lessons from the Philippines

Although holding simultaneous elections will be a first for Indonesia, this is not the first time for the Philippines, a fellow ASEAN Member States and adopter of a presidential system. The Philippines have adopted such practice after the era of President Marcos in 1987 where they conducted simultaneous elections at the local and national level.

According to the Philippine Constitution, the president and vice president are elected for a six years term through a national election. Quite different with Indonesia, the senate is elected simultaneously with president and vice president, while members of parliament, governors, mayors, members of provincial board and city councils are elected for a three years term.² Thus elections held in between those for a president and vice-president are called midterm elections.

Although Indonesia does not currently have a plan to institutionalize a midterm election, it will hold a simultaneous election for both national and local executives like the Philippines and legislatures in 2024, in what a government official has dubbed as the largest simultaneous election in the world.³

Indonesia can stand to learn from the logistical experience of the Philippines. When the Philippines first held simultaneous elections, they had difficulties with printing ballots and with counting votes. Moreover, there were also allegations of collusion against electoral commission at multiple levels.

Another important lesson from the Philippines is about the strengthening of its presidential system. On the one hand, simultaneous election in the Philippines did not erase the potentials of deadlock between legislative and executive as was exemplified in the challenges that were faced by President Estrada that led to his extra-constitutional removal from office in 2001. On the other hand, a strong executive can also subordinate legislative and judicial branches leading to a system of government that bypass checks and balances in favor of a more autocratic way of governance.

Nevertheless, Indonesia has committed to a presidential system and will implement a simultaneous national election to further its commitment. The system has its flaws

and challenges, as does the election. Regardless, Indonesia has no other choice but to move forward with this plan and ensure that the election in 2019 and 2024 will run successfully, fairly, and accountable. Democratization in Indonesia must go on!

End Note

1. Arend Lijphart "Presidentialism and Majoritarian Democracy: Theoretical Observations" dalam Juan Linz and Arturo Valenzuela (ed.) *The Failure of Presidential Democracy: Comparative Perspectives* (Baltimore and London: The John Hopkins University Press, 1994), h. 91-105.
2. Joel Rocamora, *Philippine Political Parties, Electoral System, dan Political*

Reform Philippine International Review Vol. 1, No. 1 Spring 1998

3. In total, Indonesia will vote for 34 governor, 504 mayors, almost 3,000 members of provincial parliament, and almost 16,000 members of city parliament. There will also be election for 575 members of national parliament, 136 members of senate, and president/vice-president See "Indonesia Jadi Penyelenggara Pilkada Terbesar se-Dunia 2024" diakses dari <https://www.republika.co.id/berita/nasional/politik/18/04/26/p7r4e2313-indonesia-jadi-penyelenggara-pilkada-terbesar-sedunia-2024> pada tanggal 14 Agustus 2018



Indonesia 2009 Pres Elect Ballot Box

Source: commons.wikimedia.org

CHINA-US TRADE WAR AND ITS IMPACTS ON ASEAN ECONOMIES



BRUNEI DARUSSALAM

With Japan as its leading export destination, Brunei has minimal export exposure to both Beijing and Washington.



CAMBODIA

Direct impact should be relatively insignificant, though the US is a top export partner.



INDONESIA

Indonesia trades heavily with China with one-quarter of the country's exports to the latter involve intermediate goods.



LAO PDR

Lao PDR trades heavily with China, and less so with the US. Direct impact is expected to be minimal.



MALAYSIA

Significant level of trade openness, trade dispute between China and the US are expected to hike the costs of raw materials and intermediate goods.



MYANMAR

Myanmar trades heavily with China, and trade war could help boost Chinese attention towards the country.



PHILIPPINES

As most of growth stems from domestic consumption, the Philippines is more likely able to shrug off its high trade exposure to the US and China.



SINGAPORE

Given its dependence on manufacturing and trade, the economy is likely to suffer should trade wars are prolonged.



THAILAND

Mainly exporting primary products, which shield it somewhat from trade tensions, Thailand's trade surplus with the US may face further trade protectionist policies.



