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The Journal of ASEAN Studies (JAS) is an open-access international peer-reviewed bi-annual journal that enriches understanding of the past, current, and future issues relevant to Association of Southeast Asian Nations (ASEAN) as regional organisation, community, and Southeast Asia as a region. The article shall address multidisciplinary research on theoretical and/or empirical questions. The topics addressed within the journal include a wide range of spectrum across social sciences and humanities such as but not limited to international relations, diplomacy, economy and business.

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EDITORIAL

Assessing Indonesia's ASEAN Chairmanship in 2023

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Introduction

The year 2023 marks a new chapter for Indonesia in its role on the regional stage, particularly as the Chair of ASEAN. Historical experience shows that each time Indonesia takes over the ASEAN chairmanship, ASEAN undergoes significant transformation (Karim 2017; Karim & Heryanto 2022). From the evolution in 2003 that changed ASEAN into a more integrated community, to strengthening its position on the global stage in 2013, Indonesia has left a fundamental mark of change. However, this year, although Indonesia is known as an agent of change, the challenges faced seem to make it difficult to provide transformation and new direction for ASEAN as in previous times.

Indonesia's current leadership is coloured by complex challenges. The first challenge is the conflict in Myanmar. Indonesia's approach through the ASEAN 5-Point Consensus, initiated in April 2021, has yet to show significant results. Despite more than 180 meetings with various parties in Myanmar, there are still doubts emerging, with the view that ASEAN talks more than it acts. This consensus, aimed at addressing the crisis in Myanmar, including stopping violence and facilitating dialogue between parties, appears yet unable to produce concrete progress (Velasco, 2023).

Another challenge is the eroding centrality of ASEAN. Amidst verbal support from major countries, the reality on the ground shows a different trend, namely a tendency towards minilateralism. This phenomenon further polarizes and makes the Asian region exclusive. For example, the AUKUS initiative involving Australia, the United Kingdom, and the United States, is a security pact aimed at enhancing cooperation in advanced defense technology, including the development of nuclear-powered submarines. This initiative, widely seen as an effort to balance China's influence in the region, also raises serious concerns about nuclear proliferation and regional stability (Koga, 2022).

On the economic front, the challenge to ASEAN's centrality is no less complex. There is significant polarization, with the United States actively promoting the Indo-Pacific Economic Framework (IPEF), which seems to be a counterbalance to China's economic dominance. In its efforts to maintain ASEAN centrality, Indonesia is vigorously pushing the ASEAN-Outlook on Indo-Pacific (AOIP) (Anwar, 2020). However, the biggest challenge faced is in the strategic strengthening of AOIP, so it's not only rhetorically recognized by major countries but also substantively involved in agenda setting initiated by ASEAN. Unfortunately, the current implementation of AOIP still shows limitations, particularly in its scope and impact.

AOIP, intended to be a strategic instrument, often gets trapped in its role as a coordination forum for existing infrastructure projects. Its limited focus on matching various infrastructure cooperation projects makes AOIP less effective as a proactive and innovative initiative. Compared to other initiatives like China's Belt and Road Initiative (BRI) and the United States' Indo-Pacific Economic Framework (IPEF), AOIP appears to lag behind. BRI and IPEF offer more comprehensive and structured approaches, not just in building economic influence but also in geopolitical aspects of the region.

Indeed that ASEAN's success lies in its diplomatic ethos and cooperative spirit, fostering a culture of elite diplomacy that has been central to its sustained influence in the region. The diplomatic culture of ASEAN, while complex and sometimes paradoxical, is a cornerstone of its foreign policy. This culture combines a deep reverence for sovereignty and non-intervention with an emphasis on values like human rights and democracy. This may seem contradictory, yet the essence of ASEAN's diplomacy is rooted in consensus-building and peaceful resolution of disputes. These principles have been instrumental in smoothing intra-regional interactions and shaping engagements with external powers. It's this intricate, yet coherent, diplomatic approach that has fortified ASEAN, ensuring unity and effectiveness despite varying national interests (Wicaksana & Kari, 2023).

At the heart of ASEAN's diplomatic strategy is the principle of 'hedging', crucial for maneuvering the great power competition within the region. This strategy, characterized by a reluctance to align exclusively with any major power, aims to preserve ASEAN's strategic autonomy and maintain regional equilibrium. This approach is particularly significant in the Indo-Pacific context, which has emerged as a key arena in global geopolitical dynamics. ASEAN's adeptness in balancing relations amidst this complex geopolitical environment underscores the efficacy of its diplomatic culture and hedging strategy in promoting regional stability and coherence.

Nonetheless, ASEAN's navigation through international relations has not been devoid of challenges. The escalating tension between China and the United States, each vying to influence the regional architecture, poses a significant test to the principle of 'ASEAN centrality'. This challenge manifests in the strain these rivalries occasionally place on ASEAN's internal unity. Disparities among ASEAN's smaller members in their alignment with the interests of these global powers can lead to internal discord. However, it is precisely ASEAN's sophisticated diplomatic approach that has continually offered a mechanism to bridge these divides, preserving the bloc's unity and solidarity. ASEAN's capacity to autonomously manage its internal affairs, even amidst a lack of consensus on contentious issues such as the South China Sea dispute, highlights the robustness of its diplomatic norms and its adeptness in pragmatic and reconciliatory politics.

Goeconomics and ASEAN

To reclaim ASEAN's central position, Indonesia must focus on an important yet often overlooked concept in foreign policy circles, goeconomics. This concept, blending geopolitics and economics, often escapes coherent development in Indonesia's foreign policy. Blackwill and Harris (2016) define goeconomics as understanding how other nations' economic actions can influence a country's geopolitical goals, as well as the importance of maintaining national interests. This concept includes not just offensive strategies in pursuing economic objectives but also defense and responses to global economic dynamics, considering their impact on domestic policy.

In this context, goeconomics provides the ability to view economic issues in a broader, long-term, and strategic context. For example, Australia, with a trade surplus of 63.2 billion US dollars with China in 2022, has played goeconomics by leveraging China's economy while mitigating other aspects considered detrimental to its security. Meanwhile, Indonesia, which only recorded a surplus of 6.36 billion US dollars with China, should not be overly ambitious in approaching China. Instead, Indonesia should formulate a more mature and integrated geo-economic strategy.

Goeconomics should be the main focus in Indonesia's foreign policy strategy. Economic policies should be designed not just for economic growth but also to strengthen Indonesia's geopolitical position. In facing global economic dominance, it is crucial for Indonesia to diversify trading and investment partners and use economic diplomacy to advance national interests.

Investment in strategic infrastructure and enhancing domestic capacity through education, innovation, and human resource development are key to strengthening Indonesia's geo-economic position. Strengthening economic cooperation in the ASEAN and Asia-Pacific regions will help Indonesia and neighboring countries face economic and geopolitical pressures from major powers.

By adopting this approach, Indonesia will not only strengthen its position in the region but also contribute significantly to the formation of a more stable and harmonious regional architecture. This presents an opportunity for Indonesia to demonstrate visionary leadership and ensure that ASEAN remains relevant and influential amid increasing global competition.

On the global stage, the success of Indonesia's leadership is not solely measured by the success of its implementation and engagement in global summits or multilateral cooperation negotiations. Farrell and Newman (2019) remind us that interdependence can be weaponized. International institutions designed to enhance market efficiency and reduce transaction costs can also serve as tools of control and be used for coercive purposes.

For example, in the context of free trade, Indonesia must develop policies that focus more on the interests of developing countries rather than solely on market liberalization. This is crucial considering the WTO will become a center of dispute between advanced and developing countries over climate policy issues, such as debates on allowable subsidies and complaints about discriminatory or protectionist actions taken in the name of climate change mitigation. This was evident in the European Union's move in April 2023 to ban imports of commodities linked to deforestation, including palm oil, where Indonesia is the world's largest producer. The use of protectionism by advanced countries occurs because WTO rules do not provide sufficient clarity on which subsidies are allowed, especially in the context of climate change (Karim 2020; Amurwanti, Karim, & Joanita, 2021).

In terms of climate change mitigation, Indonesia's active role should not stop at its commitment to reduce emissions by 29% by 2030 and participation in obtaining international funding. Indonesia must also formulate policies in derivative negotiations from climate change issues, such as creating a green investment taxonomy that regulates access to climate funding, sustainable product standards, certification procedures, and methodologies for calculating CO2 footprints. These rules are generally negotiated by major countries, while others are left to find ways to adapt.

Furthermore, the rise of China and the accelerated internationalization of the Renminbi, ASEAN's response, particularly Indonesia's, becomes a central focus, as countries balance domestic concerns with international economic diplomacy. Indonesia's strategic engagement with RMB internationalization, seen as a hedge against US dollar fluctuations and a step towards Asian regional currency integration, exemplifies ASEAN's broader strategy to address the complexities of global currency politics and align with their strategic interests in the face of shifting power dynamics. This nuanced approach also reflects ASEAN's need to craft policies that prioritize developing nations' interests in larger arenas such as the WTO, where debates over climate policy and actions labeled as protectionist, like the EU's ban on

commodities linked to deforestation, directly impact the region's economies (Mellynia & Karim, 2024).

In navigating the current global dynamics, Indonesia must leverage geoeconomics for its national interests. Effective foreign policy depends not only on traditional diplomacy but also on the use of economics as a strategic tool. It is time for Indonesia to look beyond mere economic growth and investment attraction, integrating economic aspects into a broader, long-term oriented diplomatic strategy. This approach will also ensure that Indonesia is not merely reacting to norms and policies set by major countries but actively creating and shaping norms that support its global vision and aspirations. Thus, Indonesia can ensure that international policies and norms more reflect justice, equality, and sustainability, ultimately benefiting Indonesia and the international community as a whole.

Contribution to the Debate

In Volume 11 No. 2 of the *Journal of ASEAN Studies*, a diverse range of topics is explored across ten articles, each delving into different facets of ASEAN's multifaceted landscape. Starting with Velasco (2023), the volume offers a comprehensive thematic analysis of ASEAN's joint communiqués from 2004-2019, revealing the evolving priorities and challenges in its political-security, economic, and socio-cultural pillars. This deep dive into ASEAN's cooperative and integrative dynamics sets the stage for understanding the region's complex interplay of policies and priorities.

Following this, Intentilia and Holzhacker (2023) shift the focus to the media's portrayal of ASEAN during its 50th anniversary in 2017, particularly in Indonesia and the Philippines. Their examination of how media framing affects ASEAN's soft power, especially regarding economic, socio-cultural, and political-security issues, provides a nuanced view of ASEAN's external perception and the role of state and non-state actors in shaping it.

Bettani and Ahmed (2023) then present a comparative study between ASEAN and SAARC, highlighting the contrasting approaches of these regional organizations in managing security and economic cooperation. The article underscores ASEAN's successful engagement with China, contrasting it with SAARC's limited interaction due to India-Pakistan rivalry, offering insights into the complexities of regionalism in Southeast Asia.

The fourth article by Kusumawardhana and Dewi (2023) examines Australia's decision-making in the Timor Gap territorial dispute, illuminating the intricate interplay of domestic politics and international relations in foreign policy decisions. This study not only provides a unique perspective on ASEAN's diplomatic landscape but also illustrates the broader implications of international disputes and agreements.

In a shift towards a more socio-cultural perspective, Luo et al. (2023) examine the psychological aspects of overseas Chinese students in ASEAN and their cultural perceptions. Their study on the formation of these students' perceived images in Guangxi, China, enriches

the discussion on cultural ties and their impact on international relations, particularly in the context of ASEAN's diverse cultural landscape.

The article by Marasanti and Verico (2023) ties in the economic dimension, analyzing the effects of global uncertainty on Foreign Direct Investment and economic growth in ASEAN. Their exploration of the World Uncertainty Index in the ASEAN context not only contributes to understanding economic dynamics in the region but also connects to the broader theme of how external global factors impact regional cooperation and growth.

Continuing the exploration of diverse topics in Volume 11 No 2 of the *Journal of ASEAN Studies*, the seventh article by Makino and Inthlangsee (2023) adds a critical dimension of agriculture and food safety. It delves into the development of Organic Agriculture (OA) in Lao PDR and the Japan International Cooperation Agency's Clean Agriculture Development Project, highlighting efforts to reduce chemical usage in farming. Makino contrasts Laos' approach with that of neighboring Mekong region countries like Thailand, Vietnam, and Cambodia, where policies primarily focus on reducing chemical residues. This comparative study not only sheds light on different national strategies towards food safety and organic farming but also suggests that Laos' approach could serve as a model for other developing economies with a prevalence of small-scale farming.

The eighth article by Chang et al. (2023) shifts the focus to technological adoption, specifically the factors influencing the use of Mobile Payment Systems (MPS) in Southeast Asia. By conducting a Systematic Literature Review and analyzing 60 studies, the paper examines theoretical models like the Technology Acceptance Model, Unified Theory of Acceptance and Use of Technology, and Diffusion of Innovation model. The inconsistencies in determinants of MPS adoption, such as performance expectancy and social influence, are highlighted. This study not only contributes to the understanding of technology adoption in ASEAN but also proposes a conceptual framework incorporating factors like gender and income level, broadening the scope of research in this field.

The ninth article by Rohman et.al. (2023) examines the relationship between macroeconomic variables such as real GDP, inflation, interest rates, and exchange rates and their impact on insurance premiums and claims in a 63-country sample from 2010 to 2019, highlighting the significant influence of these variables on the insurance sector's performance. The findings indicate a positive correlation between real GDP and inflation with gross premiums, and a negative correlation with exchange rates, emphasizing the need for robust risk management systems within the insurance industry to navigate macroeconomic fluctuations.

Finally, the tenth article by Karina et al. (2023) shifts the focus to Indonesia, examining the anti-sexual violence movement within the context of the global Me Too movement and transnational advocacy networks. The article analyzes how the Indonesian movement is part of a larger transnational network, using tactics like information and leverage politics. It discusses the movement's progress through various stages of transnational advocacy, offering a comprehensive view of how such movements evolve and interact with state behavior.

This volume presents a rich mosaic of research that collectively deepens our comprehension of ASEAN's integration process, underscoring the multifaceted nature of ASEAN's evolution, from cultural exchanges to political collaborations and economic interdependencies. It signals the region's ongoing progress and the challenges it faces in a rapidly changing world. We hope that the insights offered in these studies will spur further research on ASEAN from geoeconomics and other perspectives, contributing to a more nuanced understanding of this dynamic region.

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Moch Faisal Karim

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Southeast Asian Regionalism: An Examination of the Progress and Priorities of ASEAN through its Joint Communiqués

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Abstract

In pursuit of ASEAN's objective to formalize the ASEAN Community, this article critically examines the community-building progress and the organization's key priorities. The research is guided by two research problems. First, what are the subjects discussed in each ASEAN community pillar? Second, how are the key issues addressed in relation to each ASEAN community pillar? A thematic analysis of the joint communiqués published by ASEAN from 2004-2019 was conducted to respond to these questions. More specifically, each communiqué was tagged and analyzed, and themes were subsequently derived, enabling a comprehensive examination of each area of the ASEAN community. The article contributes significant insights into the evolving landscape of ASEAN's cooperation and integration. The findings elucidate on the shifting dynamics and complexities that shape ASEAN's political-security, economic, and socio-cultural communities, shedding light on the organization's changing priorities and challenges. The ASEAN Economic Community (AEC) prioritizes key growth areas, such as tourism, Small and Medium Enterprises (SMEs), and energy. For the ASEAN political-security, its focus is on ascertaining continued peace in the region as exemplified by collaboration on non-traditional security issues. Meanwhile, the ASEAN socio-cultural community primarily centers on environmental issues, disaster response and management, and the youth. However, the advancement of the ASEAN community has faced setbacks caused by the COVID-19 pandemic and the 2021 Myanmar coup d'état. Overall, the joint communiqués manifests the different initiatives that ASEAN has taken to deepen integration and a sense of community.

Keywords: ASEAN community, joint communiqué, ASEAN priorities, regional integration, Southeast Asian geopolitics

Introduction

The forming of the Association of Southeast Asian Nations (ASEAN) entails the amplification of regionalism within Asia. It can be traced back to August 8, 1967, when the Bangkok Declaration was signed by five countries in Southeast Asia, namely Thailand, Singapore, Malaysia, Philippines, and Indonesia. This initiative from the five founding states formed ASEAN. ASEAN's former Thai foreign minister and one of the ASEAN founding fathers, Thanat Khoman, revealed that there were four major stimuli in the founding of the organization, as follows.

The first was to prevent external powers from exploiting the power vacuum left after the rapid decolonization of the region. Second, the founders of ASEAN saw an opportunity to foster cooperation among countries with common interests in the same geographic region. Third, the founders were convinced that the countries of Southeast Asia would have a stronger voice in addressing major global powers if they could speak together. Finally, ASEAN's founders believed "cooperation and ultimately integration served the interest of all – something that individual efforts could never achieve" (Mahbubani & Severino, 2014).

Despite these four significant driving factors in the establishment of ASEAN, it is undeniable that the tumultuous climate of the Cold War has played a significant role in the organization's formation. ASEAN was founded at the height of the Cold War when the region was often likened to 'the Balkans of Asia' (Mahbubani & Severino, 2014). Consequently, the pact's primary objective was to ensure resilience and peace in the region (Idris & Kammarudin, 2019). Overall, these considerations highlight the need for regional cooperation, especially for countries within a shared geographic location. Subsequently, it paved the way for smaller countries within Southeast Asia to have a more robust and collective voice in relation to global powers.

At its inception, ASEAN's establishment seems improbable, given the presence of intra-regional and bilateral conflicts, including border disputes and secessionist groups (Nesadurai, 2008). According to Rahman (2018), additional attention on the challenges faced by conflict-hit countries like Cambodia and Laos should be considered. Similarly, the violent interstate conflict is highlighted between Indonesia and Malaysia (Kivimäki, 2001). The Philippines and Malaysia are also embroiled in a territorial dispute, notably concerning the issue of Sabah (Samad & Bakar, 1992). Despite disagreements, the Southeast Asian countries mentioned above manage to practice collective diplomacy (Leifer, 1999). In the years following ASEAN's establishment, several additional states sought membership in the organization: Brunei in 1984, Vietnam in 1995, Laos and Myanmar in 1997, and Cambodia in 1999. Presently, ASEAN comprises ten member countries. The expansion of the ASEAN is a testament that the original framers are "determined to make [the] organization a success" (Rahman, 2018). According to Stubbs and Mitrea (2017), the benefits of ASEAN membership outweigh the negative aspects, contributing to the organization's ongoing growth and development.

Since its establishment in 1967, the ASEAN has progressively advanced its objectives of enhancing economic and security cooperation while fostering cultural understanding. However, critiques of ASEAN's regional integration, rooted in the realist tradition, argue that the "proliferation of declarations and protocols that are intended to deepen ASEAN integration after 1997 is largely rhetorical" (Kim, 2011). However, other scholars argue that ASEAN has emerged as a successful integration model and has been largely compared to the European Union (EU) (Idris & Kammarudin, 2019). The EU and ASEAN operate differently; the former follows institutionalized regionalism, while the latter employs an informal approach (Wunderlich, 2012). Structurally, the EU is a supranational organization, and ASEAN is an inter-governmental organization (Koh & Hwee, 2020). Essentially, members of the EU have pooled their sovereignty on certain issues such as trade and finance. Such is not the case for ASEAN; each member country maintains sovereignty over its affairs. ASEAN is principally seen "as one of the more successful regional organizations in the developing world, credited for maintaining regional peace and stability in Southeast Asia for more than three decades" (Nesadurai, 2008).

The ASEAN Way of Regionalism in Asia

As its guiding principle, non-interference is enshrined in ASEAN's founding documents (Astarita, 2013). Specifically, Article 2(D) of the Association of Southeast Asian Nation (2008) Charter requires adherence to "non-interference in the internal affairs of member states". While the principle of non-interference is not unique to ASEAN, it allows the organization to weather multiple challenges throughout the decades (Yukawa, 2018). The ASEAN Way, in general, involves a commitment to constant consultation without a particular modality or formula in seeking to achieve the preferred outcome (Acharya, 1997). In essence, the objective of adhering to the principle of non-interference is to uphold unity and harmony among ASEAN members (Kipgen, 2012). It enables ASEAN to preserve the organization, even in the face of significant political, cultural, and economic disparities and mistrust among its members (Tan, 2022).

This working philosophy of ASEAN led to critiques from some scholars. For instance, it is argued that ASEAN's practice of non-interference hampers ASEAN from conducting meaningful actions and responses toward a host of regional problems, such as economic crises, problematic members, and threats to regional security (Jones, 2010). However, it is noteworthy that the practice of non-interference allows ASEAN member states to coexist with relative stability and continuity. Recognizably, a key purpose of observing the principle of non-interference is due to the existence of undemocratic regimes within the organization (Suzuki, 2019). While there has been no shortage of assessments on the effectiveness of the ASEAN way, one thing is certain; it allows the organization to collaborate and work on contentious issues instead of allowing differences to derail regional cooperation (Narine, 2008). It allows members of ASEAN to perform diplomacy without necessarily undermining solidarity within the regional bloc. It is also argued that the most remarkable achievement of ASEAN is its ability to maintain inter-state relations (Kivimäki, 2001). Despite previous

conflicts among its member states before their membership, ASEAN has successfully prevented any wars among its members to date. In addition, cooperation within ASEAN has been manifested in multiple ways, especially in the case of disaster and humanitarian response, e.g., the creation of the ASEAN Coordinating Center for Humanitarian Response on Disaster Management (AHA Center) and the collective response to the Indian Ocean tsunami in 2004. However, there are still some contentious issues that remain to be collectively resolved, particularly the South China Sea dispute and the crisis in Myanmar.

The ASEAN Community: Issues, Challenges, and Collective Efforts

ASEAN member states are diverse in terms of economic trajectories, political systems, and religious majorities and minorities. When the first set of countries formed ASEAN, there was apprehension that the subsequent membership of Cambodia, Laos, Myanmar, and Vietnam will create a two-tier system. This can be attributed to the development gap among ASEAN countries. Table 1 highlights the differences among member states in terms of population, land area, primary language, ethnic majority, and political regimes.

Table 1 Population, Land Area, Primary Language or Mother Tongue, Ethnic Majority, and Political Regimes of ASEAN Member States

| Country | Population (in million) | Area (in sq. km.) | Primary Language/ Mother Tongue | Ethnic Majority | Political Regime in 2021 |
|-------------|----------------------------|----------------------|---------------------------------------|---------------------|-----------------------------|
| Brunei | 0.437 | 5,270 | Malay | Malay | Closed Autocracy |
| Cambodia | 16.719 | 176,520 | Khmer | Khmer | Electoral Autocracy |
| Indonesia | 273.524 | 1,877,519 | Indonesian | Javanese | Electoral Democracy |
| Laos | 7.276 | 230,800 | Lao | Lao | Closed Autocracy |
| Malaysia | 32.366 | 328,550 | Malay | Malay | Electoral Autocracy |
| Myanmar | 54.410 | 652,790 | Burmese | Bamar | Closed Autocracy |
| Philippines | 109.581 | 298,170 | Filipino | Visayan/ Tagalog | Electoral Democracy |
| Singapore | 5.850 | 709 | English | Chinese | Electoral Autoracracy |
| Thailand | 69.800 | 510,890 | Thai | Thai | Closed Autocracy |
| Vietnam | 97.339 | 310,070 | Vietnamese | Vietnamese | Closed Autocracy |

Note: Information from Table 1 is restated from Idris and Kamaruddin (2019) and Croissant (2022).

As shown in Table 1, there are great discrepancies among ASEAN members in terms of population size, land area, language, ethnic groups, and political regimes. According to Idris and Kamaruddin (2019), the differences in language, religious and cultural values, and political ideologies can be a challenge to integration, specifically due to the “lack of trust, communication barriers, and contradicting priorities of various ASEAN communities”. It is clarified that “the region is very diverse and lacks shared historical moments that can unite

the member states” (Azis, 2018). Nevertheless, ASEAN makes efforts to address the aforementioned challenges, particularly by bridging communication gaps and emphasizing collective regional interests and security challenges e.g., ASEAN Free Trade Area (AFTA) and ASEAN Regional Forum.

Perhaps one of the most notable impediments to ASEAN was the 1997 Asian Financial Crisis. It exposed the inability of ASEAN to respond in a coordinated manner (Freistein, 2005). It also damaged the region’s reputation as an emerging economic growth engine, especially with its substantial population, market potential, and economic performance. During the crisis, bilateral rifts were made more apparent among ASEAN members. It is further narrated as follows.

Within one year of the crisis, numerous conflicts had broken out; they were fueled by confusion and instability in the aftermath of the crisis and demonstrated that the level of intra-ASEAN cohesion was lower than ever. Malaysia and Singapore fought over water supplies and customs procedures, while Malaysia and Indonesian ties soured over the expulsion of illegal labor migrants to Malaysia. Malaysia and the Philippines disagreed over the charge of sodomy, and Singapore and Indonesia quarreled over various issues, among them the purges against the Chinese minority in Indonesia after the crisis [...] The East Timor crises exacerbated ASEAN’s troubles, too. When the East Timorese voted for an independent state in 1999, Indonesia reacted with active support for violent anti-independence militia (Freistein, 2005).

Given the simmering tensions at the time and ASEAN’s paralysis in responding to the consequences, there was a need to reinvigorate relations. It was done through the Bali Summit of 2003, a pivotal moment in ASEAN’s history. The ASEAN Bali Summit of 2003 established the means for the deepening of ASEAN integration. Bali Concord II in the said year encouraged ASEAN to conceptualize concerted initiatives to enhance regional cooperation by means of an integrated regional community (Moorthy & Benny, 2012). Several structural imperatives underscored the need for deeper ASEAN integration. The summit occurred a few years after the Asian Financial Crisis. The member states realized the need to build resilience against future financial shocks and economic crises. Concurrently, regional competition was intensifying, particularly with the rapid growth of China and India’s economic sectors. The evolving geopolitical landscape and the global post-9/11 environment emphasize the necessity for a more unified response to global and regional security issues (Chow, 2005). ASEAN needed to increase its relevance in response to these developments development, and the Bali Summit of 2003 paved the way for a roadmap toward deeper integration among members of ASEAN.

While there are challenges to ASEAN’s institutional capacity to implement the integration process fully, it subsequently came to fruition (Poole, 2015). The three pillars of cooperation were established, focusing on political-security, economic, and socio-cultural issues. This framework became the foundation for ASEAN’s continuous efforts and initiatives to achieve closer integration. This framework is further explained in Table 2.

Table 2 Pillars of ASEAN Cooperation in the Bali Concord II

| ASEAN Community Pillar | Area of Cooperation |
|---------------------------------------|--|
| ASEAN Security Community (ASC) | Promoting greater regional security engagement (Moorthy & Benny, 2012) <i>"Reaffirms the cooperation principle of the Treaty of Amity and Cooperation, stresses the role of the ASEAN Regional Forum (ARF), underlines the challenges posed by transnational crime, and proposes ways to strengthen the ASC (norm-setting, conflict prevention, approaches to conflict resolution, and post-conflict peace building)" (Freistein, 2005)</i> |
| ASEAN Economic Community (AEC) | Promoting economic collaboration (Moorthy & Benny, 2012) <i>"Envisaging the free flow of goods, services, investment and a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities, the ASEAN Economic Community (AEC) shall establish ASEAN as a single market, and institute new mechanisms and measures to strengthen the implementation of its existing economic initiatives including the ASEAN Free Trade Area (AFTA), ASEAN Framework Agreement on Services (AFAS) and ASEAN Investment Area (AIA) as well as accelerate regional integration in the priority sector" (Freistein, 2005)</i> |
| ASEAN Socio-cultural Community (ASCC) | Promoting people-to-people interaction (Moorthy & Benny, 2012) <i>"Intensify cooperation in the fields of public health, education, training, science and technology development, job creation, social protection, and social development" (Freistein, 2005)</i> |

More recently, ASEAN further intensified cooperation among the pillars and adopted the ASEAN Community Vision 2025. The document "sets out the direction for a politically cohesive, economically integrated, socially responsible and a truly rule-based people-oriented, people-centered ASEAN" (Idris & Kamaruddin, 2019). Table 3 outlines the key aspirations of ASEAN with the formal establishment of the ASEAN Community in 2015. It is regarding what the catalyst is for expanding the Bali Concord II and establishing the ASEAN Vision 2025. Essentially, the former sets the direction for and lays out a framework for forming an ASEAN community. The latter entails operationalizing and cooperation among various sectors. The ASEAN Community Vision 2025 is a time-bound strategy for implementing the integration process. ASEAN recognized the need for a detailed plan to address the complexities of integration, which includes regulatory and legal frameworks.

With closer integration envisioned by ASEAN, the organization is at a turning point as it moves forward. According to Idris and Kamaruddin (2019), further challenges that ASEAN will encounter are as follows:

Although the first fifty years of integration have brought about peace and prosperity to the region, the next fifty undoubtedly will be fraught with unprecedented challenges. Today ASEAN not only has to contend with its own internal challenges arising from highly diverse political, economic and socio-cultural systems of its member countries, it also has to deal with external factors amidst shifts in geostrategic balance, fraying global consensus on free trade, populism and xenophobia, ideological extremism, climate change, digital revolutions and cybercrimes (Idris & Kamaruddin, 2019).

Table 3 ASEAN 2025 Key Aspirations across the Three Pillars

| ASEAN Community Pillar | Area of Cooperation |
|------------------------------|--|
| Political Security Community | <ul style="list-style-type: none"> • A rules-based, people-oriented, people-centred ASEAN in a region of peace, stability, and prosperity; • A consolidated ASEAN Community; • A dynamic, resilient and harmonious community to effectively respond to social and economic vulnerabilities and other non-traditional security threats; • A community that can respond effectively to challenges affecting ASEAN from within and beyond the region; • A community that steadfastly maintains ASEAN centrality in regional mechanisms; • Strengthen ASEAN's unity and cohesiveness to protect its leading and central role in dealing with matters of common concern; and • Enhance dialogue and cooperation with ASEAN external partners for mutual benefit and interest. |
| Economic Community | <ul style="list-style-type: none"> • A well-integrated and connected economy within the global economic system; • A business-friendly, trade-facilitative, market driven and predictable environment which inspires investor confidence; • A region with a key role in global value chains and increasing participation in added high value and knowledge-based activities; • A competitive and dynamic region that inspires innovation and where businesses of all sizes thrive, and where consumers' rights are protected; • A community where the benefits from economic integration are equitably shared among and within ASEAN member states, including with micro, small and medium enterprises, youth, and women entrepreneurs; and • A connected region where improvements in transport linkages and infrastructure help peoples and businesses move efficiently and work more productively across borders, and expand market reach and strategically source goods and services. |
| Socio-Cultural Community | <ul style="list-style-type: none"> • An inclusive community that is people-oriented, people-centred and promotes a high quality of life and equitable access to opportunities for all, and engages relevant stakeholders in ASEAN processes; • A sustainable community that promotes social development and environmental protection through effective mechanisms to meet current and future needs of the peoples; • A resilient community with enhanced capacity to continuously respond and adapt to current challenges and emerging threats; and • A dynamic, open, creative and adaptive community with an ASEAN identity reflecting the region's collective personality, norms, values and beliefs as well as aspirations as one ASEAN community. |

Note: Information in Table 3 is derived from the ASEAN 2025 document.

Nevertheless, the region still holds on to the promise of integration as envisioned by the ASEAN founders. The belief remains that “cooperation serves the interest of all – something that individual efforts can never achieve” (Mahbubani & Severino, 2014). Ultimately, there is unanimity that ASEAN will benefit from regional integration (Moorthy & Benny, 2012). Specifically, the establishment of regional community building and closer integration serves

to narrow the development gaps between more developed and less developed ASEAN countries (Morada, 2008). Additionally, it enables streamlined regional governance by facilitating member states' coordination and collaboration on both global and regional issues and challenges. Since ASEAN has the primary agenda for regional cooperation and community building, the research seeks to answer the following questions. First, what are the subjects under discussion within each ASEAN community pillar? Second, How is the discourse on key issues articulated in the context of each ASEAN community pillar? Responding to these questions will shed light on how ASEAN frames its sense of integration concerning its community-building activities and initiatives based on examining official ASEAN documents. This approach further elucidates ASEAN's role in shaping its future and securing its interests as a regional entity.

Materials and Methods

The article analyzes the joint communiqué published by the ASEAN Ministerial Meeting from 2004–2019, further elaborated in Table 4. The ASEAN standing committee includes foreign ministers of ASEAN countries (Rahman, 2018). The joint communiqué published by ASEAN at the end of every meeting covers its achievements adequately (Indorf, 1975). The rationale for choosing the joint communiqué from 2004–2019 is that the three pillars were established in the Bali Declaration II in 2003 and further intensified through the ASEAN 2025 document. In more specific terms, the article dissects the joint communiqués from the said period to determine the statements in relation to the pillars of cooperation.

In operationalizing the methodology, desk research with a literature review was conducted. Desk research is the process by which existing document data are processed and analyzed (Kožuch & Sienkiewicz-Małyjurek, 2015). The data analysis was guided by the research questions and further enriched by integrating commentaries from existing literature (Bryman, 2016). Qualitative data analysis software, specifically NVivo, was utilized in comprehensively organizing and analyzing the data. The process was guided by the process of Braun and Clark (2006) in thematic analysis, which entails familiarizing the data, generating initial codes, searching for themes, reviewing themes, defining themes, and finally producing the report. The analysis aims to systematically examine the joint communiqués, investigate patterns of meanings, and determine consistencies among the statements.

The approach that is utilized in the article is content analysis. According to Payne and Payne (2004), content analysis “seeks to demonstrate the meaning of written or visual sources [...] by systematically allocating their content to pre-determined, detailed categories”. As mentioned earlier, the categories for analysis are as follows: economic community, political-security community, and socio-cultural community. They are all based on the specific pillars in Bali Concord II and the ASEAN 2025 document. The unit of analysis of this inquiry is the items stipulated in the said pillars of cooperation in each joint communiqué. Overall, 15 joint communiqués are analyzed.

Table 4 Joint Communiqués Analyzed in the Research

| Meeting | Theme | Date | City |
|--|---|------------------|---------------------|
| 37 th ASEAN Ministerial Meeting | Striving For Full Integration of ASEAN: A Prosperous, Caring and Peaceful Community | June 29–30, 2004 | Jakarta |
| 38 th ASEAN Ministerial Meeting | Towards The Harmony, Dynamism and Integration of ASEAN | July 26, 2005 | Vientiane |
| 39 th ASEAN Ministerial Meeting | Forging a United, Resilient and Integrated ASEAN | July 25, 2006 | Kuala Lumpur |
| 40 th ASEAN Ministerial Meeting | One Caring and Sharing Community | July 29–30, 2007 | Manila |
| 41 st ASEAN Ministerial Meeting | One ASEAN at the Heart of Dynamic Asia | July 21, 2008 | Singapore |
| 42 nd ASEAN Foreign Ministers Meeting | Acting Together to Cope with Global Challenges | July 20, 2009 | Phuket |
| 43 rd ASEAN Foreign Ministers Meeting | Enhanced Efforts towards the ASEAN Community: From Vision to Action | July 19–20, 2010 | Hanoi |
| 44 th ASEAN Foreign Ministers Meeting | ASEAN Community in a Global Community of Nations | July 19, 2011 | Bali |
| 45 th ASEAN Foreign Ministers' Meeting* | One Community, One Destiny | July 13, 2012 | Phnom Penh |
| 46 th ASEAN Foreign Ministers' Meeting | Our People, Our Future Together | June 29–30, 2013 | Bandar Seri Begawan |
| 47 th ASEAN Foreign Ministers' Meeting | Moving Forward in Unity to a Peaceful and Prosperous Community | August 8, 2014 | Nay Pyi Taw |
| 48 th ASEAN Foreign Ministers Meeting | Our People, Our Community, Our Vision | August 4, 2015 | Kuala Lumpur |
| 49 th ASEAN Foreign Ministers' Meeting | Turning Vision into Reality for a Dynamic ASEAN Community | July 24, 2016 | Vientiane |
| 50 th ASEAN Foreign Ministers' Meeting | Partnering for Change, Engaging the World | August 5, 2017 | Manila |
| 51 st ASEAN Foreign Ministers' Meeting | Resilience and Innovation | August 2, 2018 | Singapore |
| 52 nd ASEAN Foreign Ministers' Meeting | Advancing Partnership for Sustainability | July 31, 2019 | Bangkok |

Note: ASEAN failed to publish a joint communiqué in 2012 due to the inability to achieve consensus regarding the South China Sea dispute.

Results and Discussion

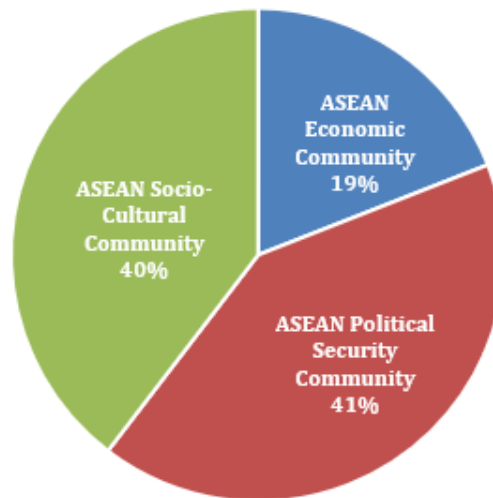


Figure 1 Institutional framework for halal food in ASEAN.

Source: Author's modification from ASEAN Secretariat

Figure 1 shows the number of statements subsumed under each major area of the key pillars of the ASEAN community from the joint communiqués from 2004 until 2019. In total, 548 clauses are coded into the three pillars. For the ASEAN economic community, 140 clauses are coded, which is 19%. For the ASEAN political-security community, 304 clauses are coded, which is 41%. Lastly, 291 items are coded into that ASEAN socio-cultural community. As can be seen in Figure 1, discussion on security has been the most prevalent in the joint communiqués followed by the economic and socio-cultural community.

