



UK-ASEAN Relations

Towards sustainable, enduring, and equitable partnerships

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Cover photo: 13/07/2023. Jakarta, Indonesia. The Foreign Secretary, James Cleverly attends the Association of Southeast Asian Nations (ASEAN) Foreign Ministers Summit in Jakarta, Indonesia. Picture by Rory Arnold / No 10 Downing Street. Attribution-NonCommercial-NoDerivs 2.0 Generic (CC BY-NC-ND 2.0)

Inside Photo 1: Lord Green, former Minister of State for Trade & Investment speaking at the UK ASEAN Business Council lunch in London, attended by President U Thein Sein of Burma, 16 July 2013. Attribution 2.0 Generic (CC BY 2.0)

Inside Photo 2: SINGAPORE (Aug. 16, 2023) - Royal Navy Lt. Cmdr. Joshua Gorst, legal advisor to Commander Operations, Naval Legal Service, provides a legal seminar at the Maritime Domain Awareness workshop during Southeast Asia Cooperation and Training (SEACAT) 2023 in Singapore, Aug 16. SEACAT is a multilateral, multi-platform exercise including ashore and at-sea training evolutions that emphasize real-world engagements to enhance cooperation and maritime security capabilities in the Indo-Pacific. (U.S. Navy photo by Mass Communication Specialist 1st Class Brandon Parker)

Inside Photo 3: The Foreign Secretary, James Cleverly speaks with the Jakarta Post whilst attending the Association of Southeast Asian Nations (ASEAN) Foreign Ministers Summit in Jakarta, Indonesia. Picture by Rory Arnold / No 10 Downing Street



The UK has set out the right priorities and frameworks for engagement in Southeast Asia. It now needs to translate these into concrete programmes and develop relationships at different scales to produce sustainable and equitable partnerships. The UK's offer of patient development needs to be matched through patient, proactive, and inclusive diplomacy to ensure relations have depth as well as breadth.

About this research

On 6th July 2023 the 'UK-ASEAN Relations: Towards sustainable, enduring, and equitable partnerships' IdeasLab took place at the Asia Centre in Bangkok, Thailand. The IdeasLab brought together 30 practitioners and researchers working in government, research and civil society sectors across Southeast Asia to discuss UK engagement with the region, and served as a follow up to an earlier event in Bristol on implementing the UK's Indo-Pacific tilt and Southeast Asia. The rationale for the event is that there has been significant focus on the strategic side of the tilt, but less focus on functional areas of cooperation. Exploring what the UK is doing, what is working well, and what could be improved, with those working in the region, is necessary to ascertain whether the UK can achieve its goals and meet its developmentalist offer.

The IdeasLab discussions were organised around four panels relating to the four areas of cooperation outlined in the ASEAN Outlook on the Indo-Pacific: maritime cooperation; connectivity; UN Sustainable Development Goals 2030; and economy and trade. While there are other areas of development, these themes of cooperation are consistently reemphasised, particularly through the ASEAN Leaders' Declaration on Mainstreaming Four Priority Areas of The ASEAN Outlook on The Indo-Pacific within ASEAN-Led Mechanisms and ASEAN's Maritime Outlook. Panellists provided position papers which formed the basis for discussion from attendees.

This report outlines the key findings of the event and provides policy recommendations for the UK government to promote its aims of deepening partnerships with ASEAN and its members consistent with the ASEAN-UK Plan of Action. It does so with reference to the recent policy paper released by the UK government in July 2023 - UK-Southeast Asia regional development partnership summary -with the intention to help inform the design of the five flagship ASEAN-UK programmes outlined in the document.

Key findings

1) The frameworks for deeper UK-ASEAN relations are in place

The UK is on the right path through its Dialogue Partnership with ASEAN as well as bilateral partnerships with member countries through other structures.¹ The consensus of the IdeasLab participants on where the UK's strengths lie, how these align with the region's needs, and how the UK can target engagement in these areas is consistent with the UK government's 'patient development' offer.

