



## REGAINING A Foothold IN SOUTH-EAST ASIA

*Senate Committee for Foreign Affairs, Defence and the Armed Forces*

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by Senators Jean-Claude Peyronnet, Christian Cambon, André Dulait and Jean-Claude Requier.

*"France, too, has undertaken a "pivot". Not to blindly follow the crowd, but because France wants to have a presence where tomorrow's world is being built. The Asia-Pacific region will clearly be central to the 21st century. "*

*This declaration by the Minister of Foreign Affairs, speaking in August 2013 at the headquarters of ASEAN<sup>1</sup>, was a statement of France's ambition to regain a foothold in a promising region, South-East Asia, where its presence has been steadily diminishing.*

The steady stream of French official visits to the region over the last three years makes up for a 10-year gap. There was an urgent need to put South-East Asia back on the agenda.

For all that, although this "pivot" is now one of our stated diplomatic aims, it has yet to be widely implemented in practice.



<sup>1</sup> ASEAN, Association of South-East Asian Nations (Philippines, Indonesia, Malaysia, Singapore, Thailand, Brunei, Vietnam, Laos, Burma and Cambodia)

### ***I. A brilliantly successful region, the world's new economic and strategic centre of gravity, where France is in danger of "disappearing off the radar screen"***

This area of **resounding economic success** has proven resilient to the crisis, has a market of more than 600 million inhabitants, and will soon be comparable to the European Union in size. It's a hub of global commerce, with abundant natural resources. South-East Asia, which generates a large part of world growth, is also at the heart of the current strategic debate and **power struggles**. These have crystallised in the South China Sea as China increasingly asserts its claims, in the context of an "arms race".

Altogether, the 10 economies of South-East Asia form the **4th largest economic power in the world**, attracting foreign investments worth tens of billions every year. They **consume**, with middle classes now numbering hundreds of millions; they **invest**, with €1,000 billion worth of infrastructure due to be constructed over the next ten years; and they are **asserting themselves** more and more as global players on the international scene.

This crossroads region, a melting pot of ethnicities and civilisations, has its **weaknesses** : unprecedented pressure on the environment and on its natural resources; dazzling, yet unbalanced development that has spawned sprawling mega-cities; vulnerability to climate change; an explosion of social inequality, irredentism, terrorism and so on. **Regional integration**, which is advancing with the prospect of the "ASEAN community" in 2015, does not prevent great inequality from persisting in the sub-region.

Free trade agreements are multiplying, as are direct investments and "tours" by the leaders of major world powers: Japan, India, China and the United States, along with Germany and South Korea, are all rushing there. In a geopolitical context that is often compared to that of Europe in 1914, one marked by rivalry between China and the United States, **there is an opportunity for France**, which has strong links with Malaysia and a strategic partnership with Singapore, Indonesia and Vietnam. The "giants" of Asia (India, China, Japan) should not hide South-East Asia from us.

As its relationship with the West of economic dependence has totally turned around, to its advantage, the emerging South-East Asia has become **the crucible of current geopolitical developments**, in particular calling into question "western" principles of international law (notably free movement at sea).

France shares a common vision of international relations with ASEAN. However, the presence of French companies remains below its potential. The Senate's report observes that from all points of view, economic, political and strategic, **France's relations with the ASEAN countries are not fulfilling their potential.**

While 60,000 French people live in the region, and the amount of our exports to this zone is comparable to that of French exports to China, and the number of French companies there (1,500) is close to the number we have in China,

France's overall share of the market peaks at 1.5%, reflecting a deficit in our presence (Indonesia), or unbalanced relations (a 2 billion trade deficit with Vietnam). There is an **opportunity cost** in continuing to ignore this region with a bright future: it is there that tomorrow's growth and jobs are being generated.



*Visit to the SENTUL training centre for peacekeeping operations (Indonesia)*

**How can one explain the fact that we have no more than 150 French companies in Indonesia, the 4th most populous country in the world, the 16th biggest economy in the world, growing fast, with millions of middle-class consumers, a country that still needs all its facilities built, when we had 450 companies operating there 15 years ago?**

As a military power in a region that is arming itself, a great maritime nation in an archipelagic region, with companies ready to meet the growing aspiration for new living standards (in health, food, cars etc.), a provider of public development aid in the region for 20 years, **France must play its trump cards better.**

For that to happen, a new impetus is necessary. We must set out a strategy and put money behind it - even when funds are limited. Right now, France is struggling to define its objectives, to maintain its priorities over time, and to redeploy its re-

sources, particularly diplomatic resources, towards this emerging area.

**Should we do without a (South-East) Asian strategy, on the pretext that we would "no**

**longer have the means" to do so? Is this the best way to prepare for the future?**

## ***II. How can we make a "pivot" towards South-East Asia?***

This report proposes a concrete "roadmap" for reviving relations with South-East Asia, to be implemented over 2 years. It should be based on 3 priorities.