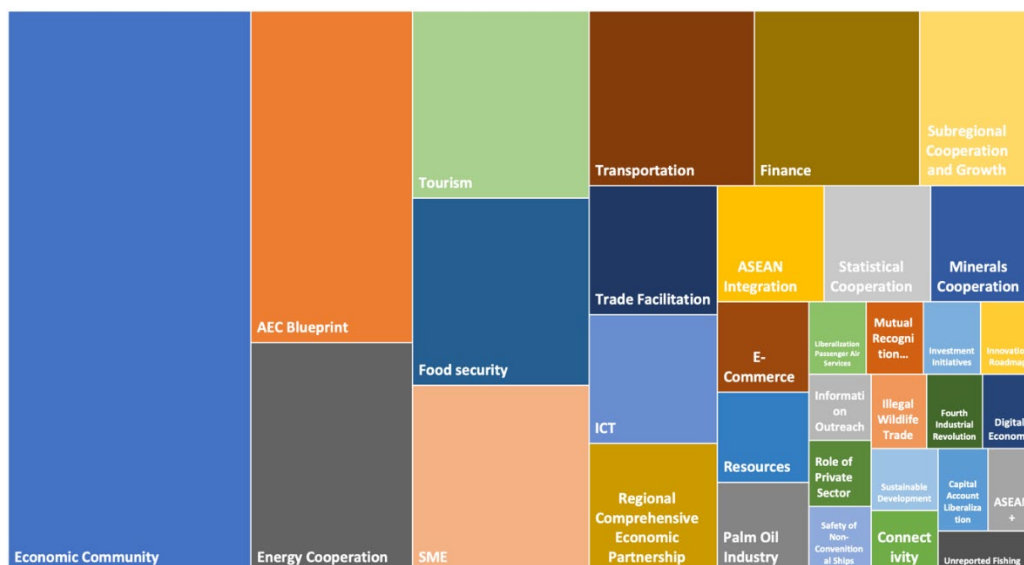


Figure 2 Tree Chart of Items Coded under ASEAN Economic Community

Figure 2 shows the tree chart of the items coded in the ASEAN economic community. The six most frequent clauses involve statements pertaining to the ASEAN economic community (33), ASEAN economic blueprint (13), energy cooperation (9), tourism (8), Small and Medium Enterprises (SMEs) (8), and food security (7). Focusing on the node of the AEC, most of the items refer to the realization of the said pillar through initiatives such as linkages with ASEAN dialogue partners, e.g., China, South Korea, Japan, and the United States, development of priority sectors, and facilitation of trade and investment flows. Subregional frameworks within ASEAN likewise complement the AEC. Some of these initiatives include the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA), and the Mekong Subregion. These subregional frameworks facilitate further economic integration within ASEAN. The development and integration of priority sectors include logistics, tourism, air travel, fisheries, agro-based products, wood-based products, healthcare, Information and Communications Technology (ICT), and electronics (Hew, 2008). The forming of the AEC benefits member states in different ways. For example, Indonesian business groups' international capital expansion largely benefits from economic integration initiatives (Al-Fadhat, 2022).

The energy cooperation node includes areas of cooperation on energy sufficiency, renewable energy, and the ASEAN Plan of Action for Energy Cooperation (APAEC) 2016-2025. Energy cooperation is an instrument for bolstering ASEAN's economic integration efforts among member states (Nicolas, 2009). Considering the node on tourism, it reports on the trends of tourism growth within the region and the ASEAN Tourism Strategic Plan (ATSP) 2016-2025. The SME node contains clauses encouraging the AEC to support entrepreneurs and the general importance of SMEs in the region. Likewise, this aspect also mentions the ASEAN Strategic Action Plan for SME Development 2016-2025. The food security node refers to the enhancement and competitiveness of ASEAN's agriculture and forestry sectors. Similar to the aforementioned areas, there is also a plan for food security, aptly named the Strategic Plan for ASEAN Cooperation in Food, Agriculture and Forestry 2016-2025. These six nodes from the analysis of the joint communiqué reveal that significant understanding has been made among ASEAN members as regards the priority for AEC, which includes enhancing tourism, energy, food security, and SMEs.

Figure 3 shows the tree chart of the clauses coded into the ASEAN political-security community. The seven most frequent clauses involve statements pertaining to the Southeast Asia Nuclear-Weapon-Free Treaty (36), Treaty of Amity and Cooperation (25), transnational crimes (20), South China Sea (20), non-traditional security issues (20), defense and security cooperation (20), and ASEAN Intergovernmental Commission on Human Rights (20). These nodes further point to underlying security concerns for ASEAN. The South China Sea remains a geopolitical concern in the region, and developing a code of conduct remains challenging (Chairil et al., 2022). Counter-terrorism, particularly through the rise of extremist groups, leads to the adoption of the ASEAN Convention in Counter Terrorism, which will be discussed further. The Treaty of Amity is an instrument of peace among ASEAN members and other states within the period that countries such as Australia, Brazil, France, the UK, and entities like the EU have acceded to the treaty. Aside from the treaties, transnational crime is of great concern to ASEAN. Specifically, the efforts to mitigate the occurrence of transnational

crimes have been conducted in the form of the ASEAN Ministers' Meeting on Transnational Crime, ASEAN Chiefs of Police Conferences, and ASEAN Comprehensive Plan of Action on Counter-Terrorism.

ASEAN also faces non-traditional issues in terms of security. According to the Senior Official Meeting on Transnational Crimes, there are eight priority areas. It includes "trafficking in persons, counter-terrorism, illicit drugs trafficking, money laundering, arms smuggling, sea piracy, international economic crime, and cybercrime" (ASEAN Joint Communiqué, 2013). In line with issues on security, ASEAN also promotes efforts in cooperation on defense and security through the ASEAN Defense Ministers' Meeting, ASEAN Convention on Counter-Terrorism, ASEAN Maritime Forum, and ASEAN Defense Ministers Meeting Plus. Human rights issues are a significant matter for ASEAN. The ASEAN Intergovernmental Commission on Human Rights is seen to be the encompassing institution that promotes and protects human rights in the region. Focusing on some of the items mentioned here, the ASEAN Convention on Counter-Terrorism has paved the way for more robust intelligence sharing among member states. It also urges revising counter-terrorism legislation, such as prosecuting individuals associated with terrorist activities and freezing assets related to terrorism. The ASEAN Intergovernmental Commission on Human Rights provides direction toward addressing human rights issues and promotes international human rights standards.



Figure 3 Tree Chart of Items Coded under ASEAN Political-Security Community



Figure 4 Tree Chart of Items Coded under ASEAN Socio-Cultural Community

Figure 4 shows the tree chart of the clauses coded into the ASEAN socio-cultural community. The five most frequent clauses refer to disaster management (45), environment (27), climate change (25), youth (19), and labor (15). Disaster management as a node includes expressing support or sympathy for areas affected by calamities and similar events. Likewise, in this facet of the joint communiqués, multiple mechanisms are formulated to respond to disasters. For example, regarding disaster cooperation, the 2004 Indian Ocean Tsunami led to the creation of the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Center). In addition, the 2012 Typhoon Haiyan in the Philippines and the 2008 Cyclone Nargis in Myanmar prompted a concerted response from ASEAN (Howe & Bang, 2017).

The environment is one of the most discussed areas in the socio-cultural community, which involves the establishment of the ASEAN Centre for Biodiversity. Likewise, the issue of haze pollution is a significant issue that necessitated the guidance of the ASEAN Agreement on Transboundary Haze Pollution. ASEAN meetings have been transformed into debate forums for Indonesia, Singapore, and Malaysia (Yani & Robertua, 2018). The haze pollution within the region does have diplomatic implications due to its cross-border nature. In terms of ASEAN's approach to regional environmental governance, it tends to be slow and uneven. "ASEAN environmental regionalism, rather than being constructed through private, bottom-up, and spontaneous processes, has been very much driven by ASEAN member states" (Elliott, 2011).

Nevertheless, matters pertaining to climate change are recurrent in the joint communiqués, with emphasis on a “clean and green ASEAN” (ASEAN Joint Communiqué, 2011). In addressing climate change, ASEAN calls for implementing the Climate Change Initiative (ACCI) and the ASEAN Action Plan on Joint Response to Climate Change (ASEAN Joint Communiqué, 2013). Likewise, the 2018 Special ASEAN Ministerial Meeting on Climate Action (SAMCA) concerns the realization of the Paris Agreement. Through its meetings on climate change, ASEAN provides a consultative and engaging platform to strengthen cooperation in this area (Lian & Bhullar, 2011). ASEAN is generally torn between trying to meet development aspirations while responding to climate change (Qiao-Franco, 2022).

The employment of youth in ASEAN is considered a significant issue. It calls for the empowerment of the youth through their involvement in numerous sectoral and mainstream programs. As such, the ASEAN Ministerial Meeting on Youth was conducted. In addition to the aforementioned initiatives, programs, such as the ASEAN First Young Entrepreneurs Seminar and Expo, the ASEAN Youth Volunteers Program (AYVP), and the ASEAN Young Professionals Volunteers Corps (AYPVC), are continuously implemented. These aforementioned programs seek to engage the youth of ASEAN in cultural exchange, volunteer activities, and environmental issues.

On matters of labor, most of the initiatives come from the ASEAN Labor Ministers Meeting, emphasizing human resource development, labor mobility, and rights of migrant workers. A tangible outcome on labor in the region is the creation of the ASEAN Occupational Safety and Health Network (ASEAN-OSHNET). It consolidates efforts toward better standards and stronger labor inspection among ASEAN member states (Trajano, 2020).

The joint communiqués published by ASEAN serve important functions. First, it is a platform for member states to reiterate their commitment to the organization and enhance cooperation. Second, it is a forum through which member states address and respond to collective challenges. Functioning as a critical instrument in advancing the region’s shared interests, the joint communiqués emphasize ASEAN’s institutional framework by encouraging its members to work with the organization’s various bodies dynamically. In a broader sense, these communiqués reflect the evolving norms and values of ASEAN, illustrating the organization’s adaptability to regional and global dynamics.

The Future Prospects of the ASEAN Community: The COVID-19 Pandemic and Myanmar Issue

The ASEAN integration is epitomized by its three foundational pillars: the ASEAN Economic Community (AEC), the ASEAN Political-Security Community (APSC), and the ASEAN socio-cultural community. These pillars collectively embody the essence of ASEAN’s integration efforts. The article systematically analyzes the developments and dynamics within each pillar through the joint communiqués published by the organization. Simply put, the project provides further insights into ASEAN’s progress in terms of cooperation and

integration. The findings reveal that ASEAN has evolving priorities and challenges in its political-security, economic, and socio-cultural dimensions.

Djalante et al. (2020) mentioned that in 2020, the COVID-19 global pandemic affected Southeast Asia, with ASEAN countries responding differently, ranging from strict lockdowns to “business as usual”. Rüland (2021) raised a critical observation in ASEAN’s response to the pandemic, which was the privileging of conservative elite groups, particularly military establishments. I argue that there is also increased securitization of health in the region. The pandemic created new challenges for ASEAN in terms of its different communities, particularly with its economies, public health, governance, and the process of democratization. Chen (2020) highlighted the recent developments that emerged across Southeast Asia:

In Indonesia, people were arrested for spreading inaccurate information on social media. In Thailand, people critical of the government’s response to COVID-19 are prosecuted. In Myanmar, terrorism law has been mobilized to crackdown on journalists, block websites and Internet as well as people’s access to information. In Vietnam, which was praised for limiting the number of infected cases successfully due to its culture of surveillance, people who are suspected of sharing fake news risk being reported and fined. Contact tracing apps, such as those promoted in Singapore, also raise suspicion of increasing governmental surveillance means beyond COVID-19.

It has tremendous implications for ASEAN’s goal of moving toward a people-centered and people-oriented agenda (Yang, 2016). Scaling back some policies that have been established at the height of the pandemic seems to be a challenge for certain countries in Southeast Asia (Rüland, 2021). Southeast Asian countries have made tremendous progress in democratization but have subsequently regressed (Wicaksana et al., 2023). Individual liberties, such as the freedom of expression and association, judicial independence, and media freedom, have been eroded. It has consequently shifted the culture of governance toward elite interests.

The Myanmar issue also garnered significant post-pandemic attention following the takeover of the civilian government by the military faction in February 2021. It transformed the country into an authoritarian Junta-led military regime. The coup d’état results from the seething political tensions between the National League for Democracy and the military (Ryu et al., 2021). The developments in Myanmar are considered a “serious blow to the ASEAN democratic order” (Dalpino, 2021). In response to the crises, ASEAN put forward the peace plan called the 5-Point Consensus, which requires (1) the cessation of violence, (2) all concerned parties engaging in dialogue and seeking a peaceful solution, (3) a special envoy from ASEAN to facilitate mediation and dialogue, (4) ASEAN providing humanitarian assistance, and (5) a special envoy and delegation visiting Myanmar to meet with the parties involved (Reuters, 2022). With the lack of progress in implementing the 5-Point Consensus, ASEAN decided to ban Myanmar from attending meetings (Kurlantzick, 2022). The role of ASEAN has now been put into question in light of its incapacity to facilitate peace in Myanmar. It can be further opined that ASEAN member states allowed the situation in

Myanmar to deteriorate (Dunst, 2021). ASEAN continues to have piecemeal strategies against the Tatmadaw, and such will not dissuade the Junta from its systematic oppression of its citizens (Kapur, 2022).

With these issues hounding ASEAN, the prospect of furthering the ASEAN community is made more challenging. It is further compounded by the continuously evolving regional and global order, increasingly belligerent China, the Sino-U.S. rivalry, and a host of non-traditional security threats (Caballero-Anthony, 2022). ASEAN, therefore, is in a complicated position of seeking to practice the policy of non-intervention while invoking a host of strategies to advance the goals of the ASEAN community. As noted by the ASEAN Chair in 2021, domestic stability is needed to ensure a “peaceful, stable, and prosperous ASEAN Community” (Association of Southeast Asian Nations, 2021). Despite these challenges, ASEAN remains committed to advancing its community-building project. The Hanoi Declaration was established during the 37th ASEAN Summit, marking a significant step toward realizing the ASEAN Community Post-2025 Vision. In 2022, the High-Level Task Force on the ASEAN Community’s Post-2025 Vision (HLTF-ACV) was convened to strengthen these efforts further.

Conclusion and Future Directions

The annual joint communiqués published by ASEAN are comprehensive documents that reflect the collective goals, vision, aspirations, and even the uncertainties of member countries. The creation of the ASEAN community and its pillars allows for the gradual integration of various aspects of life in Southeast Asia. The three pillars of the ASEAN community have evolved into multifaceted areas of cooperation among members of the regional bloc. Initiated in 2003 through the Bali Concord II, the ASEAN community project is a response to the challenges member countries face. Moreover, it provides a mechanism through which stakeholders can pursue multilateral engagement to address critical issues related to security, economy, society, and culture within the broader context of ASEAN community building. Much has been discussed in each ASEAN community pillar, as shown in the analysis. However, key aspects are made prominent through its recurrent in the joint communiqués.

As delineated in the joint communiqués, the AEC shows different dimensions of cooperation in key growth areas, such as tourism, SMEs, and energy. It highlights ASEAN’s commitment to fostering regional economic resilience through initiatives promoting trade facilitation, financial integration, and innovation-driven growth. The ASEAN political-security community focuses on ascertaining continued peace in the region, as exemplified by collaboration on non-traditional security issues, transnational crime, and terrorism. It underscores the importance of diplomatic dialogue and conflict resolution, highlighting the organization’s role in promoting peaceful coexistence. Regarding the ASEAN socio-cultural community, environmental and disaster management initiatives are evident. Likewise, there is also a concerted effort to address issues related to the youth. It reflects an emphasis on ASEAN’s diverse inhabitants and culture as integral components of the region’s identity.

The advancement of the ASEAN community was hindered by the COVID-19 pandemic and the 2021 coup d'état in Myanmar. While intra-ASEAN engagement persists, it is crucial to reassess the process of ASEAN community building. This reevaluation should be based on the current regional context and an acknowledgment of the interests of ASEAN member states. Nevertheless, recent efforts have been made to revive the community-building process through the ASEAN Community Post-2025 Vision.

The article explores the three pillars of ASEAN through the analysis of documents, specifically the joint communiqués published annually. From a more pragmatic perspective, some recommendations are offered to further the progress of the ASEAN community. First, there is a need to strengthen accountability mechanisms to evaluate progress within each pillar. Second, it should promote the participation of civil society organizations and the private sector and leverage their expertise in the ASEAN community-building projects. There should also be continuous reviews of integration processes and adaptation to new opportunities and challenges in the region. The following recommendations are also made to enrich this area of inquiry. This project exclusively examines ASEAN joint communiqués from 2004 to 2019. Future research endeavors can extend their scope to encompass prior documents, shedding light on ASEAN's operations before the formulation of the Bali Concord II. Employing discourse analysis on these joint communiqués will provide deeper insights into how ASEAN frames issues and the diplomatic dynamics embedded within the documents. Additionally, investigations into the impact of integration within ASEAN member countries, particularly its effects on specific populations, hold promise as valuable areas of study.

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Connecting Soft Power, Message Framing, and Political Actors' Involvement in Online Media: The Case of ASEAN

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Abstract

The research aims to examine media message framing in the selected Southeast Asia countries (Indonesia and the Philippines) surrounding events focusing on ASEAN's 50th anniversary in 2017. The research explores the relations between media framing and ASEAN's soft power, taking an interdisciplinary research approach combining political communication studies and international relations. The concept of soft power is divided into (a) strategic narrative and message framing and (b) state and non-state actors' involvement in the communication process. The research uses qualitative content analysis and utilizes Atlas.ti software to conduct the coding process of online news items as the primary data. The main findings are as follows. First, ASEAN is portrayed with a rather positive tone on economic and socio-cultural issues. Second, ASEAN is portrayed on balance in a negative tone on political-security issues. Third, ASEAN state actors deliver more positive statements about ASEAN. Fourth, ASEAN non-state actors depict more negative statements about ASEAN. This research argues that positive news about economic and socio-cultural issues will likely enhance ASEAN's soft power. On the other hand, communication with a negative tone about political-security issues may hinder the development of the institution's soft power. ASEAN's soft power is influenced by the communication of both state and non-state actors.

Keywords: ASEAN, Atlas.ti, message framing, political actors, political communication, soft power

Introduction

The Association of Southeast Asian Nations (ASEAN) has evolved and developed over the past 56 years. From its founding in 1967 as an inter-governmental regional institution framed between the two superpower blocs during the Cold War, today, it is an institution that also wishes to assert and communicate its place among Southeast Asian citizens and on the international stage. Much uncertainty exists about the public's perception of the ASEAN Community, particularly in regard to how ASEAN may attract public engagement across the region through the promotion and spread of culture, values, and ideas. As an emerging regional institution, ASEAN has emphasized a "people-centered" and "people-oriented" approach in its ASEAN Vision 2025. However, According to Hui and Junio (2015), the "ASEAN Community" is considered "elite-driven" with a "state-centric" approach, which is not consistent with its "people-centered" goal. Moreover, the existing research about whether or not ASEAN is portrayed as a "people-oriented" organization through message framing in media is still limited. Hence, the research aims to provide analytical explanations of how the media frame the narrative about ASEAN's issues by analyzing the content of online news media and statements delivered by state and non-state actors.

The research attempts to fill the scientific gap by providing an interdisciplinary study combining aspects of the international relations theory of soft power with the political communication concept of message framing in the media. The research uses qualitative content analysis as the methodology of the case studies. Furthermore, the research attempts to scrutinize how the media frame messages about ASEAN, specifically on its 50th anniversary in 2017, with comparative case studies in Indonesia and the Philippines. The research argues that on the ASEAN's anniversary, the public received more information through online news media rather than directly from official press releases or attending official events to hear the speeches presented by state actors. Thus, it is very crucial to analyze the image of ASEAN, depicted through the message framing, interpreted and recreated by the media.

For the case study of media framing, the research compares Indonesia and the Philippines, two democratic countries in Southeast Asia with a wide range of available media sources to the public. The timeline of the case studies is limited to the key event of ASEAN's 50th anniversary celebration in August 2017. The research argues that ASEAN's 50th anniversary is one of the most crucial moments in the institution's history, which generates increased media and public attention. During the 50th anniversary, the ASEAN Secretariat, located in Jakarta, collaborated with the government of Indonesia to connect with the public, such as conducting the ASEAN's 50 parade, involving thousands of people. Considering that in 2023, Indonesia's Chairmanship in ASEAN has received media attention, it is intriguing to reflect on the previous "big event" organized for ASEAN in Indonesia in 2017.

Three reasons justify why Indonesia and the Philippines are chosen as the case studies. First, both Indonesia and the Philippines have been among the founding members of ASEAN since its establishment on 8 August 1967. Second, Indonesia and the Philippines are similarly situated countries: both are middle-income and democratic. It means that people can participate in political activities, and the press has the freedom to publish news. Third, both

Indonesia and the Philippines have an important role in the moment of the ASEAN's 50th Anniversary. In 2017, the Philippines was the Chair of ASEAN. As for Indonesia, the country hosts the ASEAN Secretariat in Jakarta and held the ASEAN Parade by inviting the public to join. Hence, comparing Indonesia and the Philippines in the research is justifiable.

Literature Review/Analytical Framework

The research argues that the ASEAN's image in the media can affect this organization's soft power. The theoretical concept of soft power is highly influenced by Joseph Nye (Nye, 2004). In his work, he writes that soft power can be achieved by promoting positive images and shaping public opinion, which later will be translated into public support. Soft power is a co-optive power: "The ability to shape what others want can rest on the attractiveness of one's culture and values or the ability to manipulate the agenda of political choices" (Nye, 2004). Soft power is "the ability to get what you want through attraction rather than coercion or payments. It arises from the attractiveness of a country's culture, political ideals, and policies". Based on Nye's argument that "information is a form of power", the research argues that information presented by media is part of ASEAN's soft power to portray its positive image by using its culture and value without coercive force, which may result in obtaining public support.

The research argues that it is important for ASEAN to attract the citizens of its member states to support the ASEAN Vision, particularly for the regional integration process. This argument is supported by Chitty (2017). Delivering attractive messages through public diplomacy can attract the public abroad and at home. It is also highlighted that "where public diplomacy develops trust, liking, and alliances for a country, soft power is generated" (Chitty, 2017). Moreover, in this context, it is not limited only to a country but also to ASEAN as a regional organization. Hence, by attracting people at home, ASEAN will have acquiescence and later will create a positive public opinion, which will strengthen the establishment of the ASEAN Community. Furthermore, previous research mentions how strategic communication can be used to develop a specific "theme" and a particular "event" (Nye, 2004, 2008). Thus, the research will use a specific case study of ASEAN's 50th anniversary as the "event" to examine the strategic communication of ASEAN in terms of spreading information and building a positive image of this organization.

Other than Nye (2004), scholars have attempted to provide further elaboration on the concept of soft power, such as Rothman (2011), Gallarotti (2011), and Roselle et al. (2014). The work of Rothman (2011) is about the revision of the concept of soft power. His work emphasizes the necessity to explore the practical means and mechanisms of soft power. Commenting on the importance of soft power, it is noted that the new conceptualization of soft power uses media and institutions as the means to influence others (Rothman, 2011). He proposes to create a conceptualization of soft power, which ranges from the hardest to the softest form. He clerks four categories within the continuum of power types. Hard power consists of two categories: command and military resources and economic forms of power.

On the other hand, soft power focuses on agenda-setting, institutional control, and framing and rhetoric.

According to Rothman (2011), to utilize agenda-setting power, an institution has to master the knowledge of the agenda system and other resources, such as information and rhetorical resources. Framing and rhetoric can be used to generate influence from one actor to another in the form of communication. He also mentions that "moral framing can affect the behavior of a second actor because the frame can affect the context within which actors look at specific issues". He argues that the addition of "emotional elements" in a particular issue can affect the available choices for a state to pursue. He argues that there are two mechanisms for the influence of soft power, namely "norm diffusion" and "discourse dominance". Norm diffusion stresses the importance of "what is normal or right", rather than through rational calculation. The second mechanism is "discourse dominance". The domination of discourse and rhetoric can generate influence over the position of other actors. It can be done by actors to alter the way the public sees a certain issue through the discourse portrayed in the media. In this context, the role of actors is very prominent.

The work of Rothman in framing and rhetoric is related to the study by Roselle et al. (2014) on strategic narrative. In order to conduct the empirical study, the research uses the projection method of strategic narratives. The projection of the strategic narrative means that the study analyses "the flow of narratives" in media. They mention three methods to analyze strategic narratives: formation, projection, and reception. They also mention that actors have a significant influence in shaping the narratives. The research by Roselle et al. (2014) provides a theoretical framework to conduct empirical research to assess the narratives within ASEAN, which involves the issues and the actors. Based on the theoretical framework of soft power mentioned, the research will take two major points that will be explained further in the following section, namely strategic narrative and actors' involvement.

Narratives are linked to the message. Several existing studies analyze the importance of the message in the context of politics and communication. According to Graber and Smith (2005), political communication encompasses the construction, sending, receiving, and processing of messages that potentially have a significant direct or indirect impact on politics. Based on Golan et al. (2019), states possess the capability to create and disseminate influential messages in the context of verbal and symbolic communication through strategic narratives. Their work also mentions the theory of framing, which allows state actors to transfer "purposively designed messages" in a desirable context.

Next, according to De Vreese et al. (2011), framing can be used to understand the content of news media. Furthermore, they mention that issue framing can influence public opinion through direct and indirect routes. The direct route means that media framing can alter the "belief importance", the way people perceive the importance of some aspects of a particular issue. On the other hand, the indirect route points out the "belief content", which gives people new consideration instead of only altering the existing beliefs. It is argued that "the negative and positive information is asymmetric and that negative information has a stronger impact on citizens' attitudes than positive information". In addition, they cite additional research,

which emphasizes the same pattern: negative information is "more salient", "more memorable", "more persuasive", and "has a stronger effect" than positive information.

In addition, research by Semetko and Valkenburg (2000) mentions that framing analysis is crucial in examining the relations between public policy and public perceptions of particular issues. Framing analysis also highlights "what people talk and think" and "how they talk and think" (Pan & Kosicki, 1993, as quoted in Semetko & Valkenburg, 2000). It also states that the issue frame can change public opinion regarding an international or regional organization, which has been seen such as on EU-related issues (Saris, 1997, as quoted in Semetko & Valkenburg, 2000). Moreover, two approaches are provided to conducting content analysis research to examine news framing, namely inductive and deductive approaches (Semetko & Valkenburg, 2000). The inductive approach consists of an open view of all possible frames and does not strictly define the preconceptions of the frames. It contrasts with a deductive approach, where certain frames are defined to be analyzed. An example by Dauda and Hasan (2018) uses news framing in Malaysian online newspapers. Their work findings highlight the news framing into themes and attributes of salience and manifestation of frames.

Other than message framing, the research also aims to analyze the involvement of actors. It is emphasized that providing information to the public or public diplomacy is not limited only to state actors but also to associations of states, sub-states, and non-state actors (Lee & Ayhan, 2015). According to Lee and Ayhan (2015), non-state actors can provide a fresh alternative when the issue of a "mistrusted government" arises. They can be more neutral and more expert since their credibility comes from their expertise. The non-state actors can help the state by providing a public good in the form of collaboration. Non-state actors can also be a "supplement" to regard the outcomes of public diplomacy as public goods. After explaining the theoretical framework of soft power, message framing, and actors' involvement, the following section will analyze strategic narratives and message framing with the two case studies in Southeast Asia.

Research Methodology

The research uses online media coverage to conduct comparative case studies of Indonesia and the Philippines. The data in this comparative study are taken from 1st to 31st August 2017 to see how media published the news items related to ASEAN in August 2017 as part of the "waves of reports". The research also uses several criteria to include the news item as data, namely: (i) containing keywords "ASEAN" in the title and/or in the content; (ii) being published and/or edited on 1 August 2017 until 31 August 2017; (iii) news items from the Philippines are published in English; (iv) news items from Indonesia are published in Bahasa Indonesia and/or in English; (v) the news types are journalistic news, column, opinion, and analysis. The total data are 130 news items in the online media.

The research codes the quotations in each news item (in the form of a statement or content of the news item itself) to conduct the coding process. The total quotations are 657

quotations. The case selection of the anniversary is based on the notion that it is one of the most important “key events” of ASEAN as a regional organization. The research by Kepplinger and Habermeier (1995) presents the assumption of how key events may trigger “waves of reports”.

The research applies a deductive approach by predefining the frames prior to conducting the coding and the analysis to have a clear idea to examine which frames and categories are related to answering the research questions. The type of frame used is issue-specific frames. This type of frame allows us to be more specific in analyzing relevant details regarding an examined event or issue. The research attempts to create its frames and categorizations with regard to answering the research questions. The codes presented are directed to seek the message framing in the media about ASEAN’s regional integration on its 50th anniversary. Hence, the research uses three pillars of the ASEAN Community, namely political security, economy, and socio-cultural, to have a comprehensive analysis of ASEAN’s integration. It also focuses on analyzing the state and non-state actors involved. Therefore, the research divides the actors into internal and external actors, both state and non-state actors, to examine the broader range of statements to analyze the involvement of various actors.

The research has determined keywords as criteria to include one statement or content in a positive or negative tone. A positive tone is portrayed by showing optimism and support towards ASEAN. This tone also consists of the trust in ASEAN’s future as a regional organization that has many opportunities and possibilities, including but not limited to "significant; strengthen the position; resiliency; peace, regional stability, prosperity; bright and prosperous future; economic growth; historic milestone; unity; sustainable development; progressive; and collaborative". On the contrary, a negative tone contains pessimism, criticism, and statements that undermine and underestimate ASEAN or see that conflict is still ongoing, and ASEAN has made no effort to reach cooperation or peace. The research also categorizes the tone that questions ASEAN’s capability as negative tone as it shows the type of hesitation towards this organization, including but not limited to "step back; loss of hope; suffer from conflicts; failures; disappointment; loss of species; exclusive and elitist organization; insecurity; worsening; threat; attack; inability; shame; not doing enough; pessimism; unsolved disputes; doubting; passive; suffer; weakness; social and economic gap; intolerance; difficulty to reach consensus; detached and indifferent; giving up access; and unable to recover". Therefore, the research divides the frames into different coding categories, as shown in Table 1. These categories are all divided into the software of Atlas.ti.

After determining the description of all codes, the next part is to start the coding process. The authors open all 130 documents one by one and link the quotation in the news items (statement or content of the news item itself) with a certain code. The authors have the summary of all data of the news items, divided into news items of the Philippines and Indonesia. The authors read all the news documents and make quotations. All quotations are linked to certain codes. It can be seen from the process that one quotation can contain more than one code. It is caused by the statements, or the content of the news item can reflect more than one topic at once.

After linking quotations with codes, the next step is to analyze the result with the function “analyze” and “co-occurrence table”. The next step is a process to create a code co-occurrence table. This process aims to make a connection among the codes. For instance, the authors want to see all quotations that link to code “business group” and “non-state actors: experts/analyst” with “positive tone” and “negative tone”. The authors then select the option “co-occurrence table” to see all the quotations that link to these four codes. Hence, the result will show all quotations that consist of business groups and experts/analysts and the relations to positive tone and negative tone. With all quotations easily grouped and linked in Atlas.ti, the authors use the result to conduct analysis and draw conclusions.

Table 1 Code Group of the Media Content Analysis

| Number | Code Group | Number of Codes | Codes |
|--------|------------------------------------|-----------------|---|
| 1 | ASEAN Actors | 8 | ASEAN Actors: 1. ASEAN Secretary General 2. ASEAN Heads of State 3. ASEAN Ministerial Level ASEAN Non-State Actors: 1. Business Group 2. Experts/Analyst 3. NGO/Activist 4. Religious Group 5. Youth/Public Figure |
| 2 | Tone | 2 | 1. Negative Tone 2. Positive Tone |
| 3 | Messages (Issue-Specific Frame) | 3 | 1. Political-Security Issue 2. Economic Issue 3. Socio-Cultural Issue |

Analysis

Message Framing in Media

Based on the coding process of all quotations on Atlas.ti software, the research finds the following comparison on the positive and negative tone of political security, economy, and socio-cultural issues. As presented in Figure 1, the research finds that a negative tone in the political-security issue is more prevalent than a positive tone. It is primarily due to the issue of the South China Sea dispute mentioned by the media in the Philippines. In contrast to the political-security issue, the economy and socio-cultural issues with more positive tone are more prevalent compared to negative tones in the media. The following section will provide an in-depth qualitative analysis of the issue of each category.

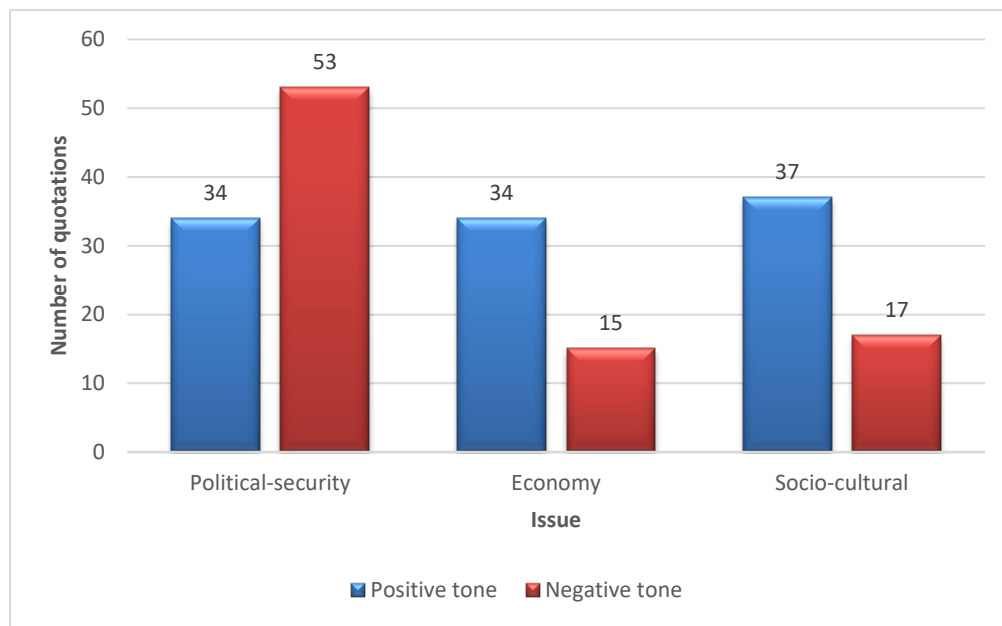


Figure 1 Tone of Message Framing based on Issue
(Political Security, Economy, and Socio-Culture) in Media

Political-Security Issue

The research also finds three major frames with positive impressions about ASEAN in political-security issues. Firstly, the media frames the achievement of ASEAN in maintaining regional peace and stability. Secondly, the media stresses implementing ASEAN Way principles in dealing with conflict. Thirdly, there is a contribution of Indonesia in addressing ASEAN's political security challenges. The news items frame that this region's survival from instability and conflicts that have happened during its establishment is unforeseen. Southeast Asia is previously depicted as a "poor and deeply troubled" region. Many experts have said that this organization will become extinct due to its diversities and conflicts. However, its ability to endure the Vietnam War and cooperate with communist countries is surprising. It is stated that ASEAN has become the second most successful regional organization in the world (Mahbubani, 2017). The news articles also cover the ability of ASEAN to support Myanmar's transition process. ASEAN supports Myanmar in the process of democracy, reconciliation, and development with the principle of non-intervention (Tempo.co, 2017).

The research finds three prominent negative issues framed by media in August 2017, namely the disunity among ASEAN member states, the Rohingya conflict in Myanmar (Prawira, 2017; Antony, 2017), and domestic issues regarding religious and ethnic intolerance (Pos-Kupang.com, 2017; Kompas.com, 2017a; VOA Indonesia, 2017; Philstar.com, 2017). The news article mentions how ASEAN and China face a "hard negotiation" about the Code of Conduct in the South China Sea dispute, despite the fact that the leaders have agreed to discuss the issue (VOA Indonesia, 2017). The Rohingya issue in Myanmar is stressed by the

news articles from Indonesia. One particular example highlights the demand that urges activists all over the world to stop the genocide activities in Myanmar (Antony, 2017).

Economic Issue

The research also finds one major frame of positive impression on economic issues: the success of the ASEAN Economic Community. This major frame is divided into two related sub-topics, namely economic growth (Nugroho, 2017; Diah, 2017b) and ASEAN's connectivity (Kompas.com, 2017b; Gamboa, 2017; Philippines News Agency, 2017). There is a limited number of news items that associate negative impressions with economic issues. The major frame in this context relies on the negative consequences of economic development. The negative impression of the ASEAN's economy issue is mostly addressed by civil society networks, who criticized ASEAN's inclusion. They express their complaint in ASEAN pro-trade liberalization; the hampered growth of the fishing industry; and the issue of food insecurity in the region. In addition, environmental groups highlight the environmental damages that happen due to the expansion of the market and economic activities (Interaksyon, 2017). To recapitulate, the negative issues on the economic sector framed in August 2017 are not significant compared to the positive impression of the success of the ASEAN Economic Community.

Socio-Cultural Issue

Two positive frames emerge in this part, namely the leadership of Indonesia in ASEAN and the ASEAN's spirit of togetherness portrayed in the celebration of ASEAN's 50th anniversary. The first positive frame in socio-cultural issues is generated mostly from Indonesian news articles. The news items frame a positive image of the leadership of Indonesia in ASEAN. Indonesia is depicted as the key player with a crucial role in ASEAN. One example is the news item presenting Indonesia as the initiator of human rights protection, establishment of the security community in Southeast Asia, and cultural performance since the beginning of ASEAN's existence (Tribunnews.com, 2017). The second topic on the positive tone of the socio-cultural issue is regarding the celebration of ASEAN 50th anniversary, such as the ceremonial, parade, and youth engagement (Philippines News Agency, 2017). Regarding the ASEAN's 50th anniversary parade, it aims to promote that "ASEAN is owned by the people and for the people" (Wardah, 2017). In this context, the research finds that Indonesia dominates the public discourse of the ASEAN's 50th anniversary celebration by having a parade with more than 3.000 civil society participants that attract media attention.

Similar to the negative frame of the economic issue, there is only a limited number of negative news items related to socio-cultural issues. Those negative frames involve the threat of losing native habitats and species in ASEAN countries (Gamboa, 2017), the inadequate actions of ASEAN to improve people's lives, a view of ASEAN as an "exclusive and elitist" organization, and that the ASEAN Community is missing a crucial pillar, which is an

environmental pillar (Interaksyon, 2017). This section concludes that the negative frame portrayed by media is less prevalent than the positive frame on the socio-cultural issue.

State and Non-State Actors' Involvement in Media

This part uses an argument by Lee and Ayhan (2015) about the involvement of non-state actors. It has to be noted that, in this context, the positive and negative tones are not only *delivered by* the actor but also *about* the actor. This part discusses how state, non-state, and external actors use the tone to express their messages or opinions about ASEAN.

ASEAN State Actors

ASEAN state actors in this section consist of three categories: ASEAN Secretary-General, Heads of State, and Ministers. The tone of messages conveyed by the actors is divided into two categories: positive and negative. As presented in Figure 2, the ASEAN Secretary-General is the category with the fewest statements. Although there is no negative tone associated with the ASEAN Secretary-General, the research argues that the existence of the ASEAN Secretary-General in media coverage is relatively insignificant compared to the Heads of State and Ministers. The finding shows that the highest coverage is the statement from and about the ministerial level. The research argues that it is caused by the crucial roles of Ministers of Foreign Affairs of Indonesia, Retno Marsudi, and the Philippines, Alan Cayetano, in delivering their statements to the media on the occasion of the anniversary.