The UK government's approach is to make niche investments around three priorities: building partnerships that deliver results; catalytic investments that leverage larger investments from others; and UK expertise to provide advice, exchange lessons, and evidence.

This pragmatic approach was affirmed by discussions at the IdeasLab. The provision of UK knowledge and expertise for capacity building was a particular focus with key fields highlighted by participants being green and sustainable infrastructure; digital connectivity; green finance and Environmental, social, and corporate governance (ESG) regulation; cyber-security; education; maritime domain awareness; and marine environment.

- **infrastructure** - the UK works through the G7 and ADB as well as sponsoring the work of the Private Infrastructure Development Group (PIDG) to encourage private investment in infrastructure development projects. Bilaterally, Britain's development financing body, British International Investments, opened an office in Singapore with an ambition to invest up to £500 million in the region in the period 2022-26. BII's strategy alongside new British Investment Partnerships represent a shift in approach by the UK government, outlined in the UK's International Development Strategy, away from grants and aid towards more bilateral investments which can be scaled up through public-private partnerships and offer future returns. Successes such as a partnership with the Philippine Stock Exchange were noted during Foreign Secretary James Cleverly's visit to the Philippines. IdeasLab participants highlighted, however, that such efforts to mobilise private capital for sustainable infrastructure require capacity building, especially in human resources for sustainable infrastructure management, and recognising the rights of all impacted by such investment. The UK recently sponsored the ASEAN Sustainable Leadership in Infrastructure Programme providing knowledge exchange for capacity building in terms of

leadership in delivering sustainable infrastructure. More initiatives like this would be well received by regional actors - including civil society organisations (CSOs) -, but there also needs to be a rescaling towards other stakeholders including local governments who have their own infrastructure aspirations. The UK government should also consider the limitations of private finance for public infrastructure, particularly the problems with the 'de-risking state' model, which places increased infrastructure investment risks on developing country states to encourage private financing. Consideration could be given to proposals from CSOs, including those in Southeast Asia, for the World Bank to promote a more social-, environment- and human rights-focused approach, which has relevance for the UK.

Digital connectivity - IdeasLab participants discussed the challenges and opportunities of the current technological shifts associated with the Fourth Industrial Revolution and how new technologies can be harnessed for an improved economy and better provision of public services. The ambitions for ASEAN are set out in the Consolidated Strategy on the Fourth Industrial Revolution for ASEAN and a key framework for



cooperation with the UK is the ASEAN-UK Digital Innovation Partnership. This consists of three pillars: digital economy business partnerships, digital trade policy, and digital government. The UK can share experience of its current development of a national Single Trade Window with ASEAN on its work towards an ASEAN Single Window. The UK can also engage with the ASEAN Smart Cities Network to explore new partnerships and mutual learning for harnessing technology for more inclusive and sustainable urban development. It can also support regional partners in managing the social impact of digital transition, particularly in terms of digital education and re-skilling of workers.

Green finance and ESG – the UK’s primary support comes through working with the Asian Development Bank under the United Kingdom-ASEAN Catalytic Green Finance Facility (UK-ACGF) which is a single-partner trust fund established in March 2023 under the ASEAN Catalytic Green Finance Facility (ACGF). The UK International Climate Finance Strategy published in March 2023, as well as the “Green Finance: Opportunities for Deeper UK-ASEAN

Cooperation” report, outlines the UK’s ambitions together with mechanisms and facilities for supporting investments in energy transition and sustainable infrastructure. The UK government needs to turn these ambitions into concrete programmes at the regional level. Crucial for this will be accompanying capacity building for regulating green and ESG finance. Participants emphasised the need for support in capacity building and financial regulatory reform, particularly in relation to ensuring compliance with international standards in company reporting, such as those of the International Sustainability Standards Board (ISSB) and Task Force for Climate Finance (TCFD). This supports better access to capital by increasing investors' and lenders' confidence that a company's climate-related risks are appropriately assessed and managed. It also provides better comparability and reduces greenwashing. Participants also noted that the platforms for green financing need to be rescaled so that local communities and micro, small and medium-sized enterprises (MSMEs) are included and can benefit from the opportunities and positive impact of green financing can bring. This includes prioritising women-led green finance initiatives.

