

WE ARE IN A GREAT TRANSITION TO A multipolar world. Every piece on the global chessboard seems to be moving, sometimes in unexpected ways. Countries, companies and individuals must expect turbulence of one kind or another in the coming years.

The Association of Southeast Asian Nations (ASEAN) is the union where major powers meet and rub into each other. It can either be a zone of instability or a buffer to dissipate tectonic stresses. For ASEAN to play that positive role, two conditions must be met: First, ASEAN must be united and, second, it must stay neutral. ASEAN's cultural and political diversity is a reality we cannot wish away; it's rooted in its history. ASEAN's structure and processes take into account the fact that we are different countries with different cultural identities and at different stages of development. ASEAN leaders and ministers do not vote on issues or debate their positions



SOUTHEAST ASIA:

WHERE WORLDS OVERLAP

in public because this would cause face to be lost. We rely instead on a methodology of consensus through consultation, compromise and peer pressure. But this softness is in fact ASEAN's strength. Like Southeast Asia's glutinous rice cake, we mold ourselves to the needs of the situation while sticking together.

Myanmar is beset by ongoing domestic problems that have provoked international outcries and it remains a challenge to a unified ASEAN. However, it has not given up on Myanmar. With Indonesia in the chair of ASEAN this year, we can expect fresh initiatives to be made. China, Japan and India prefer ASEAN to take the lead in handling Myanmar relations. Some Western countries criticize ASEAN, but know that they themselves can't provide the solution. In fact, there is no simple solution. Both the army, which took control of the government in 2021, and imprisoned opposition leader Aung San Suu Kyi are part of the problem and part of any feasible solution.

The traditional culture of indirectness and nuance offers the best path to preserving ASEAN's unity and neutrality, the keys to its value in the global market, says Brunswick's **GEORGE YEO.**

Indonesia leads by restraint, and so serves as ASEAN's anchor. Indonesia is the group's largest economy, yet it knows that however big it is, it cannot outstrip the influence of the big powers. No decision can be taken without Indonesia's agreement in ASEAN, but Indonesia also knows that it is unwise to put too much pressure on smaller countries. As well as a member of ASEAN, Indonesia is a member of the G20 and during the recent G20 Summit in Bali, President Jokowi was a brilliant impresario, setting the right tone for diplomacy to work its magic, without any overt attempt to influence proceedings. It is the Javanese way, a good example of the culture of nuance that helps to hold ASEAN together and preserves its unity.

The ongoing rise of China is a boon to Southeast Asia, repeating a historic pattern that would occur whenever a new dynasty on the Chinese mainland would reunite the vast country and unleash its economic potential. ASEAN is now China's biggest

trading partner, overtaking the EU some years ago. While ASEAN leaders show careful respect to Chinese leaders, they do not wish to be subservient. In the long, shared history between Southeast Asian kingdoms and China, there is much accumulated wisdom. China understands ASEAN's independent spirit and accepts it, as long as ASEAN countries are not unfriendly to China. China has never sought an exclusive position for itself in Southeast Asia.

ASEAN countries are very sensitive to growing tension between China and the US and do not wish to take sides. All ASEAN countries prefer to have the US embedded in the region, yet no ASEAN country wants China as an enemy. ASEAN countries prefer to have all the major powers present in Southeast Asia so long as they are not here to cause trouble.

That neutrality is a deep instinct, well honed in every ASEAN country. Even Vietnam, which has had to fight off China repeatedly in the past, never takes that conflict too far or too long. Relations with China are improving dramatically. Membership in ASEAN enables Vietnam to have a more constructive relationship with its giant neighbor. As its economy grows, Vietnam will become a major player in ASEAN, perhaps second only to Indonesia eventually.

An ASEAN that is united and neutral is a valuable convening platform for the world's major powers. The genius of ASEAN is in convincing those powers that they have an interest in the well-being of its member states and peoples. It is a position achieved by indirectness—the ASEAN way.

THE MANDALAS OF ALL THE MAJOR POWERS RADIATE INTO SOUTHEAST ASIA AND OVERLAP TO VARYING DEGREES IN DIFFERENT COUNTRIES.

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The mandalas of all the major powers radiate into Southeast Asia and overlap to varying degrees in different countries. US trade with the region totaled an estimated \$362.2 billion in 2020; China's is roughly double that. The EU is only a little less at \$234.1 billion, making ASEAN nations collectively the EU's third-largest trade partner. Each of them contributes to growing tourism in the region, which is on track to fully rebound this year to pre-pandemic levels.

The lesson that all foreign business in Southeast Asia learn is that operations here require a subtlety and nuance that transcends their previous experience. When the European powers arrived on our shores, they needed local intermediaries to help them navigate the China trade of the 19th century. Not just the languages were strange to them, but also the culture of doing business. That is still the case.

A new and much larger China trade exists in the 21st century. China's trade and investment in Southeast Asia are on an upward trajectory. Many companies seeking diversification from China eye Southeast Asia increasingly. All of them need local intermediaries too. Those with knowledge of multiple domains and their interactions play a valuable economic role. In times of turbulence, the role they play becomes even more important.

The reverse is also true and can lead to frustration for any organization doing business in the region: A lack of nuanced understanding—historic perspective, current social and political dynamics—can stymie the otherwise best-laid plans. ♦

ASEAN—A QUICK OVERVIEW

STANDS FOR: Association of Southeast Asian Nations.

WHAT IT IS: A political and economic union between 10 member states with a collective population of more than 662 million people, or roughly 8% of the world's population. ASEAN represents the world's fourth-largest market.

HOW IT WORKS: "ASEAN is headed by a chair—a position that rotates annually among member states—and is assisted by a secretariat," writes the Council on Foreign Relations. "Important decisions are usually reached through consultation and consensus guided by the principles of non-interference in internal affairs and peaceful resolution of conflicts."



ASEAN'S FOCUS: The bloc's aims are wide-ranging, from "accelerating the economic growth, social progress and cultural development in the region," to "promoting regional peace and stability." ASEAN has helped encourage trade among its members and create free trade agreements with other nations. It also focuses on a range of issues that fall under the umbrella term "regional security," from combating terrorism to human trafficking.

FOUNDED: August 8, 1967, in Bangkok, Thailand, with five original members (Indonesia, Malaysia, the Philippines, Singapore and Thailand).

HEADQUARTERS: Jakarta, Indonesia.