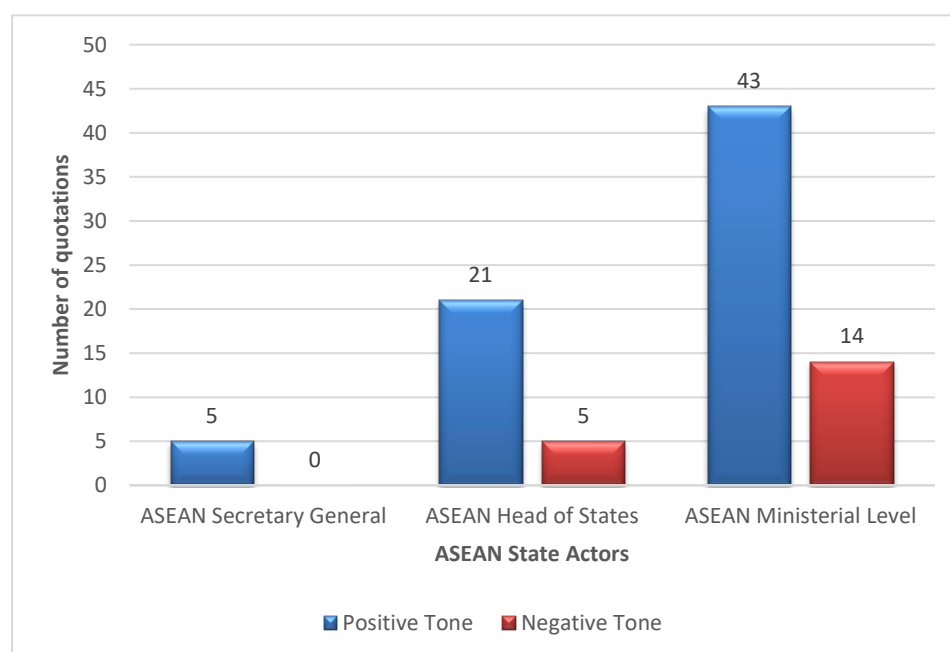


Figure 2 Tone of Statements from and about ASEAN State Actors in Media

A positive tone is crucial because it helps to generate positive images. According to Gallarotti (2011), a positive image will create respect and admiration. Moreover, these admirations will then generate an endearment and emulation of policies. This section will analyze the positive tone from ASEAN state actors and how this impacts ASEAN's positive image to attract the support of the citizens among the member states. This section will be divided into the ASEAN Heads of State, Ministers, and Secretary-General.

The news articles in the Philippines emphasize three positive acts by President Duterte that are crucial to building ASEAN's positive image. First, he has announced a formal alliance with various business chambers on the 50th anniversary (Bellosillo, 2017). Secondly, Duterte has pursued a legal way to mark the importance of ASEAN. He has signed Proclamation No. 282 on 31 July to disseminate information about the important role of ASEAN. Third, it is an act of directing relevant agencies and departments to support the ASEAN Vision (De Jesus, 2017). Moreover, other than the topic of the ASEAN's anniversary, Duterte has mentioned the ASEAN's partnership with the Democratic People's Republic of Korea (North Korea) (Corrales, 2017). It illustrates the willingness of Duterte to maintain ASEAN's cooperation with an external party. The research argues that according to the media, Duterte has attempted to conduct public diplomacy by spreading the significance of ASEAN's roles to his people, government, business groups, and external actors.

Having explained the positive image of ASEAN built by Duterte, the research now turns to the statements by President Joko Widodo. There are three points stressed by Joko Widodo that affect the positive image of ASEAN: ASEAN's comparison with other regional organizations, its contribution to regional stability, and the benefit of ASEAN for the people. Regarding the comparison with other regional organizations, Joko Widodo reflects that the Brexit phenomenon between the United Kingdom and the EU should be a lesson for ASEAN. Furthermore, he has emphasized that ASEAN is special because it has the "spirit of brotherhood" and always "holds hands" with one another (Hasan, 2017). Furthermore, ASEAN always prioritizes dialogue and negotiation over power. He mentions his optimism that ASEAN will become the fourth biggest market in the world by 2030 (Supriatin, 2017; Ihsanuddin, 2017).

In the context of regional stability, Joko Widodo expresses his optimism that ASEAN has managed to create regional stability in Southeast Asia despite the existing conflicts that happen in other regions. Furthermore, Joko Widodo indicates the role of ASEAN in Indonesia. He has proclaimed that "ASEAN is strong, and along with ASEAN, Indonesia is going forward" (Setiawan, 2017a). The last point of his statement highlights that ASEAN has to maintain its relevance to society. He has argued that ASEAN leaders should work hard so that society can feel the benefit of ASEAN's existence. In addition to the statements by Joko Widodo, the news items from Indonesia also highlight the cooperation between Indonesia and Vietnam based on the statements by the Secretary General of the Communist Party of Vietnam, Nguyen Phu Trong (Jordan, 2017; Setiawan, 2017b; Sindonews.com, 2017a).

At the ministerial level, there are two differences between the news items in the Philippines and Indonesia. The news stories in the Philippines mostly cover statements and events related to the Minister of Foreign Affairs of the Philippines, Alan Cayetano. On the other hand, the news items from Indonesia present not only Minister of Foreign Affairs Retno Marsudi, but also several other ministers, such as the Minister of Tourism Arief Yahya, the Minister of Communications and Informatics Rudiantara, the Minister of Health Nila Moeloek (Chaerunnisa & Nodia, 2017), and Minister of Marine Affairs and Fisheries of Indonesia Susi Pudjiastuti (Setiawan, 2017b). The ministers from Indonesia also often emphasize that Indonesia is the “key player” and the “centre” of ASEAN (Diah, 2017a). Furthermore, Cayetano has not emphasized the Philippines’ leadership in ASEAN. Rather, he expresses his appreciation to Indonesia for actively contributing to support ASEAN’s development. There are two similarities among the statements of the ministers from both countries: their interest in cooperation among the member states and with external parties and their optimism about ASEAN’s integration. Retno Marsudi highlights the cooperation with Russia, whereas Alan Cayetano asserts the partnership with China.

Marsudi and Cayetano both show that cooperation with external parties is crucial in ASEAN. They both also convey their appreciation of ASEAN’s accomplishment and optimism toward the further integration of ASEAN. Their statements about ASEAN’s achievements can be divided into three topics: maintaining regional stability, implementing ASEAN’s principles, and building regional community. Marsudi emphasized that ASEAN has successfully maintained the stability in Southeast Asia, both from security aspect and economic development (Diah, 2017b). Cayetano also confirms this statement by addressing that ASEAN has successfully proven its promise to maintain peace, stability, and economic development for ASEAN people. He states that the peaceful settlement of regional disputes and regional cooperation are the most unique and admirable characteristics of this organization (ABS-CBN News, 2017). The statements by Cayetano and Marsudi show that they attempt to tackle the criticism and pessimism of ASEAN through facts and optimism that ASEAN has been able to maintain regional stability in Southeast Asia.

In the context of the implementation of ASEAN’s principles, Cayetano has said that they have a new initiative. It is due to the proposal made by Indonesia to have an informal meeting prior to the actual formal meeting to agree on several issues. Cayetano has expressed his appreciation for the initiative and leadership of Indonesia in ASEAN. Indonesia first proposed this informal meeting in Lao PDR in 2016. Cayetano has also praised the constructive dialogue, consultation, and confidence-building possessed by ASEAN that have made this organization one of the key venues for the settlement of political and security issues (ABS-CBN News, 2017). From these statements, Cayetano shows his belief in implementing ASEAN Way principles, particularly the consultation and negotiation, as an accomplishment of ASEAN, led by Indonesia.

Furthermore, regarding building the ASEAN Community, Cayetano delivers positive and confident messages about ASEAN. He has stated that ASEAN manages to solve the problems of the divisions, fears, and hostilities. He has emphasized the need to think more of “we” than “I”, and “we are a community, more than a community, not just a nation but a

region" (De Jesus, 2017). ASEAN has grown as a dynamic and resilient community, admired, and respected by other regional organizations (Cabato & De Guzman, 2017). Both ministers support the dissemination of ASEAN's positive image by depicting their optimism.

Negative Tone

The research finds that Duterte and Joko Widodo are portrayed very differently in the media. Duterte is described as defending China more than prioritizing ASEAN's unity. On the other hand, Joko Widodo is seen to be making an effort to support the ASEAN's position against China. The news article written by Nery (2017) states that Duterte is portrayed as taking the ASEAN's partner aback by choosing to take a "soft landing" approach towards China. On the contrary, Joko Widodo is depicted as making a good action to support ASEAN by renaming Indonesia's northern sea as "Laut Natuna Utara" or the Northern Natunan Sea and by blowing over 60 foreign fishing vessels that have been seized by the Indonesian government. Therefore, in this context, the news items that consist of a negative tone only report Duterte's approach to China.

Other than the Heads of State, the research also assesses the statement from the ministers. The news items that consist of statements from the ministerial level mostly cover the statements of Cayetano and Marsudi. However, data show that the negative tone is only related to Cayetano with the issue related to China. One news story mentions how Cayetano "blasts" local online news media for highlighting that ASEAN makes a weak statement about the issue of the South China Sea. Cayetano asserts that such framing of the news media is "old and biased". He shows his objection to the news items about the question of the weak statement made by ASEAN to face China (Morallo, 2017). On many other occasions, Cayetano confidently shows positive messages concerning ASEAN. However, during several comments, he also admits that he sees ASEAN in a pessimistic way. For instance, during his speech at the closing ceremony of the ASEAN Foreign Ministers Meeting 2017, Cayetano told the audience that he "lost hope" once he saw different national interests over sensitive issues that had yet to be solved by ASEAN (De Jesus, 2017).

The research argues that the ASEAN Heads of State and Ministers mentioned in this section actively contribute by expressing their appreciation of ASEAN's accomplishments. On the other hand, there are still several negative statements related to ASEAN. Nevertheless, this section finds that the involvement of ASEAN state actors generates more positive news articles than the opposite. It can contribute to spreading optimism and a positive image of ASEAN. A positive image is expected to transform into positive public opinion and public support to strengthen ASEAN's soft power. However, the negative image or statements from and about ASEAN state actors should not be undermined. Although the number of negative statements is less than the positive ones, ASEAN has always to monitor its image projection in the media.

ASEAN Non-State Actors

ASEAN non-state actors in this section are divided into various groups, namely business groups, experts/analysts, NGOs/activists, religious groups, and youth/public figures. The research finds a difference between statements associated with state actors and non-state actors. For ASEAN state actors, most of the tone is positive, whereas it varies for ASEAN non-state actors. Figure 3 illustrates that for youth/public figures and business groups, a positive tone is more than a negative tone. On the contrary, experts/analysts, NGOs/activists, and religious groups present more negative tones compared to positive ones. Business groups and youths support the anniversary event as part of public diplomacy actors to spread the values and benefits of ASEAN. On the other hand, analysts, NGOs, and religious groups use the anniversary moment to criticize ASEAN's actions and progress in various issues. The upcoming section will provide further analysis of each category.

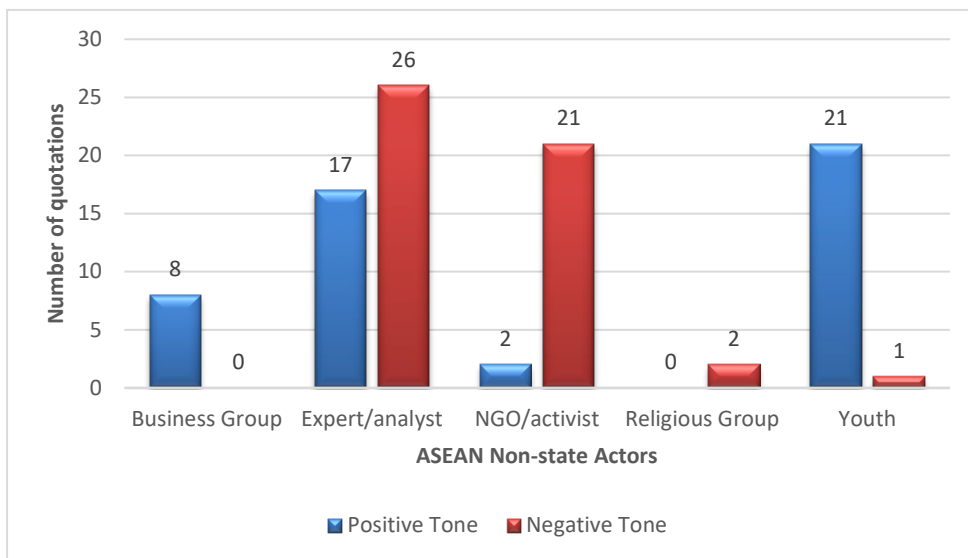


Figure 3 Tone of Statements from and about ASEAN Non-State Actors in Media

Positive Tone

The research notes that the positive tone from non-state actors comes from business groups, experts, and youths. One news article mentions that the CEO of AirAsia Group, Tony Fernandes, has contributed to the anniversary by providing affordable tickets to attract more tourists to visit various destinations in ASEAN countries. He stresses that ASEAN has inspired all of its population to unite together for 50 years (Merdeka.com, 2017). The positive tone about ASEAN from experts and analysts emphasizes the achievement of ASEAN. According to Mahbubani (2017), this region offers an “unexpected glimmer of hope”. He is very optimistic and hopeful about the development of the region caused by the advancement of ASEAN as a regional organization. He also highlights the ASEAN's cultures of *musyawarah*

and *mufakat* (consultation and consensus) as the core of its “impressive resilience” (Mahbubani, 2017).

An analysis by Gamboa (2017) presents ASEAN as the second most successful regional grouping after the EU. In addition, Indonesia has selected 50 youths from all over the country to become ASEAN Youth Ambassadors. This program aims to raise awareness among youths towards the ASEAN Community and be the agents in disseminating information about ASEAN (Matondang, 2017). The positive statements also come from public figures of Indonesia. They mention the benefits of being a citizen of ASEAN member states, such as traveling freely within the member states without a visa and having more opportunities as well as broader networks (Sindonews.com, 2017b; Garmina, 2017; Wardah, 2017).

Negative Tone

Three categories of non-state actors address negative statements about ASEAN in various issues. These are experts/analysts, religious groups, and NGOs/activists. The research also finds that negative statements from non-state actors are dominated by the weaknesses and failures of ASEAN in various topics, dominated by political-security issues. These issues are similar to the news frame that has been explained in the negative frame of political-security issues, namely the disunity among the ASEAN member states, the Rohingya conflict in Myanmar, and ethnic intolerance issues. While the message framing focuses on the topic of the message, this section will focus on exploring who the actors are.

There is one particular statement from Dr. Jay Batongbacal, Head of the Institute for Maritime Affairs and Law of the Sea, University of the Philippines, who gives a negative tone about the Philippines. He has mentioned that China is expanding its presence more and more in the South China Sea. He has questioned whether it is necessary to compromise the national interest in this issue to secure loans and weapons from China (Bondoc, 2017). Furthermore, a negative tone also comes from a religious group in Indonesia called "Muhammadiyah". This religious group has emphasized their demand for ASEAN to stop the genocide activity in Rohingya. They have argued that due to the high number of victims, ASEAN should not uphold the principle of non-intervention and change it with the obligation to take responsibility for protecting Rohingya. They have urged ASEAN to consider “freezing” the membership status of Myanmar in ASEAN (Antony, 2017).

The Regional Director of Asia Centre for Humanitarian Dialogue, Michael Vatikiotis, has mentioned that the conflicts related to intolerance and hate triggered by ethnicity and religion are the current challenges faced by ASEAN. He has provided the example of Muslim supremacy towards Indian and Chinese people in Malaysia and the Muslim versus Buddhist tension in Myanmar. These conditions will potentially affect the stability of the region (Pos-Kupang.com, 2017). He has also highlighted the big economic gap in ASEAN member states as one of the causes of conflicts, and it only benefits a few people (Pos-Kupang.com, 2017). ASEAN Civil Society Conference/ASEAN People’s Forum (ACSC/APF 2017) has also urged ASEAN leaders to take into consideration the aspirations and recommendations given by ASEAN people (Interaksyon, 2017). ACSC/APF 2017 has held a protest in the Philippines

with over 1.000 members. They have attempted to raise their voice, saying that within its 50-year existence, ASEAN has grown as an “exclusionary and elitist” organization (Interaksyon, 2017).

A statement is written questioning how far ASEAN can put aside the principle of "consensus and deliberation" by considering the dynamic of politics and the economic condition of the region (Wisnu, 2017). It questions the implementation of consensus as a decision-making mechanism in ASEAN. She also mentions an approach called “ASEAN (N)-X” that has been implemented by ASEAN in several mechanisms for the economic sector to be used more. Moreover, this argument is supported by Romulo et al. (2017). According to Romulo et al. (2017), ASEAN has to explore more the “ASEAN minus X” mechanism in several sectors as an alternative to the principle of consensus and consultation decision-making process. ASEAN has to consider the “ASEAN minus X” principle below the ASEAN Summit while maintaining the consensus decision-making for the high-level issue. Based on those statements, the research concludes that the non-state actors tend to question the policies and actions of ASEAN. Their questions lead them to “urge and demand” ASEAN to make better action and policy improvements.

Conclusion

The empirical research demonstrates that political-security issues have more association with a negative tone than a positive tone. There are three issues framing in this topic: the issue of disunity among the member states in the South China Sea dispute, Rohingya conflict, and ethnic intolerance problems. On the other hand, economic and socio-cultural issues have a more positive impression on media. The dominant frame of the economic issue is the achievement of ASEAN in terms of economic growth and development. The socio-cultural issue is related to the ASEAN’s parade and celebration of ASEAN’s 50th anniversary with various cultural performances pioneered by Indonesia.

The research shows that ASEAN state actors portray more positive statements and attempt to build a positive image of ASEAN through the media. The role of the ASEAN Heads of State and Ministers is crucial, particularly the Minister of Foreign Affairs of Indonesia and the Philippines. On the other hand, ASEAN non-state actors express various impressions. ASEAN youth and the business group focus on discussing ASEAN’s benefits. In contrast, analysts/experts, NGOs/activists, and religious groups depict ASEAN with more negative statements. They question and urge ASEAN to do more realistic and concrete actions. Furthermore, five external states are mentioned in their relations with ASEAN, namely China, North Korea, Russia, the US, and Australia.

The research argues that the news exposure will affect public opinion and influence ASEAN’s soft power. The exposure of positive news from online media can generate a new positive view on the economic and socio-cultural issues that previously do not exist or are still lacking in public. Thus, ASEAN’s soft power regarding economic and socio-cultural issues can be enhanced. On the contrary, the discourse on the political-security issue is dominated

by a negative tone. It shows that the values of respecting sovereignty, non-intervention, consensus, and consultation as ASEAN's principles are problematized in the media. The norm diffusion in ASEAN is challenged by the criticism and hesitation presented by the non-state actors. The non-state actors consist of analysts/experts, NGOs/activists, and religious groups, dominating the discourse by showing their questions and urging ASEAN to have better actions and policies. The message framing by these non-state actors may hinder the soft power of ASEAN because they mostly project hesitation, pessimism, and criticism of ASEAN. These framings later can generate negative images of ASEAN in public, which may diminish ASEAN's soft power to attract public support. From the perspective of the general public as the receiver of the messages, they may construct a more negative image of ASEAN if they receive more negative news from the media.

The exposure of more negative news on political-security issues can alter the public opinion of ASEAN, from trusting this organization to skepticism or distrust. When most non-state actors question the ASEAN's policies in political-security issues, the legitimacy of ASEAN policies is questioned. If ASEAN does not balance the news in countering the hesitation by non-state actors, the image of "consultation and dialogue" as the dispute settlement mechanism will not be perceived positively by the public. Therefore, with a more negative impression, the soft power of ASEAN in the context of the political-security issues is hindered. ASEAN's image has already been constructed in a more positive tone in terms of economic and socio-cultural issues. Having a negative image of the political-security issues may jeopardize ASEAN's overall soft power because those three issues are interconnected to one another, as the pillars of the ASEAN Community.

The research by no means advises ASEAN to change its principles in dealing with political-security disputes. Rather, the research suggests that ASEAN has to conduct more public diplomacy through its direct and indirect communication by emphasizing the strength of the ASEAN's political-security mechanism and cooperation. Hence, ASEAN can counter the criticism and balance the narrative and discourse depicted in media. ASEAN has to pay more attention to its image projected in the media, particularly political-security issues. At the same time, it maintains a positive impression of the economic and socio-cultural issues. Improving public diplomacy will not contradict ASEAN's principles. Instead, public diplomacy creates a better understanding of the public about this regional organization, which is expected to be more "people-centered" and "people-oriented".

The research acknowledges its limitation in connecting the concept of soft power, message framing, and actors' involvement in online media. The focus of the research is limited only to examining the message framing projected by online media in Indonesia and the Philippines in 2017. Moreover, this research does not include a public opinion from the ground, such as how ASEAN people respond to the messages projected by online media, since the interview with ASEAN citizens is not part of this research methodology. Incorporating ASEAN citizens' opinions in future research can elaborate the analysis presented in this research. Comparing the current ASEAN 56th anniversary and Indonesia's Chairmanship in ASEAN in 2023 with the result of this research can provide a more comprehensive analysis regarding this matter.

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China and Regional Security in South and Southeast Asia: A Comparative Analysis of ASEAN and SAARC

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Abstract

Asian regionalism is largely represented by economic cooperation at sub-regional levels, and the Association of Southeast Asian Nations (ASEAN) is seen as a prominent example of that. In contrast, the South Asian Association for Regional Cooperation (SAARC) has failed to take off as a platform for economic cooperation and has been hostage to the India-Pakistan rivalry. While ASEAN was established as a forum to address members' security apprehensions concerning China, SAARC was created to focus on regional cooperation in non-controversial matters like trade and human security. Hence, ASEAN has engaged more deeply with China through various mechanisms. Conversely, SAARC-China relations remain limited because India, the most dominant actor in the organization and the region, views China as a threat to its security and hegemony in South Asia. The research, therefore, aims to answer the following question: How does one region successfully manage security challenges/threats while the other remains ensnared by them? Resolving this puzzle necessitates a nuanced understanding of the role of regionalism in Southeast Asia, emphasizing the significance of comprehending the process and evolution of regionalism in this context. To address this inquiry, the research employs a comparative-historical analysis grounded in archival data encompassing both primary and secondary sources. The investigation reveals that SAARC's limited engagement with China is a consequence of India's opposition, a dynamic absent in ASEAN, where Indonesia actively supports cooperation with China. The research underscores the critical importance of unraveling the complexities of regionalism in Southeast Asia to grasp the underlying factors contributing to divergent outcomes in these regional organizations.

Keywords: regional security, ASEAN, South Asian Association for Regional Cooperation (SAARC), China

Introduction

The 20th century has seen a great transformation in terms of alliances, economic integration, and institutionalization at regional and sub-regional levels. Regionalism has gained momentum after the Cold War, and different regions have exhibited distinct trends and evolutionary patterns, culminating in a complex structure of economic interaction, security architecture, conflict management, power dynamics, and complex interdependence (Oba, 2019). This is particularly the case of regionalism in South and Southeast Asia, as their regionalism paths have been hampered by dynamic security theater, military threats, active conflicts, disputes, and geopolitical challenges from both within and outside the regions (Ahmed, 2013). At the international level, Cold War politics have influenced the emergence of regional organizations. However, the process cannot replace the traditional system of state centrism nor establish a new international order (Ikenberry, 1999). Instead, regions appear to arise either through disseminating various transactions and externalities or as protection against the hegemony of capitalist globalization and great-power politics. Within this background, the research aims to understand how regionalism in South and Southeast Asia has followed different trajectories, especially with reference to managing external security concerns. The research presents a comparative historical analysis of how regional organizations in both regions have engaged with China.

Despite being created as an organization to counter the China threat, the Association of Southeast Asian Nations (ASEAN) has been engaging with China through dialogue and partnership. For instance, ASEAN and China have signed an Memorandum of Understanding to cooperate in non-traditional security (Wibisono, 2017). “While ASEAN’s policy of ‘honest brokerage’ has allowed the presence of other powers to balance China, its policy of enmesh China has facilitated China’s role as a stakeholder in the ASEAN processes” (Shekhar, 2012). On the contrary, the South Asian Association for Regional Cooperation (SAARC) is not created because of a common external threat perception but it has suffered from intra-regional rivalries, such as between India and Pakistan. Because of India’s opposition, SAARC has cooperated with China in a limited manner because India continues to veto China’s full membership but allows China an observer status in SAARC (Madan, 2014). This situation deserves some examination to understand how the two organizations have engaged with China very differently and whether that is a product of different security dynamics of South and Southeast Asia.

The security architecture in the Asia-Pacific has changed significantly since the end of the Cold War, and it continues to change due to shifting alignments because of the growing geo-economic and geopolitical competition between China and the US. The lack of strategic trust between the major powers and the rise of nationalism in some countries makes it harder to predict how the Asia-Pacific region will grow. Due to their pessimistic views on the future of the region, many US-based intellectuals promote offensive realism (Johnson & Thayer, 2016). Some academics even go so far as to predict that the region’s escalating military rivalry and friction between China and the United States will make it difficult for either side to resolve its security challenge, perhaps opening the door to armed war (Liff & Ikenberry, 2014). These

two perspectives on the nature of balancing and hedging are instructive. The fact that constructivists and realists both have significant and insightful things to say about how security is envisioned and implemented in the East Asian region is notable (Acharya, 2020). An analytically eclectic approach to understanding security in Asia should be used precisely because of the complex, multidimensional nature of what has been called the "regional security complex" (Buzan & Waever, 2003). Choosing how much causal significance to give to material and ideational variables is a constant struggle. The main finding from looking at the history of ASEAN is that these factors change with time and are neither predetermined nor unchangeable. Instead, ASEAN has shown that it can take advantage of changing geopolitical conditions in ways that seem to go against the structural limitations that have sometimes made the group what it is (Beeson, 2016). The security architecture has been evolving in both the regions with tangible indicators and variable threat perception matrix. Southeast Asia has become a nuclear-weapon-free zone, while South Asia is a nuclear flash point undergoing a robust arms race between India and Pakistan (Ali & Lee, 2022).

We use the Regional Security Complex Theory (RSCT) to understand the degree to which regional security environments have influenced regional organizations vis-à-vis China. Though significant literature is available on SAARC and ASEAN, the erstwhile literature has not used RSCT to examine how SAARC and ASEAN have tried to address external security challenges faced by some of their members. As the chosen theory argues, actors' security concerns are limited to their immediate neighborhood. As scholars have argued, "Simple physical adjacency tends to generate more security interaction among neighbors than among states located in different areas" (Buzan & Waever, 2003). Interdependence in security is central to RSCT, and it has been further explained in the following manner: "a group of states whose primary security concerns are linked together sufficiently closely that their national securities cannot realistically be considered apart from one another" (Buzan, 1991). The authors believe that the chosen framework is helpful in terms of understanding how member states of the two regional organizations have viewed regional security and how their interdependence in security or the lack of it has influenced their interactions with China through ASEAN and SAARC.

There is no shortage of literature on ASEAN and SAARC. However, none has compared the two organizations' different regional security dynamics through the lens of RSCT by taking the case of the two organizations' engagement with China. There is a lot of literature that focuses on the evolution of the two organizations, with a particular focus on history, institutional dynamics, growth patterns, and structural sustainability (Ahmed & Zahoor, 2015; Napolitano, 2013). With reference to China, there have also been studies on the nature of the two organization's cooperation with China by examining a range of opportunities and challenges (Asfa & Ahmed, 2015; Beeson, 2016; Kumar, 2015).

Studies have also been done on regional security and the role of the two chosen organizations. ASEAN has promoted regional cooperation and integration in Southeast Asia, albeit gradually and cautiously. It is further believed that ASEAN has been successful in overcoming political disagreements, geographical problems, and economic inequities by focusing on compromise and consensus-building (Jones & Smith, 2007). It is argued that

despite political divisions, territorial conflicts, and economic inequalities, ASEAN has been able to overcome these hurdles to regional cooperation by focusing on practical collaboration, reaching consensus, and compromising (Pempel, 2010). There have also been some comparative studies of ASEAN and SAARC. According to Asfa and Ahmed (2015), ASEAN places regionalism at the ebb of political cohesion and economic liberalization, while SAARC depicts lackadaisical patterns of political and economic amalgamation in practicality. In other studies, scholars have mainly focused on how SAARC, a less developed organization, can learn from ASEAN's progress in various areas, including security (Ahmed, 2013; Antolik, 1987; De Silva, 1999). As there has been no research comparing ASEAN and SAARC's cooperation with China, we believe that our analysis offers a timely examination of the two organizations' engagement with China as the latter continues to expand the Belt and Road Initiative (BRI) in South and Southeast Asia.

In terms of the research design, the research is a comparative-historical analysis. This methodology is well recognized in social sciences and plays an important role in terms of understanding social phenomena. This methodological approach has also been used in International Relations to understand better factors that influence foreign policies (Thies, 2002). For this purpose, we collect archival data comprising a variety of primary and secondary sources, including official documents of the two organizations and their member states, scholarly publications, and media reports. For the two separate cases, our data has covered periods from the inception of the two selected organizations until 2023. The research begins with our separate analysis of how ASEAN and SAARC have cooperated with China. This section follows our examination of ASEAN-China and SAARC-China relations.

Comparative Analysis

China has long-standing territorial disputes with South and Southeast Asian countries, including the South China Sea dispute and a border demarcation dispute with India. Nonetheless, China has benefitted from the interest of ASEAN members by building multifaceted relationships with Southeast Asian states and ASEAN. Regionalism is regarded as the most effective means of fostering economic growth, fostering a culture of shared interests among states, managing globalization, and enhancing regional security through mutual reliance (Taylor, 2015). In the case of regionalism in Southeast Asia, it is important to understand the idea of a security community and how ASEAN members have collectively engaged with China through this regional organization.

ASEAN-China Relations

In 1967, ASEAN was established with a membership of 622 million people and the motto "One Vision, One Identity, One Community". The threat of communism and interstate rivalries were factors in the political process throughout the Cold War era. Indonesia,

Malaysia, the Philippines, Singapore, Thailand, Brunei Darussalam, Cambodia, Myanmar, Laos, and Vietnam were among the members (Association of Southeast Asian Nations, n.d.).

Due to the related concerns, ASEAN has accepted the rapid rise with subdued reluctance. Richard Grant mentions ASEAN's worries that an economically dominant and powerful China will have tremendous political and military influence in the area (Ashraf et al., 2017). The regional security environment of Southeast Asia is not as volatile as South Asia but has peculiar dynamics. There are various territorial disputes among the states, like over the South China Sea. Extra regional security apprehensions, particularly the emerging US-China competition, add another layer of complexity to the regional security environment with implications for regionalism (Keling et al., 2011).

Historical relations and shared geography connect China with ASEAN both culturally and politically. Post-revolutionary China, with its peculiar policy direction, has raised concerns in many Southeast Asian countries. The nature of engagement between the two has been benign, primarily with no exhibition of influence or control from either side, albeit tacit policy impacts have been made with cautious strategic orientation (Narine, 2002). In the 1960s, China's role in the Cold War raised many eyebrows in the region, creating an environment of mistrust. Previously, Southeast countries were preoccupied with their domestic affairs, and the only concern they had was interference from extra-regional powers exploiting internal problems. For instance, the US was involved in the bloody overthrow of Sukarno in Indonesia during 1965-1967 (Scott, 1985). The fear related to China was linked to communist insurgencies in the region, though the early years were tough in terms of internal politics and economic strife. The distrust remained potent because the Indonesian military was always suspicious due to alleged connections to the controversial coup of 1965 and support for the communist party of Indonesia. The US-China rapprochement influenced perceptions and threat assessments in ASEAN.

The change in discernment began when China gradually drifted from a typical Cold War orientation by completely reorienting its policy towards Southeast Asia and beyond. In the mid-1970s, most ASEAN countries normalized their relations with China except Indonesia, Malaysia, and the Philippines (Sukma, 1999). Earlier, there had been significant differences in understanding of the nature and magnitude of the perceived threat from China among ASEAN members. Indonesia and Malaysia shared a greater threat perception with respect to the influence of China in the region and internal politics, while Singapore and Thailand were concerned about Vietnam to the extent that Thailand turned to China for military assistance (Lee & Lee, 2020). After opening, China achieved tremendous economic success and political stability, which was both an opportunity and a threat for ASEAN nations, given their recent history of skepticism. On a policy level, the rise of China had been the most substantial challenge experienced by these nations in mitigating internal conflicts, financial crises, and international political struggles (Beeson, 2010). In 1978, Deng Xiaoping's visit to Southeast Asia (Thailand, Malaysia, and Singapore) played an important role in taking the relationship to a level of political and economic cooperation.

China's relations with ASEAN members have evolved primarily due to regional and international political situations. China's withdrawal from Vietnam provides ample grounds for China-ASEAN relations to be nourished. During a stronger China for Sino-ASEAN progress, an uncertain US policy toward the region creates space for strengthening ties and removing the threat diplomatically. China plays an important role in that case. It becomes the first country to join the Treaty of Amity and Cooperation (TAC), extend strategic cooperation, and enter Free trade agreements (FTAs) and regional forums. Nonetheless, with growing economic relations, the perception of a threat cannot be completely ignored since the issue of the South China Sea continues to impact the political arena of Southeast Asia. From a regional standpoint, relations have shifted more towards economic cooperation since ASEAN prioritizes growth and focuses on the opportunities from China's economic and political rise. As an organization, ASEAN and its members have tried to maintain balanced relations with China and the West (Karim & Chairil, 2016).

The relationship between ASEAN and China has been subject to institutional growth patterns, internal political and strategic strife, and major power rivalries in the early 1990s, while after 1989, the ties improved, crossing all the complexities mentioned. In a visit to Bangkok that year, Chinese Premier Li Peng proposed four principles for Sino-ASEAN relations: (1) peaceful coexistence despite differences in social and political systems; (2) anti-hegemonism, i.e., China not seeking to be a hegemonic power nor interfering in the domestic affairs of ASEAN countries; (3) further development of economic relations; and (4) continuing support of regional cooperation and initiatives from ASEAN (Hao & Huan, 1989). Beijing's emphasis on economic growth and new global challenges has pushed it toward a more inward, regional approach. It has mended its ties with all Southeast Asian nations, especially Indonesia. With Indonesia (DW, 2022), China is eager to enhance economic and military relations, while Indonesia is also interested in active involvement in resolving the South China Sea dispute (Reuters, 2016).

China's factor has been one of the drivers behind the process of regionalism in Southeast Asia, among others. Its threat value, political entanglements in regional and global politics, and economic opportunity have been the main reasons to cooperate with China. Moreover, China also gains strategic importance by gaining the potential of an ally in the geopolitics of Asia. The collective strategic advantage provides member states with an individual economic opportunity by leveraging comparative advantages and complementarities. It has always been clear that the reason for the cooperation is a desire to strengthen security in the Asia-Pacific area. For example, China and Russia made a formal proposal to develop a security cooperation framework for the region during the 8th East Asia Summit. Although the design of the new Asia-Pacific regional security architecture was still in its infancy, this proposal put forward by China and Russia was of paramount strategic significance to the building of a new order in the Asia-Pacific region (Stronski & Ng, 2018). Since China and some ASEAN members have conflictual relations over the South China Sea, this dispute has been a major factor in the ASEAN-China relationship. China has moved quickly to incorporate ASEAN into maritime cooperation frameworks backed by China (Buszynski, 2003). The region has advanced from its murky past to a new development of a distinct region with relative control over its boundary, polarity, structure, and social construction due to a transformation of Southeast

Asia's security from conflict formation to a security regime. Additionally, the battle over the Spratly Islands in the South China Sea and China's ascent have connected Southeast Asia's security issues sufficiently together and demonstrated how impossible it will be to establish stability and security without effective cooperation between China and Southeast Asian states (Rasmeefueng, 2013).

The Southeast Asian states, individually and through ASEAN, have demonstrated that they are in favor of China becoming a stakeholder in regional security. It is very much reflected in how ASEAN has tried to establish a "stable distribution of power" among China, Japan, and the US (Foot, 1998). It is also reflected through ASEAN Regional Forum (ARF), which was established in 1994. It is a crucial forum for security discussion in the Indo-Pacific. It offers a forum for members to debate current security concerns and create collaborative actions to improve peace and security in the area. China has been an active stakeholder in ARF and presented a range of position papers in ARF meetings on issues such as cooperation in non-traditional security and maritime risk management.¹ Beijing initially views the ARF with skepticism, fearing that it will lead to the internationalization of the internal conflict or the South Chinese Sea issue. After a period of increased interactions beginning in the mid-1990s, China has come to see ASEAN as a reliable (Asian) mediator upholding values like sovereignty, non-interference, and consensus decision-making (Gerstl, 2008). The ARF's emphasis on dialogue and transparency, as well as its other confidence-building measures, have helped to improve relations between China and ASEAN. China's commitment to multilateralism and its improved relations with ASEAN. TAC, which China acceded to in 2003, commits to multilateral cooperation to settle territorial disputes in the South China Sea and counters transnational threats, which is indicative of trust between these two actors (Panda, n.d.).

SAARC-China Relations

China's continued importance in South Asian affairs is not surprising, given that the country shares a border with the region. Despite increasing geopolitical competition and border disputes with India (Zhang & Sun, 2019), China continues expanding its relations with other South Asian states (Bindra, 2017). China has political, economic, and geostrategic interests in the region but still has not managed to become a member of SAARC. Nevertheless, China's influence on India's decision to form SAARC cannot be ignored. Knowing that SAARC was established in 1985, China's formal participation in SAARC came much later (Fazal-ur-Rahman, 2011; Madan, 2014). SAARC leaders have reached an agreement during this meeting to partner with regional organizations and countries outside of South Asia. At the 13th SAARC summit in Dhaka in 2005, China and Japan became the first non-SAARC countries to join as observers (Saez, 2011). At the 14th SAARC summit in April 2007, China sent its Minister of Foreign Affairs, Li Zhaoxing, to participate for the first time. During a

¹ For further details, view the website of China's Ministry of Foreign Affairs:
https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/gjs_665170/gjzzyhy_665174/2612_665212/

stopover in Pakistan, en route to the summit in New Delhi in 2007, the Chinese foreign minister stated that China was eager to strengthen ties with the South Asian countries through SAARC (Embassy of the People's Republic of China in India, 2007). Further, most SAARC members viewed China as a balancing and stabilizing factor inside SAARC. All of them were excited about China's new status as an observer in SAARC, and the increased opportunities for investment, trade, and other forms of collaboration that would result (Fazal-ur-Rahman, 2011).

During the colonial era, much of South Asia was part of the British Indian Sub-continent. South Asia of today is a product of a post-colonial era that started at the end of the 1940s with the creation of India and Pakistan as independent states. It still remains one of the most significant crisis regions in the twenty-first century. In this context, both traditional and cutting-edge security threats coexist and are intricately interwoven. Unsettled territorial disputes like the Jammu and Kashmir, nuclear proliferation, wide range of ethnic, religious, and left-wing rebellions with links to regional and global terrorist groups connected to organized crime, and the unpredictable repercussions of climate change can turn one of the poorest regions in the world into a conflagration (Wagner, 2014). Wars between states have made South Asia a highly militarized region. A corridor of conflict on the world map, it has been at war for millennia, notably since 1947 (Peters et al., 2006). State security issues and human security issues are both present in the region. In many cases, state security is prioritized over human security, with the latter always coming out on the losing end. It is evident through growing defense spending across the region, in particular in India and Pakistan. Despite massive human security problems, such as poverty, India ranked first and Pakistan eighth among the top ten weapon-importing countries in 2023 (Dutta, 2023). Hence, the region is held captive by its security web, and this situation seems unlikely to change in the foreseeable future.