Cyber security – the UK is well placed to deliver capacity building through its Indo-Pacific Cyber Programme and various cyber security fora held bilaterally. It can enhance its work through building individual country programmes in the region like the one undertaken in the Philippines in 2022 and announced with Indonesia in June 2023. It can also work at the ASEAN level through the newly established ASEAN Defense Ministers’ Meeting Cybersecurity and Information Centre of Excellence (ACICE) in Singapore, which can be a key area of niche support that the UK can offer as part of its efforts to join the ASEAN Defence Ministers’ Meeting Plus and aligns well with the UK’s defence footprint in-region. Cross-sectoral support aligned to the intersection of cyber-security and maritime security would be particularly welcomed. It was noted, however, it is in cybersecurity where there is a significant potential for duplication given the EU’s (and others) focus on this issue. Coordination both within and between governments should be pursued to remedy duplication. Collaborative programmes with the ASEAN-Japan Cybersecurity Capacity Building Centre in Thailand, for example, serve as an opportunity for coordination given past UK-Japan cooperation in this sphere.

Education – Participants discussed the education gaps that exist within the region, especially in rural and remote areas and experienced by marginalised communities. The UK is currently designing a programme focusing on women and girls’ education which could serve to address some of these gaps through its focus on improving the quality of education and skills for marginalised girls and young women, as well as promoting inclusion of remote and ethnic minority communities, urban poor, and children with disabilities. The British Council also delivered an £8.5 million project to harmonize higher education standards. Crucial for these programmes will be ensuring the design is shaped by the active involvement of targeted communities. For higher education, the UK is still viewed as one of the best destinations for international study, but despite 200 Chevening scholarships going to ASEAN students, a lack of scholarships and visa restrictions can pose a problem for many aspiring students.

English language training within Southeast Asia could be expanded through the British Council. More partnerships between UK universities and universities in the region can also support British students to spend time studying in Southeast Asia boosting knowledge of the region within the UK.

Maritime domain awareness and enforcement – The ASEAN Maritime Outlook argues it would ‘be pragmatic for ASEAN and its external partners to undertake maritime related initiatives’. The coordination of MDA is included in the UK’s funding package of up to £6.5 million from 2022 to 2025 for supporting maritime challenges. It has a persistent presence through a Royal Navy MDA Liaison Officer in place at Singapore’s Information Fusion Centre and a Department for Transport Regional Maritime Security Liaison Officer in Malaysia, delivers MDA-relevant and law enforcement capacity building through various agencies and departments, and frequently holds maritime dialogues with key partners. Participants stressed expertise concerning the whole-of-system approach the UK takes to MDA and maritime security is something that there is both a willingness and desire to learn from. At a military-to-military level, it was noted existed military partnerships such as those developed through the FPDA, Bersama Shield, and LIMA could be further leveraged given they involve all branches of the armed forces which can increase interoperability and information-sharing. On a whole-of-system level, the UK sent an inter-agency delegation to SEACAT – a regional multilateral MDA and enforcement exercise - to highlight this approach, but it needs to establish and maintain sustained structures for future inter-agency delivery. Participants also noted it needs to either differentiate its offer from other external partners like US, EU and Japan, or coordinate work with those partners to avoid overcrowding and the duplication of initiatives. Duplication is something that ASEAN itself is trying to overcome, as demonstrated in the ASEAN Maritime Outlook, and is something of which the UK needs to be particularly cognisant.