VIETNAM

Trade dependence on China and exposed to the US. Potential for Chinese companies to dump exports to Vietnam, disrupting its local industries and manufactured good prices.

ASEAN ROUND-UP

Askabea Fadhillah is a Researcher of the ASEAN Studies Program of The Habibie Center



EU, ASEAN Collaboration Opens Door to Empower Youth



The Jakarta Post, August 09, 2018

<http://www.thejakartapost.com/news/2018/08/09/eu-asean-collaboration-opens-doors-empower-youth.html>

ASEAN celebrated its 51st anniversary with various events to help develop the youth. "It is the first time that you have EU-ASEAN scholarship and higher education with students, ministries, embassies, and the ASEAN Secretariat all together in one place," European Union Ambassador to ASEAN Francisco Fontan Pardo said on Wednesday at the ASEAN Secretariat. The day was centered around building an educated workforce through collaboration between the two regional blocs.

Why it matters:

Despite the relatively low-key celebration of ASEAN at its 51st Anniversary, the Association does not kid around when it comes to youth empowerment. In addition to the aforementioned occasion, during an event at Serangoon Garden Secondary School in Singapore to mark the 51st anniversary of ASEAN, which was attended by 400 youth delegates and diplomats from ASEAN countries, ASEAN also launched the ASEAN Youth Community (AYC) as a platform to connect young people in ASEAN and link them up to internships or volunteer opportunities in the region.

ASEAN's very own ASEAN Foundation also provides Education Programme which helps to build the capacity of the youth with technical knowledge and skills that will enable them to be competitive actors in ASEAN integration process. Some of the programmes include scholarships, courses, academic exchange, training and vocational training, research study, internship, and apprenticeship.

Furthermore, ASEAN also believes that investing in higher education for youth will contribute significantly to ASEAN integration. In 1995, the Association established the ASEAN University Network (AUN) in 1995 to facilitate programmes and activities to encourage and promote higher education cooperation and development.

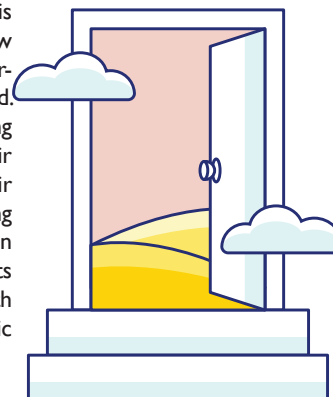
As shown above, ASEAN collaboration with one of its oldest dialogue partner on the issue of youth empowerment is also something that the Association keeps pursuing on its 51st Anniversary. The European Union has enjoyed stronger integration by investing on the development of youth education. Previously, through a program called SHARE (Support Through Higher Education in the ASEAN Region), the EU provided assistance for ASEAN to enhance the quality, competitiveness, and internalization of ASEAN Higher Education institutions and students.

Youth is indeed the heart of ASEAN integration process. It is important as ASEAN is now competing with the ever-increasing globalised world. Empowering the young generation by developing their education and improving their skills will allow the young population to be involved in this fast-paced labour markets resulting in economic growth and international economic competitiveness for ASEAN.

Not only that, it will expand their knowledge and skill, the opportunity for ASEAN youth to pursue education or internship in other ASEAN countries will also allow them to mobilize within ASEAN which will further help instilling ASEAN identity within themselves. Youth mobility will encourage people-to-people interaction, providing an avenue for the young population to get to know their fellow ASEAN citizens. Hopefully, it will create a sense of cross-cultural understanding to finally contribute to regional stability and peace at the people level.

ASEAN's endeavour was also met with the same enthusiasm from the youth population. According to a study conducted by ERIA and The Habibie Center entitled 'ASEAN@50: Retrospective & Perspectives on the Making, Substance, Significance, & Future of ASEAN', young respondents are optimistic about their role for the future of this regional integration. They believe that ASEAN mobility will enable them to study, and later, to work in other ASEAN countries. Some of the respondents believe

that they will have more knowledge about ASEAN, more exposure to the region's workforce, and be more accustomed to the region's diversity, therefore increasing their competitive value compared to those who stay at their home country.