There are four main causes of conflict in South Asia that affect regional security. They are historical memories, colonial legacies, ethnicity, and ties to other countries. These reasons turn into dangerous actions that have terrible effects on both the individual countries and societies and the region as a whole. It leads to interstate wars, intrastate insurgencies, conflict management instead of resolution, an unending conventional and strategic arms race, nuclearization (in India and Pakistan), and extra-regional actors. The security architecture has led to a kind of mini-Cold War in the area, especially between India and Pakistan, the two biggest countries. It is interesting to note that the United Nations Military Observer Group in India and Pakistan (UNMOGIP), the world's oldest UN mission that is still ongoing, is based in India and Pakistan (Ahmed et al., 2021). In many ways, South Asian regionalism has failed to take off like others, such as ASEAN, because of inter-member disputes or the fact that for members, their security threats are intra-regional. According to Ayoob (1985), the fate of South Asian regionalism will depend on various factors, including a shared perception of common threats. While Ayoob viewed those as purely traditional security threats, our analysis shows that is not the case in South Asia, as China is viewed by India as a major threat. Other South Asian countries, such as Bangladesh, Maldives, Nepal, Pakistan, and Sri Lanka, have cooperative relations with China.

South Asia holds an important position in China's foreign policy, which is evident from its engagement and investment. The BRI and the China-Pakistan Economic Corridor (CPEC) attest to the foregoing. Previously, many engagements took place at the China-South Asia Business Forum, established in 2004, which focused on communication, cooperation, development, and mutual advantages. It facilitated communication between Chinese businesses and SAARC business associations, which were activated in 2006. Since 2007, China has sent representatives to each SAARC summit, held a trade exhibition for South Asian countries, and convened a meeting of top officials from SAARC member states. The China-South Asia Exposition was an important event in June 2013, with Bangladesh serving as the featured country (Kondapalli, 2014). In addition, China has enhanced its position in the area by contributing to a variety of development projects, such as the SAARC Development Fund (SDF). The Secretariat of the SDF was inaugurated in Bhutan in 2010 to focus on three key areas, including human welfare, improving quality of life, and accelerating economic growth, social progress, and poverty alleviation in South Asia. Since its inception, China had supported various projects by providing US\$300,000 in 2012 (SAARC Development Fund (SDF), 2012). As its ability to cooperate through SAARC is limited by its observer status, China continues to prefer bilateralism in South Asia.

China begins its vaccine diplomacy in South Asia to refute the narratives pertaining to the virus's origin and establish confidence among its counterparts. Beijing has been providing vaccines to leverage its medicinal and economic might. China has established the 'Global Community of Health for All' for its vaccine diplomacy (Xinhua, 2021). Even before the domestic uncertainties in Beijing improved, Chinese vaccine diplomacy has helped South Asia in terms of handling the pandemic (see Table 1). China delivered Bangladesh its first "500 rapid test kits" and "emergency anti-epidemic medical supplies" in February 2020. In June 2020, Beijing sent a team of medical experts to help fight the pandemic in Bangladesh (Banerji, 2021). In March 2020, China delivered medical supplies to the Gilgit Baltistan region in Pakistan upon the government's request pertaining to medical supplies (Ali, 2020). Additionally, China supplied Sri Lanka with three batches of medical supplies and safety gear between March and June 2020.

Table India and China's Vaccine Diplomacy in South and Southeast Asia until the End of 2021

| Recipient countries | India (million doses) | China (million doses) |
|---------------------|-----------------------|-----------------------|
| Afghanistan | 0.500 | -- |
| Pakistan | -- | 1.060 |
| Bangladesh | 3.30 | 0.50 |
| Sri Lanka | 1.00 | 1.10 |
| Maldives | 0.30 | 0.20 |
| Nepal | 1.10 | 8.00 |
| Bhutan | 0.55 | -- |
| Total | 6.75 | 3.66 |

Data sources: Bose (2021), Ministry of External Affairs (2022), Singh et al. (2023), and Xinhua (2021)

Troubled already by China's increasing influence in South Asia through the BRI, India begins its efforts in the region to counter China's vaccine diplomacy. India's efforts include boosting domestic vaccine manufacturing, purchasing vaccines from different sources, developing vaccination alliances and cooperation, and striving to ensure fair vaccine distribution. India has played a significant role in this respect by delivering vaccinations to numerous countries and collaborating with the World Health Organization (WHO) to create the COVAX facility, which seeks to enable fair access to COVID-19 vaccines for all nations. In addition, India has collaborated with Africa and other nations to increase vaccine access and collaboration in vaccine development and research. Besides this, India has used its influence in SAARC to counter China's efforts by launching an emergency fund to tackle COVID-19 (Ahmed, 2020). It is in line with India's vaccine diplomacy campaign termed "Vaccine Maitri" (Singh et al., 2023). The project seeks to offer COVID-19 vaccinations to governments to improve India's reputation as a dependable global vaccine supplier. In congruence with that, India has sent vaccinations to several SAARC nations and committed to continue aiding the region in its fight against the COVID-19 epidemic (see Table 1).

Aside from this, the political, economic, and military connections between China and SAARC countries have been enhanced, and China has been given a larger role in the region. China's position during the COVID-19 epidemic set the stage for regional competitiveness in South Asia. As China has begun its vaccine diplomacy by providing vaccines to South Asian states, India decides to counter such efforts through its vaccine diplomacy but also uses SAARC – an organization that New Delhi has ignored in recent years to pressure Pakistan on the issue of cross-border terrorism.

After winning the elections in 2014, Modi pulled off a diplomatic coup by inviting Nawaz Sharif and all the leaders of South Asia to his inauguration. It subsequently gave rise to hitherto unheard-of optimism for the revival of a largely dormant SAARC. However, that was an occasion for taking pictures. The Modi administration focused heavily on neighborhood initiatives with enticing names like "Act East" and "Neighborhood First" but has kept quiet about SAARC (Pattanaik, 2022). SAARC could find no reference to the much-touted government policy of putting neighborhoods first. Additionally, his government actively advocated and convinced Bhutan, Afghanistan, and Bangladesh to call off the 2016 SAARC summit that was due to take place in Islamabad. It took place following the Uri attack on an Indian military post, which intensified tensions between India and Pakistan (Ahmed, 2020).

Many people were surprised by Prime Minister Modi's mention of SAARC in the wake of the COVID-19 crisis, given how the organization was handled during his first time in power. Most SAARC members enthusiastically embraced his suggestion for an emergency COVID-19 fund for SAARC member countries and made monetary contributions to the fund as a result. India donated US\$10 million, and by 23 March 2020, the Emergency fund had amassed US\$18.8 million with additional contributions from other member states of SAARC (Ahmed, 2020). Initially, Pakistan was not on board and joined later. In 2020, SDF allocated US\$5 million to tackle the pandemic in South Asia (Noronha, 2020).

China's full membership is one of the most contentious issues on the SAARC platform between pro-China and other members. Indian academics and intelligentsia have raised grave concerns over China's growing involvement in South Asia and SAARC, in contrast to the more optimistic views held by SAARC's smaller republics (Kumar, 2015). Using multilateral and regional organizations to strengthen its economic and political relationships across Asia is seen as part of China's multinational strategy. Over time, Asian economies have become more and more dependent on China, which is beginning to have geopolitical repercussions for Asia and India. India is more concerned about the appearance of a unipolar Asia, and it sees the promotion of "multipolarity" as a cover for consolidating its power in the region (Acharya, 2017). Although there is much optimism about Sino-Indian economic relations and improving political and strategic understanding, there are several troubling events and worries about China's role and goals in Asia that are thought to have direct effects on India. For decades, China has been India's unwelcome next-door neighbor and a major security concern that drives India's security dilemma. India accuses China of actively supporting anti-India movements, countering Indian interests and influence in the region, and focusing on land disputes to achieve this goal (Malone & Mukherjee, 2010). The primary concern for India is that the Sino-Pak alliance will undermine its influence in SAARC and significantly limit its interests. The perception is based on experiences where China has blocked India's entry into regional structures like ASEAN, ARF, and East Asian Summit. However, there are regional platforms where both coexist, such as the Shanghai Cooperation Organization, Brazil, Russia, India, China, South Africa (BRICS), and the Asia Pacific Economic Forum (Madan, 2014). Apart from geostrategic and geopolitical apprehensions about India, China also faces significant challenges in its relations with SAARC. It is connected to two problematic regions, Xinjiang and Tibet, the tactical dynamism of India and Pakistan in their strategic interests, and the capacity of smaller states in SAARC (Bindra, 2017). Moreover, India still holds influence over the decisions and policies of these smaller states, and it has advantages in social, political, and historical relations as well.

Besides the issue of India's dominance in SAARC/South Asia, there are other challenges facing SAARC. As an organization, SAARC has not been able to fully integrate the region either politically or economically. While the founding fathers of SAARC wanted to avoid political issues, the organization has suffered enormously due to conflicts involving its members, especially India and Pakistan. Such political tensions have blocked SAARC's performance in many ways like through cancellations or postponements of its meetings, such as annual summits. In its 37 years, there have only been 18 annual summits. The 19th summit, which was scheduled to take place in Pakistan in 2016, was postponed due to mainly India's opposition following a terrorist attack on an Indian army camp in the disputed Jammu and Kashmir. This summit has not taken place since then due to differences between India and Pakistan concerning cross-border terrorism. While several ASEAN members, such as Indonesia, Malaysia, Philippines, and Vietnam, have territorial disputes, China mainly has a territorial dispute with India in South Asia over the demarcation of the Line of Actual Control (LAC). While the two sides went to war over the boundary demarcation in 1962, the conflict has continued and intensified in recent years in the shape of the troops from both sides clashing using sticks and bricks – most recently in December 2022 (Yeung, 2022).

India views China's increasing influence in its neighborhood differently. For New Delhi, that is a threat to its influence and hegemony in the region. Therefore, it is availing all possible options to not only reject China's various projects or proposals but also try to counter them whenever possible. India has time again rejected China's invitations to join the BRI and, in fact, criticizes the BRI for going through the disputed Jammu and Kashmir region in Pakistan under the China-Pakistan Economic Corridor (CPEC). As China has found no bigger opening in SAARC, a dormant organization because of the India-Pakistan dispute, it has come up with its framework to cooperate with its key partners in South Asia. China held an online summit with South Asian nations on 27 April 2021, and India decided not to attend (Attanayake & Haiqi, 2021). The Foreign Minister of China, Wang Yi, stated that the "door is wide open" for India and other South Asian countries to join the platform (Attanayake & Haiqi, 2021). India, however, declined the invitation and said it does not recognize the process. However, it lacked China's ability to aid smaller states in the region with adequate funding, equipment, medicines, and vaccines (Parashar, 2021).

Key Drivers of ASEAN and SAARC's Relationship with China

Members of ASEAN and SAARC have established diplomatic ties with China and are actively collaborating with Beijing in areas like trade, investment, cultural exchange, and tourism, on a bilateral level. FTAs signed by many ASEAN and SAARC countries have also aided in increasing economic cooperation between the two sides. As for multilateral cooperation, both ASEAN and SAARC have set up various mechanisms for working together with China. For instance, ASEAN and China have set up the ASEAN-China Free Trade Area (ACFTA) to encourage business transactions and investment. China has adopted the Generalized System of Preferences in many developing countries, which includes most SAARC countries, but there is no institutional agreement between the two regarding trade or economic cooperation between SAARC and China (Zongyi, 2014). The East Asia Summit (EAS) and the Shanghai Cooperation Organization (SCO) are just two examples of regional organizations where ASEAN and SAARC have interacted with China.

The volume of trade between China and ASEAN has increased significantly in recent years. In 2021, the trade volume of goods between China and ASEAN was US\$878.2 billion, reaching a year-on-year increase of 28.1%. Among them, China's exports to ASEAN were US\$483.69 billion, reaching a year-on-year increase of 26.1%, while imports from ASEAN were US\$394.51 billion, reaching a year-on-year increase of 30.8%. ASEAN became China's largest trading partner for the second consecutive year. Vietnam, Malaysia, and Thailand were China's top three trading partners in ASEAN. The top exports from ASEAN to China included electrical machinery and equipment, machinery and mechanical appliances, and articles of apparel and clothing accessories. Meanwhile, the top imports from China to ASEAN included electrical machinery and equipment, machinery and mechanical appliances, and miscellaneous chemical products (Ministry of Foreign Affairs of the People's Republic of China, 2021).

The volume of trade between China and SAARC has increased in recent years, but it is still relatively small compared to China's trade with ASEAN. China is also currently the largest trading partner of South Asian countries. Moreover, China's trade with South Asia has substantially increased from US\$93 billion in 2012 to US\$ 118.03 billion in 2018 with imports from the region standing at US\$22.6 billion during the same year (Mufti & Ali, 2021). The top exports from SAARC countries to China include textiles and clothing, mineral fuels and oils, and ores and metals. Then, the top imports from China to SAARC countries include electrical machinery and equipment, machinery and mechanical appliances, and miscellaneous chemical products.

In ASEAN countries, the Chinese diaspora has played a significant role in the relationship between those countries and China. Southeast Asian Chinese account for about 80% of the diaspora of the Chinese population in the world. Although their share of the population in the region is only about 4–6%, their contribution to the region's economic and trade activities is much larger (Priebe & Rudolf, 2015). According to the CIMB ASEAN Research Institute (2018), BRI projects in ASEAN countries amount to more than US\$739 billion, including US\$98.5 billion in Malaysia, US\$70.1 billion in Singapore, and US\$9.4 billion in the Philippines (Liu, 2021).

One way in which the Chinese diaspora has influenced ASEAN-China relations is through trade and investment. Many members of the Chinese diaspora in ASEAN countries own businesses or are involved in trade and investment, and they have helped to facilitate economic ties between ASEAN countries and China. For example, many Chinese-owned businesses in ASEAN countries source their raw materials or finished products from China or export their products to China. Certain sectors of ASEAN economies are almost under the complete control of the Chinese diasporas. The Chinese stake in Thailand's trading and industry sectors has reached 90% (De Pablos & Lytras, 2010). It has helped to strengthen economic ties between ASEAN countries and China and contributed to the overall growth of trade and investment between the two sides. Growing China-ASEAN trade, economic, and social ties have deepened significantly since the commencement of the ASEAN-China Dialogue Relations in 1991. The formation of the China-ASEAN Free Trade Area in 2010 created an economic entity with a combined GDP of \$6.6 trillion, 1.9 billion people, and a total trade of \$4.3 trillion. By 2020, China had become the largest trading partner of ASEAN for eleven consecutive years, while ASEAN replaced the EU to become China's largest trade partner since early 2020 (English.gov.cn, 2015). The Chinese FDI to ASEAN countries doubled between 2013 and 2018 to \$14 billion (Liu, 2021).

The role of the Chinese diaspora in terms of people-to-people contact between the ASEAN region and China cannot be ignored. Against the backdrop of multi-layered transnational flows of capital, goods, ideas, and people have increased in both pace and intensity through governmental and societal institutionalized channels, such as the China-ASEAN Exposition and the China-Southeast Asia High-Level People-to-People Dialogue (Ren & Liu, 2022). In addition to trade and investment, the Chinese diaspora in ASEAN countries has also played a role in cultural exchange and people-to-people ties between ASEAN countries and China. Many members of the Chinese diaspora in ASEAN countries are active

in local Chinese language schools and cultural organizations, and they help to promote cultural exchange between ASEAN countries and China. It has helped to foster a better understanding and appreciation of Chinese culture in ASEAN countries and contributed to the overall strengthening of bilateral relations.

In terms of comparing China's engagement with ASEAN and SAARC or vice versa, we cannot ignore the role of regional leaders, namely Indonesia in Southeast Asia/ASEAN and India in South Asia/SAARC. Indonesia is the largest economy in ASEAN, and it has a strong economic relationship with China. China is one of Indonesia's largest trading partners, and Indonesia is a major beneficiary of Chinese investment and trade, particularly the BRI. Implementation of the FTA between China and ASEAN (ACFTA) in 2010, along with the Chinese BRI launched in 2013, have helped to deepen bilateral relationships between both countries. As a result, China has become Indonesia's fourth-biggest trading partner (Chandra & Lontoh, 2011). As a result, Indonesia has a strong interest in maintaining good relations with China and deepening economic ties between the two sides. In 2019 and 2020, China and Indonesia were on the brink of a potential armed conflict due to repeated incursions by China's coast guard and fishing militia into Indonesia's exclusive economic zone in the Natuna Sea (Laksmana, 2022). Indonesia responded by dispatching warships and fighter jets and calling for its fishing vessels to relocate to the area (Widianto & Costa, 2020). Eventually, China pulled back, but occasional incursions still occurred. Since then, Chinese-Indonesian relations have improved, which can have a significant impact on the United States and its competition with China in the Indo-Pacific amid this tense standoff. Some observers have hailed the moment as an opportunity for Jakarta to lean closer to Washington. In contrast, others predict the rise of a united ASEAN against China's coercive behavior in the contested waters. The United States sees Indonesia as an important economic and security partner, and China sees it as a source of resources and a strategic partner (Yee, 2021). Indonesia follows a policy of nonalignment to avoid angering either country. However, there are still constraints that may limit the potential of their relationship, such as China's continued maritime brinkmanship in Southeast Asia.

The government of Indonesia severed diplomatic ties with the government of the People's Republic of China in October 1967. The failed coup in 1965 was officially blamed on the communist party of Indonesia, and claimed that cutting off diplomatic ties with China was necessary to protect the country from an external threat (Suryadinata, 1990). Although positive changes in Indonesia's external environment were indicated by the willingness of most of its regional partners within ASEAN to establish diplomatic relations with the government in Beijing, relations had remained frozen for over two decades. The transfer of diplomatic ties from Taipei, which had not been an obstacle in Jakarta's case, by the United States and Japan did not sway Indonesia's government to change its mind. In the end, diplomatic relations remained severed until August 1990, a span of nearly 23 years (Sukma, 1999).

In contrast, India and China have often competed for strategic dominance in the international and regional order and continue to be embroiled in border disputes. Hence, India has been skeptical of China's deepening economic ties in South Asia, which India views

as its sphere of influence (Fazli et al., 2022). As a result, India has been less keen on expanding SAARC-China relations compared to Indonesia's role in ASEAN.

There are also political drivers of Indonesia's approach to China. Indonesia has a more neutral stance in regional affairs. It has generally sought to maintain good relations with all its major partners. Indonesia has pursued a policy of positive neutrality in regional affairs, which means that it has sought to avoid taking sides in conflicts or disputes between major powers and instead focused on building good relations with all its major partners. China offers Indonesia benefits that converge neatly with its national policy priorities predicated on development, prosperity, defense self-reliance, and global diplomatic stature (Nabbs-Keller, 2011). This approach has helped to maintain stability and avoid the risk of conflict in the region. In contrast, India has a more assertive foreign policy and sometimes takes a more confrontational stance towards China in regional affairs. India has had territorial disputes with China and is concerned about China's growing influence in the region. As a result, India has been less keen on deepening SAARC-China relations compared to Indonesia and its desire to deepen ASEAN-China relations.

Conclusion

There are many noticeable differences in the trajectories of ASEAN and SAARC in terms of regional cooperation in Southeast and South Asia, respectively. The research argues that the two organizations have engaged differently with China because they face different regional security dynamics. Looking through RSCT, this difference is quite contrasting as there are intra-regional security threats in South Asia, and a visible example of that is the India-Pakistan relationship or the region's two nuclear powers. In contrast, a shared external threat (China) plays a key role in bringing ASEAN members together. Other than India, there is no other SAARC member that has any pending dispute with China and feels threatened by China's growing geopolitical and geo-economic influence in South Asia. In fact, many of them are collaborating with China through BRI. These dynamics have played out in the way that the two organizations have cooperated with China.

ASEAN has made significant progress in the areas of economic and defense cooperation. In contrast, SAARC has been struggling in various ways, including economic and security cooperation. While some progress has been made regarding economic cooperation, South Asia is far behind Southeast Asia with regard to economic integration. The research examines the two organizations' engagement with China to see how they have cooperated in a variety of areas. Through economic, cultural, and defense cooperation, ASEAN has involved China more deeply as a stakeholder in Southeast Asia. In comparison, SAARC-China cooperation remains very limited because SAARC has become hostage to the India-Pakistan relationship overall. As regional cooperation has been politicized, there is not much intra-regional cooperation in any area, including culture and trade. In this way, the trajectory of SAARC is very different from that of ASEAN, which has engaged with China in various ways, especially in terms of cultural relations.

We have looked at a variety of factors that influence ASEAN and SAARC differently. First, China's economic relations with ASEAN members are far greater compared to SAARC member states. However, something may change as China continues to invest billions under the BRI in South Asia, for example in Bangladesh, Pakistan, Sri Lanka, and the Maldives. Second, there is a significant role of the Chinese diaspora in Southeast Asia that has contributed to very good economic and cultural relations between China and major ASEAN members, such as Indonesia, Malaysia, and the Philippines. Finally, we have examined how regional leaders have viewed China differently. While Indonesia has been supporting deeper engagement with China through ASEAN, India views China as a threat to its regional security and hegemony in South Asia. India's concerns have only grown as China has invested in infrastructure projects under the BRI in South Asia, such as seaports in Pakistan and Sri Lanka. Hence, there is little likelihood of India allowing China's full membership of SAARC.

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What ASEAN Must Learn from Timor-Leste: A Tripartite Analysis on Australian Foreign Policy Related to Timor Sea Treaty 2018

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Abstract

The Timor Gap had been a hotspot of territorial dispute between Australia and Timor-Leste. In 2018, Australia finally agreed to settle a permanent maritime boundary in favour of Timor-Leste. Why was Australia willing to sacrifice the border and give a favourable outcome to Timor-Leste? The research examined the importance of the tripartite approach to Foreign Policy analysis to understand why a country may choose seemingly unfavourable options in territorial disputes. The analysis showed how Australian foreign policy was influenced by agency-structure interactions within the international system. The research demonstrated that structural constraints at the international level influenced Australia's decision, including the South China Sea dispute between ASEAN members and China, previous agreements Australia-Timor-Leste on the management of the Timor Gap, and domestic political dynamics in Australia. The research reveals a relationship between actors' structural and dispositional dimensions in foreign policy. In the case of Australia, there is a strong link between democratic values and respect for the international rules-based order. Altogether, this situation prompted Australia to continue negotiations with Timor-Leste over the Timor Gap and ultimately to accept an agreement for maritime delimitation in Timor-Leste's favor.

Keywords: ASEAN, Timor Sea Treaty, Australia, Timor-Leste, Timor Gap

Introduction

Territorial disputes in Southeast Asia threaten the region's peace, stability, and unity. Blancard (2003) notes that these disputes can foster aggressive foreign policies, particularly in domestically unstable countries. Local politicians often exploit border disputes for rhetoric and policy, leading to prolonged conflicts (Kraus, 2017). The Thai-Cambodian conflict over Preah Vihear temple exemplifies such dangers. For Cambodians, the temple is a nationalist symbol with various political implications (Ngoun, 2017). Despite a 2008 agreement symbolizing 'long-lasting friendship', nationalism fueled armed conflicts between Thailand and Cambodia, causing casualties and displacing thousands. This reflects a broader issue in Southeast Asia: unresolved border and maritime disputes. Even the newest Southeast Asian country, Timor-Leste, faces unresolved borders with Indonesia, including in Noel Besi-Citrana and the Oecusse-Ambeno exclave (Shofa, 2023).

Border disputes in Southeast Asia, often fueled by political, economic interests, and competition for resources, pose a significant risk of armed conflict and major wars, particularly exemplified by the volatile South China Sea situation (Avis, 2020). This major territorial dispute involves China's assertion of maritime boundaries through the nine-dash line, provoking responses from Vietnam, the Philippines, and Malaysia, each staking territorial claims and deploying military resources (Mancini, 2013; Son, 2019). Indonesia has also been drawn into the conflict, mainly due to illegal Chinese fishing activities (Kantaprawira, Bainus, & Kusumawardhana, 2019; Anggraini et al., 2019). Despite over two decades of contention, ASEAN and China have yet to agree on a regional framework to manage the South China Sea dispute, maintaining a state of unresolved tension (Ashley, 2023).

The South China Sea dispute clearly requires innovative approaches that can lead all parties to hold back and sit together to agree on a solution for managing these waters. With tensions on the rise in recent years, observers have frequently described the waters as a "flashpoint" of competing great-power aspirations, on not only a regional but also a global scale (Jenne, 2017). As China grows stronger, this will likely make negotiations with ASEAN even more difficult. China will use all the means it has in its foreign policy and diplomatic capacity to prevent ASEAN from uniting to protest China's aggressive activities in the South China Sea. Observers have been quick to interpret the ups and downs in Southeast Asia's bilateral disputes in the context of ostensive great-power strategies, including but not limited to those of China and the United States (US), together with the US' Asian allies (Storey, 2011).

ASEAN can draw lessons from Timor-Leste's successful negotiation with Australia over the resource-rich Timor Gap. This dispute, involving significant hydrocarbon and gas reserves, was resolved with the historic Maritime Boundary Treaty, the first conciliation under the United Nations Convention on the Law of the Sea (UNCLOS) (The Conversation, 2018 Department of Foreign Affairs and Trade, 2018b). This treaty granted Timor-Leste a larger revenue share from the Greater Sunrise gas fields compared to the previous 50-50 split, with profits divided 80-20 if processed in Australia or 70-30 if in Timor-Leste (Raimundos, 2019).

Key fields in the dispute included the Bayu-Undan Field, with reserves valued up to US\$7 billion, and the Laminaria-Corallina Oil Fields, with 200 million barrels of reserves (Smith, 2012; "Laminaria and Corallina oil", 2023). The largest, the Greater Sunrise Field, was estimated to hold vast reserves with potential co-revenue up to US\$65 billion (Smith, 2012; Evans, 2018; Gloystein & Paul, 2018). Initially, Australia resisted UNCLOS-based negotiations, preferring bilateral discussions. However, the final agreement was reached through UNCLOS's Annex V compulsory conciliation, showcasing a successful model for ASEAN in handling similar maritime disputes.

This case is worthy of deeper analysis. Firstly, the Timor Sea conciliation effectively resolved a longstanding deadlock between Australia and Timor-Leste, a dispute unresolved by negotiation, litigation (ITLOS or ICJ), or arbitration (UNCLOS Annex VII tribunal) (Tamada, 2020). Secondly, the curiosity lies in why Australia, a larger country, agreed to an outcome favoring Timor-Leste, granting it the majority of future revenue from the area.

The Timor Sea Treaty notably shifted control of the Greater Sunrise from Australia to Timor-Leste, despite over two decades of Australian investment and benefits. This outcome is intriguing, given Australia's larger size and initial control. This situation challenges the realist approach in international relations, which posits that states act in self-interest and power pursuit (Morgenthau, 1948). Realism would suggest that Australia, as the more powerful nation, would retain control over a valuable resource like the Greater Sunrise gas field. However, the Treaty deviated from this expectation, with Australia conceding significant authority to the smaller, less powerful Timor-Leste. This indicates that the realist perspective, focusing solely on power and self-interest, is insufficient to explain such diplomatic outcomes.

In the context of liberalism, which emphasizes peace, cooperation, and economic interdependence among states, the outcome of the Timor Sea Treaty raises questions (Burchill, 2005). Liberalism, valuing the role of international organizations and advocating for democratic peace theory, suggests democracies are less likely to engage in war (Doyle, 1986). It posits that states are motivated by economic prosperity, necessitating cooperation for mutual benefits, and encourages market relations as the optimal economic system (Burchill, 2005). However, this perspective struggles to explain Australia's decision in the Treaty, where it forfeited significant economic potential by ceding control of the Greater Sunrise field. This action appears contradictory to the liberal emphasis on economic rationality and mutual economic gains, leaving the question of why Australia viewed the Treaty as beneficial to its national interests unresolved, especially considering the economic sacrifices involved.

The resolution of the Timor Sea Treaty can be more effectively understood through Constructivism, which emphasizes the influence of norms, ideas, and beliefs on state behavior. Constructivists argue that state interactions are shaped not just by material conditions but also by shared ideas and social relationships (Wendt, 1992). This perspective suggests that Australia's decision to relinquish control over the Greater Sunrise gas field might be rooted in its respect for international norms, prioritizing legitimacy and fairness over material gains.

The research seeks to uncover the motivations behind Australia's foreign policy regarding the Timor Sea Treaty and previous agreements, broadening the analysis beyond the usual focus on settlement outcomes. Schleich (2018) highlights the UNCLOS conciliation process as a model for resolving maritime disputes, emphasizing neutrality, quality of commission members, and parties' willingness to compromise without political damage. Laksmana (2017) views the Timor-Leste-Australia agreement as a peaceful maritime dispute resolution, while critiquing Australia's 'rules-based' order claim as inconsistent with bilateral, historical, and geopolitical contexts. Strating (2018) discusses the victory of Timor-Leste in the political struggle over sovereignty, underscoring the ideational factors in its claim. This multifaceted analysis sheds light on various aspects of the treaty and the complex interplay of factors influencing Australia's foreign policy choices.

All of these studies tend to focus on 'the secret' behind the agreement but overlook the driving factor behind Australia's willingness to accept the results. In other words, while existing research has successfully developed understanding of how both parties reached the agreement, this article stresses the underlying causes of Australia's foreign policy decisions in the case of the Timor Sea Treaty. Thus, this article seeks to explain why Australia accepted the Timor Sea Treaty as an agreement to determine maritime delimitation in the Timor Sea. Using Carlsnaes' (1992) tripartite approach in analyzing foreign policy, this research investigates the structural, intentional, and dispositional factors underlying Australia's decision to accept the Treaty. It is believed that single causal factor is inappropriate in understanding foreign policy. Instead, it is considered important to incorporate the dynamic interplay between structural and individual level of analysis.

The research employs a qualitative method to explore the case study and support the authors' arguments. Data are sourced from publicly available documents, including official records from Australia, Timor-Leste, the United Nations, academic publications, and online news. In-depth interviews with experts further solidified the findings. The method is chosen for its adaptability and ability to analyze complex social contexts. The research begins with Walter Carlsnaes' tripartite approach to foreign policy, encompassing structural, positional, and dispositional dimensions. The structural dimension examines the external environment influencing actor behavior, the positional dimension considers an actor's perception within the international system, and the dispositional dimension focuses on internal factors like attitudes and values influencing policy decisions.

The research then conducts a process-tracing study of Timor Sea treaties from 2002 to the Certain Maritime Arrangements in the Timor Sea (CMATS) in 2006, unraveling negotiation intricacies and strategies of Australia and Timor-Leste. These treaties highlight the interaction of Carlsnaes' dimensions in Australia's foreign policy. The final part analyzes Australia's policy in the 2018 Timor Sea Treaty, examining the influence of structural factors like relations with ASEAN and geopolitical impacts, Australia's positional self-perception as a regional authority, and its dispositional adherence to democratic values and international law. This comprehensive analysis underscores the complexity and interplay of these dimensions in shaping Australia's foreign policy and its regional implications.

Analytical Framework: A Tripartite Approach to Foreign Policy Analysis

Before delving into the theoretical framework of this research, understanding the concept of foreign policy is crucial. Hill (2003b) defines it as the sum of a state's official external relations (Hill, 2003b). Hudson (2007) differentiates 'international relations', focusing on relationships, from 'foreign policy', which pertains to decisions. Foreign policy encompasses processes (the decision-making system), statements (official communications expressing state policy), and behaviors (actions towards other states).

Foreign policy operates in complex internal and external environments, synthesizing inputs from actors and groups within and outside state boundaries. It encompasses domestic and international political issues, involving bargaining, compromise, and trade-offs affecting various interests (Neack, 2003 in Carlsnaes, 2012). Countries must navigate actions, reactions, and interactions in international relations, understanding the types and characters of actors and environments to formulate appropriate policies (Neack, 2013; Snyder, 1991).

Social events are constructed through the interaction of agents and structures. The 'agent-structure problem' has been a long-debated topic in sociology. Karl Marx highlighted the influence of structure on social phenomena, famously stating, "Men make their own history... under circumstances existing already, given and transmitted from the past" (Marx, 1852). Similarly, Emile Durkheim emphasized the role of 'social facts' in shaping societal behaviors (Durkheim, 1982). In contrast, Max Weber focused on the role of individual agents in sociology, defining it as the interpretative understanding of social action to deduce its causes and effects (Weber in Miller, 1978). This dichotomy between agent-based and structure-based theories offers diverse perspectives on understanding foreign policy and social phenomena.

In international relations, constructivism raised the issue of the 'agent-structure problem' in Alexander Wendt's 1987 article. In his research, Wendt adopted Anthony Giddens' theory of structure, which proposes the key assumption that agent and structure is mutually constituted (Giddens, 1986; Wendt, 1987). 'Agent' derives from the Latin verb *agere*, which means "to drive, to lead, to act, to do", while 'structure' is derived from the past participle of the Latin verb *struere*, which means "to build", referring to something that is in the process of being built (Kubalkova, 2001). These two components are crucial because they play significant roles in forming foreign policy, with actors such as policymakers and structures as the factors that influence it (Smith, Hadfield, & Dunne, 2012).

Australia's foreign policy in the Timor Sea Treaty is examined through the interplay of agent and structure. Australia is considered the agent, with its bilateral relations with Timor-Leste and Southeast Asian security dynamics, particularly the South China Sea dispute, forming the structure. Following Hill (2003a), foreign policy is viewed as a complex interplay of multiple actors within diverse structures. We apply Carlsnaes' three-dimensional framework, integrating intentional, dispositional, and structural dimensions. The intentional dimension focuses on national interests and choices; the dispositional dimension examines

decision-makers' perceptions and values; and the structural dimension considers international settings and conditions. This framework aims to understand the underlying reasons or goals behind policy decisions, exploring how specific intentions emerge and influence Australia's policy actions in the Timor Sea Treaty context.

In this context, state choices and preferences are shaped by their geopolitical environment. While national interests guide foreign policy, states must also consider the context in which they act rationally. Formulating foreign policy always involves assessing the situation to address external challenges and minimize risks. The interpretation of geopolitical environments in policy formulation is heavily influenced by elite values and perceptions. Values, as belief systems, motivate specific goals, while perceptions are worldviews shaped by how actors process external information (Wæver, 1990).

On the other hand, the structural dimension does not cause states to behave in a certain way, although it certainly provides the 'constraining conditions' under which a contingent is to respond (Carlsnaes, 1992). Thus we need to link how the dispositional dimension is affected by structural dimensions, given factors such as domestic, international, social, cultural, economic, material, normative, and ideational (Carlsnaes, 2013). These factors need to be considered, which may constrain the decision maker in the dispositional dimension.

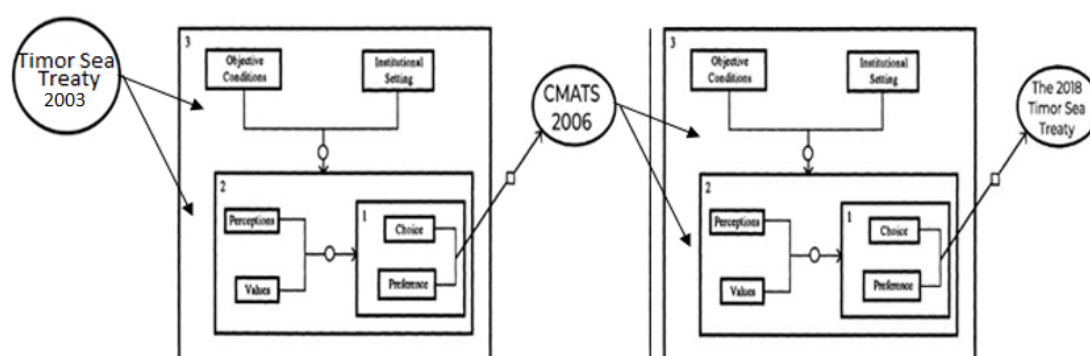


Figure 1 Analysis Framework
Source: Authors, adapted from Carlsnaes (1992)

State actions can be analyzed through a three-dimensional approach encompassing intentional, dispositional, and structural dimensions, as articulated by Carlsnaes (1992), as seen in Figure 1. These dimensions are distinct yet interconnected, allowing for progressively comprehensive explanations of policy actions. The intentional dimension, focusing on an actor's goals and preferences, offers a basis for rationalistic analyses but can be deepened by exploring the causal factors underlying these choices and preferences. This deepening involves examining the dispositional dimension, which includes beliefs, values, perceptions, and motivations of policymakers. It connects to the intentional dimension through a 'because of' (causal) and 'in order to' (teleological) relationship, linking a specific purpose with an actor's intention.

The dispositional dimension, analyzed through psychological, cognitive, and ideational lenses, delves into internal factors like the personalities of leaders, state political culture, and policymakers' interpretations of international events (Carlsnaes, Risse, & Simmons, 2002). For instance, in the context of Australia's foreign policy in the Timor Sea, one might study the individual dispositions of its political leaders, their personal beliefs, their conceptualization of national interests, and their perceptions of the dynamics in the Timor Sea. This multi-dimensional analysis offers a nuanced understanding of the underlying influences on state action and decision-making processes.

The structural dimension, crucial for understanding foreign policy actions, involves actors interacting within habitual institutions, forming structures that influence their understanding of social dynamics in international relations. This dimension interweaves with intentional and dispositional dimensions, particularly through the concept of cognitive constraint as defined by the Sprouts. It implies that structural elements like institutions and external factors are processed through actors' cognition, establishing the conditions within which they operate rather than directly causing specific behaviors (Carlsnaes, 1992). For instance, in Australia's foreign policy context, the structural dimension might include the influence of international law, maritime treaties, global trade, regional politics, and the Indo-Pacific strategic environment.

The dynamic nature of agent-structure interactions, changing over time and influencing decision sequences, necessitates a dynamic framework for analyzing foreign policy actions like Australia's in the Timor Sea Treaty. Carlsnaes (1992) emphasizes how previous actions influence subsequent ones. For example, the 2002 Timor Sea Treaty and CMATS created new structural challenges, affecting subsequent intentional and dispositional dimensions, leading up to the 2018 Timor Sea Treaty.

Carlsnaes' framework underscores the importance of institutions and rules in international relations history in understanding foreign policy. This view aligns with Keohane's (1989) and Ruggie's (1993) perspectives, emphasizing the impact of international institutions on state conceptualizations and the intersubjective nature of institutional facts. Institutions emerging from international agreements shape state expectations and should be the basis for analyzing foreign policy actions, considering their interrelated and historical nature.

The three events that are selected as the focus of the analysis are limited to three periods: 1) In 2002, Australia and Timor-Leste signed the Timor Sea Treaty, followed by the Greater Sunrise field unitization agreement, which was made on March 6, 2003. The share of exploration proceeds is split into 20.1% for the Joint Petroleum Development Area (JPDA) and 19.9% for Australia; 2) The distribution results encouraged Timor-Leste to struggle to continue negotiations with Australia until CMATS was reached, which changed the Greater Sunrise revenue share to 50:50; 3) When the Timor Sea Treaty was finally agreed, which becomes the research focus.

Process Tracing: From the Timor Sea Treaty 2002 to CMATS 2006

After gaining its independence from Indonesia through referendum in 2002, Timor-Leste established bilateral relationship with Australia revolve around the issue of managing the Timor Gap. The Timor Gap is an area of the Timor Sea between Australia and Timor-Leste. It contains rich oil and natural gas revenue. In 2005, the area contained reserves of 987 billion barrels of oil, which is able to finance 86% of Timor-Leste's national spending (Hananto, 2021). From the geopolitical lens, the Timor Gap is very important for the bilateral relationship between Timor-Leste and Australia, especially in managing oil and natural gas at this area. Timor-Leste's national interest primarily lies in gaining an exclusive exploration and exploitation of rich natural resources at the Timor Gap before the Timor Gap Treaty. As an independent country, Timor-Leste uses its bargaining power to maximize its national interest at this area.

