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## In this week, we cover:

- Philippines Supreme Court nullifies energy deal;
- Indo-Malay ties to fight palm oil discrimination and their aim to increase ASEAN's role in global security;
- protests in Bangladesh continue;

- Philippines losing its war on drugs;
- South Asia's de-dollarization; Hiking interest rates and pressure on China for trade stability.



Source: Reuters



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### Editors

: Keerthana Nambiar &  
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## **MESSAGE FROM THE CHAIR**



Dear Readers,

As the Chair of the Center of South and Southeast Asia Studies at FLAME University (CSSAS FLAME), I am happily announcing the launch of our first newsletter. In this first version, our team provides you with the most essential news in the Indo-Pacific Region. Ms. Keerthana Nambiar, the research fellow with CSSAS, analyzes India's role in the new multilateral situation of G-20 and great power competition.

Reorganized in 2018 on the FLAME Campus with an international collaboration model with National Chengchi University of Taiwan, CSSAS FLAME aims to promote the research capacity in political, economic, social, and cultural studies of the Indo-Pacific region. A member of an international network of prominent think tanks in the Asia Pacific, CSSAS FLAME is dedicated to the understanding, collaboration and connection between research communities, educators and students within India and across the region. At the same time, CSSAS FLAME serves as a platform for FLAME community members to better interact with their international counterparts of Indo-Pacific countries.

Since 2018, CSSAS has hosted talks, workshops, conferences as well as other forms of scholarly and student exchange activities to promote the Indo-Pacific studies in the context of India's Act East Policy. With the launch of our routine newsletter, we wish to enhance our readers' understanding of the regional political, social, economic, and strategic developments in South and Southeast Asia.

We hope you enjoy it and look forward to your feedback and suggestions.

**Dr. Roger C. Liu**

**Chair, CSSAS FLAME**

## Foreign Policy

- **Philippines SC nullifies South China Sea energy Deal:** On 10 January, the Supreme Court of the Philippines declared an energy exploration agreement between the Philippines, China, and Vietnam signed in 2005 as illegal, stating that the constitution does not allow foreign entities to exploit natural resources. This decision, which came 14 years after a petition was filed, could complicate China's efforts to revive oil and gas exploration talks with the Philippines in areas of the South China Sea that are not in dispute. The Philippines and China have had ongoing disputes over sovereignty and natural resources in the South China Sea for decades, which led to a landmark arbitration case in 2016 won by Manila. This ruling by the Supreme Court could impact the Philippines' ability to find foreign partners for energy exploration in the region due to the risk of disruptions from China's territorial claims.
- **Indonesia and Malaysia unite to fight discrimination against palm oil:** Indonesia and Malaysia, the world's largest palm oil producers, have agreed to fight "discrimination" against the commodity after a meeting between the leaders of the two countries. This agreement came after Indonesian President Joko Widodo met with newly elected Malaysian Prime Minister Anwar Ibrahim. The two countries plan to "fight discrimination against palm oil" and "strengthen cooperation through the Council of Palm Oil Producing Countries" to address concerns, particularly those related to the European Union's plan to phase out palm oil-based fuels by 2030 due to its links to deforestation. The leaders also discussed various other trade and investment opportunities in areas such as shipping, export-import financing, green energy, and the development of the battery industry.

- **Indonesia and Malaysia encourage the Myanmar military to implement peace plans and strengthen ASEAN's role in international affairs:** Indonesia and Malaysia have agreed to continue bolstering the role of ASEAN in global affairs. Indonesia and Malaysia have agreed to continue bolstering the role of ASEAN in global affairs. Following a meeting on 9 January between Indonesian President Joko Widodo and Malaysian Prime Minister Anwar Ibrahim, Widodo said the two countries agreed that ASEAN must continue to play a central role in making the Indo-Pacific region peaceful, prosperous and stable. They also urged the Myanmar military to implement peace plans drawn up by the regional grouping. The leaders also reaffirmed the close ties between the two countries and signed eight memorandums of understanding between the private sectors of Malaysia and Indonesia, with total projects estimated to be worth RM1.16 billion.