Asian Games: Indonesia Welcomes Asia with Explosive Opening Ceremony



Reuters, August 18, 2018

<https://in.reuters.com/article/games-asia-opening/indonesia-president-widodo-opens-18th-asian-games-idINKBN1L30F3>

A spectacular pyrotechnic show, including a simulated volcanic eruption, lit up the Jakarta skyline on Saturday night as Indonesia rolled out the red carpet for the continent's elite athletes in the opening ceremony for the 18th Asian Games.

Why it matters:

Indonesia went full force as the country hosts the largest multi-sports events outside of the Olympics: the Asian Games. It is the second time for the country to host the Games after 56 years. 50,000 people were packed in the same stadium where the 1962 Games were opened as the opening ceremony received praise from all over the world. As many as 13,000 athletes from 45 countries will compete in 40 sports and 67 disciplines which include new competitions ranging from bridge, roller skating, to e-sports. This is also the first time that the Games are held in two cities, Jakarta and Palembang on the island of Sumatra.

This 2018 Asian Games is not only momentous for the reasons mentioned above, but also because this year's Asian Games show the strong bond among Asian nations. Improved relations between South Korea and North Korea were symbolically demonstrated as athletes from the two sides will compete as one team in several sports under the name of Korea. The two countries also agreed to parade together during the Opening and Closing Ceremony

carrying a common flag featuring a map of the Korean peninsula. The joint Korea received a warm welcome as thousands cheered for them during the ceremony. Many observers saw this as history in the making as such move would help these two historic rivals ease decades of tensions. The crowd also gave an extra shout out to Palestine, Syria, and of course Indonesia.

In order to produce such breathtaking ceremony, Indonesia spent massive amount of money to support the Games. According to Indonesia's National Development Planning Agency (Bappenas) a total of US\$2.4 billion was spent on infrastructure development surrounding the 2018 Asian Games. The high cost has always been the issue for the hosting country. It should be noted that in 2014, Viet Nam was originally selected to host Asian Games after they won the bid. However, due to the high cost of facility and infrastructure constructions, Viet Nam withdrew from hosting the Games with Indonesia offering to step in and the Olympic Council of Asia selecting Jakarta and Palembang as the hosts of the 2018 Asian Games because the capital city already has sports facilities, adequate transportation networks and lodging for guests and participants.

It should also be noted that the initial plan to host the Games in 2019 had to be pushed forward to 2018 because Indonesia will be holding Presidential and Parliamentary Elections in 2019. In addition to that, Indonesia also has more at stake than just hosting sport events. With the growing threats of terrorism, Indonesia needs to ensure the security after the recent Surabaya terrorist attacks last May.

The Opening Ceremony of Asian Games has shown that not only the country manages to pull a spectacular presentation in such a short time, but it also manages to do it successfully despite a number of challenges and constraints.





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The ASEAN Studies Program was established on February 24, 2010, to become a center of excellence on ASEAN related issues, which can assist in the development of the ASEAN Community by 2015. The Habibie Center through its ASEAN Studies Program, alongside other institutions working towards the same goal, hopes to contribute to the realization of a more people-oriented ASEAN that puts a high value on democracy and human rights.

The objective of the ASEAN Studies Program is not merely only to conduct research and discussion within academic and government circles, but also to strengthen public awareness by forming a strong network of civil society in the region that will be able to help spread the ASEAN message. With the establishment of ASEAN Studies Program, The Habibie Center aims to play its part within our capabilities to the ASEAN regional development.

ASEAN STUDIES PROGRAM

The Habibie Center
Jl. Kemang Selatan No.98, Jakarta Selatan 12560
(P.) 62 21 781 7211
(F.) 62 21 781 7212

www.habibiecenter.or.id
www.thcasean.org

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The Habibie Center

The Habibie Center Building

Jl. Kemang Selatan No. 98, Jakarta Selatan 12560

P. +62 21-781 7211 F. +62 21-781 7212

f facebook.com/habibiecenter @habibiecenter

www.habibiecenter.or.id



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