The Timor Sea Treaty, signed between Timor-Leste and Australia in 2002, continued the exploration and exploitation of hydrocarbons in the Timor Gap, replacing a 2000 Memorandum of Understanding between UNTAET and Australia ("Tinjauan ulang mengenai minyak", 2003). It extended activities in Area A of the 1989 Timor Gap Treaty's Zone of Cooperation, renaming it the Joint Petroleum Development Area (JPDA) (Coutinho & Gala, 2015). The Treaty, valid for 30 years with an extension option, set a provisional arrangement for continental shelf boundaries and stipulated a 90-10 revenue share in favor of Timor-Leste for resources in the JPDA (Timor Sea Treaty, 2002; Laot, 2019).

In January 2006, the Certain Maritime Arrangements in the Timor Sea (CMATS) agreement further modified the operational period of the Timor Sea Treaty to 50 years or five years after JPDA's last production activity (Kaye, 2008). While not establishing a permanent boundary, CMATS increased Timor-Leste's revenue share, granting it 50% of the Greater Sunrise fields once developed (Schofield, 2007). This was an improvement from the prior agreement, where the revenue split was 79.9% to Australia and 20.1% to JPDA, effectively giving Timor-Leste an 18.1% share of Greater Sunrise. In total, Australia's revenue from Greater Sunrise, including its share from the JPDA, amounted to 81.91%, with an additional 2.01% from its JPDA ratio ("Tinjauan ulang mengenai minyak", 2003; Parliament of Australia, 2004).

Timor-Leste, gaining independence after long periods under Portuguese and Indonesian rule, faced significant challenges in consolidating its nationhood. Economic instability was rampant, marked by a 200% increase in the poverty index and a sharp rise in manufacturing prices (Lundahl & Sjöholm, 2006). The situation worsened with extensive damage to infrastructure, including schools and medical clinics, during civil unrest and riots. Around 80% of these facilities were damaged or destroyed, severely impacting education and healthcare delivery ("Four schools or hospitals", 2016). A 2003 World Bank report noted major disruptions to transportation and communication networks, exacerbating economic struggles in already vulnerable areas and hindering aid distribution. Furthermore, the Asian Development Bank observed that the damaged electricity and telephone systems not only caused immediate hardship but also hindered investment and economic growth ("Timor-

Leste: Country strategy", 2004). Consequently, Timor-Leste's early independence years were plagued by infrastructural and economic difficulties.

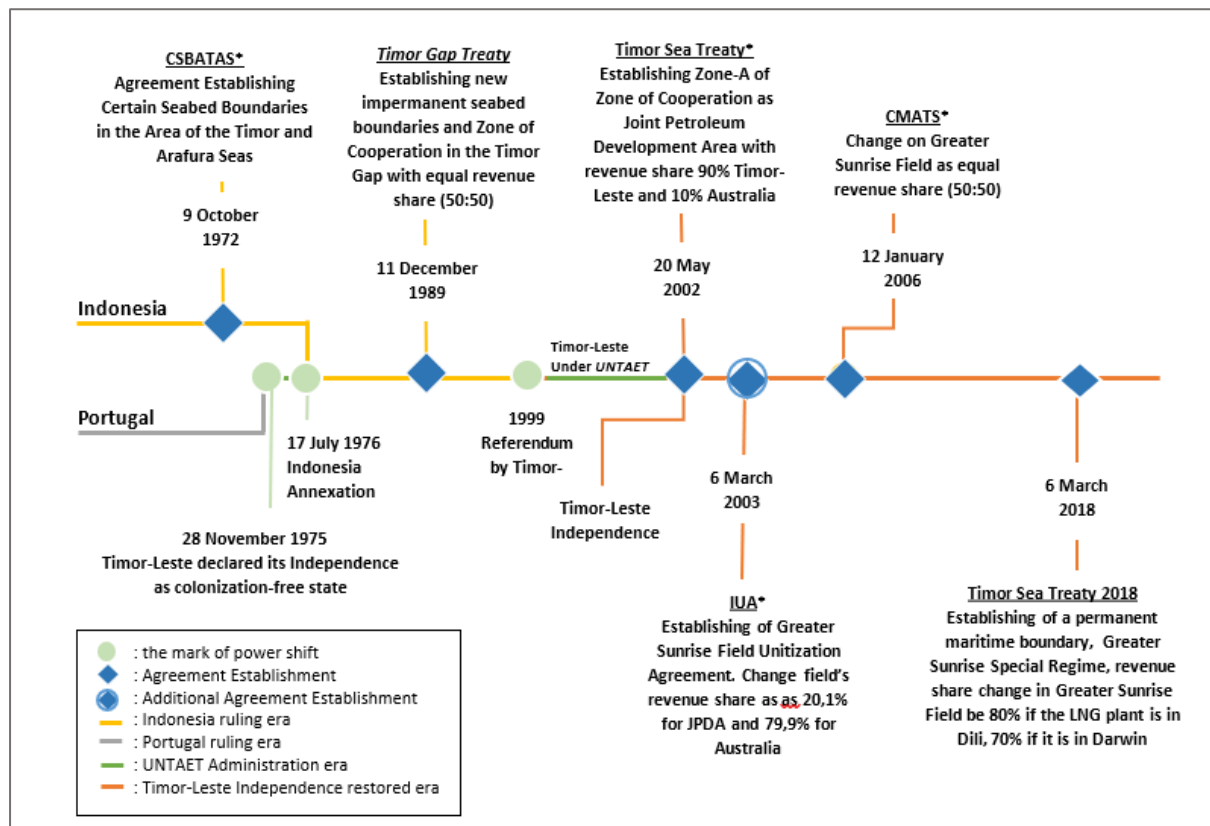


Figure 2 Australia's negotiation roadmap in the Timor Sea

As one of the world's poorest countries, Timor-Leste's per capita income was below US\$350 (Lundahl & Sjöholm, 2006). The World Bank (2024) categorized it as a lower-middle-income country, but its economic status has likely evolved since 2006. These challenges have driven Timor-Leste to negotiate for resource shares in areas like the Timor Gap, crucial for its development and improving living standards. Australian policymakers considered Timor-Leste's instability during CMATS negotiations, influenced by their perception and values (Figure 2).

For Australia, the Greater Sunrise dispute was central to its energy security, particularly for liquid natural gas (LNG). The Bayu-Undan field provided substantial energy reserves, and the Greater Sunrise field was projected to generate about US\$40 billion over 30 years, making it a potential major source for LNG and other gas-based industries (Bovensiepen, 2020). Phillips Petroleum's US\$1.5 billion project connected to the Bayu-Undan field started production in 2003, highlighting Australia's significant interest in securing its energy resources.

The subsequent phase had a principal objective to establish a gas project and the essential infrastructure to facilitate the distribution of gas toward the gas market. According to the details furnished by Woodside Petroleum, the company also constructed a subsea pipeline from the Bayu-Undan project to Darwin, Australia, which commenced operations in 2006 (Woodside, 2022). While the Greater Sunrise field was not part of this phase, it presents substantial potential for a future connection to utilize the existing infrastructure. Despite experiencing a downturn in revenue from projects in the Joint Petroleum Development Area (JPDA) region, Australia has retained a commanding position on the project, as per a report by Technavio (2022). As of 2022, the only available processing plant was located in Darwin.

The Greater Sunrise field is pivotal for Australia's economy and energy security, offering extended natural gas supplies with potential to boost employment in related industries and create new export sectors for Liquefied Natural Gas (LNG), methanol, and other derivatives. This development could lead to spin-off industries and increased tax revenue for the Northern Territory and Australian government, enhancing the nation's economy and public finances, as Deloitte (2015) suggests. Complementing this economic interest, Australia's significant role in Timor-Leste's security, particularly during the 2006 military crisis, involved deploying forces as part of the International Stabilization Force (ISF) and providing police and army assistance in Dili. Australia's consistent security involvement, including during the referendum through operations like International Force East Timor (INTERFET), Operation Spitfire, and Operation Stabilise, has been crucial in shaping its negotiation strategy over the Greater Sunrise field ("Government statements", 2007).

The signing of CMATS in 2006 represented the urge to elevate a more secure Timor-Leste amidst the crisis and a better taking for the Timorese compared to the previous treaty. The intention to maintain a secure region was the utmost objective for Australian government. Although a decrease share in revenue was inevitable in CMATS, Australia still played an important role in processing and continue to hold the major venture. The agreement was essentially made as a form to maintain a conducive bilateral relationship with Timor-Leste. As stated, Hill (2003a) argues that foreign policy is a crucial thing to determine the survival and prosperity of a country. The signing of CMATS can thus be seen as an action to help reduce tensions in Timor-Leste and improve relations between the two countries, which can facilitate Australia in fulfilling its needs in the future in the era of globalization. Maintaining good relationships with its neighbours is a policy direction that will protect national interests and the image that Australia perceives itself to hold.

The CMATS agreement represented a significant shift from previous treaties, offering more favorable terms to Timor-Leste and reflecting a commitment to enhancing the stability of the newly-independent nation amidst its economic and political challenges (Schofield & Arsana, 2012). For Australia, CMATS was a strategic decision aimed at maintaining regional security. Despite yielding a reduced revenue share, it allowed Australia to remain a key player in exploiting the Timor Sea's resources and bolstered its bilateral relationship with Timor-Leste. This aligns with Hill's (2003a) assertion that foreign policy is crucial for a country's survival and prosperity. CMATS was thus a strategic initiative to ease tensions and improve relations, enabling Australia to secure its future needs in a globalized world. Furthermore, it

allowed Australia to uphold its national interests and cultivate its desired international image, resonating with the constructivist perspective that highlights the influence of norms, identities, and perceptions in state behavior (Wendt, 1992). This agreement underscores the intricate balance of national interests, regional stability, and international relations in foreign policy decision-making.

Australia and the 2018 Timor Sea Treaty

In March 2018, Australia and Timor-Leste signed the 2018 Timor Sea Treaty. The Treaty settled that the maritime boundaries are to be set by the median line, and its signing marked the end for Australia's struggle to maximize its border in the area. This, in fact, placed most of the oil and gas fields in the JPDA under Timor-Leste's territory, leaving Greater Sunrise for another discussion since it was yet to be developed due to prolonged disagreement over the boundaries of the fields (Ramani & Xu, 2019). Since discussions over resource management were still to be carried out, both states agreed to establish Greater Sunrise Special Regime. The abundant resources and strategic value of the Timor Gap are strong reasons for the two countries to want to maintain jurisdiction in this region. The potential for substantial mineral resources in this region would contribute significantly to both countries' economic sectors, as well as secure the nations' energy needs. In addition, the location of processing plants would also benefit the local community. For example, at the Darwin LNG plant, ConocoPhillips has a 100% residential workforce policy, supporting 350 direct jobs in Darwin. Approximately AU\$100 million is spent annually in the Darwin community on wages and local contracts to support ongoing operations, with 50% of Darwin LNG third party contracts spent with businesses in the Northern Territory ("Building on our legacy", 2019).

This treaty was especially crucial for Timor-Leste, a nation heavily reliant on its oil and gas sector, which accounts for approximately 80% of its national income (Ensor et al., 2018). The sector is a major contributor to government funding, with the Bayu-Undan Field alone generating billions in tax revenues and other payments ("Treaty between the government", 2017). The 2018 agreement increased Timor-Leste's revenue share significantly, allocating 100% of upstream revenue from the Greater Sunrise field to the country, contingent on local processing (Bevege, 2019). This advancement solidified Timor-Leste's control over Timor Sea resources and promised major financial benefits. However, the reliance on oil and gas poses risks due to fluctuating global prices and the finite nature of these resources, underscoring the need for Timor-Leste to diversify its economy and pursue sustainable development.

So intense were the negotiations, allegations emerged in 2013 that Australia had spied on the Timorese government in 2004 when the CMATS negotiation was under way and Australia had joined the UN peacekeeping mission in Timor-Leste. This revelation led to the Timorese challenging CMATS and initiating the compulsory conciliation process with Australia under UNCLOS. The move, supported by massive demonstrations in Timor-Leste, caused relations between the two countries to become tense. The demonstrations mobilized thousands of Timorese outside the Australian Embassy, Dili, with estimates ranging from

40,000 to 70,000 participants, influencing public opinion in both Timor-Leste and Australia (Lane, 2016). Timor-Leste alleged that Australia's act of espionage disadvantaged Timor-Leste during the negotiations.

Allegations from a former ASIS agent, known as Witness K, claimed that Australia spied on Timorese officials during the CMATS negotiations, leading Timor-Leste to challenge the treaty in The Hague due to perceived bad faith. Australia, embarrassed by the exposure, focused on maintaining the treaty and its revenue-sharing arrangements, despite Timor-Leste advocating for permanent boundaries based on their claim that most oil and gas fields lay on their side of the median line. This situation did not significantly damage Australia's reputation, which can be attributed to two main factors. First, Timor-Leste, despite its grievances, chose not to publicly embarrass Australia, possibly influenced by a warning from Australia's former Foreign Minister, Alexander Downer, to Timor-Leste's then Prime Minister, Mari Alkatiri. In this episode, Timor-Leste, not Australia, upheld the principles of fairness and respect in international relations. Second, the discovery of Australia's covert wiretapping operation, involving Witness K and his lawyer Bernard Collaery, led to demands for treaty renegotiation, resulting in a more equitable agreement aligned with international norms (McGrath, 2020). Both Witness K and Collaery now face legal challenges for their roles in the operation, which has been widely condemned by the Australian public. These events underscore the significance of trust, transparency, and adherence to international norms in shaping bilateral relations and treaties.

Timor-Leste's anger over the issue significantly increased elements of strong political sensibility and issues of sovereignty. The resentment evoked Timor-Leste's demand to renegotiate for a fairer outcome (Strating, 2017). On 11 April 2016, the Timorese demanded negotiations be re-examined. (Lane, 2016). This issue was brought up in mandatory mediation concerning Article 298 and Annex V UNCLOS 1982, with Timor-Leste proposing the Chief Negotiator, Xanana Gusmao, and the agent in procedures, Minister Agio Pereira. Meanwhile, Australia sent John Reid, a lawyer as an agent, and a Representative Minister, then-Minister of Foreign Affairs Julie Bishop.

After going through a negotiation process for two years, the 2018 Timor Sea Treaty was born. From this agreement, there were three main results. First, the delimitation of boundaries. Second, the new revenue share in Greater Sunrise. Third, the establishment of the Greater Sunrise Special Regime to facilitate joint development and manage exploitation in Greater Sunrise (Parliament of Australia, 2018). In contrast to the previous arrangement, this arrangement involve a presence of the institutional setting with the participation of the Permanent Court of Arbitration (PCA) under the UN body since the settlement used conciliation proceedings.

Why Australia Nod to Timor Sea Treaty 2018

Analyzing Australia's Foreign Policy in the context of the 2018 Timor Sea Treaty using Walter Carlsnaes' three-dimensional framework provides a comprehensive understanding of

the motivations and consequences of Australia's actions. Structurally, the renegotiation occurred amid global maritime sensitivities, especially due to China's assertive actions in the South China Sea. These actions did not only present new challenges to regional stability and maritime laws but also directly impacted Australia's foreign policy (Strating, 2019). As a nation with significant exports traversing the South China Sea, Australia is a staunch proponent of freedom of navigation, recognizing that disruptions in this area could severely impact its economy and trade, particularly with key economic partners like China (Green & Cooper, 2014).

Secondly, Australia is a strong advocate for the principle of freedom of navigation. Given that nearly two-thirds of Australia's exports pass through the South China Sea, any disruption to this route could have substantial economic consequences (Green & Cooper, 2014). This includes trade with China, which is a major economic partner for Australia. Hence, it would not be in China's interest to interrupt this trade flow, further highlighting the complexity of the strategic landscape. Lastly, Australia's foreign policy is anchored in a commitment to a global rules-based order. This commitment underscores the importance of international law, including maritime boundaries, and respects the sovereignty of all nations (Department of Foreign Affairs and Trade, 2018a). Thus, the treaty renegotiation with Timor-Leste aligns with this policy commitment and sends a strong signal about Australia's adherence to these principles.

Furthermore, the 2018 Timor Sea Treaty, resolving a long-standing maritime dispute between Australia and Timor-Leste, offers a compelling illustration of the United States' (US) enduring influence on Australia's approach to the world. This treaty, negotiated and signed with the US playing a crucial behind-the-scenes role, reveals the multifaceted ways in which the US alliance shapes Australia's strategic outlook, foreign policy priorities, and engagement with the Indo-Pacific region.

Prior to the 2018 treaty, the maritime boundaries in the Timor Sea remained contested for decades, generating significant tension and uncertainty (Pereira-Coutinho & Gala, 2011). This dispute not only hampered economic development in the region but also strained relations between Australia and Timor-Leste, two key regional players (Schofield, 2005). The 2018 treaty, however, marked a significant turning point. Facilitated in part by the US's behind-the-scenes efforts, including direct diplomatic engagement and intelligence sharing (Narizny, 2012; Murdoch, 2017), the treaty provided a framework for the joint development of resources and addressed a major source of tension.

The US's involvement in this case extended beyond mere diplomatic support. Through intelligence sharing and the presence of US military assets in the region, the US provided Australia with a strategic advantage, bolstering its negotiating position and deterring potential spoilers (Murdoch, 2017; Mishra & Smyth, 2017). These actions underscore the alliance's commitment to maintaining regional stability and its willingness to support Australia in achieving its strategic objectives. Beyond the immediate benefits of resolving the maritime dispute, the Timor Sea Treaty exemplifies the broader implications of the US alliance for Australia's global engagement. The treaty demonstrates how Australia can leverage its

alliance with the US to Advance its interests in the region, the treaty secured Australia's access to valuable resources in the Timor Sea, estimated to be worth up to US\$65 billion (Beeson & Chubb, 2021).

Additionally, it fostered closer ties with Timor-Leste, a key partner in the region, and facilitated bilateral cooperation on a range of issues. In this context, it will promote regional stability and cooperation in the region, the resolution of the long-standing dispute paved the way for enhanced regional cooperation in areas such as security, resource management, and environmental protection. It reduced the risk of conflict and instability in the Timor Sea, contributing to a more peaceful and prosperous region.

The case of the Timor Sea Treaty provides valuable insights into the complex interplay between alliance dynamics, regional politics, and international law. It highlights how the US alliance remains a cornerstone of Australia's foreign policy, enabling it to navigate the challenges of the Indo-Pacific region while promoting its national interests and contributing to a more stable and prosperous world. As Australia continues to chart its course in the complex geopolitical landscape, the enduring influence of the US alliance will undoubtedly continue to shape its approach to the world.

Our discussions with Ambassador Damos Dumauli Agusman, Indonesia's chief negotiator for maritime delimitation in the Timor Sea with Australia and Timor-Leste, it was evident that the situation in the South China Sea was a source of significant concern for Australia. This issue came to the fore when, on 22 January 2013, the Republic of the Philippines initiated arbitral proceedings against the People's Republic of China under Annex VII to the United Nations Convention on the Law of the Sea (UNCLOS) (Permanent Court of Arbitration, 2022). China, however, firmly dismissed these proceedings through a diplomatic note issued on 19 February 2013. The contention was seemingly resolved on 12 July 2016 when the Arbitral Tribunal in the South China Sea Arbitration (The Republic of the Philippines vs The People's Republic of China) delivered a unanimous verdict, largely favoring the Philippines. Despite China's dismissal of the ruling, this decision still holds significance. As Medina (2017) suggests, it could serve as a crucial stepping stone towards a peaceful resolution of the conflict in the South China Sea. These complex dynamics surrounding the South China Sea issue, and their potential implications for regional stability, significantly shaped Australia's stance in its negotiations with Timor-Leste.

The other structural constraint for Australia is the urgency to begin maritime boundaries negotiation with Indonesia. In 1997—when Timor-Leste was part of Indonesia—an agreement was signed between Indonesia and Australia, known formally as the Treaty between the Government of Australia and the Government of the Republic of Indonesia. Unlike the 1972 agreement, the 1997 one did not leave a gap, dividing the sea between the two countries. Interestingly, the location of the 1972 and 1997 borders are not coincident lines, meaning the division of water is different from the division of seabeds. Consequently, there is space in the Timor Sea where the seabed is for Australia while the water above it falls within Indonesia's jurisdiction (Arsana, 2018). After the independence of Timor-Leste in 2002, the 1997 agreement no longer reflected geopolitics in the area. It was not surprising that the line

segments drawn in the Timor-Leste-Australia agreement run closely with the 1997 Indonesia-Australia boundary lines. Some segments of the 2018 line even coincide with the 1997 ones. This confirms that certain segments of the 1997 line need to be revised, especially around area that is now dealt with by Australia and Timor-Leste.

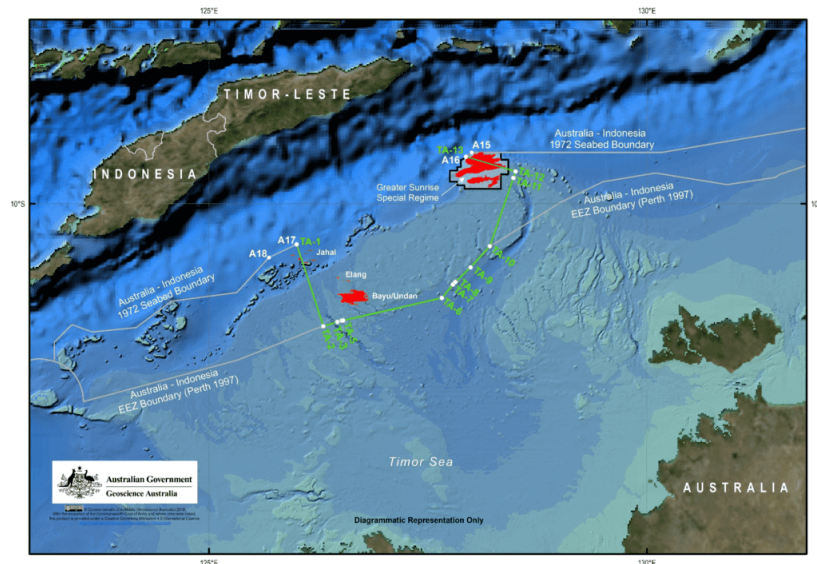


Figure 3 Maritime boundaries between Australia, Indonesia, and Timor-Leste
Source: Geoscience Australia

The 1997 Perth Treaty, designed to establish Exclusive Economic Zone (EEZ) and Seabed As shown in Figure 3, Boundaries between Australia and Indonesia, remains unratified by both countries, primarily due to its implications for Timor-Leste, a key area in the Australia-Timor-Leste conciliation efforts (Molloy, 2003). This treaty, following equidistance principles under UNCLOS, allows Indonesian fishermen access to certain areas but reserves oil and gas extraction rights exclusively for Australia. Its significance lies in the strategic importance of maritime delimitation for both countries.

For Australia, renegotiating the Perth Treaty with Indonesia could secure access to valuable oil and gas resources around the Ashmore and Evan Shoal areas (Parliament of Australia, 2020). Conversely, Indonesia's interest in the treaty is tied to protecting the Abadi gas field, a crucial future energy resource expected to be operational by 2028. Located in the Masela PSC block in the eastern Timor Sea, the Abadi field, discovered in 2000, lies within Indonesian waters but is geographically closer to Australia, being just 400 kilometers off the Northern Territory (Wood Mackenzie, 2023). Its proximity and potential overlap with the maritime boundary highlight its strategic value to both nations. This complex scenario underscores the intricacies of maritime negotiations in the region, where economic interests, resource control, and national sovereignty intersect (Figure 4).

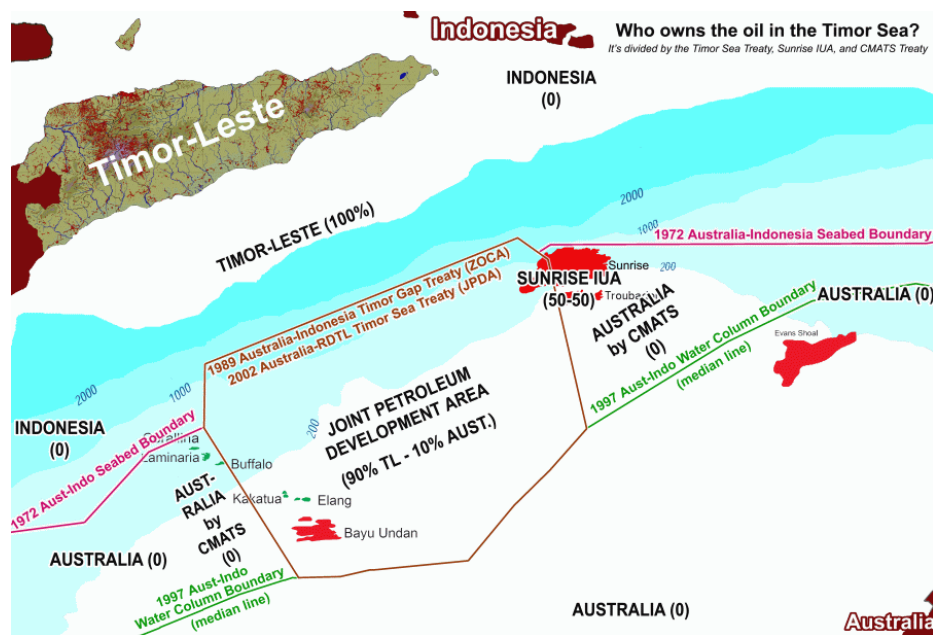


Figure 4 Maritime boundaries between Australia, Indonesia, and Timor-Leste
Source: Ramon (2018)

It is understandable, after Australia signed the Timor Sea Treaty, Indonesia proposed a revisit of the existing agreement between the Indonesia and Australia. It is a matter of logical consequence that the 1997 agreement needs to be revised, for it no longer, once again, reflects the geopolitical situation in the region. Obviously, Australia responded to Indonesia's proposal enthusiastically. In a meeting between Indonesia's and Australia's foreign ministers in Sydney on 15 March 2018, both sides shared a view that Indonesia and Australia need to revisit the 1997 agreement (Arsana, 2018). Based on this development, it can be seen that Australia has a stake beyond the cost-benefit reality of the Greater Sunrise. The researcher understands that there is a structural urgency to consolidate maritime boundaries with Indonesia and Timor-Leste, and this aspect makes Australia's attitude in agreeing with the results of the Timor Sea Treaty reasonable. In essence, the negotiations among Australia, Indonesia, and Timor-Leste over maritime boundaries illustrate the multifaceted nature of international diplomacy, where national interests, economic benefits, regional stability, and international norms converge. Hence, these negotiations should proceed in a manner that respects all parties' interests, promotes regional stability, and complies with international law.

On the Positional Dimensions, Australia's position as a key regional actor and upholder of the rules-based international order (RBIO) is evident in its approach to the 2018 Timor Sea Treaty. Adhering to the UN Convention on the Law of the Sea, the treaty set permanent maritime boundaries, reflecting Australia's commitment to global stability, respect for sovereignty, and rule of law (Rothwell, 2018). This stance, as reiterated in Australia's 2017 Foreign Policy White Paper (Department of Foreign Affairs and Trade, 2017), influences its engagement in initiatives that promote peaceful negotiation and adherence to international standards.

In ratifying the treaty, Australia sought to maintain its international reputation and demonstrate its dedication to resolving disputes peacefully and lawfully. This action aligns with its strategic interests in the ASEAN region, potentially setting a precedent for resolving similar maritime disputes, thereby strengthening regional security architecture and bolstering Australia's ASEAN standing. The treaty also represents a proactive measure to manage geopolitical implications in the strategic Timor Sea, ensuring regional stability and preventing external powers from exploiting unsettled disputes, thus maintaining a favorable regional power balance.

Australia's commitment to human rights norms, integral to its national identity and international reputation, significantly influenced its foreign policy approach, including the handling of the 2018 Timor Sea Treaty. As a signatory to all major international human rights treaties, Australia has demonstrated a strong dedication to these principles, both domestically and internationally (Australian Human Rights Commission, 2021). This commitment was evident in the negotiations of the 2018 Timor Sea Treaty, where Australia's engagement in peaceful negotiation and pursuit of a fair agreement reflected its adherence to human rights norms. The treaty, encompassing economic benefits and respecting Timor-Leste's rights to maritime resources, was consistent with principles of self-determination and economic sovereignty as outlined in the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR) (United Nations, 2021). Australia's approach in these negotiations showcased its dedication to upholding human rights in its diplomatic engagements.

Australia's role as a key regional player and its adherence to human rights norms set a precedent in the Asia-Pacific, a region with varied commitment to these principles. Demonstrating fair negotiation and peaceful resolution, Australia promotes these values in the region. Since Timor-Leste's 2002 independence, it has garnered international support, notably from Australian lawyers and human rights advocates, for its claim to Timor Gap resources. Aware of Timor-Leste's potential to seek international adjudication, Australia recognized the significant support Timor-Leste received, including from Australian lawyers and public human rights defenders (Barnett & Duval, 2005).

Australia's democratic nature demands public accountability, with its citizens particularly attuned to human rights, including the government's impact on Timor-Leste's development and the Timor Gap management (Baker & Myllylahti, 2019). This public sensitivity subjected the Australian government to heightened scrutiny over its involvement in the Timor Gap. The strong Australian support for Timor-Leste, especially concerning Australia's influence on its development, added complexity to the Timor Gap negotiations (Wallis, 2016). Consequently, Australia's approach in these negotiations was influenced by both internal public opinion and its desire to uphold human rights standards, reflecting the multifaceted nature of its foreign policy decision-making.

On the one hand, Australia's foreign policy supports the Philippines, which has won with the PCA decision and calls on the international community to ensure China complies with the UNCLOS mechanism. However, on the other hand, Australia is somewhat reluctant

to complete maritime delimitation negotiations in Greater Sunrise using UNCLOS, especially at the trijunction point in the Timor Sea, which requires tripartite negotiations involving Indonesia as well (Agusman, 2022). If Australia shows inconsistency, such as supporting the UNCLOS mechanism in the South China Sea, but not in the Timor gap negotiations, it can be seen as though it is withdrawing from UNCLOS. In that case, this attitude can strengthen Timor-Leste's potential to file a lawsuit against Australia to the PCA with the support of Australian lawyers. The image of Australia is an important aspect here that turns the dispute between ASEAN countries and China regarding maritime delimitation in the South China Sea, which is not even directly related to the Australian border, into a structural constraint. In effect, Australia's actions towards Timor-Leste seem to be a total paradox. It certainly a contradicting situation for Australia, who always desire rules-based settlements for conflict and use international law and other rules and norms, as stated in the 2017 Australian White Paper.

Australia's steadfast commitment to the rules-based international order (RBIO), international law, and human rights is a fundamental aspect of its foreign policy, driven by more than mere reputational concerns. While maintaining a strong international standing is strategically beneficial for Australia, facilitating free trade and access to resources crucial for economic prosperity, there is also a genuine belief in these principles. This commitment to the rules-based order serves to create a stable and predictable global environment, crucial for Australia's economic interests. Additionally, it helps to attract foreign investment and fortify relationships with other nations sharing similar values. The widespread political consensus within Australia on the importance of the rules-based order reflects not only a strategic alignment with national interests but also a public desire to project a principled and robust image internationally. This deeper conviction in the principles of RBIO and international law underpins Australia's approach and actions on the global stage.

On the other hand, the realists argue that Australia's adherence to the RBIO is primarily driven by strategic self-interest. A stable and predictable international order, underpinned by rules and norms, facilitates free trade and global commerce, vital for Australia's economic prosperity (Beeson & Chubb, 2021). Moreover, upholding the RBIO enhances Australia's international standing, attracting foreign investment and strengthening alliances with like-minded nations (Watt, 2019). This concern for reputation is reflected in the broad political consensus within Australia on the importance of the RBIO, highlighting the public's desire for a strong and principled image on the world stage (Wesley-Smith, 2021). However, a purely realist explanation is insufficient. Australia's commitment predates the rise of the RBIO discourse, suggesting deeper motives. Constructivism highlights the role of shared identities and norms in shaping state behavior. Australia's history of adherence to international law and human rights, its active participation in international institutions, and the incorporation of these principles into its domestic legal system demonstrate a genuine belief in their importance (Hill et al, 2018; Ravenhill et al, 2019; O'Connell & Williams, 2019). A constructivist perspective acknowledges that reputation and norms are not mutually exclusive. Reputational concerns can incentivize adherence to the RBIO, further solidifying the legitimacy and power of these norms. Conversely, a genuine belief in these norms motivates Australia to promote them, even when it entails reputational costs, such as criticism

from major trading partners for upholding human rights standards. This highlights the importance of these values for Australia's national identity (Watt, 2019).

Furthermore, the RBIO provides a framework for Australia to project its identity as a responsible and principled global citizen. By actively promoting and upholding the RBIO's norms, Australia seeks to influence the behavior of other states and shape the international order in line with its values (Hill et al, 2018). This pursuit of normative power reinforces Australia's own self-image as a leader and advocate for the RBIO, further strengthening its commitment to these principles. Understanding Australia's stance requires appreciating the intricate interplay between reputational concerns and genuine belief. These factors are not mutually exclusive; rather, they reinforce each other in a symbiotic relationship. Reputational considerations incentivize Australia to uphold these principles, further solidifying their legitimacy and normative power. Conversely, a genuine belief in these principles motivates Australia to promote them even when it entails reputational costs, highlighting the importance of these values for its national identity.

In the three-dimensional framework of foreign policy analysis as proposed by Walter Carlsnaes, the dispositional dimension refers to the beliefs, capabilities, and intentions of a state and its policymakers. This dimension significantly shapes foreign policy decisions, acting as a cognitive filter through which states interpret their external environment. Australia's commitment to international law and regional stability is a core belief influencing its foreign policy. This steadfast dedication to peaceful dispute resolution and adherence to a rule-based global order is deeply embedded in Australia's foreign policy ethos (Department of Foreign Affairs and Trade, 2017). Considering then-Prime Minister Malcolm Turnbull's tenure (2015-2018), the Liberal Party's focus on economic value as a primary national interest played a significant role in shaping Australia's approach. Despite John Reid's expertise in maritime borders, Turnbull's leadership and policy directions were influential. The negotiations between Australia and Timor-Leste over maritime delimitation around Greater Sunrise thus present a complex picture of Australia's normative consistency. While Australia professes commitment to international law and peaceful resolutions, the dynamics of these negotiations reflect the multifaceted and sometimes contradictory nature of national interests and foreign policy execution.

The 2017 Australia Foreign Policy White Paper explicitly outlines how Australia's development assistance program is a reflection of its values and also serves its strategic interests (Department of Foreign Affairs and Trade, 2017). The program aims to bolster stability and resilience in developing countries, thereby improving Australia's own security and prosperity. A crucial aspect of this policy is the emphasis on maintaining stability in the Indo-Pacific region. According to the White Paper, the capacity-building efforts led by Australia play a significant role in the structure of regional arrangements. In other words, Australia's influence and strength are, to a great extent, determined by the stability of its neighbouring countries, such as Timor-Leste and Papua New Guinea (Euan, 2018). Maintaining regional stability is, therefore, of paramount importance in the protection of Australia's national interest. This strategic approach, grounded in mutual cooperation and

development, highlights the importance Australia places on building strong relationships with its neighbors (Tow & Kersten, 2017).

However, Australia's interests in establishing permanent maritime boundaries through the 2018 Maritime Treaty go beyond immediate concerns. Firstly, this treaty is expected to yield economic benefits for both Australia and Timor-Leste, as it fosters sustainable exploitation of Timor Sea resources, creating a stable environment conducive to potential investments (Parliament of Australia, 2020). Secondly, defining permanent maritime boundaries is likely to significantly enhance Timor-Leste's economic prospects, aligning with Australia's national interests given its role as a key development and security partner for Timor-Leste. Thirdly, Australia's commitment to peaceful resolutions of maritime disputes is a consistent element of its foreign policy. This was exemplified in Australia's stance on the 2016 South China Sea dispute between China and the Philippines. Following the Permanent Court of Arbitration's ruling against China's claims under the United Nations Convention on the Law of the Sea (UNCLOS), then-Foreign Minister Julie Bishop urged China to respect the decision and called for peaceful negotiations in accordance with international law (Sharma, 2019). This dedication to peaceful, law-abiding resolutions also influenced Australia's approach in resolving maritime disputes with Timor-Leste, reflecting a broader commitment to stability and adherence to international norms in maritime affairs.

Australia's approach to the 2018 Timor Sea Treaty, and its broader foreign policy strategy, illustrates a balancing act that aims to maintain its international reputation. Should Australia replicate its 2001 stance of eschewing international arbitration in maritime boundary matters, it risks tarnishing its global image. This predicament is evident in the treaty decision, which appears as a strategic public relations effort to capitalize on the international situation while preserving revenue shares and potential onshore plant locations, despite potential concessions in territorial claims. This strategy aligns with the principles outlined in the Australian Government's White Paper, emphasizing collaboration with emerging global powers and supporting reforms in multilateral institutions, underlining the importance of global partnerships (Department of Foreign Affairs and Trade, 2018c). The treaty decision demonstrates how Australia navigates the structural and dispositional dimensions of foreign policy ('because of') and the intentional dimension ('to'), the latter being key to understanding the national interest guiding state policy. In this context, Australia's actions in international diplomacy and maritime negotiations reflect a calculated effort to balance national interests with global norms and partnerships.

The escalating tensions in the South China Sea, coupled with China's significant economic influence and strategic use of debt diplomacy, present considerable challenges to Australia's interests (Jennings, 2020; Hurley, Morris, & Portelance, 2018). This complex geopolitical situation makes it imperative for Australia to avoid strained relations with Timor-Leste, as such tensions could heighten risks associated with economic dependencies and regional stability. Timor-Leste's ongoing large-scale projects, particularly the Tasi Mane Project—a state-led investment of US\$2.1 billion for infrastructure development aimed at enhancing its control over natural resources (McDonald, 2016)—highlight these risks. The possibility of China exerting influence in Timor-Leste, especially in the context of such

development initiatives, poses potential challenges for Australia. Maintaining cordial relations with Timor-Leste is thus crucial for Australia to safeguard regional stability and protect its strategic interests, considering the evolving dynamics and China's growing presence in the region.

Australia's ratification of the 2018 Timor Sea Treaty was a strategic move to avoid political embarrassment and secure a favorable regional position, as it helped avert negative outcomes like strained bilateral relations and regional territorial disputes, while leveraging the international context (Smith, 2019). Historically adopting constructive approaches, such as aiding neighboring countries, aligns with Australia's values of promoting peace and mutual economic and political benefits (Huisken, 2019). The 2018 maintenance shutdown of the Bayu-Undan Field, injecting US\$17 million into the local economy (ConocoPhillips, 2018), exemplifies Australia's ability to generate positive economic outcomes. The future of the undeveloped Greater Sunrise Field remains a crucial negotiation area, posing opportunities and challenges for both Australia and Timor-Leste. In essence, the dispositional dimension of Carlsnaes' framework sheds light on why Australia engaged in the 2018 Timor Sea Treaty. It demonstrates Australia's commitment to international law and regional stability, its capacity as an influential and economically strong nation, and its intent to balance economic interests with maintaining regional stability and upholding its global standing. This multifaceted approach underlines the complexity of Australia's foreign policy objectives and strategies, particularly in the context of maritime negotiations and regional relations.