## Politics

- **Indonesian President Joko Widodo expresses regret over "gross human rights violations":** In a speech at the state palace in Jakarta on 11 January, Joko Widodo, the President of Indonesia admitted Indonesia's past human rights violations. "I have sympathy and empathy for the victims and their families," Widodo said. Between 1965 - 2003, Indonesia witnessed 11 incidents of human rights violations and three Presidents including Abdurrahman Wahid and B.J Habibie have previously apologized for the country's past. However, almost none of these words have translated into actions to rehabilitate or compensate the victims or their families.

- **Challenges to Zahid's leadership within UMNO could threaten Malaysia's newfound stability:** Ahmad Zahid Hamidi, party leader of the United Malays National Organisation (UMNO), one of the most important coalition allies for Malaysia's current government might have his position as party chief threatened. Zahid will use the general assembly starting January 18 to "fend off challenges to his leadership." It was only by forming a coalition with UMNO that current Prime Minister Anwar Ibrahim could come to power following a hung parliament for almost one week in November 2022. Malaysia had seen the election of three Prime Ministers in the past three years and the threat to Zahid's presidency within UMNO could threaten its new-found stability.
- Recently, thousands of supporters allied with the country's main opposition party, the Bangladesh Nationalist Party, staged protests in several cities, criticizing the government for its violent response to the anti-government protests, including arrests of thousands of protestors as well as the leader of the opposition.

## Economy

- **China Faces Pressures in Trade Stability Amidst Global Recessionary Trends:** According to recent customs data, Chinese exports shrank by 9.9% in December 2022, the highest since February 2020, while imports fell by 7.5%. China's economy is still recovering from the economic slowdown that resulted due to the strict Covid-19 restrictions. "The outlook for exports remains weak, given the combination of slowing global growth and an ongoing consumer shift from goods towards services", said Lloyd Chan, senior economist at Oxford Economics. "Moreover, US export controls on semiconductor-related equipment will be a key drag." China's commerce ministry stated that the slowing external demand and the global recessionary trends pose a huge threat to China's trade.
- **Philippines losing its "war on drugs" under Marcos:** The Human Rights Watch in its World Report 2023 announced that thousands of people have died in Philippines' "drug war" which began six years ago with Rodrigo Duterte's election as President. Current President Ferdinand Marcos Jr. came into power in July 2022 promising the anti-drug campaign's shift in focus towards rehabilitating drug users. So far, his government has been unsuccessful in their promise to do so. Instead, thousands have been killed by police officials with impunity for suspected drug usage. In May 2021, the Office of the Prosecutor of the International Criminal Court even filed a request for an open investigation into whether crimes against humanity had been conducted during the Philippines' drug war.
- **Protests in Bangladesh demanding PM Hasina's resignation:** Months of anti-government protests in the capital city of Dhaka have culminated in a demand for long-standing PM Sheikh Hasina's resignation. The protestors have accused the government's mismanagement of the pandemic and the effects of the Russia-Ukraine war as the reason behind economic turmoil in the country, causing power cuts, fuel hikes, and rising costs of living. They demand a caretaker government in Hasina's stead, which would serve to help organize free and fair elections in the country.
- **Weaponization of the Greenback results in Southeast Asia's de-dollarisation:** The Russia-Ukraine war has highlighted the weaponization of the US Dollar to isolate Russian President Vladimir Putin. In response, Southeast Asian countries have warned the US of its consequences. In Singapore, former officials have expressed the urgency for de-dollarisation efforts and what regions can do to mitigate the risks of weakening local currencies. In Bali, after a meeting with twenty finance ministers and central bank officials, Bank Indonesia Governor, Perry Warjiyo stated