Marine environment – Also highlighted in both

the AOIP and the ASEAN Maritime Outlook is that maritime cooperation should not be purely security focused, and cooperation should centre around sustainability and conservation. The UK has a £500 million Blue Planet Fund, under which there are multiple programmes, including Climate and Ocean Adaptation and Sustainable Transition (COAST - £154 million), Sustainable Blue Economies (SBE - £36 million), Global Plastic Action Partnership (GPAP - £20.5 million), and Global Fund for Coral Reefs (GFCR - £33 million). Each target distinct areas of marine environmental protection, include Southeast Asian partners (primarily Indonesia, Philippines, and Vietnam), and focus on the activities of capacity building to improve

management. The Mekong region is also targeted in the UK's £100 million Biodiverse Landscape Fund, which aims to reduce poverty, protect and restore biodiversity and lessen the impact of climate change. Participants noted these align with regional desires regarding the SDGs. They also noted, however, that there needs to be a greater focus on inclusive community-driven partnerships. These were found to be lacking in many interventions in the Mekong specifically, but also more broadly, which means that the impact especially of hydropower projects on local communities' livelihoods can be devastating. The UK's advocacy for such partnerships will ensure that projects can meet the needs of local communities.

2) Risk that UK activities contribute to security challenges in the region

Participants expressed concern regarding the over-militarisation of the South China Sea. They noted that while China's illegal and excessive claims are the genesis of such tensions, the increasing presence of outside powers means it is no longer a Southeast Asian maritime space and there are increased risks of great power conflict. Regional uncertainty means the UK should continue to invest in defence relationships such as AUKUS and engage in higher-level defence activities such as Freedom of Navigation Patrols and Carrier Strike Group Deployments.



However, there is currently an imbalance in the messaging of security efforts of the UK Government, as other contributions remain relatively out of sight. The UK can instead invest more effort emphasising the role it plays supporting regional order, by encouraging strategic and functional cooperation under the auspices of ASEAN Plus groupings and communicating more effectively about these forms of cooperation. Strengthened communication will ensure security cooperation is perceived as a common good rather than an instrumental activity geared towards supporting US competition with China.

3) UK diplomacy and presence in Southeast Asia can be improved

Several participants contrasted the UK's diplomatic engagement with China's extensive presence and engagement in Southeast Asia, both in terms of breadth and depth. They highlighted that China's success is due to its ability to offer money and resources for needed projects without strict conditionality but also because China builds extensive networks through regular contact at all levels. This serves to demonstrate to Southeast Asian practitioners the apparent genuine interest Chinese officials and business leaders have in building long-term investments and links. In contrast, the UK government is seen as slow to respond and UK representatives viewed as relatively absent compared to almost daily interactions with Chinese officials who represent central and even provincial government levels.

The EU was also highlighted as an actor who is making more significant progress in developing partnerships. With similar goals in mind, the UK can learn from both good and problematic practices that the EU has engaged in. A key concern expressed at the IdeasLab was the impact of EU regulations on palm oil imports and its Carbon Border Adjustment Mechanism which are seen as blunt tools which have a negative impact on important regional industries with a suspicion that they are being used for protectionist rather than environmental purposes. This has ongoing impacts on the EU's ability to deepen partnerships, coming up even in security fora. While the EU is engaging in greater capacity building with smallholders to help them meet the EU's certification requirements, this was a delayed intervention compared to the relative immediacy of the requirement imposition. More engagement was needed from the EU side to consult with regional partners on these matters to mitigate their impact, and this is still ongoing. This has relevance for the UK not only because it is currently considering a similar CBAM but it also demonstrates how issues can be linked even across sectors. The UK also has an opportunity to champion an international approach to sustainable supply chains that is based on a mutually acceptable framework between UK and ASEAN countries. This will ensure buy-in in the region leading towards the more sustainable trade and economic practices in the long run.

Many areas of cooperation are considered to be cross-departmental, cross-sectoral, or whole-of-system, but current mechanisms for intra-government coordination are lacking in consistency. There are not sufficient structures in place for inter-departmental or inter-agency working, and this can undermine the unity behind the UK's diplomatic engagement with the region.