While the interaction between structure, disposition, and intentionality helps explain Australia's varying adherence to human rights and international law, it is crucial to recognize that the alignment of these factors can lead to a strong commitment to these principles, as exemplified by the Timor Sea Treaty. However, when these factors are misaligned, as seen in the case of asylum seeker policy, domestic political pressures and concerns about national security can overshadow Australia's commitment to international human rights norms, resulting in inconsistencies in its foreign policy.

The global rules-based order provides an incentive for upholding human rights principles by offering a framework for stability and facilitating free trade, both of which are vital for Australia's economic prosperity (Beeson & Chubb, 2021). However, this structure can become misaligned when domestic political pressures diverge from these principles. In the case of asylum seekers, a significant portion of the Australian public expresses concerns about national security and border control, leading to a misalignment with the global structure (Lewis, 2015). This domestic pressure can result in stricter policies, such as offshore processing centers and temporary protection visas, which may violate human rights standards (Fitzgerald, 2019).

While Australia seeks to project itself as a responsible global citizen, its self-perception as a geographically isolated "fortress" can contribute to a further misalignment with its positionality (Watt, 2019). This perception can lead Australia to prioritize national security concerns over international obligations when dealing with issues like asylum seekers. This

misalignment is exacerbated by the lack of regional pressure on Australia to uphold human rights standards due to its relative isolation (Wesley-Smith, 2021).

Furthermore, despite Australia's historical commitment to human rights, the issue of asylum seekers exposes a potential misalignment with its disposition. The intense public debate and politicization of the issue can contribute to a climate of fear and suspicion, eroding public support for a more humane approach to asylum seekers (Goot & Rowse, 2019). This misalignment between Australia's historical commitment and its current disposition towards asylum seekers can lead to policies that are inconsistent with its broader human rights principles.

Our analysis enhances the theoretical understanding of Australian foreign policy by applying Carlsnaes' three-dimensional framework, a method infrequently used in this specific geopolitical context. This multifaceted approach, incorporating structural, positional, and dispositional perspectives, reveals the complexities of Australia's policy-making process. The structural dimension underscores the impact of global trends and geopolitical influences, including economic imperatives, regional power dynamics, and international norms, particularly considering China's rise and the South China Sea disputes. The positional dimension sheds light on Australia's self-image and its commitment to international norms, highlighting how its perceived global role influences its foreign policy. Finally, the dispositional dimension examines internal factors like values, capabilities, and intentions, showing their practical impact on policy decisions. This aspect reveals how Australia's historical relations, commitment to human rights, and economic priorities have shaped its stance on the Timor Sea Treaty, offering a comprehensive view of its foreign policy formulation.

Lessons for the troubled waters: ASEAN countries and China

The peaceful settlement of the long dispute between Australia and Timor-Leste over the Timor Gap provides several lessons for ASEAN countries. First, the negotiations between Australia and Timor-Leste were resolved due to the normative dimension that constrains Australia's compliance with the ruled-based order in the management of the international community. When the Philippines initiated a legal case against China in an international arbitral tribunal in January 2013, Beijing suddenly started to retake an interest. When the UNCLOS ruling happened, Australia called on "the Philippines and China to abide by the ruling, which is final and binding on both parties". Australia has repeatedly reaffirmed this position, as have the Philippines, the United States, and Japan (Cook, 2021).

This position of Australia is clearly understood by Timor-Leste. Timor-Leste forced Australia to open negotiations over the maritime boundaries, even though, following Timor-Leste's independence, Australia declared it was closing the door to arbitration regarding maritime boundary disputes. However, any disputes are subject to compulsory conciliation if any party requests it. On 11 April 2016, Timor-Leste initiated the proposed conciliation and in just two months, a five-member conciliation commission was constituted. Although Australia

responded to this maneuver with a strong objection, with sheer confidence, the commission used UNCLOS to produce an outcome. This agreement forced the two countries to negotiate to resolve their maritime boundary disputes (Phan, 2018).

However, if a negotiation fails, parties must submit the dispute 'by mutual consent' to binding adjudication or arbitration. At this point, Australia's political stance (of firmly supporting the Tribunal's decisions) becomes a powerful weapon to pressure Australia to respect the clauses in UNCLOS consistently. Timor-Leste's shrewdness in taking advantage of the international situation, which was a structural constraint for Australia, made it possible for negotiations to be finally agreed upon per Timor-Leste's national interests. ASEAN countries should be able to find structural conditions that can force China to negotiate and agree on a Code of Conduct in the South China Sea. This can be achieved if ASEAN can maintain its unity and centrality.

Second, democracy in Australia means civil society is very strong, making it a force that influences Australia's behaviour in the international world. Our analysis shows that Australia has the potential to be sued by Timor-Leste with the support of Australian lawyers, and recent events show that the Australian public protested the actions of the Australian Government in the Witness K case. Protesters supporting Witness K gathered at the federal parliament to decry his treatment as he faces possible sentencing and "a genuine prospect" of being jailed for speaking out about Australia's misconduct abroad (Knaus, 2021). The former Australian Secret Intelligence Service officer and his lawyer, Bernard Collaery, are considered heroes by Timor-Leste leaders, including José Ramos-Horta (Knaus, 2021). The prosecutions of Collaery and Witness K have been criticised by leading legal figures and a growing chorus of members of parliament (MPs) from across party lines. For instance, Labor MP Andrew Leigh is among a handful of federal MPs who have spoken out about this case. He said,

"The government's unexplained decision to spend millions of dollars and many years on the prosecutions of Witness K and Mr Collaery, and the Morrison government's attempts to have the trials conducted in secret, are part of a broader shift towards more secrecy and less accountability in government," he said. "That shift began with the election of the Abbott government over seven years ago and has escalated rapidly under prime minister Morrison, who, despite multiple scandals on his watch, has never held any of his ministers to account. The double standards are breathtaking." (Knaus, 2021).

It is concluded that the South China Sea dispute remains far away from resolution. China does not have an open civil society nor does it comply with a rules-based international order. This resonates with Carl Thayer's observation that "China's internal politics remain opaque and unpredictable" in handling maritime disputes (Blumstein et al., 2012). Additionally, scholars such as Ely Ratner have critiqued China's selective adherence to international law (Ratner, 2013), others like Wang Jisi argue for a nuanced understanding of China's unique approach to international norms (Wang, 2014). Meanwhile, ASEAN countries are challenged to unite their positions and make a joint manoeuvre to force China to negotiate

seriously in resolving the South China Sea dispute. It also seems unclear whether discussion over the Code of Conduct in the South China Sea will continue.

Conclusion

In examining Australian foreign policy through a Tripartite Approach, we can extract valuable lessons for ASEAN in resolving maritime territorial disputes. Our analysis reveals a strong connection between the structural and positional dimensions of actors in foreign policy. Each dimension – structural, positional, and dispositional – provides critical insights into Australia's decision-making process. The structural dimension, defined by the broad international environment and systemic constraints, underlines Australia's need to balance its economic interests with geopolitical considerations in the South China Sea. Its alignment with ASEAN countries and the broader geopolitical implications of its decisions played a crucial role. In this context, we see a firm link between Australia's chosen policy actions with a series of structural determinants, such as its bilateral relations with Timor-Leste, China's increasing assertiveness in the South China Sea, and its political position towards the ASEAN-China dispute in the same region. The positional dimension, concerning Australia's status and influence in the global arena, highlights the importance of its international reputation as an upholder of the rules-based order. Australia's desire to maintain its image as a key regional player committed to peaceful dispute resolution and international law significantly impacted its decision to ratify the treaty. This intricate matrix led Australia to formulate a foreign policy response aimed at preserving its reputation as a promoter of the 'rules-based order'. Finally, the dispositional dimension, reflecting the beliefs, capabilities, and intentions of Australia as a state and its policymakers, underscores the influence of the nation's values on its foreign policy. Australia's commitment to international law and regional stability, its substantial economic and diplomatic resources, and its intention to maintain regional influence while also benefiting economically from the resources in the Timor Sea all contributed to its decision. Another intriguing intentional factor that motivated Australia to conclude the negotiations with Timor-Leste was the pressing need to begin maritime boundary discussions with Indonesia. Within this dynamic interplay, it is discerned there is a similarity between the dispositional level of the 2018 Timor Sea Treaty and CMATS; in both instances, the actors in charge demonstrated a strong alignment with economic-based values. However, after a balanced examination of each dimension, this research indicates that the structural dimension was the primary driver of Australia's foreign policy action in the Timor Sea Treaty. This structural dimension propelled Australian foreign policy action beyond its interests in the Greater Sunrise, underscoring the multidimensional nature of policy formulation. In sum, the 2018 Timor Sea Treaty is a product of interplay among these dimensions. The treaty reflects Australia's continuous endeavor to align its foreign policy decisions with its national interests and international obligations, even when faced with complex geopolitical challenges. It reiterates the nation's commitment to uphold the rules-based international order, peacefully resolve disputes, and maintain regional stability.

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New Thoughts on Formation of Tourism Perceived Images: An Investigation of Guangxi's Overseas Chinese Students from ASEAN

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Abstract

The research attempts to explain the psychological formation of the image of the sojourn by overseas students who are culturally homogeneous with the sojourn by constructing a comprehensive framework for the composition of the perceived image that contains the new dimension of cultural attachment. In particular, a group of 482 overseas Chinese students from ASEAN with learning experience in Guangxi are the respondents, benefiting from the deep ties between their ethnic and cultural backgrounds with mainland China. It is a strategic consideration based on Guangxi's international tourism market and image promotion for ASEAN. The research uses quantitative analysis to combine the external influences previously supported in the literature, cultural attachment, and Cognitive-Affective-Conative (CAC) three-dimensional perceived image framework into a more comprehensive model to conduct a hypothetical-deductive study. The results of the quantitative analysis consolidate to a certain extent that the internal constitutive conditions of perceived image are promoted by the CAC model and further test the influence of perceived image under the combined effect of internal and external factors. Meanwhile, it is confirmed that cultural attachment has a strong role in the formation of the perceived image of a specific tourist group. The overall conclusions of the research are rich in academic significance and represent a theoretical expansion of the destination marketing system in response to real-world needs.

Keywords: cultural attachment, ASEAN, perceived images, international student

Introduction

Along with the increasingly rapid internationalization of higher education, the economic impact that international students can bring to their sojourned area is more widely appreciated. The tourism industry also derives some extra benefits from international students' travel activities, word-of-mouth communication, and other travel-related behaviors (Lee & King, 2016). International students are well equipped to become seasoned travelers, using their experiences and cultural sensations in their place of study as their perception (Brown, 2009). Meanwhile, senior travelers can often act as similar opinion leaders in terms of tourism image output and travel knowledge transfer (Milman, 1998). Therefore, in noticing the great role of international students in tourism, certain countries and regions are also adjusting their strategies to provide more intimate tourism services for them as much as possible (Jarvis, 2020).

Guangxi Zhuang Autonomous Region in southwest China is one zone that expects to capitalize on international students to promote tourism. Guangxi's year-on-year increase in overseas students is attributed to the "Belt and Road Initiative agreement" advocated by the Chinese government, which promotes mutual recognition of academic qualifications between countries (Wu & Chan, 2019; Gong, 2018). Geographically, Guangxi is located in the south of China and has been one of the southward exports of the "Maritime Silk Road" since ancient times, as well as a major bridge for trade between China and ASEAN (Cheng, 2013). Due to this geographic advantage, international students from ASEAN have gradually become the main force in Guangxi's study-abroad market. With their living experience in Guangxi, these international students are highly susceptible to becoming "ambassadors" in the future, connecting Guangxi with their hometowns. Therefore, the issue of using international students to contribute to promoting tourism image has also been mentioned in Guangxi's tourism development strategy.

On the other hand, overseas Chinese are an attractive source group for tourism internationalization in Guangxi. It is essential to develop a targeted tourism image promotion strategy to market such high-quality tourist sources. It is worth noting that a significant number of ASEAN students studying in Guangxi are overseas Chinese. They are the cultural inheritors of the Chinese immigrants. Overseas Chinese become cultural groups with special influence throughout the world (Liu, 2005). The ASEAN member countries, Singapore, Malaysia, Thailand, and Vietnam, for example, have sizable Chinese populations, which especially rank as the first race in Singapore (approximately 2,400,000) and the second in Malaysia (approximately 6,000,000) (Liu, 2021). These groups are probably potential quality customers to travel to China due to their attachment to and desire for the culture of their original land. Thanks to the life experience of studying abroad, Chinese students are likely to act as tourism ambassadors between overseas Chinese and China, bringing more overseas Chinese visitors from their homelands to their sojourn places. Therefore, the study of image composition with overseas Chinese students as a specific group can help Guangxi tourism marketers to gain insight into the process of image promotion.

The tourism marketers in Guangxi are aware of the potential tourism value of Chinese students with study experiences in Guangxi. However, there is still not enough evidence to analyze how their perceived image of Guangxi is formed. Studying tourists' perceived image of a destination is an important precursor to destination marketing (Hahm & Severt, 2018). Perceived images contribute to explaining tourists' perceptions and preferences for destinations, as well as their behavioral intentions related to tourism that arises during image perception (Beerli & Martín, 2004). Existing research extensively covers the perception of tourism destinations, emphasizing the pivotal role of perceived image in destination tourism development studies (Chu et al., 2022). To attract customers, destination marketers allocate substantial resources to craft an appealing tourism image for their target markets. Moreover, in theories of visitor decision-making and behavior, the perceived image of a destination significantly shapes tourists' travel choices (Correia et al., 2007).

In contrast to the common tourists, overseas Chinese students have a strong connection to China in terms of race and blood, and this natural cultural attachment helps them to scrutinize the image of the sojourn deeply. The dimension of cultural attachment has been emphasized and applied by several studies to explain the psychological constructs of international students in cross-cultural adaptation (Keller, 2013; Yap et al., 2017; Hong et al., 2013; Hong, 2017). Simultaneously, consistent with other explanatory dimensions of attachment structure, cultural attachment also has a deep relationship with cognition and affection (Japutra, 2020). It implies that cultural attachment is worth exploring as an influential factor in the composition of perceptual images that emphasize cognition and emotion.

Thus, our previous study (Luo et al., 2023) has emphasized and tested the influence of cultural attachment on the formation of perceived images. This research undertakes a new study that builds on this foundation and devotes particular attention to the role that other widely recognized external factors, together with cultural attachment, potentially have on perceived images. While our previous research utilizes cultural attachment to construct a model of the relationship with the internal dimensions of perceived image, it does not fully explore the totality of other impact factors involved. Hence, this research intends to fill this gap by constructing a comprehensive framework that incorporates multiple factors. Our purpose is to examine in depth the perceived images of Guangxi formed by overseas Chinese students from ASEAN during their sojourn to gain a more nuanced understanding of the influence of cultural attachment and other external factors on the formation of these perceptions.

Furthermore, to maintain the continuity of the research methodology, we employ the same dataset as in previous studies. However, the present research has a different focus. The previous study focuses on the operational definition of cultural attachment in terms of dimensionality and its one-factor influence on perceived image. In contrast, this research focuses on the comprehensive framework constructed with the perceived image as the main subject and the joint role of cultural attachment with other factors. It enables us to explore more objectively how the perceived image is concretely formed in the consciousness of tourists with characteristics of cultural attachment.

In a nutshell, on the basis of the above background, the research develops a study with the target group of overseas Chinese students from ASEAN who have the experience of studying in Guangxi, China. The goal is to explore their perceived images of Guangxi, China, formed by their sojourn in Guangxi. The research will leverage and incorporate the new dimension of cultural attachment to construct a relatively comprehensive new model. The quantitative analysis will also be completed through a questionnaire survey of 482 eligible respondents. The academic significance of this research lies in the construction of a more comprehensive framework for analyzing perceived images that incorporate the novel dimension of cultural attachment. Since cultural attachment can explain the psychological attachment behaviors of same-race tourists, this framework can provide a reference for studies targeting this type of tourist. In a practical meaning, the study of destination perceived image can provide a more detailed marketing strategy basis for Guangxi, which contributes to the promotion of its tourism image towards ASEAN to attract more overseas tourists.

Theoretical background

The perceived image of a tourist destination is a psychologically constructed representation that reflects tourists' evaluations of a destination in the process of establishing a connection with it (Liu et al., 2017). The composition of an image is a sensory expression of something objective that has been processed by the human brain and fed back to it. Initially, the impact of tourists' psychological recall and reflective behavior on the success of the transaction in purchasing tourism products attracts the attention of scholars (Agapito et al., 2017). This reflection makes us conscious that travelers have a changeable image awareness of potential destinations. Consequently, destination marketing theory extensively discusses the essential function of tourism image in a variety of spheres, such as conceptualization, composition, dimensionality expansion, impact analysis, and image competence (Stylidis, 2020; Kislali et al., 2016; Tasci et al., 2007). These related studies are considered to be valuable in tourism marketing to analyze and stimulate tourism behavior.

As early as the 1970s, basic theories regarding mental images have been noticed and studied. This period focuses on the subjective understanding of people's perceptions of areas that are not permanently inhabited (Hunt, 1975). In subsequent studies, a conceptual distinction between receptive and emissive images of destinations arose (Fakeye & Crompton, 1991). Among them, perceived image is interpreted more as a derivative concept of receptive image.

In the exploration of the internal influences of perceived image, psychologically based cognitive image and affective image are more widely recognized as the constituent elements of perceived image. Cognitive images are grounded in the collection of knowledge acquired during the various periods when a connection is created between visitors and destinations (Alcañiz et al., 2009; Baloglu & McCleary, 1999). On the basis of cognitive awareness, tourists' preferences for destinations are expressed through affective images (Papadimitriou et al., 2013; Baloglu & McCleary, 1999). A large body of existing research affirms that cognitive

images have a linear influence on affective images and use them as the basic architecture of perceived images. On this basis, conative image is further introduced as a role in explaining tourists' subsequent intentions and behaviors when composite perceived images are constructed. Both cognition and affection have the potential to drive further intentional behavior in travelers, which makes the internal composition of perceived images explained by the Cognitive-Affective-Conative (CAC) architecture sufficiently logical and explanatory (Agapito et al., 2013; Gartner, 1994).

On the other hand, the research of external influences on perceived images has become wealthier with the accumulation of time. As the mainstream, informational familiarity is acknowledged as the primary influencing factor of the perceived image by a larger number of core papers with dominant status (Kim, Lehto, & Kandampully, 2019; Baloglu & McCleary, 1999; Beerli & Martín, 2004; Santana & Sevilha Gosling, 2018). Visitors receive information from multiple sources even before they arrive at their destination, including induced information (e.g., brochures and marketing campaigns), organic sources (e.g., family, friends, and colleagues), and autonomous sources (e.g., reports, news, and articles) (Santana & Sevilha Gosling, 2018). Cognitive and affective images are constantly constructed in the consciousness of visitors via these various information channels. After integrating information acquisition before (Smith et al., 2015), during (Kim, Styliadis, & Oh, 2019), and after (Yilmaz et al., 2009) the occurrence of tourism behavior, the relationship between information and perceived image is attributed to the same dimension of information familiarity and is widely supported by research in the field of tourism image. Subsequent studies have, to some extent, confirmed the direct or indirect effects of information familiarity on cognitive, affective, and conative images (Santana & Sevilha Gosling, 2018; Styliadis et al., 2020).

Moreover, the motivational drive is considered an influential contributor to the composition of the perceived image. In behavioral theory, motivation often helps people to make decisions. When people decide to travel to a destination, their motivation can usually shape their specific behavior (Hsu et al., 2009). Some studies continue to enrich the quantitative description of tourism motivation from various dimensions (Santana & Sevilha Gosling, 2018; Beerli & Martín, 2004; Tang, 2013). Among them, it is stated that the direct effect of tourism motivation can lead to linear results for both cognitive and affective images (Beerli & Martín, 2004). Slightly different from informational familiarity, tourists' motivation to destinations is often embodied by positive affective images as excellent mental constructs. On this basis, they further form broader cognitive images through purposeful attention (Santana & Sevilha Gosling, 2018). However, extra tourism motivation can also occur in the course of tourism activities, with heightened emotional aspects, such as interests, preferences, and favorable feelings. Tourism motivation reinforces travelers' conative images and intention to recommend or revisit the destination. It highlights the logical relationship between tourism motivation and the perceived image composition of the CAC structure.

With more awareness of the phenomenon that certain tourists spend long periods or repeatedly visit the same tourism destination, attachment theory has been gradually applied and enriched in the study of tourism image (Veasna et al., 2013; Silva et al., 2013). In behavioral research, attachment underscores cognition's crucial role as the framework through which

individuals shape and uphold their self-perceptions. It comprises cognitive, affective, and conceptual dimensions, representing powerful motivational and behavioral tendencies (Hong et al., 2013). With the deepening knowledge of human attachment psychology, scholars in the field of tourism have increasingly realized that re-travelers often have place attachment with emotional tendencies and intentions to their frequently visited destinations (Stylos et al., 2017). This dimension contributes to a further understanding of the perceived image composition of specific tourism groups. However, a further breakdown of particular tourist groups reveals that some of these tourists develop a sense of attachment simply because of a cultural or ethnic connection or emotional disposition to the destination (Ramkissoon, 2015). It means that using place attachment as an external influence does not fully reflect the true genesis of the perceived image of this type of tourist. Cultural attachment theory is a timely remedy to this deficiency. It has been used to explain the cross-cultural habits of study-abroad groups, further explaining the attractiveness of the destination culture in terms of safety, language proficiency, and acculturation (Hong et al., 2013). Cultural attachment has a psychological significance similar to other attachments, and this emphasis on interactions with cognitive, emotional, and behavioral interactions allows for a more specific logical relationship between cultural attachment in the CAC model and perceptual images (Luo et al., 2023).

Therefore, the following hypotheses are formulated based on the above academic background developed by relying on the literature review.

- H1 : Informational familiarity significantly influences overseas Chinese students' perceived images of Guangxi.
- H1a: Informational familiarity significantly influences the cognitive image of overseas Chinese students.
- H1b: Informational familiarity significantly influences the affective image of overseas Chinese students.
- H1c: Informational familiarity significantly influences the conative image of overseas Chinese students.
- H2 : Tourism motivation significantly influences overseas Chinese students' perceived images of Guangxi.
- H2a: Tourism motivation significantly influences the cognitive image of overseas Chinese students.
- H2b: Tourism motivation significantly influences the affective image of overseas Chinese students.
- H2c: Tourism motivation significantly influences the conative image of overseas Chinese students.
- H3 : Cultural attachment significantly influences the overseas Chinese students' perceived images of Guangxi.
- H3a: Cultural attachment significantly influences the cognitive image of overseas Chinese students.
- H3b: Cultural attachment significantly influences the affective image of overseas Chinese students.
- H4c: Cultural attachment significantly influences the conative image of overseas Chinese students.

- H4 : Overseas Chinese students' cognitive image significantly influences the affective image of Guangxi.
- H5 : Overseas Chinese students' cognitive image significantly influences the conative image of Guangxi.
- H6 : Overseas Chinese students' affective image significantly influences the conative image of Guangxi.

Research Methodology

The research constructs a comprehensive model incorporating a new dimension of cultural attachment, combining the theoretical logic and hypotheses described in the previous section. It attempts to analyze the composition of the perceived images of international students with blood and ethnic ties with sojourn in their country of origin.

The model has two levels of explanatory capacity. The first one is the interaction of the internal components of the perceived image, including the three dimensions of cognitive image, affective image, and conative image. The second hierarchy represents three external factors that potentially influence the perceived image: informational familiarity, tourism motivation, and cultural attachment. The conative image is an endpoint of the framework because the measurement of respondents' subsequent intention in constructing the perceived images is a major research objective. In conjunction with all hypotheses, the overview research framework is shown in Figure 1.

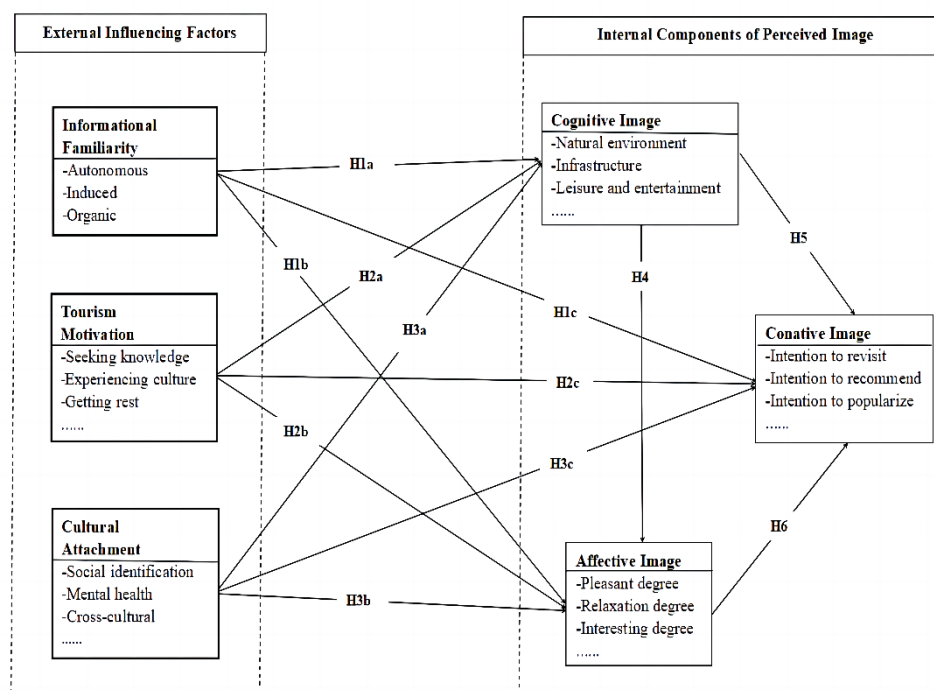


Figure 1 Research Framework

Measurement Scale

The questionnaire is designed with strict reference to the literature background as well as the guidance of the research framework. A total of 46 selected questions in 7 sections are designed. Of these, 39 selections are used to measure 6 dimensions of informational familiarity, tourism motivation, cultural attachment, cognitive image, affective image, and conative image. These selections are administered with the 7-point Likert scale to obtain more credible data, ranging from strongly disagree (1 point) to strongly agree (7 points). The remaining question items belong to socio-demographic characteristics. Table 1 illustrates the operational definitions of the dimensions and the number of items they contain.

The research utilizes SPSS26.0 as the data analysis instrument, which efficiently tests the reliability and validity of the collected data and performs correlation analysis under the influence of multiple factors. The main methods applied include independent sample t-test, factor analysis, reliability analysis, and correlation regression analysis. Data for all dimensions are treated as means for variables, a method that facilitates regression analysis and has been shown in previous literature to be effective in validating correlation results under the influence of a multifactorial variable structure (Santana & Sevilha Gosling, 2018; Tasci, 2007; Jeong & Holland, 2012).

Table 1 Dimensions Adapted from Literature Review

| Dimensions | Operational Definition | No. of Items | Sources |
|---------------------------|--|--------------|--|
| Informational Familiarity | ASEAN Chinese students' secondary sources of information obtained, including autonomous, induced, and organic sources. | 9 | Santana and Sevilha Gosling (2018), Baloglu and McCleary (1999), and Beerli and Martin (2004). |
| Tourism Motivation | Chinese students from ASEAN who are living in Guangxi to generate the behavioral motivation for tourism. | 5 | Santana and Sevilha Gosling (2018), Beerli and Martín (2004), and Tang (2013). |
| Cultural Attachment | The process of adaptation from self-culture and to the culture of the settlement that Chinese students from ASEAN are constantly generating during their sojourn in Guangxi. | 10 | Hong et al. (2013), Hossain and Lamb (2020), and Keller (2013). |
| Cognitive Image | Perceived images produced by virtue of cognition during ASEAN Chinese students' sojourn in Guangxi. | 5 | Agapito et al. (2013), Gartner (1993), and Baloglu and McCleary (1999). |
| Affective Image | ASEAN Chinese students' perceptual images produced by virtue of their emotions during their sojourn in Guangxi. | 5 | Agapito et al. (2013), Gartner (1993), and Baloglu and McCleary (1999). |
| Conative Image | Perceived images produced by virtue of expected behaviors during ASEAN Chinese students' sojourn in Guangxi. | 5 | Agapito et al. (2013), Gartner (1993), and Woosnam et al. (2020). |

As multiple interrelationships between variables are involved, the research applies the prior testing method suggested by Oksenberg et al. (1991) to further determine the confidence level of the question items. The method suggests collecting approximately 50 empirical respondents as the test sample and demonstrating the variability of the sample using the high and low score differentiation method and independent samples t-test to obtain the final results. The method can show the referenceable value of the sample from a differential perspective and has been affirmed by other researchers (Hair et al., 2005). The results of the prior test analysis are shown in Tables 2 and 3.

Table 2 Prior Test Results of External Factor Variables (N = 50)

| Variables | Indicators | t (L/H) | df (L/H) | p (L/H) | MD | N (L/H) | Mean (L/H) |
|-----------|---------------------------------------|---------------|----------|-----------|-------|---------|------------|
| IF1 | Traditional media | -5.46/-5.46 | 24/14 | 0.00/0.00 | -2.69 | 13/13 | 3.92/6.62 |
| IF2 | New media information | -3.02/-3.02 | 24/14 | 0.01/0.01 | -1.54 | 13/13 | 5.15/6.69 |
| IF3 | Article information | -4.87/-4.87 | 24/15 | 0.00/0.00 | -1.85 | 13/13 | 4.85/6.69 |
| IF4 | Documentary information | -3.46/-3.46 | 24/14 | 0.00/0.00 | -1.85 | 13/13 | 4.62/6.46 |
| IF5 | Travel guides information | -3.16/-3.16 | 24/16 | 0.00/0.01 | -1.31 | 13/13 | 4.69/6.00 |
| IF6 | Commercial marketing | -4.92/-4.92 | 24/19 | 0.00/0.00 | -2.15 | 13/13 | 3.92/6.08 |
| IF7 | Information from family | -4.20/-4.20 | 24/20 | 0.00/0.00 | -1.62 | 13/13 | 4.39/6.00 |
| IF8 | Information from friends | -2.86/-2.86 | 24/15 | 0.01/0.01 | -1.54 | 13/13 | 4.69/6.23 |
| IF9 | Information from colleagues | -8.14/-8.14 | 24/19 | 0.00/0.00 | -2.39 | 13/13 | 4.23/6.62 |
| TM1 | Searching knowledge | -10.42/-10.42 | 26/22 | 0.00/0.00 | -3.14 | 14/14 | 3.14/6.29 |
| TM2 | Experiencing culture | -4.57/-4.57 | 26/20 | 0.00/0.00 | -2.00 | 14/14 | 4.43/6.43 |
| TM3 | Getting rest | -7.32/-7.32 | 26/17 | 0.00/0.00 | -2.50 | 14/14 | 3.79/6.29 |
| TM4 | Leaving study and working | -3.93/-3.93 | 26/20 | 0.00/0.00 | -1.64 | 14/14 | 4.29/5.93 |
| TM5 | Enjoying the tour | -3.16/-3.16 | 26/19 | 0.00/0.01 | -1.22 | 14/14 | 5.14/6.36 |
| CA1 | Attachment to the culture | -6.62/-6.62 | 24/17 | 0.00/0.00 | -2.92 | 13/13 | 3.54/6.46 |
| CA2 | Sense of belonging to the destination | -6.61/-6.61 | 24/18 | 0.00/0.00 | -3.00 | 13/13 | 3.38/6.38 |
| CA3 | Safety | -5.61/-5.61 | 24/22 | 0.00/0.00 | -1.77 | 13/13 | 4.77/6.54 |
| CA4 | Destination tolerance | -6.00/-6.00 | 24/19 | 0.00/0.00 | -2.23 | 13/13 | 4.23/6.46 |
| CA5 | Friendly local residents | -4.74/-4.74 | 24/20 | 0.00/0.00 | -1.62 | 13/13 | 4.92/6.54 |
| CA6 | Health | -5.88/-5.88 | 24/18 | 0.00/0.00 | -1.85 | 13/13 | 4.77/6.62 |
| CA7 | Integrating and adapting to culture | -4.41/-4.41 | 24/17 | 0.00/0.00 | -1.62 | 13/13 | 4.54/6.15 |
| CA8 | Learning and using dialects | -5.98/-5.98 | 24/21 | 0.00/0.00 | -2.54 | 13/13 | 3.54/6.08 |
| CA9 | Good communication | -4.51/-4.51 | 24/18 | 0.00/0.00 | -1.69 | 13/13 | 4.38/6.08 |
| CA10 | Liking the culture | -5.45/-5.45 | 24/24 | 0.00/0.00 | -1.46 | 13/13 | 5.00/6.46 |

Note: t (L/H): significant confidence intervals for high/low clusters, df (L/H): the degree of freedom of the high/low clusters, p (L/H): the degree of significance of the high/low clusters, MD: the difference of the mean values, N (L/H): the number of samples with high/low clusters, M (L/H): the mean values of high/low clusters, IF: informational familiarity, TM: tourism motivation, and CA: cultural attachment.

Table 3 Prior Test Results of Internal Factor Variables (N = 50)

| Variables | Indicators | t (L/H) | df (L/H) | p (L/H) | MD | N (L/H) | Mean (L/H) |
|-----------|----------------------------|-------------|----------|-----------|-------|---------|------------|
| COG1 | Natural environment | -4.82/-4.36 | 30/16 | 0.00/0.00 | -1.58 | 14/18 | 5.14/6.72 |
| COG2 | Tourism facilities | -5.62/-5.29 | 30/20 | 0.00/0.00 | -1.64 | 14/18 | 4.86/6.50 |
| COG3 | Entertainments and leisure | -6.65/-6.11 | 30/17 | 0.00/0.00 | -1.65 | 14/18 | 4.57/6.22 |
| COG4 | Humanity environment | -3.81/-3.43 | 30/15 | 0.00/0.00 | -1.52 | 14/18 | 4.93/6.44 |
| COG5 | Social atmosphere | -6.72/-6.25 | 30/19 | 0.00/0.00 | -2.10 | 14/18 | 4.29/6.39 |
| AFF1 | Feeling pleasant | -5.40/-5.26 | 33/18 | 0.00/0.00 | -2.01 | 17/18 | 4.76/6.78 |
| AFF2 | Feeling relaxing | -5.91/-5.86 | 33/29 | 0.00/0.00 | -1.37 | 17/18 | 5.35/6.72 |
| AFF3 | Feeling interested | -4.81/-4.71 | 33/22 | 0.00/0.00 | -1.37 | 17/18 | 5.29/6.67 |
| AFF4 | Feeling trendy | -5.43/-5.36 | 33/27 | 0.00/0.00 | -1.41 | 17/18 | 4.70/6.11 |
| AFF5 | Feeling original | -5.65/-5.53 | 33/20 | 0.00/0.00 | -1.66 | 17/18 | 5.18/6.78 |
| CON1 | To revisit | -8.70/9.01 | 27/14 | 0.00/0.00 | -2.47 | 15/14 | 4.53/7.00 |
| CON2 | To recommend | -3.43/3.52 | 27/19 | 0.00/0.00 | -1.18 | 15/14 | 5.47/6.64 |
| CON3 | To miss | -6.02/6.14 | 27/22 | 0.00/0.00 | -1.76 | 15/14 | 4.67/6.43 |
| CON4 | To popularize | -6.16/6.30 | 27/20 | 0.00/0.00 | -1.65 | 15/14 | 5.13/6.79 |
| CON5 | Good impression | -6.52/6.70 | 27/18 | 0.00/0.00 | -2.19 | 15/14 | 4.60/6.79 |

Note: t (L/H): significant confidence intervals for high/low clusters, df (L/H): the degree of freedom of the high/low clusters, p (L/H): the degree of significance of the high/low clusters, MD: the difference of the mean values, N (L/H): the number of samples with high/low clusters, M (L/H): the mean values of high/low clusters, COG: cognitive image, AFF: affective image, and CON: conative image.

The prior test groups each set of variables according to 27% of the low scores versus 73% of the high scores, which has been demonstrated in previous studies to detect the explanatory capacity of variability in samples using mean values (Hair et al., 2005). The df represents the degrees of freedom of the question item, with the reference standard of $df > 3$. MD indicates the mean difference. At a criterion of $p < 0.05$, the results show significant differences between high and low subgroups for all variables. Therefore, based on the experience of previous studies (Esu, 2015; Shani et al., 2010), all question items can be retained for the sequential study.

Sample Structure

Since there are no previous exact statistics on the number of overseas Chinese students in Guangxi, the research first interviews the heads of the international departments of 18 universities in Guangxi that have the qualification to enroll international students by means of a telephone survey to conduct a more precise sampling design. The final estimate of the total sample population eligible for the research is approximately 9,600 people. Following the statistical suggestion of Krejcie and Morgan (1970), the total population of 9,600 is due to a minimum of 368 respondents. However, the research doubles the number of questionnaires distributed from 368 to 736 to increase data accuracy.

In addition, the 18 universities are mainly concentrated in two regions of Guangxi. Considering the possible impact of geographical differences in tourist attractions on image formation, the research uses cluster random sampling to divide these universities into two

clusters by region. Of these, 5,400 (57%) overseas Chinese students are in the south-central region, and 4,200 (43%) are in the northern region. Therefore, the sample size is proportionally distributed among the two regions to provide a comprehensive representation of the distribution of respondents. The sampling framework is shown in Figure 2.

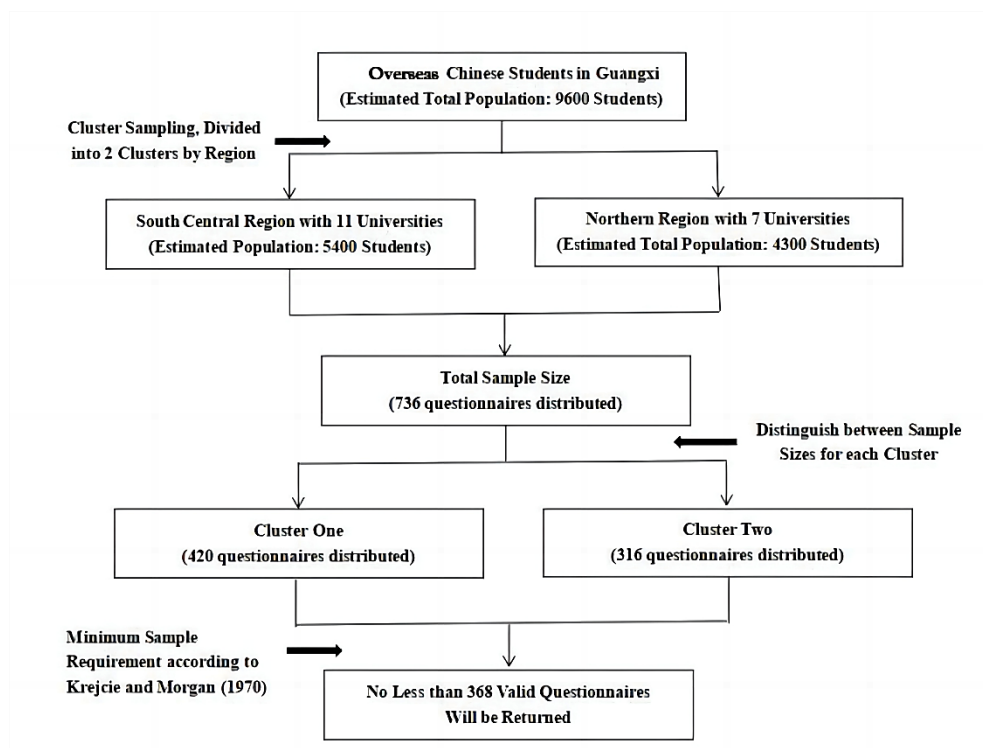


Figure 2 Sampling Framework

Due to the low geographic variability of the universities within each cluster, a random sample of three universities in each cluster is sufficiently representative. It permits convenient distribution and recovery of the questionnaires. The basic information of the six randomly selected universities is shown in Table 4.