- policymakers' desire to link up domestic payment systems for five Southeast Asian countries, i.e., Indonesia, Thailand, Singapore, Philippines, and Malaysia-by November. Moreover, de-dollarization offers Asian banks the opportunity to moderate the demand for US currency.
- **In trade-oriented ASEAN, growth forecasts are downgraded:** Predictions for the year 2023 by the World Bank, IMF, and the Asian Development Bank indicate a slowdown in global expansion, especially in Singapore, Thailand, Malaysia, and Vietnam. Facing debt distress and balance-of-payments difficulties, Sri Lanka and Pakistan have already taken monetary assistance from the IMF. Asia Pacific Chief Economist at S&P Global Market Intelligence, Rajiv Biswas, believes headwinds in the manufacturing exports from ASEAN coupled with poor domestic demand in China and recessionary conditions in the US and EU are to blame.
- **Proposal for Inclusive and Sustainable Economic Growth in the Indo-Pacific Business Forum of 2023:** The 5th Indo-Pacific Business Forum (IPBF) was co-hosted on January 12, 2023, by the United States and Japan. The conference took place in Japan with the objective of promoting the Indo-Pacific region as a free and open, connected, secure, resilient, and prosperous market. The IPBF also announced its commitment towards an inclusive and sustainable economic growth model in the Indo-Pacific region. The forum announced the ambitions of the Indo-Pacific Economic Framework for Prosperity (IPEF), where the US Trade and Development Agency (USTDA) aims to advance digital infrastructure, promote clean energy usage, and strengthen supply chains. Additionally, the USTDA aims to expand its portfolio into the Pacific island countries. The IPEF Infrastructure Accelerator Teams are currently identifying bankable projects with private and public financing options in India, Indonesia, Malaysia, Thailand, Fiji, Vietnam, and the Philippines. At the same time, IBPF discussed the future prospects for the United States' APEC and Japan's G7 presidency.
- **Southeast Asian Central Banks Hiking Interest Rates To Tackle Rising Inflation:** Southeast Asian central banks are raising their interest rates in an attempt to tackle inflationary costs. Indonesia, Philippines, and Thailand have all announced their decisions to raise borrowing rates by a total half-point before they reach their peak rate while Malaysia will cap the rate hike cycle with a quarter-point increase. The decision to increase interest rates comes from a global rush to tackle inflation in a post-pandemic world. Policymakers across the globe are rushing to convince investors of the rising prices in global markets. While Asian central banks were lagging behind in 2022, 2023 is seeing an increase in the number of Southeast Asian banks announcing tightening policies in a bid to ensure their economic stability.

## Analysis

# India's Role in Multilateral Reform

*Keerthana Nambiar (Research Fellow, CSSAS)*



The changing nature of the world order brings uncertainties pushing countries to hedge their bets by investing in multilateral and bilateral economic projects as well as creating new groupings – regional and global. India has the opportunity to exhibit global leadership with its G20 presidency and global outreach thus bringing in significant reforms in multilateral institutions.

The recent global developments have highlighted the limitations of multilateral institutions, especially the UN, and call for an urgent need for reform.

The UN-led multilateralism has limitations. In seventy-five years of efforts, the United Nations' main goal has been democracy and peacekeeping, combating world hunger, and promoting global health. While the UN has successfully led multiple peacekeeping missions reporting flagrant human rights abuses and providing aid to millions, the inability to effectively reinforce the mandates is a recurring issue. The inaction of the Security Council to maintain international peace and security with deadlock resolutions has now become a liability. Despite its mission emphasizing inclusion and representation of people from all across the globe, the UN is perceived as West-oriented. European and American interests have been the perennial theme of UN institutions.

The COVID-19 pandemic plainly revealed the oversight of the World Health Organization and the UN. The WHO initially failed to flag the pandemic's spread, claiming no evidence of human-to-human transmissions and letting Beijing investigate the virus's origins. On the other hand, the pandemic highlighted the UN's limitations when the countries closed their borders, supply chains were interrupted and every country was in need of vaccines. In South Asia, the vaccine gap was covered by India by ramping the relief efforts, vaccine manufacturing and distribution of vaccines.

The ongoing Russia-Ukraine war has shed light on the inability of UN-led multilateralism to prevent wars. Even though Russia was condemned for its actions, robust measures were largely absent. The West is largely united to boycott Russia which will narrow its veto provision. This calls for reformed multilateralism with greater representation from regional power like India being the face of the global South.

With the G20 platform, India has the opportunity to call for reforms in the UNSC and emphasize evolving multilateralism in regional countries. India must focus on sustainable and inclusive multilateral growth seeking avenues to engage multilaterally. Groupings such as G20, QUAD, and ASEAN are arenas wherein India can leverage its position as a leader which is ambitious, regional growth-oriented, and globally competitive. However, India must also strategize its deliverables while expanding its horizon of foreign relations in global politics.

The G20 presidency presents an excellent opportunity to emerge as a leader of the Global South and push for rebranding multilateralism. India has already started addressing the world's pressing issues like climate change and health care and technology. Leveraging the presidency, India is also expected to highlight digital public infrastructure policy during finance track meetings.

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