**1ST PRIORITY:** DEFINE A HIGH-LEVEL STRATEGY, BASED ON 3 PIVOTAL STATES (Malaysia, Indonesia and Singapore) AND BACKING ASEAN.

**2ND PRIORITY:** MAKE ECONOMIC DIPLOMACY THE SPEARHEAD OF OUR FOCAL SHIFT, particularly focusing on infrastructure requirements, on the "green economy" and the "blue economy". Optimise the economic repercussions of 20 years of development aid and attract reciprocal investment to France (sovereign wealth funds, Singapore).

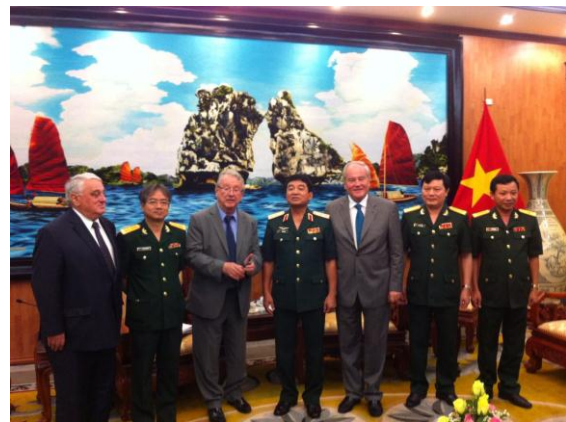
**3RD PRIORITY:** COMMIT OURSELVES TO THE SECURITY OF SOUTH-EAST ASIA, by extending cooperation: in the struggle against terrorism, natural disasters, officer exchanges, military exercises and military stopovers. Participate in forums for strategic dialogue (*think tanks*, ReCAAP, ADMM + etc.) and maintain credible military capability in the area.

### ROADMAP: AFTER 6 MONTHS

- . Accede to ReCAAP, the organisation combating piracy, and resolve the issue of translation into French in a pragmatic way.
- . Launch a global audit of the various programmes concerning personalities of the future for South-East Asia ("*PIPA*" etc.);
- . Draw up a roadmap to the ASEAN Special Representative covering Indonesia and create a dedicated inter-ministerial team (a "*task force*") to construct an over-arching strategy for the "*ASEAN Community 2015*" to meet the need for "connectivity" with a

tailored commercial proposition, including a "portage" plank for SMEs.

. At international level, propose an event (a "*Summit?*") on maritime security or free movement at sea.



*Meetings in Vietnam about the situation in the South China Sea (East Sea) and the code of conduct*

### ROADMAP: AFTER 1 YEAR

- . Make regaining our economic positions in Indonesia and Vietnam our top priority.
- . Make a proposal to Malaysia to conclude a strategic partnership.
- . Keep up the pace of official visits. Plan a visit to Malaysia by the Minister of Defence and a visit by the President of France to the Philippines, Vietnam and, once the new President is elected, to Indonesia.
- . Perpetuate French participation in Singapore's Shangri-La Dialogue (minister, or even a parliamentary delegation?)
- . Re-launch the signing of the protocol on creating a nuclear weapon-free zone in South-East Asia (the SEANWFZ treaty).

- . Reinforce defence cooperation and aim to allocate a percentage of 15% to 20% to South-East Asia; respond positively to the request for a French teacher at the Indonesian Military Language Centre, and to requests for training of the Malaysian submarine corps.
- . Keep our embedded officer at the IFC in Singapore and exploit synergies in the context of our future accession to ReCAPP.

#### ROAD MAP: AFTER 2 YEARS

- . Have a full-time diplomat at ASEAN. Consolidate our regional cooperation arrangements by supporting regional integration; pursue the refocussing of our diplomatic resources towards Asia, targeting Indonesia in particular.
- . Maintain a regular and visible presence of the National Navy in South-East Asia, favouring in particular the deployment of modern, powerful and visible vessels (PCS, or even SSN), as well as missions by surveillance frigates.

- . Settle the painful question of visas: apply the same priority to ASEAN as to "Chinese tourists".
- . As a member of the Security Council, support the global role played on the international scene by Malaysia, Singapore and Indonesia (regarding climate negotiations, nuclear-free zone etc.).



Visit to Singapore's Information Fusion Centre (IFC)



**Committee for Foreign Affairs, Defence and the Armed Forces: 01 42 34 46 29, [secretariat-affetra@senat.fr](mailto:secretariat-affetra@senat.fr)**

Documents available online: [www.senat.fr/rapports-classes/cretrd.html](http://www.senat.fr/rapports-classes/cretrd.html)



**Jean-Louis CARRÈRE**  
Senator for the Landes region (SOC)  
Committee Chair



**Jean-Claude PEYRONNET**  
Senator for Haute-Vienne (SOC)



**Christian CAMBON**  
Senator for Val de Marne (UMP)



**André DULAIT**  
Senator for Deux-Sèvres (UMP)



**Jean-Claude REQUIER**  
Senator for the Lot region (RDSE)