Table 4 Distribution of Selected Respondents

| Region | No. | Universities | Selected Populations | Sample Size | Minimum Recovery | % |
|----------------------|-----|---|----------------------|-------------|------------------|------|
| South Central Region | 1 | Guangxi University | 1,100 | 242 | 121 | 57% |
| | 2 | Guangxi University of Finance and Economics | 450 | 100 | 50 | |
| | 3 | Beibu Gulf University | 350 | 78 | 39 | |
| Northern Region | 1 | Guilin University of Electronic Technology | 750 | 164 | 82 | 43% |
| | 2 | Guilin Tourism University | 500 | 108 | 54 | |
| | 3 | Hezhou University | 200 | 44 | 22 | |
| Total | | | 3,350 | 736 | 368 | 100% |

Data collection is accomplished in a face-to-face manner. Paid by the researcher, the assistance of the international student coordinators of the six selected universities is requested due to the fact that they have the registration lists of overseas Chinese students, which are kept confidential. Questionnaire distribution through the coordinators allows direct positioning of the target respondents. The questionnaire started on November 15, 2022, and ended on November 30. Qualifying respondents are approached at international colleges of six universities by using a simple random sampling procedure. A total of 525 questionnaires are collected. Excluding 43 questionnaires with missing answers, 482 valid questionnaires are obtained for the quantitative analysis. The socio-demographic characteristics of the samples are shown in Table 5.

Table 5 Structure of Respondents (N = 482)

| Indicators | Items | % | Items | % |
|--------------------|---------------------------|-------|---|-------|
| Gender | Male | 47.44 | Female | 52.56 |
| Age | 18–22 | 68.30 | 23–25 | 29.57 |
| | Over 25 | 2.13 | | |
| Nationality | Thailand | 28.73 | Vietnam | 20.61 |
| | Malaysia | 20.12 | Burma | 13.49 |
| | Laos | 7.39 | Others | 9.66 |
| University | Guangxi University | 26.86 | Guangxi University of Finance and Economics | 16.57 |
| | Beibu Gulf University | 11.62 | Guilin University of Electronic Technology | 22.67 |
| | Guilin Tourism University | 14.28 | Hezhou University | 8.00 |
| | | | | |
| Specialty of study | Management | 30.60 | Linguistics | 13.15 |
| | Computing | 30.31 | Education | 14.79 |
| | Others | 11.15 | | |

Of the 482 questionnaires, there are more female respondents (52.56%) than male (47.44%). Most of these overseas Chinese students are from Thailand (28.73%), Vietnam (20.61%), and Malaysia (20.12%). Five of the eighteen universities have contributed a larger sample size. It is consistent with their academic rank and international educational visibility in Guangxi. Of these, Guangxi University, Guangxi University of Finance and Economics, and Beibu Gulf University are located in the cluster of south-central regions, and the number of questionnaires used is 256. Meanwhile, Guilin University of Electronic Technology, Guilin Tourism University, and Hezhou University are from the northern region, and the number of questionnaires used is 226. The percentage of returned available questionnaires to each university is also consistent with the sample size. Among all respondents, 18–22 years dominate (68.30%), which may be related to the internationalization of educational resources in Guangxi toward undergraduate degrees. In addition, the selection of specialties is most popular among students studying management (30.60%) and computing (30.31%).

Analysis

Data analysis starts with factor analysis. As suggested by Cudeck (2000), factor analysis can effectively test the correlation, variability, and stability among all question items to determine further the validity of the explanatory capacity of the overall variables. In addition, due to the new variable of cultural attachment introduced in the research, the inter-dimensional relationship of the quantitative model needs to be further examined. It needs to be tested by Exploratory Factor Analysis (EFA). Another important purpose of EFA is to retain the number of valid factors and reduce the number of question items that may produce errors (McDonald, 2014). The principal component factor extraction method is used here and takes the form of an oblique inversion to derive the factor values for each question item.

As recommended by Santana and Sevilha Gosling (2018), the validity of factor analysis can be verified from Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO) test of sampling adequacy. The reference criterion selected herewith, which is limited to a minimum value of KMO not less than 0.6, is comparable to previous literature (Bahkia et al., 2019). Above this range, it is possible to ensure that the factor loading values are compatible with the needs of further analysis. Bartlett's test of sphericity is then referenced to the significance criterion of $p < 0.05$. After sequentially conducting EFA for each dimension, all variables satisfy the above standards.

EFA assists in sifting out the less explanatory items and stabilizes the structure of the dimension. Items with a factor loading greater than 0.6 are retained. Items like IF2, IF4, TM2, CA2, CA8, CA9, and AFF4 do not reach the above standard, so they are deleted. The remaining factor loading results are shown in Tables 6 and 7. The Explained Variance (EV) of all dimensions after removing items exceeds 50%, and the strength of inter-correlation among items is all greater than 0.3 (Asuero et al., 2006). The set structure is considered to have favorable validity.

Relying on the factor loading values of the remaining items informed by the validity analysis, the analysis can proceed to the subsequent step of calculating the convergent validity among the variables (Average Variance Extracted (AVE)), simple reliability (Cronbach's coefficient alpha), and composite reliability. As shown in Table 8, the calculated values of items retained in each dimension for both simple and composite reliability are higher than the required minimum value of 0.7. They represent a more stable internal consistency of the inter-dimensional constructs (Cronbach & Shavelson, 2004).

On the other hand, the convergent validity is calculated from the average variance of the retained items in each dimension. According to Hair et al. (2005), convergent validity indicators with reference values more than 0.5 should typically be retained, which can bring significant benefits to the model analysis. The AVE values of all dimensions in the research are within this reference range. Hence, the remaining items are further retained.

The research also employs PLS correlation analysis to test the path coefficients of each variable. Most dimensions exhibit significant path coefficients ($p < 0.001$, $p < 0.05$), except for

informational familiarity and tourism motivation's impact on the affective image and tourism motivation's effect on the conative image. The EV (R2) for cognitive, affective, and conative images as dependent variables is 0.610, 0.617, and 0.694, respectively. These values indicate that the regression analysis between dependent and independent variables yields explanatory results, validating the analysis conducted. Figure 3 illustrates the outcomes of the PLS path analysis.

Table 6 Exploratory Factor Analysis (EFA) Results of Retained Items

| Items | Factor loading results | | | | | |
|-------|------------------------|-------|-------|-------|-------|-------|
| | 1 | 2 | 3 | 4 | 5 | 6 |
| IF1 | 0.728 | | | | | |
| IF3 | 0.701 | | | | | |
| IF5 | 0.773 | | | | | |
| IF6 | 0.744 | | | | | |
| IF7 | 0.796 | | | | | |
| IF8 | 0.841 | | | | | |
| IF9 | 0.737 | | | | | |
| TM1 | | 0.703 | | | | |
| TM3 | | 0.781 | | | | |
| TM4 | | 0.784 | | | | |
| TM5 | | 0.652 | | | | |
| CA1 | | | 0.639 | | | |
| CA3 | | | 0.727 | | | |
| CA4 | | | 0.775 | | | |
| CA5 | | | 0.753 | | | |
| CA6 | | | 0.781 | | | |
| CA7 | | | 0.726 | | | |
| CA10 | | | 0.694 | | | |
| COG1 | | | | 0.656 | | |
| COG2 | | | | 0.673 | | |
| COG3 | | | | 0.770 | | |
| COG4 | | | | 0.781 | | |
| COG5 | | | | 0.784 | | |
| AFF1 | | | | | 0.830 | |
| AFF2 | | | | | 0.771 | |
| AFF3 | | | | | 0.713 | |
| AFF5 | | | | | 0.742 | |
| CON1 | | | | | | 0.824 |
| CON2 | | | | | | 0.749 |
| CON3 | | | | | | 0.749 |
| CON4 | | | | | | 0.765 |
| CON5 | | | | | | 0.777 |

Table 7 Exploratory Factor Analysis (EFA) Results of Validity Indicators

| Variables | KMO | Bartlett's Test | df | EV | Inter-Correlation |
|-----------|-------|-----------------|----|--------|----------------------|
| IF | 0.802 | p < 0.001 | 21 | 62.01% | Retained items > 0.3 |
| TM | 0.702 | p < 0.001 | 6 | 58.98% | Retained items > 0.3 |
| CA | 0.887 | p < 0.001 | 21 | 53.18% | Retained items > 0.3 |
| COG | 0.806 | p < 0.001 | 10 | 54.02% | Retained items > 0.3 |
| AFF | 0.766 | p < 0.001 | 6 | 58.56% | Retained items > 0.3 |
| CON | 0.826 | p < 0.001 | 10 | 59.82% | Retained items > 0.3 |

Note: IF: informational familiarity, TM: tourism motivation, CA: cultural attachment, COG: cognitive image, AFF: affective image, CON: conative image, KMO: Kaiser-Meyer-Olkin, df: degree of freedom, and EV: Explained Variance.

Table 8 Reliability Test Results for Each Dimension

| Dimensions | No. of Items | Cronbach's Alpha | Composite Reliability | Average Variance Extracted (AVE) |
|---------------------------|--------------|------------------|-----------------------|----------------------------------|
| Informational familiarity | 7 | 0.794 | 0.797 | 0.580 |
| Tourism motivation | 4 | 0.703 | 0.709 | 0.536 |
| Cultural attachment | 7 | 0.845 | 0.848 | 0.532 |
| Cognitive image | 5 | 0.783 | 0.784 | 0.540 |
| Affective image | 4 | 0.747 | 0.747 | 0.602 |
| Conative image | 5 | 0.833 | 0.835 | 0.600 |

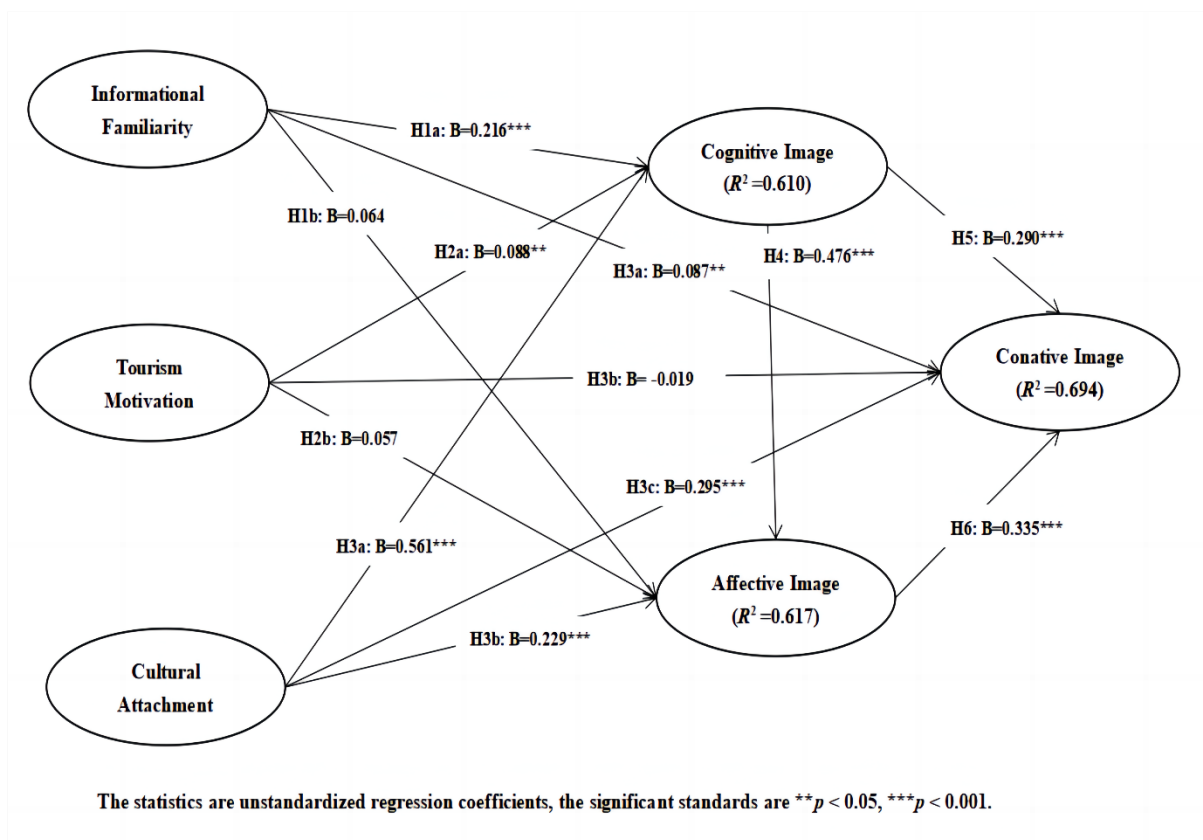


Figure 3 Results of Path Analysis

The research uses multiple regression analysis to assess the significant linear relationships between independent and dependent variables. The correlation data from this analysis serves to validate the earlier hypotheses. Key quantitative findings are presented in Table 9.

Table 9 Detailed Data Results for Regression Analysis

| DV | IV | Unstandardized Coefficient | | Standardized Coefficient β | t | p | 95.0% CI for B | | VIF | R ² |
|-----|----------|----------------------------|--------|----------------------------------|--------|-------|----------------|-------|-------|----------------|
| | | B | Std. E | | | | Low | High | | |
| COG | Constant | 1.002 | 0.180 | | 5.569 | 0.000 | 0.649 | 1.356 | | 0.610 |
| | IF | 0.216 | 0.036 | 0.219 | 5.946 | 0.000 | 0.144 | 0.287 | 1.656 | |
| | TM | 0.088 | 0.031 | 0.104 | 2.875 | 0.004 | 0.028 | 0.148 | 1.596 | |
| | CA | 0.561 | 0.038 | 0.564 | 14.909 | 0.000 | 0.487 | 0.634 | 1.752 | |
| AFF | Constant | 1.262 | 0.176 | | 7.169 | 0.000 | 0.916 | 1.607 | | 0.617 |
| | IF | 0.064 | 0.036 | 0.068 | 1.794 | 0.074 | -0.006 | 0.134 | 1.778 | |
| | TM | 0.057 | 0.029 | 0.070 | 1.948 | 0.052 | -0.001 | 0.114 | 1.623 | |
| | CA | 0.229 | 0.043 | 0.241 | 5.307 | 0.000 | 0.144 | 0.314 | 2.567 | |
| | COG | 0.476 | 0.034 | 0.498 | 10.989 | 0.000 | 0.391 | 0.561 | 2.562 | |
| CON | Constant | 0.194 | 0.181 | | 1.072 | 0.284 | -0.162 | 0.549 | | 0.694 |
| | IF | 0.087 | 0.035 | 0.085 | 2.494 | 0.013 | 0.018 | 0.156 | 1.790 | |
| | TM | -0.019 | 0.029 | -0.022 | -0.668 | 0.505 | -0.075 | 0.037 | 1.636 | |
| | CA | 0.295 | 0.043 | 0.285 | 6.816 | 0.000 | 0.210 | 0.380 | 2.718 | |
| | COG | 0.290 | 0.047 | 0.279 | 6.128 | 0.000 | 0.197 | 0.383 | 2.910 | |
| | AFF | 0.335 | 0.045 | 0.307 | 7.491 | 0.000 | 0.247 | 0.423 | 2.611 | |

Regression Equation:

COG = 1.002 + 0.216IF + 0.008TM + 0.561CA.

AFF = 1.262 + 0.064IF + 0.057TM + 0.229CA + 0.476COG.

CON = 0.194 + 0.087IF - 0.019TM + 0.295CA + 0.290COG + 0.335AFF.

Note: IF: informational familiarity, TM: tourism motivation, CA: cultural attachment, COG: cognitive image, AFF: affective image, CON: conative image, DV: dependent variable, IV: independent variable, t: regression t-coefficient, p: significance, CI: confidence interval, B: unstandardized coefficient, Std.E: standard error, β : standardized coefficient, and VIF: Variance Inflation Factor. R² indicates the explanatory capacity of the independent variable for the dependent variable.

The comprehensive analysis reveals that the values of Variance Inflation Factor (VIF) are below 3 in the path analysis for all dimensions. The result suggests the absence of high correlation issues between dimensions, affirming the credibility of the research findings (Hair et al., 2005). Additionally, the standardized coefficients (β) for informational familiarity influencing cognitive and conative images stand at 0.219 and 0.085, respectively, with corresponding t-values of 5.946 and 2.494. The effect of informational familiarity as an independent variable on the cognitive image ($p < 0.001$) and conative image ($p < 0.05$) is significant. Hence, H1a and H1c are confirmed. However, the effect of informational familiarity on the affective image is insignificant in the results, so H1b does not persist. Therefore, H1 is partially supported by the effect of informational familiarity on perceived images.

In contrast, in the test of the effect of tourism motivation on the three internal factors of perceived image, only the effect against the cognitive image is significant ($p < 0.01$, $t = 2.875$). It means that H2a is supported while H2b and H2c are not. It is noteworthy that tourism motivation even has a significantly negative effect on conative image ($\beta = -0.022$, $t = -0.668$).

In particular, the effect of cultural attachment on perceived image is the most significant among the three factors of external influence on perceived image discussed in the model. The effects of cultural attachment on the cognitive, affective, and conative images are all within

the significant criteria $p < 0.001$ with t-values of 14.909, 5.307, and 6.816, respectively. Thus, H3, H3a, H3b and H3c are validated.

Moreover, the remaining three hypotheses (H4, H5, and H6) are also validated. The interplay of the three factors within the perceived image is more stable. Both the influence of cognitive image on the affective image ($\beta = 0.498$, $t = 10.989$) and conative image ($\beta = 0.279$, $t = 6.128$) or the influence of affective image on conative image ($\beta = 0.307$, $t = 7.491$) are at relatively higher significant levels ($p < 0.001$).

The research results validate the proposed research model to some extent, and the analysis supports most of the hypotheses regarding the relationship between the dimensions. Firstly, the new concept of cultural attachment focused on and incorporated in this model is confirmed to be highly correlated with the CAC in perceived image architecture previously suggested by Agapito et al. (2013). Due to cultural homogeneity, tourists have a receptive perception of the tourism and culture of their national country of origin (Sánchez-Rivero & Pulido-Fernández, 2011). This psychological attachment tendency is ethnoculturally centripetal.

In contemporary times, when immigrant culture is highly developed, the test of the relationship between cultural attachment and tourism image is beneficial in helping tourists with a desire to return to their country or homeland to achieve their tourism objectives. To some extent, this is a further requirement for tourism market segmentation. While developing compatible tourism products, tourism service providers should focus on the root appeal contained in a cultural attachment to broaden the channels for cross-cultural adaptation and the destination tourism image. The results of the hypotheses are shown in Table 10.

Table 10 Hypothetical Results

| Hypothesis | Independent Variable | Dependent Variable | Result |
|------------|---------------------------|--------------------|-------------------|
| H1 | Informational familiarity | | Partial supported |
| H1a | | Cognitive image | Supported |
| H1b | | Affective image | Not Supported |
| H1c | | Conative image | Supported |
| H2 | Tourism motivation | | Partial supported |
| H2a | | Cognitive image | Supported |
| H2b | | Affective image | Not Supported |
| H2c | | Conative image | Not Supported |
| H3 | Cultural attachment | | Supported |
| H3a | | Cognitive image | Supported |
| H3b | | Affective image | Supported |
| H3c | | Conative image | Supported |
| H4 | Cognitive image | Affective image | Supported |
| H5 | Cognitive image | Conative image | Supported |
| H6 | Affective image | Conative image | Supported |

In addition, the test results confirm the valid role of the cultural attachment dimension, enabling a wealthier and more precise study of destination images. Previous studies have focused on place attachment and community attachment and the behaviors of domestic

tourists or local residents related to tourism activities (Silva et al., 2013; Styliadis, 2020). Cultural attachment provides a further valuable reference from the perspective of internationalization and culturally homogenous interactions. Among the three factors influencing the CAC structure of the perceived image, the influence of cultural attachment on the cognitive image is more significant ($\beta = 0.564$, $t = 14.909$, $p < 0.001$). Therefore, tourists like international students can better understand the overall environment of the destination in the process of having a predisposition for culture. It helps to deepen their knowledge about the destination and serves the purpose of promotion.

The research continues to examine the important dimensions of informational familiarity and tourism motivation recommended in previous studies. Some results are consistent with previous findings, although some hypotheses have not been confirmed (Santana & Sevilha Gosling, 2018). With deeper contact with the destination, the experienced traveler's perception of the ground tends to override some of the antecedent effects of perceived image formation. Some re-tourists form composite perceptual images by virtue of their cognitive and emotional connections to the destination, which are often hardly influenced by other sources of information. They do not need to rely on separate motivations to drive behavior. Hence, it means that when dealing with this customer segment, it is more important for tourism service providers to focus on enhancing the visitor's experience during each trip.

On the other hand, the significant effective correlation of the three factors within the CAC of the perceived image is reconfirmed to be consistent with the previous literature (Agapito et al., 2013). The perception of the environment, atmosphere, and facilities related to the place of residence contained in the cognitive image significantly influences overseas Chinese students' emotional and action responses to the tourism and culture of the place of residence. Similarly, the interests and preferences represented by the affective image also influence the composite image formed by overseas Chinese students' further intentions. This result further suggests the importance of reinforcing perceptions of tourism. In other words, Guangxi should further enhance its services for overseas Chinese students in the process of tourism promotion to improve their tourism experience during their stay. This subliminal image will provide crucial persuasive messages to promote tourism image to other travelers in the future.

As the endpoint of the model, the examination of the conative image is crucial. The research conclusion on overseas Chinese students is ultimately to make them a part of the internationalization of Guangxi's tourism image. Among all the dimensions that have an impact on the conative image, the data are affective image ($\beta = 0.307$), cultural attachment ($\beta = 0.285$), cognitive image ($\beta = 0.279$), and informational familiarity ($\beta = 0.085$) in descending ranking. All effects are significantly positive, except tourism motivation, which produces a small negative correlation. The validation results extend the discussion of factors related to the perceived image formed by travelers' intentions and support the views of some previous studies (Agapito et al., 2013; Pike & Ryan, 2004). It is worth mentioning that the important role of cultural attachment in the volitional feedback on perceived image composition is likely to lead to its application to other aspects of the study of travelers' behavior.

Conclusion

The tourism image holds significance within marketing strategies. It embodies the impression and perception of a destination or tourism offering, directly impacting tourist decision-making. A favorable and captivating tourism image can draw in more tourists, amplifying the destination's allure and visibility. Cultivating a positive image through marketing tactics and promotional endeavors stimulates tourism expansion, bolsters visitor numbers, and fortifies a destination's competitiveness. Moreover, a strong tourism image fosters enduring tourist loyalty and encouraging repeated selections of the destination or product, which underpins sustained business growth. After realizing the above values, this research further comprehensively constructs a framework for the composition of perceived images that includes the dimension of cultural attachment. From the results, this research is a valuable reference and contribution in both academic and practical fields.

In the academic field, the research is an attempt at interdisciplinary theoretical integration, relying primarily on psychology's in-depth exploration of cultural connections in response to attachment theory to go towards the psychological construction of a perceived image for a specific tourist. To a certain extent, it can help to analyze the research on tourist images based on the need for market segmentation. For tourism development, the research is specific to the particular object of cultural attachment groups. It can help to develop the economic relations in tourism constructed by same-race or same-culture travelers from different countries. It provides a research reference for practitioners working to promote this type of tourism market. It is worth noting that the respondents selected for the research are overseas Chinese students, which is in line with Guangxi's overseas strategic purpose for image promotion.

The limitation of the research is that the selection of respondents is strictly controlled to be overseas Chinese students from ASEAN, and while this is a precise aid to marketability, whether these empirical groups can be aligned with the rest of the Chinese diaspora should be studied further. In conclusion, the research incorporates a new dimension of cultural attachment and designs a more comprehensive framework of perceived image composition based on the CAC model, which has not been fully discussed in previous studies. The research combines the scientific theories of tourism and psychology and self-innovation while validating some previous ideas. Although the interviewed group has some limitations, the research still has sufficient academic reference value.

In the future, subsequent studies can select international students from different geographical regions or different identity backgrounds for mediated or moderated comparative analysis on the basis of this study. It can also conduct different research practices to further explore the role of international students as a group in perceived tourism image communication.

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Role of Socioeconomic Uncertainty on Foreign Direct Investment (FDI) Inflows and Economic Growth in ASEAN

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Abstract

The interconnectedness begins with active trade and foreign investment flowing to the host country, making the economies in the world integrated into one another. Unfortunately, the rise of interconnectedness has sky-rocketed uncertainty. Economists then build the considered socioeconomic index, namely the World Uncertainty Index (WUI). This research aims to determine whether such an index can affect Foreign Direct Investment (FDI) inwards and economic growth, especially in ASEAN. We use yearly data of FDI inflows, economic growth, and WUI as a proxy for the global level of domestic uncertainty, inflation, and real effective exchange rate from 2015 to 2019 for each ASEAN member state. We estimate a System Generalized Method of Moments (Sys-GMM) to see the dynamic relationship and the short- and long-run effect of the socioeconomic uncertainty proxies with respect to FDI inflows and economic growth. The results show that the uncertainty index with respect to FDI inflows and growth has been negative and significant. Meanwhile, only FDI inflows sensitively respond to socioeconomic uncertainty in the long run, despite the growth for ASEAN member state.

Keywords: socioeconomic uncertainty, FDI inflows, economic growth, ASEAN

Introduction

Uncertainty is assumed to have adversely affected investment and, later, economic growth (Bloom et al., 2007). Investment is considered important in boosting national output, based on the Solow-Swan model combined with the Cobb-Douglas Function and Harrod-Domar model. With the urgency of heightened uncertainty, economists have built an index to measure uncertain conditions. One of the uncertainty indexes made by economists is named the World Uncertainty Index (WUI). This index is based on data mining and taken from the Economist Intelligence Unit (EIU). This index aims to enhance the scope of socioeconomic uncertainty.

Ahir et al. (2018) found that foreign investors might reduce their investment according to the possibility of uncertainty arising. Then, Carrière-Swallow and Céspedes (2013) and Cheng (2017) figured out that rising uncertainty outside of a country could harm the domestic economy when the country was linked to trade and investment activities. Next, Canh et al. (2020) suggested that countries—especially those categorized as emerging economies—should be aware of the uncertain climate.

Most emerging economies are located in Asia, specifically in Southeast Asia. The fully known and recognized organization is ASEAN (an acronym for Association of Southeast Asia Nations). It is a political and economic union of 10 member states in Southeast Asia, remarking to be one of the most prominent multilateral agreements that helps its members in any kind of international activities. Established in 1967, the members now are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. Subsequently, the ten members of ASEAN have agreed to accelerate economic growth and promote regional peace and stability as well as active collaboration and mutual assistance (Hill & Menon, 2010).

ASEAN has been experiencing rapid growth for the past 25 years. It is, by far, not limited to a steady and conducive socioeconomic climate through expanding cooperation and economic dynamism that has created a virtuous cycle. Nevertheless, this economic integration is expected to last in the long run. There is a need to assess the long-run foundations of ASEAN economic cooperation of openness and convergence to reach a long-run objective of structural economic transformation and keep the rapid economic growth in ASEAN (Verico, 2022).

The open economy can be seen by the amount of Foreign Direct Investment (FDI) inflows to the country. It is built by several macroeconomic variables that will affect the inflows of the host country. Globally, ASEAN is considered one of the most attractive destinations for foreign investors. The progressive economic integration within the region has leveled up the percentage of FDI inwards.

However, ASEAN is seen to be unable to respond decisively under uncertain conditions (Hill & Menon, 2010). According to Verico (2022), ASEAN has yet to achieve economic convergence, which is one of the foundations for reaching stability and sustainable economic integration. The socioeconomic issues, such as unresolved intra- and extra-regional territorial

disputes, domestic friction, external shocks from developed countries, water-energy-food security, and lack of disaster management, still haunt most ASEAN members to keep the stability. According to Sari and Prasetyani (2021), ASEAN countries are predominantly developing countries that are rapidly adapting to global changes. Hence, instability is another challenge for further FDI inflows and later economic growth as investment remains important to boost ASEAN economic growth.

It is essential to understand and analyze the effect of socioeconomic uncertainty subject to FDI inflows and economic growth, seeing that uncertainty can harm the rest of the world. A study about the effect of uncertainty has been conducted before, but it has never been done in Southeast Asia. To discover the effect of uncertainty in ASEAN countries, we will use the two-step System Generalized Method of Moments (Sys-GMM) due to endogeneity issues within FDI inflows and economic growth, as found in prior studies. Furthermore, the study will also discover the possible existence of the long-term effect of the uncertainties on FDI inflows and economic growth to complete the scope of the research.

Literature Review

Foreign Investment Inflows and Economic Growth

FDI inflows are presumed to push the new technological combination in production function at the host country (Borensztein et al., 1998). It has been found that FDI has a positive impact on economic growth (Basu et al., 2003). According to Verico and Pangestu (2021), the relationship between FDI inflows and economic growth can be explained by the Solow growth model. Economic growth is linked to FDI inflows through technological transfers and advanced technology to drive research and development that requires investment. It is also stated that the interconnection of FDI to economic growth is from the balance of payment (Krugman et al., 2018). FDI has been a consistently necessary source of capital in emerging countries.

However, it has also been found that the more a country depends on foreign investment from a particular country, the more it can affect the host country's economic growth (Komariyah et al., 2019). Another research finds that direct investment flow in several business sectors, such as mining, can contribute to slower economic performance (Khaliq & Noy, 2007). It is also argued that the proofing evidence is caused by differences in technological absorption between countries of origin and destination countries so that it will outperform the economic growth of the go-to country (Stockhammar & Österholm, 2016). Another notable gap in the literature is how FDI and economic growth, which are assumed to have an endogenous relation, do not have a causality (Agya & Wunuji, 2014).

Although there are several arguments about this topic, most studies agree that the service of FDI inflows can affect economic growth, especially in emerging economies. Otherwise, the growth rate of Gross Domestic Product (GDP) can also affect the FDI inflows

to come. According to Jana et al. (2019), FDI inflows in more rapidly growing markets can be higher than inflows in countries with advanced economies. It is because the investment can trigger a more open and better infrastructure, and it will also give positive feedback to the investors.

Measurement of Uncertainty

Economic uncertainty is knowingly divided into two and has been measured as indexes. The first index was founded in 2016 named Economic Policy Uncertainty (EPU) (Baker et al., 2016). This index reflects the frequency of articles in several leading local newspapers (approximately 10 local newspapers) in a country that contains “economic” or “economy” and “uncertain” or “uncertainty” words. The index also takes into account what economists or experts have mostly said about the economic situation, whether there will be a crisis happening or not relating to the possibility of uncertainty happening as a proxy for uncertainty. After the reports are collected, the raw counts are then scaled by the total number of articles in the same newspaper and month. BBD has standardized each monthly newspaper-level series to unit standard deviation from the year the reports are released and average across the ten papers by month.

The second index is World Uncertainty Index (WUI) built by Ahir et al. (2018). The difference between Economic Policy Uncertainty (EPU) and WUI lies in where the data are obtained. WUI takes data from EIU reports by The Economist and the country’s economic report covering politics, economic policy, domestic economy, and overall impact on the country’s risk. According to Ahir et al. (2018), using the global EPU index is suggested because it is more related to global nature than what WUI does. However, WUI can be the best tool to project the uncertainty of a country. All indices in WUI for each country have been computed by counting the frequency of the world uncertainty (or its variant) in EIU country reports. The indices are normalized by total number of words and rescaled by multiplying by 1,000. A higher number means higher uncertainty and vice versa. The computing method is not really different compared to the EPU one.

The Effect of Uncertainty on the Economy

Uncertainty has recently been an important factor in slower economic growth in several countries that can impact the economy to grow (Bloom, 2014). With uncertainty, households will have a portfolio choice between capital and riskless bonds. However, prior findings suggest that uncertainty has no effect on investment because firms invest as long as the value of new capital exceeds the cost of acquiring it (Romer, 2012). Reversely, according to Bloom et al. (2018) foreign investors may reduce their investment and do a ‘wait-and-see’ because it is considered costly if there are reversed investments happening. It has also been found that uncertainty has directly impacted the economy (Canh et al., 2020). It is also suggested that uncertainty has an adverse effect on economic growth, both in advanced and developing markets (Trung, 2019).

The significant volatility of uncertainty in emerging markets is pointed out between the 2007 global financial crisis and the 2009 European debt crisis, seeing the direction and pattern of volatility links (Liow, 2015). However, the impact of the European sovereign debt crisis is weaker than the impact of the collapse of Lehman Brothers. According to Constatinescu et al. (2020), rising policy uncertainty can reduce trade through the GDP growth rate. The uncertainty may also affect trade directly, affecting firms' decisions to serve foreign markets or source inputs internationally through their investment activities. Strong uncertainty about the GDP growth rate is proven to have a negative listing effect on mergers and acquisitions (Kim et al., 2021). This result goes along with Romer (2012) stating that uncertainty can happen because of asymmetric information that grows among investors.

The uncertainty about U.S. and European fiscal, regulatory, and monetary policies contributed to an economic step-back in the 2008 global financial crisis, according to the economic reports by Board of Governors of the Federal Reserve System (2010) and International Monetary Fund (2012). Macroeconomic uncertainty caused a negative impact on FDI flow in 40 Sub-Saharan African countries from 1996–2011, according to Asamoah et al. (2016). It is also found that the increases in domestic EPU have a significant negative impact on FDI inflows in a sample of 21 economies over 2003–2014 (Canh et al., 2020).

Some indirect effects are found, such as a fall in FDI caused by increasing EPU index, both at global and domestic levels. This fall in domestic economic activities, especially the prospect of future economic performance, can reduce FDI inflows due to the decreasing attraction from host countries (Caggiano et al., 2017). Most countries worldwide, especially those categorized as emerging economies, have a significantly higher risk of uncertainty (Ahir et al., 2018).

ASEAN as Regional Economic Integration

ASEAN, Association of Southeast Asia Nations, was established on 8 August 1967. It started with five original member countries: Indonesia, Malaysia, Singapore, Thailand, and the Philippines. The multilateral agreement body consisted of ten member states, followed by Myanmar, Lao PDR, Vietnam, Brunei Darussalam, and Cambodia. This multilateral body of agreement was committed to transforming Southeast Asia's economic integration through trade and investment activity. The 1967 Bangkok Declaration objectively pointed out these issues in forming the ASEAN to accelerate economic growth, promote regional peace and stability, and promote active collaboration (Hill & Menon, 2010).

ASEAN made several agreements and talks to promote convergence to sustain growth, such as the ASEAN Economic Community (AEC) at the end of 2015 to be more cooperative and integrated. It had some prior projects in economic cooperation projects, such as the ASEAN Industrial Project (AIP), the ASEAN Industrial Complementation (AIC), and the ASEAN Preferential Trade Agreement (PTA) for trade liberalization. Alas, the project did not achieve its objective, so in 2015, it decided to implement the AEC Blueprint as submitted in November 2007 at the 13th ASEAN Summit. The AEC aimed to establish ASEAN as a single market and production base, a highly competitive region, an economic region, an equitable

economic development region, and a region fully integrated into the global economy (Ishikawa, 2021).

In setting up a building block for its economic transformation, an open economy is a way for ASEAN. The transformation from intra-trade to intra-FDI inflows must be completed to attract investment creation (FDI inflows) from non-ASEAN member states with economic convergence. The open economy discloses an excellent chance for ASEAN to absorb positive spillover effects from various cooperations. Therefore, an open economy and economic convergence are conditions for ASEAN to have more vital and progressive regional economic integration (Verico, 2022).

Research Method

The research uses ASEAN member states' WUI subject to FDI inflows and GDP. The use of WUI as a proxy for socioeconomic uncertainty is because the index measuring uncertainty broadly covers both economic and political uncertainty rather than any other index (Anglingkusumo & Iyke, 2021). We also use inflation and real effective exchange rate to explain the relationship between the two variables of socioeconomic uncertainty towards the macroeconomy variables like FDI inflows and GDP growth.

The data are obtained from a dataset of ten ASEAN members: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam—ranging from 2015 to 2019. Including Brunei Darussalam and Singapore will not make the estimation biased because the proxy is based on the perception reported on the EIU. The two countries are considered high-income economies compared to other ASEAN member states (Hamadeh et al., 2022). However, as explained previously, using WUI captures their perception of the socioeconomic scope rather than only the economic sector.

There will also be a simultaneous model to investigate the impact of socioeconomic uncertainty's proxies subject to GDP growth and FDI inflows to ASEAN. A simultaneous equation system technique has already been built by Li and Liu (2005) to examine the endogenous relationship between FDI and economic growth. The model is presented and written as follows.

$$g_{i,t} = FDI_{i,t} + \delta X_{i,j,t} + \varepsilon_{i,t} \quad (1)$$

$$FDI_{i,t} = g_{i,t} + \delta X_{i,j,t} + \varepsilon_{i,t} \quad (2)$$

It has g as real economic growth and FDI as the ratio of FDI inflows and economic growth. The endogeneity issue between FDI and economic growth has been already there since the mid-1980s onwards (Li & Liu, 2005). FDI promotes economic growth not only directly by itself but also indirectly through their interaction terms.

Next, we proceed with the estimation and variables used by Canh et al. (2020), which are also adopted from several previous studies, such as Borensztein et al. (1994), Li and Liu (2005), and Biørn and Han (2017). The equations can be served as follows.

$$\log FDI_{i,t} = f(GDP_{i,t}, WUI_{i,t}, INF_{i,t}, \log REER_{i,t}) \quad (3)$$

$$GDP_{i,t} = f(\log FDI_{i,t}, WUI_{i,t}, INF_{i,t}, \log REER_{i,t}) \quad (4)$$

The presented models express the relationships between various economic variables. In Equation (3), $\log FDI_{i,t}$ (the logarithm of Foreign Direct Investment for country i at time t) is modeled as a function of Gross Domestic Product ($GDP_{i,t}$), a socioeconomic uncertainty index ($WUI_{i,t}$), inflation ($INF_{i,t}$), and logarithm of the Real Effective Exchange Rate ($\log REER_{i,t}$). Similarly, Equation (4) represents $GDP_{i,t}$ as a function of $\log FDI_{i,t}$, $WUI_{i,t}$, $INF_{i,t}$, and $\log REER_{i,t}$. The models can be expressed in a more detailed form, taking into account lagged variables and can be written as follows.

$$\log FDI_{i,t} = \alpha_0 \log FDI_{i,t-n} + \alpha_1 GDP_{i,t} + \alpha_2 WUI_{i,t} + \alpha_3 INF_{i,t} + \alpha_4 \log REER_{i,t} + \varepsilon_{i,t} \quad (5)$$

$$GDP_{i,t} = \beta_0 GDP_{i,t-n} + \beta_1 \log FDI_{i,t} + \beta_2 WUI_{i,t} + \beta_3 INF_{i,t} + \beta_4 \log REER_{i,t} + \varepsilon_{i,t} \quad (6)$$

Equation (5) uses the rate of FDI inflows ($\log FDI$) as its dependent variable. The independent variables are lag of $\log FDI$ inflows, GDP growth, WUI per country, inflation (INF), and log of the real effective exchange rate ($\log REER$). In contrast, Equation (6) uses GDP growth (GDP) as its dependent variable. The independent variables are the lag of GDP, log of FDI inflows ($\log FDI$), WUI per country, inflation (INF), and log of the real effective exchange rate ($\log REER$).