This perception regarding a lack of proactivity and scaling also applies to UK businesses. They are perceived as having limited appetite for investing in Southeast Asia due to a long-term focus on the US and EU. The UK's new Developing Countries Trading Scheme is a promising step, followed by proactive engagements through newly signed FTAs such as the Comprehensive and Progressive Trans-Pacific Partnership agreement (CPTPP). However, while the Third ASEAN Economic Ministers-UK Meeting celebrated an increase in trade of over 20 per cent, and also included a ASEAN-United Kingdom (UK) Forum on Regional Industrial Integration that was recently heralded a success, it is a lack of appetite rather than market access that was discussed as the main barrier to increasing trade and investment links. The UK government and UK-ASEAN Business Council are working diligently to mediate this, including providing resources to facilitate trade. The ASEAN Economic

Economic Integration Programme, which highlights women's economic empowerment and MSMEs, is a promising first step towards this. They could do more to encourage different levels of businesses to take advantage of the trade agreements being formed between the UK and Southeast Asian partners, however, and ensure MSMEs in both the UK and ASEAN also have access to the platforms and resources being developed. Additionally, in the effort to facilitate better market access for goods, both the UK and ASEAN could explore addressing non-tariff barriers, particularly through framework or mutual recognition arrangements between the UK and individual ASEAN countries.

Policy recommendations

1. Translate the good intentions and frameworks for UK contribution to Southeast Asia into concrete and inclusive programmes:

- identify the key platforms to work with and through which to provide the capacity building support in the areas identified in this briefing.
- Accelerate the establishment of the UK Centres of Expertise outlined in the International Development Strategy and use these for establishing links for capacity building.
- Accelerate the commitment to increase the number of Chevening Scholarships to students in Southeast Asia to study in the UK.
- Provide greater encouragement for UK businesses to invest in ASEAN through increased support for the UK-ASEAN Business Council
- Create and sustain mechanisms of coordination with both ASEAN and other partners such as the US, Japan, and the EU to avoid duplication and learn more robustly from what it is other partners have done and are doing.
- In pursuing projects in the region, prioritise the inclusion of local communities affirming the commitment in the International Climate Finance Strategy under the section 'leaving no one behind'.



2. Increase diplomatic engagement in Southeast Asia at all levels.
 - While high-level interaction should be encouraged, the UK also needs to increase its engagement at other levels, including with local governments, communities, and MSMEs who are targeted or impacted by UK programmes. If the UK government introduces a Carbon Border Adjustment Mechanism as currently under consideration, for example, make sure to engage in a process of consultation with ASEAN partners at all levels on implementation period and compliance.
 - Create and sustain more robust inter-agency and inter-departmental structures for approaching the region.
 - Recognise the importance of the more informal forms of diplomacy that operate in the region, for example, dinner and entertainment, which can support deeper personal ties and trust building.
 - Instil an attitude within UK officials that the UK not only has things to offer but a lot to learn from partners in the region.
 - Provide more training for British officials working with Southeast Asian partners to understand the region and how it works.

3. Avoid the perception of an instrumental interest in the region stemming from geopolitical competition
 - Coordinate security cooperation and partnerships in Southeast Asia and the wider Indo-Pacific towards functional cooperation and capacity building.
 - Explore the possibility of acceding to the treaty on Southeast Asia as a Nuclear Weapon Free Zone (SEANWFZ). Doing so would set the UK apart from other nuclear-armed states and demonstrate the UK's commitment to ASEAN's role in managing regional security and stability.
 - Continue to emphasise the importance of ASEAN Centrality in security and defence cooperation through the ASEAN Regional Forum and ASEAN Defence Ministers' Meeting Plus and use these forums as key platforms for security and defence engagement in the region should the UK's application for membership be approved.
 - Engage in greater digital diplomacy about the UK's non-geopolitical defence activities in the region to create better awareness about the common goods the UK is providing. The HMS Tamar and Spey serve as an example, but more could be done in other areas such as the UK's current efforts at improving regional counterterrorism.

About the authors

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