Real Effective Exchange Rate (REER) is a proxy to see the competitiveness of trade products with its trading partner (Astiyah & Santoso, 2005). The REER is expressed as an index number related to a base year. The most common practices to measure REER are based on the equilibrium value of the currency. It measures a country's trade capabilities and export-import conditions and detects the underlying factors of trade flow (Giordano, 2022).

Meanwhile, the inflation rate aims to see the expectation of the market in terms of uncertainty—prices and/or money supply. This metric is also considered important for investors to see their future income streams discount and determine how much value they can gain in today's money (Pizzinelli, 2022).

Our main concern from those two estimations is that we want to investigate whether the socioeconomic uncertainty index through WUI can detect a possible relationship subjecting to FDI inflows and GDP growth of ASEAN members (presented by the coefficients: α_2 and β_2). Table 1 shows the description of all datasets used in the research.

Table 1 Data Calculation and Description

| Variable | Definition | Unit | Sources |
|-------------------------------------|--|----------------|--|
| FDI Inflows (FDI) | Foreign Direct Investment (FDI) is the net inflow of investment to acquire a lasting management interest (10% or more of voting stock) in an enterprise operating in an economy other than the investor's. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. The data show net inflows (new investment inflows with less disinvestment) and is divided by GDP. | Percentage (%) | World Data Indicators |
| Gross Domestic Product (GDP) | The annual percentage growth rate of GDP at market prices is based on constant local currency. Aggregates are based on constant 2015 prices, expressed in U.S. dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. | Percentage (%) | World Data Indicators |
| World Uncertainty Index (WUI) | WUI is an index computed by counting the frequency of the world uncertainty (or its variant) based on EIU country reports. At least 143 countries have been included to compute the index. It is normalized by total number of words and rescaled by multiplying by 1,000. A higher number means higher uncertainty and vice versa. | Index | www.worlduncertaintyindex.com |
| Inflation (INF) | Inflation, as measured by the annual growth rate of the GDP implicit deflator, shows the rate of price change in the economy as a whole. The GDP implicit deflator is the ratio of GDP in current local currency to GDP in constant local currency. | Percentage (%) | World Data Indicators |
| Real Effective Exchange Rate (REER) | REER is a measure of the value of a currency against a weighted average of several foreign currencies divided by a price deflator or index costs. | Index | www.bruegel.org |

Source: Our analysis (2022)

There will be two hypotheses in the research regarding what dependent variables are used in each short-run regression. The hypotheses are:

a) Hypothesis from Equation (5)

H_0 = Socioeconomic uncertainty (α_2) does not negatively affect FDI inflows

H_1 = Socioeconomic uncertainty (α_2) does negatively affect FDI inflows

b) Hypothesis from Equation (6)

H_0 = Socioeconomic uncertainty (β_2) does not negatively affect GDP growth

H_1 = Socioeconomic uncertainty (β_2) does negatively affect GDP growth

In summary, the hypotheses are formulated to test the specific impact of socioeconomic uncertainty on FDI inflows and GDP growth. The expected signs for the coefficients (α_2 and β_2) are crucial in determining whether there is empirical support for the idea that socioeconomic uncertainty has a negative effect on these economic indicators. Thus, the expected sign for the coefficient result can fulfill the following requirements.

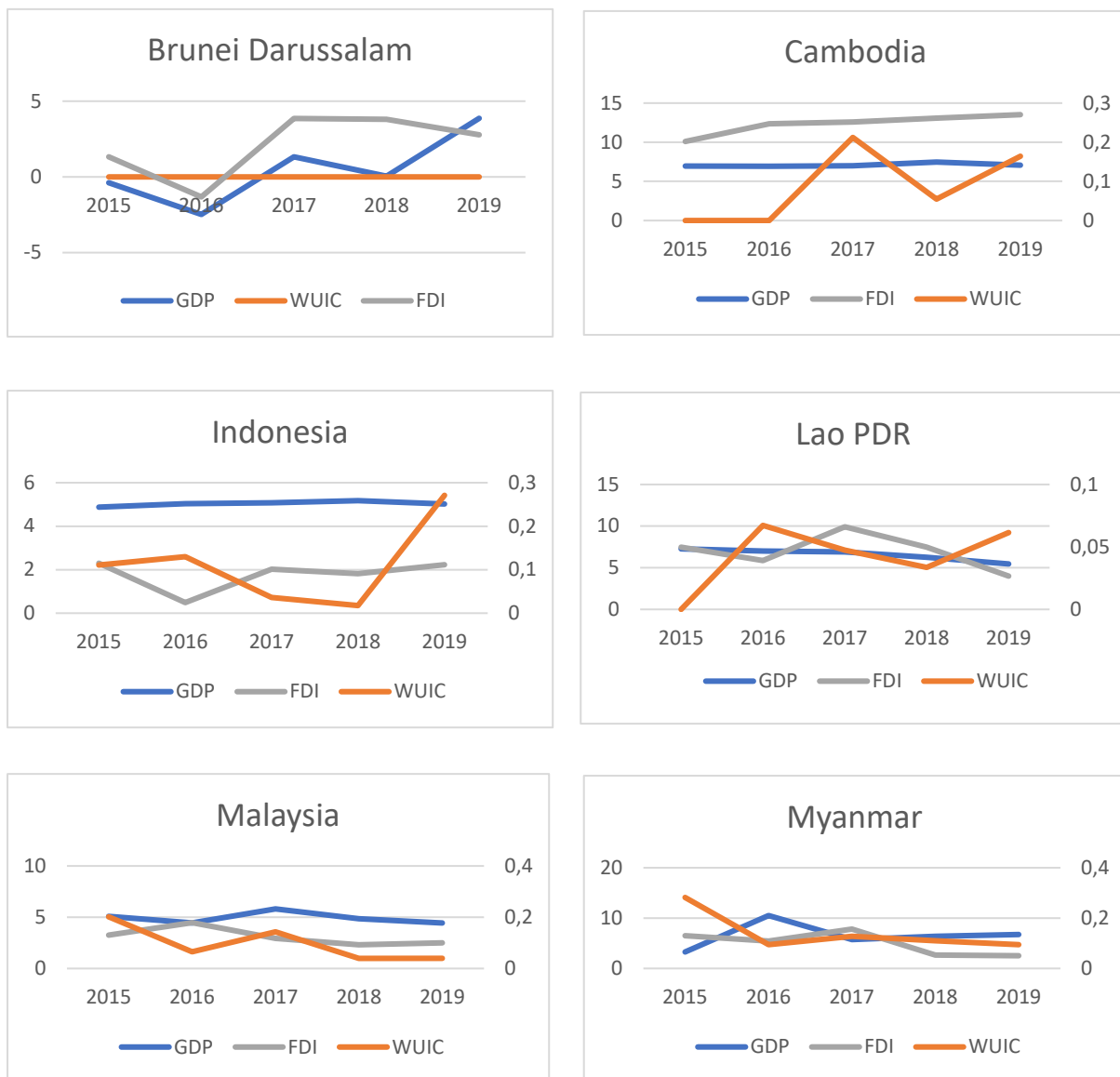
- $\alpha_2 \neq 0$, where $\alpha_2 < 0$, Equation (5)
- $\beta_2 \neq 0$, where $\beta_2 < 0$, Equation (3.6)

The research will also estimate the long-run socioeconomic uncertainty if the variable is statistically significant in short-run simulation. It is because of the error correction in the model. In contrast, the significant variable directly estimates the speed at which a dependent variable returns to equilibrium after a change in other variables. Although the concept is mainly taken from a common long-run stochastic trend, also known as cointegration, the dynamic panel data can detect which variable is determined in the long run. Changes that just are not possible to make in a short amount of time are realistic over a longer time frame (Lim et al., 2014).

The long run will exhibit a result of the elasticity response of the dependent variable subject to the variable of interest, which in the research is socioeconomic uncertainty. Similar to short-run estimation, we hope the hypotheses fulfill the requirements where α_2 and β_2 do not equal zero and have a negative sign to both dependent variables (FDI inflows and economic growth).

Analysis

The research aims to find how socioeconomic uncertainty can affect foreign investment inward and economic growth in ASEAN, as found by Canh et al. (2020) and Anglingkusumo and Iyke (2021) that if uncertainty is rising, FDI inflows and economic conditions will likely decrease. After we have partly compared the dynamics of socioeconomic uncertainty, FDI inflows, and economic growth, we can see Figure 1. We have compared those three variables into one graph for each member state.



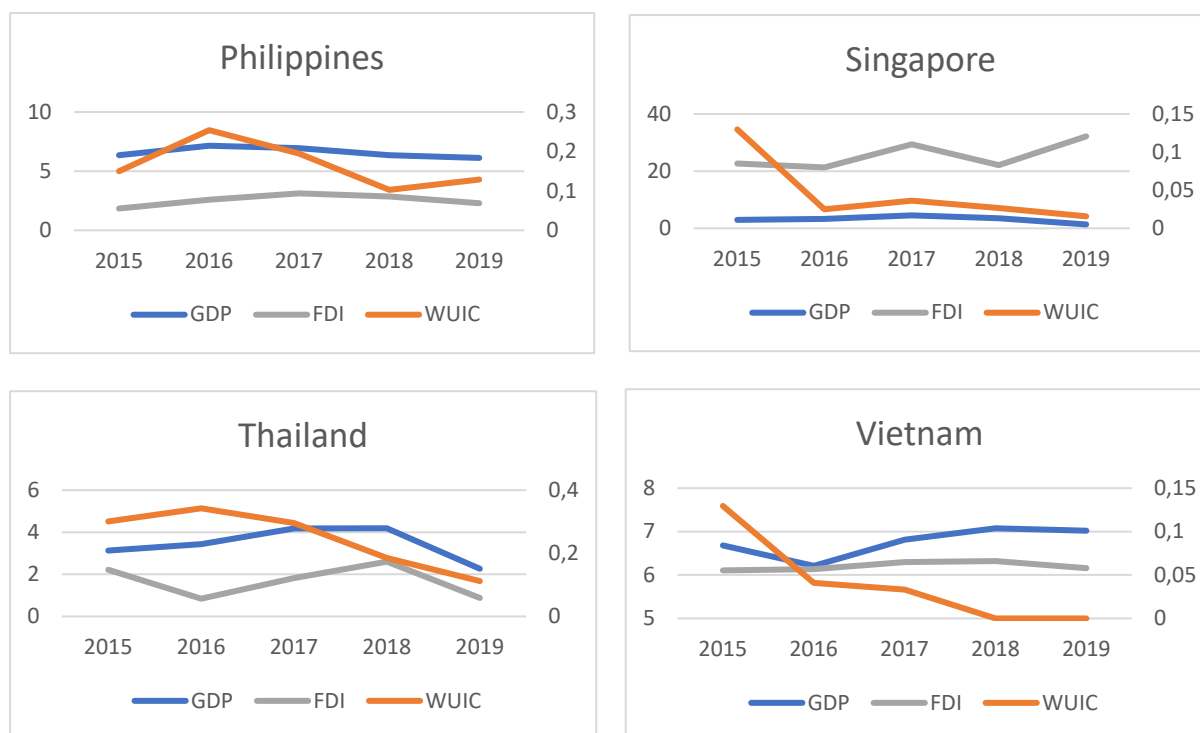


Figure 1 The Dynamics for each ASEAN Member State

Source: World Bank Data Indicators and www.worlduncertaintyindex.com, graphed by authors

In several member states like Thailand, Indonesia, Vietnam, Malaysia, and Myanmar, the socioeconomic uncertainty seems to have a similar movement to their FDI inflows and economic growth. The increasing uncertainty is a significantly declining output (Ahir et al., 2022). Meanwhile, other member states' uncertainty, FDI inflows, and GDP growth are fluctuating and tend to move incoherently. Some information regarding the numerical number from the data collection of this study, along with its number of observations, standard deviation, and minimum and maximum points of the data, are presented in Table 2.

Table 2 Descriptive Statistics

| Variable | Calculation | Observation | Mean | Std. Dev. | Min. | Max. |
|----------|--|-------------|--------|-----------|--------|--------|
| FDI | Foreign Direct Investment (FDI) net inflows (% of Gross Domestic Products (GDP)) | 50 | 6.71 | 7.31 | -1.32 | 32.17 |
| GDP | Real GDP growth (annual %) | 50 | 5.05 | 2.33 | -2.47 | 10.50 |
| WUI | World Uncertainty Index (WUI) per ASEAN country | 50 | 0.09 | 0.09 | 0 | 0.34 |
| INF | Inflation, GDP deflator (annual %) | 50 | 1.82 | 3.97 | -17.61 | 9.21 |
| REER | Real Effective Exchange Rate | 50 | 116.62 | 24.53 | 63.99 | 159.58 |

Source: Our analysis (2022)

The lowest FDI inflows to ASEAN members were experienced by Brunei Darussalam back in 2016. In OECD (2016), there was a decline in oil and gas prices, making it a challenge to its economy. Like many resource-driven countries, Brunei Darussalam was only putting its concern on sectors such as mining and quarrying and did not bat an eye to others. Meanwhile, the highest was experienced by Singapore, with a total percentage of FDI inflows to their country marked 32% in 2019. From the World Investment Report released by UNCTAD (2020), the 2019 was a record-breaking year for foreign direct investment in Singapore, with an increase of 15.5% to approximately USD92.1 billion.

Economic growth ranges from -2.47% to a maximum of 10.5% in our data. Brunei Darussalam experienced declining growth in the same year when oil and gas prices were exacerbated by global prices back in 2016. The highest GDP growth happened in Myanmar in 2017. Results from the government's effort to liberalize the economy through revised regulations and development strategies encouraged the private sector (Tang & Li, 2021).

Compared to other ASEAN members, Brunei Darussalam has the advantages of a politically stable government, macroeconomic stability, low taxes, low energy costs, low crime, and a pristine environment (OECD, 2016). It leads to a 0 rate of domestic uncertainty inside the country even though several mitigations are strategized to keep the climate right.

Ranging from 0 to 0.3425%, the highest domestic uncertainty experienced by one of the ASEAN members was Thailand in 2016. Thailand faced several domestic headwinds, such as severe drought, subdued exports, and heightened volatility in the global financial market, which increased domestic uncertainty (Bank of Thailand, 2016).

REER captures the weighted average of a country's currency related to an index or basket of other major currencies. It includes price indices and their trends, instead of only accounting for the differences in purchasing power between the two currencies (Hayes, 2021). The highest point of REER in ASEAN members happened at Lao PDR, with 159.59 in 2016. It indicated a higher cost for people in the country to buy exported products, while they could pay less for the products that they imported. The lowest point happened in Myanmar in 2019, with a REER of 64. It was because of higher economic growth for Myanmar, which resulted in a lower calculated number for their REER.

We also test the unit root test for all the data through the Fisher by Im et al. (2003) (IPS) and the Harris-Tzavalis test. IPS tests are the most widely used method for panel data unit root tests in literature (Li & Liu, 2005). Meanwhile, the Harris-Tzavalis test assumes that the number of panels tends to be infinite while the number of periods is fixed. The null hypothesis is the series containing a unit root, and the alternative is the stationary series. Then, the robustness check is tested due to the importance of variables and estimation being robust. It is also done to test the heteroskedasticity issue. The presence of outliers can lead to the model becoming heteroskedastic and make the Ordinary Least Square (OLS) no longer the Best Linear Unbiased Estimator (BLUE) (Wooldridge, 2009).

Finally, before estimating the regression, it is important to check the correlation among variables to prevent a multicollinearity symptom. Only FDI inflows and REER have transformed to log purposefully to see their elasticity. Table 3 shows the results.

Table 3 Correlation between Variables

| | logFDI | GDP | WUI | INF | REER |
|----------------|---------------|------------|------------|------------|-------------|
| logFDI | 1.0 | | | | |
| GDP | 0.14 | 1.0 | | | |
| WUI | -0.35 | 0.02 | 1.0 | | |
| INF | -0.13 | 0.23 | 0.06 | 1.0 | |
| logREER | -0.39 | 0.21 | -0.21 | 0.03 | 1.0 |

Notes: logFDI is Foreign Direct Investment (FDI) inflows in log and logREER is annual Real Effective Exchange Rate (REER) in log. Variables like Gross Domestic Product (GDP), World Uncertainty Index (WUI), and inflation (INF) are not treated like the previous two variables due to their adjustment and control issues.

Source: Our analysis (2022)

According to Gujarati (2004), variables are considered not to have any collinearity issue if the number does not exceed the 0.8 threshold. As shown in Table 4, there are no indications that all data have an issue. Then, we can proceed to the estimation results. The eligibility of GMM in analyzing the dynamic panel data model can be done by identifying some of the model's criteria. The total observations after passing the iteration process are commonly 38 out of 50 collected data. All estimations are considered robust, with no indication of autocorrelation among the variables. Table 4 shows the results of the short-run effect of socioeconomic uncertainty on FDI inflows in ASEAN.

The results show that in the short-term, the lag of FDI inflows negatively reduces investment at present time by 0.954%. This is in contrast with a previous study by Al-Sadig (2013), which shows that past domestic investment robustly enhances the current domestic investment rate by about 0.62%. Furthermore, domestic currency depreciation will increase FDI inflows to ASEAN members by 3.49%. It benefits foreign investors by increasing their wealth through a relatively lower investment cost due to a cheaper domestic currency value (Huong et al., 2020).

A higher percentage goes for socioeconomic uncertainty, captured by a decreasing 9.698% of inward investments to the host countries for each 1% increasing domestic uncertainty rate. The result aligns with Haque et al. (2022) that a 1% increasing uncertainty will decrease the FDI inflow, especially in 19 countries with higher incomes. According to Okunoye et al. (2023), the effect of economic uncertainty on inward FDI to Asia is negative.

On the ASEAN level, it is possible that if uncertainty in one country increases, countries' investment partners will also be affected (Anglingkusumo & Iyke, 2021). It is argued that FDI

should flow into countries with a more stable economy and strong institutions (Walsh & Yu, 2010). The business conditions of ASEAN member states show a distinct positive linear relationship with the FDI, indicating that better business conditions may result in further FDI inflow (Jeong et al., 2018).

Table 4 Results of Short-Run Effect of Socioeconomic Uncertainty
on Foreign Direct Investment (FDI) Inflows in ASEAN

| Dependent Variable: | (1) | (2) | (3) |
|---------------------|---------------------|---------------------|---------------------|
| Log of FDI Inflows | | | |
| Variables | PLS | FE | Two-Step System GMM |
| L. logFDI | 0.816*** (0.114) | -0.269 (0.216) | -0.954** (0.444) |
| GDP | 0.0218 (0.0468) | 0.0173 (0.0793) | -0.0143 (0.174) |
| WUI | -0.991 (1.104) | 0.254 (1.175) | -9.698** (4.725) |
| INF | 0.00756 (0.0399) | 0.00663 (0.0323) | 0.0179 (0.0472) |
| logREER | 0.449 (0.406) | 2.053 (2.148) | 3.490* (2.072) |
| Constant | -1.944 (1.873) | -7.937 (10.00) | -12.37 (8.208) |
| Observations | 38 | 38 | 38 |
| R-Squared | 0.733 | 0.111 | - |
| Hansen Test | - | - | 0.9276 |
| AR (2) | - | - | 0.9769 |
| Number of Country | 10 | 10 | 10 |

Note: Pooled Least Squares (PLS) and Fixed Effect (FE) model are used to identify the model when there are individual-specific effects, such as time-specific in panel data. Meanwhile, AR (2) in the context of Generalized Method of Moments (GMM) typically refers to a second-order autoregressive model. Foreign Direct Investment inflows (FDI), Gross Domestic Products (GDP), World Uncertainty Index (WUI), inflation (INF), Real Effective Exchange Rate (REER). Standard errors are in parentheses. *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.1$.

Source: Our analysis (2022)

In Table 5, we present the short-run effect of socioeconomic uncertainty on economic growth in ASEAN. We then investigate the socioeconomic uncertainty toward the real GDP growth rate for ASEAN members. The model has fulfilled the requirement of the two-step system GMM by identifying the probability value through the Hausman test. Table 5 shows the results of the short-run effect in ASEAN regarding economic growth.

Table 5 Results of Short-Run Effect of Socioeconomic Uncertainty on Economic Growth in ASEAN

| Dependent Variable: GDP growth | (1) | (2) | (3) |
|--------------------------------|---------------------|---------------------|---------------------|
| Variables | PLS | FE | Two-Step System GMM |
| L.GDP | 0.573*** (0.119) | -0.393** (0.159) | 1.030*** (0.188) |
| logFDI | 0.0373 (0.327) | 0.422 (0.478) | -0.399 (1.479) |
| WUI | 0.625 (3.289) | 1.861 (2.677) | -15.09** (7.099) |
| INF | -0.110 (0.116) | -0.0604 (0.0734) | -0.478* (0.259) |
| logREER | -0.174 (1.236) | 7.909 (4.753) | -0.203 (2.780) |
| Constant | 3.347 (5.630) | -30.67 (22.52) | 4.115 (13.36) |
| Observations | 39 | 39 | 39 |
| R-squared | 0.472 | 0.390 | - |
| Hansen Test | - | - | 0.455 |
| AR (2) | - | - | 0.593 |
| Number of Country | 10 | 10 | 10 |

Note: Pooled Least Squares (PLS) and Fixed Effect (FE) model are used to identify the model when there are individual-specific effects, such as time-specific in panel data. Meanwhile, AR (2) in the context of Generalized Method of Moments (GMM) typically refers to a second-order autoregressive model. Foreign Direct Investment inflows (FDI), Gross Domestic Products (GDP), World Uncertainty Index (WUI), inflation (INF), Real Effective Exchange Rate (REER). Standard errors are in parentheses. *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.1$.

Source: Our analysis (2022)

An increase of socioeconomic uncertainty in ASEAN at the aggregate level will decline growth by about 15.09%. It is bigger than Ahir et al. (2022) in their newest paper. Thus, socioeconomic factors negatively affect economic growth in ASEAN. It has the coefficient of WUI represented by β_2 with a negative sign.

Other variables that are significant in the 1% and 10% levels in the short run are the lag of GDP growth and inflation, respectively. The lag of GDP growth shows a positive sign. It means that the previous economic growth influences growth in the present time. Meanwhile, inflation has a negative sign on GDP growth. It potentially decreases growth by 0.478% in every 1% increase.

The contrasting result for the lag of FDI inflows and GDP growth raises a question: How is it even possible? Previous studies show that the expected sign of FDI inflows and GDP growth surely has reversed sign compared to this study. The lag of FDI inflows should have a positive sign, and the lag of GDP growth should be negative, not the other way around. The lag of GDP growth with a negative sign at the coefficient shows that the economy experiences convergence. It means that the more it grows, the closer it gets to its new equilibrium and achieves its steady state. The estimated parameter of the lag of GDP is used to test the concept of convergence. Meanwhile, the lag of FDI inflows should be positive because, according to

Dellis et al. (2017), an increase in FDI inflows in the previous period can positively affect FDI inflows in the present time.

An odd finding seems to distort the results of previous studies from the results shown in this study. The concept of economic convergence is not fulfilled in the short-run result presented in Tables 4 and 5. Convergence resulting from the rapid catch-up growth will also result in a leveling-up of the country's status to a more growing economy. It will profoundly transform the world economy (International Monetary Fund, 2012).

Tables 6 and 7 provide the long-run effect result of the only significant variables in the short-run. It means that we only discover global uncertainty, domestic uncertainty, lag of GDP growth, and inflation rate. As stated previously, it is because of the error correction in the model. In contrast, the significant variable directly estimates the speed at which a dependent variable returns to equilibrium after a change in other variables.

Table 6 Results of the Long-Run Effect of Domestic Socioeconomic Uncertainty on Foreign Direct Investment (FDI) Inflows in ASEAN

| Variable | Coefficient |
|----------|-------------------------|
| WUI | -4.961** (0.00057) |
| L.logFDI | -0.488*** (1.169553) |
| logREER | 1.785** (0.01881) |

Note: World Uncertainty Index (WUI), Foreign Direct Investment inflows (FDI), and Real Effective Exchange Rate (REER). Standard errors are in parentheses. *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.1$.

Source: Our analysis (2022)

In the long run, the percentage change in socioeconomic uncertainty will cause outward investment. The coefficient is at -4.96, meaning that the 1% uncertainty increase will make foreign investment fly out from ASEAN by about 4.96%. It is a similar result to Canh et al. (2020). Aligned with the expectation, foreign investors tend to strategize their movement about whether they will be investing (Rodrigo & Randika, 2022). The negative effect of increasing uncertainty will be a matter for investment-determined countries because institutional quality and stable macroeconomic conditions are needed to attract FDI inflows and promote economic growth (Noria & Fernández, 2018).

Besides uncertainty, previous FDI inflows will depreciate in the long run. This result aligns with Jana et al. (2019) that FDI inflows in more rapidly growing markets can be higher

than inflows in advanced economy countries. Hence, if one country has a rapid growth of FDI inflows, it will likely decrease over time until it reaches a steady state.

Table 7 Results of the Long-Run Effect of Global Socioeconomic Uncertainty on Gross Domestic Product (GDP) Growth in ASEAN

| Variable | Coefficient |
|----------|--------------------|
| WUI | 503.16 (2970) |
| L1.GDP | -34.34 (209.72) |
| INF | 15.92 (94.34) |

Note: Gross Domestic Products (GDP), World Uncertainty Index (WUI), and inflation (INF). Standard errors are in parentheses. *** $p < 0.01$, ** $p < 0.05$, and * $p < 0.1$.

Source: Our analysis (2022)

Conclusion

To conclude, socioeconomic uncertainty affects the real sector, portrayed through FDI inflows and growth in the short run. Both estimation results show similar negative and significant effects of increasing socioeconomic uncertainty towards inflows and growth. It is because the response to foreign investment inflows and economic growth toward uncertainty is completely shocking. However, in the long run, it does not significantly affect economic growth, while the response of FDI inflows remains sensitive if socioeconomic uncertainty experiences any increasing trend.

In the long run, foreign investment inflows result in a negative and significant sign on its coefficient. Investment subject to uncertainty is believed to be the most important channel. Uncertainty influences the business cycle due to its heavy reliance on opinions about future events. The result of this study is remarkably relevant to previous studies about the effect of socioeconomic uncertainty on FDI inflows and, later on, economic growth.

As a regional economic integration, ASEAN still has challenges to face in the near future, especially regarding socioeconomic uncertainty. The reason is that uncertainty will most likely attack whenever it may happen, and the integration system in ASEAN is not quite responsive to uncertain climates or conditions.

The key findings are that, in general, socioeconomic uncertainty has affected FDI inflows and economic growth in ASEAN. In fact, ASEAN still needs to manage its growth to achieve sustainable growth and a steady environment. This is because ASEAN can attract

non-ASEAN members to invest through its uniqueness, cooperation, and integration. In parallel, increasing the FDI inflow stream to ASEAN can boost the current account balance and stimulate economic growth to grow and achieve economic convergence.

From the result, we recommend several relevant things to this study. Firstly, policymakers should pay close attention to socioeconomic uncertainty through the socioeconomic index proxied by WUI. The effect of heightened socioeconomic uncertainty on an economy may be multifaceted through diverse channels. It is applied to all member states to be fully aware of keeping their uncertain climate manageable because this index initially observes the effect at the country level.

Secondly, clear communication between governments, policymakers, and stakeholders should be strengthened. It is a part of managing socioeconomic uncertainty because, as stated before, foreign investors tend to see ASEAN in a broader scope and as an integrated economy before deciding to invest in one or two of its member states.

Thirdly, ASEAN needs to remain focused on the open economy to enhance its structural economic transformation from intra-trade to intra-investment. The long-run output from the transformation is that ASEAN, being an integrated economy, can have sustainable growth. This transformation is the key to ASEAN economic integration pathways from the economic community to the common market as the comprehensive real sector integration.

Based on those points, we are conscious of the limitations of this study. The use of WUI as a proxy for socioeconomic uncertainty is very uncommon in estimation, especially when it comes to real sector estimation. However, this index can at least be capable of capturing the degree of socioeconomic uncertainty fluctuations when the concept of uncertainty itself remains abstract. Thus, this study is considered an early step in introducing the concept of socioeconomic uncertainty to FDI inflows and economic growth in Southeast Asia, specifically for ASEAN member states in the 2015-2019 period. During this period, the ASEAN economy was very healthy due to minimal shock happening in-between the time. Hence, the result of this study will probably best explain how the socioeconomic uncertainty index can capture the dynamic effect of uncertainty toward FDI inflows and economic growth.

Future research in this area can delve deeper into understanding the intricacies of the long-term effects of socioeconomic uncertainty on the real sector within the ASEAN context. Exploring why socioeconomic uncertainty does not significantly impact economic growth, in the long run, may uncover specific mechanisms or contributing factors. Moreover, comparative studies across ASEAN member states can shed light on how countries respond to socioeconomic uncertainty, considering policies, economic structures, and governance variations. Additionally, developing a more dynamic model that captures the evolving nature of socioeconomic uncertainty over time, possibly through time-series analysis, can offer insights into the changing impact of uncertainty. Last, a global comparison with other regions or global trends may provide insights into how the impact of socioeconomic uncertainty in ASEAN compares to the broader context.

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A Comparative Study Between Organic Agriculture for Vegetables and Fruits Production in Lao PDR and the MRL Approach Used by Other Countries in the Mekong Region

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Abstract

Food safety and the reduction of chemical use in agriculture, in particular, are common issues that reflect consumer concerns in many developing countries. This paper summarizes the history of the development of Organic Agriculture (OA) in Lao PDR, followed by the outline of the Japan International Cooperation Agency (JICA) Clean Agriculture Development Project (CADP) which supports organic vegetables and fruits production under the clean agriculture policy promoted by the Lao government. Next, the relevant policies of its neighboring countries in the Mekong region (Thailand, Vietnam, and Cambodia) are also summarized. The policies in these countries focus mainly on reducing chemical residues based on the Maximum Residue Limits (MRL) rather than promoting OA, which has recently been included in their national policies in response to social demands for chemical reduction in agriculture. Finally, the paper compares the approach of Lao PDR and other countries in the Mekong region. As a result, the Lao approach can contribute to improving both food safety and income generation of farmers. In contrast, the MRL-based approach has some limitations due to its insufficient operations under the regulatory systems in these countries. This suggests that the Lao approach should be taken into consideration by other developing economies where small-scale farmers are the majority.

Keywords: Lao PDR, organic agriculture, food safety, chemical reduction, Maximum Residue Limits (MRL)

Introduction

The reduction of chemical use in agriculture is a common issue in both developed and developing countries, reflecting consumer concerns over agrochemical residues that affect food safety. In the Mekong region, there is a large body of literature on chemical residue in fresh agricultural products and its impact on public health (Food and Agriculture Organization of the United Nations, 2020; The Thailand Life, 2018; Thai-PAN, 2016; Wanwimolruk et al., 2016; Tawatsin et al., 2015; Ha et al., 2019; Rassapong, 2016; Rassapong et al., 2018). Lao PDR has developed its Clean Agriculture (CA) policy to promote the reduction of agrochemical use. This unique policy recognizes the traditionally lower agrochemical inputs used in the country compared to those surrounding Lao PDR, which can be a competitive advantage for the supply of safe and environment-friendly agricultural products to the ASEAN region and beyond.

The research first presents the outline of the promotion of Organic Agriculture (OA) in Lao PDR, including i) the history of OA in Lao PDR, ii) the activities of the Japan International Cooperation Agency (JICA) Clean Agriculture Development Project (CADP), and iii) the challenges and limitations of the policy of Lao PDR. Next, Thailand, Vietnam, and Cambodia are selected, and the research analyzes their policy, whose approach is, in general, the reduction of chemical residues based on the Maximum Residue Limits (MRL), as well as their application of national policy for promoting OA in response to social demand for chemical reduction in agriculture. Finally, the paper compares the policy of Lao PDR with the selected countries, showing comparative advantages in strengthening the promotion of OA applied in developing countries.

Research Method

Organic agriculture of vegetables and fruits production under the Lao policy is analyzed using the literature review and survey data of JICA Clean Agriculture Development Project (2019a, 2019b). Next, the relevant policies of Thailand, Vietnam, and Cambodia are described by literature review. Meanwhile, the policy for chemical reduction by Lao PDR are described, based on the information from the Division of Standard and Certification, Department of Agriculture, Ministry of Agriculture and Forestry, Lao PDR (DOA/MAF) (2023), with some literature. Finally, the comparison is made between the policy by Lao PDR and the selected countries based on the description of the previous sections.

There are some data shortages in the discussion section, such as the economy of OA compared to conventional agriculture. The examination of this topic is supplemented by collecting literature containing survey data in both developing and developed countries. Collecting literature is conducted by literature survey at the National Diet Library in Japan and via the Internet, including Google Scholar, using keywords and references of key papers.

Background Information

Organic Agriculture (OA) in Laos

The History of Developing Organic Agriculture (OA) Policy in Laos

OA in Lao PDR started in the late 1990s with non-government organizations (NGOs) and private sector enterprises, which mainly focused on incorporating sustainable farming technologies and practices into training activities without considering market linkages (Panyakul, 2012). With the support of the Promotion of Organic Farming and Marketing in Lao PDR (PROFIL)¹ Project in 2005, the Department of Agriculture, Ministry of Agriculture and Forestry Lao PDR (DOA/MAF) developed its OA standard based on the principles of the International Federation of Organic Agriculture Movement (IFOAM) and the organic standard of the Organic Agriculture Certification Thailand (ACT), followed by the approval of the Lao Certification Body (LCB) in 2008. With continued PROFIL support, DOA/MAF introduced guidelines for the promotion of OA in 2009, including for Internal Control Systems (ICS), inspectors and certification, human resource development, and institutional capacity building, as well as the establishment of the first OA farmers group in Vientiane Capital (Panyakul, 2012, Department of Agriculture, Ministry of Agriculture and Forestry, Lao PDR, 2016). The PROFIL initiative has been followed up by several development partners, including JICA² which has supported OA with the cooperation of DOA/MAF since 2013.

In concurrence with this development of the OA policy in Laos, the government has advocated a CA policy. It was one of the key objectives of the agriculture development strategy for 2006-2010. Then, it has continued to be a basic agriculture policy of Lao PDR. OA is one of four production systems recognized in CA, as shown in Table 1.

Table 1 Comparison of Four Production Systems of Clean Agriculture (CA)

| | OA | GAP | Pesticide Free Agriculture | Conservation Agriculture |
|--|-----|----------------|----------------------------|--------------------------|
| Chemical fertilizer | No | Yes | Yes | No |
| Chemical insecticide | No | Yes | No | No |
| Chemical fungicide | No | Yes | No | No |
| Chemical herbicide | No | Yes | No | No |
| Chemical hormone | No | Yes | Yes | No |
| GMO variety | No | No information | No information | No |
| Slash and burn | No | No | No | Yes |
| Standard and certification system in Lao PDR | Yes | Yes | No | No |

Note: These four production systems are described in Ministry of Agriculture and Forestry (2015). GAP stands for Good Agricultural Practices. GMO stands for Genetically Modified Organism.

Source: Training material of Clean Agriculture Standard Center (CASC/DOA/MAF). The original document seems to come from that agreed upon at the National Assembly in about 2005 (Clean Agriculture Standard Center, 2018)

¹ Promotion of Organic Farming and Marketing in Lao PDR (PROFIL), supported by the Swiss NGO Helvetas, 2004-2011.

² It also includes Helvetas, the local NGO SAEDA (Sustainable Agriculture and Environment Development Association), the Food and Agriculture Organization (FAO), and the Asian Development Bank (ADB).

In 2016, DOA/MAF published its Strategic Plan for National Organic Agriculture Development 2025, Vision Towards 2030, with the support of the Lao Organic Agriculture Promotion Project (LOAPP). It was also supported by JICA from 2013 to 2016. This plan led to the improvement of the organic markets in Vientiane Capital and expanded OA to other Lao provinces (Department of Agriculture, Ministry of Agriculture and Forestry, Lao PDR, 2016).

Outline of the JICA/CADP Project

CADP started in November 2017 as a five-year project funded by JICA following the completion of LOAPP. The project activities focused on the OA market for vegetables and fruits in four pilot provinces, namely Vientiane Capital, and three northern provinces of the country: Luang Prabang, Xayaboury, and Xieng Khouang (see Figure 1).



Figure 1 Map of Pilot Provinces in Clean Agriculture Development Project (CADP)

Table 2 provides basic data on the population and characteristics of OA markets in Vientiane and the three pilot provinces. The situation of OA for vegetables and fruits in each pilot province is explained as follows.

a) Vientiane Capital

Vientiane is the capital city of Laos, with a population of over 900,000 people. Due to the previous project support outlined above, the OA farmers' groups have been developed, and they have operated six OA markets within the city where they can sell their vegetables and fruits directly to consumers. They regularly open a few times a week, with the largest (at the International Trades Exhibition and Convention Center (ITECC)) having around 500 customers a day. This reflects consumer distrust of vegetables and fruits sold at the general market, some of which are imported and have been shown to

have excessive chemical residues in some instances³. One of the biggest groups in Vientiane Capital is that in Thaxang village. They started organic agriculture in 2010 with eight families covering about one hectare, but membership increased year by year to over 100 families in 2019.

Table 2 Basic Data of Organic Agriculture (OA) Market in Pilot Provinces

| Province or District | Population (1,000 persons) | OA market for vegetables and fruits | | | |
|---|----------------------------------|-------------------------------------|----------------------|--------------------------|----------------------------|
| | | Number of Markets | Number of farmers | Production (ton/year) | Yearly sales ('000 USD) |
| Vientiane Capital | 928 ^a | 6 | 350 | 804 ^c | 1,094 ^c |
| Luang Prabang City | 92 ^b | 2 | 26 | 82 | 64 |
| Xayaboury District | 80 ^b | 0 | 39 | n.a. | n.a. |
| Pek District, Xieng Khouang Province | 78 ^b | 2 | 101 | 46 | 36 |

Note: Yearly sales are calculated from LAK as 1 USD equals 10,000 LAK. C in the note means authors estimated from the data of the baseline survey by CADP concerning Vientiane Capital because the baseline survey only targets the ITECC OA market but not the other five OA markets. The authors calculate the production volume and yearly sales of OA vegetables and fruits in Vientiane Capital, taking account of the market share of ITECC market in six OA markets in Vientiane Capital. The other data are collected by CADP. The data for the number of OA markets and farmers is in October 2020. Production and yearly sales are calculated from a baseline survey conducted by CADP in 2018-2019.

Source: ^aMinistry of Agriculture and Forestry, Department of Planning and Finance (2020), ^bLao National Statistics Center, Ministry of Planning and Investment (2016), and ^cEstimated from CADP data.

b) Luang Prabang

Luang Prabang was designated a World Heritage Site by UNESCO in 1995. Because of its high number of tourists, there is a potential for demand for organic vegetables and fruits from service industries such as hotels and restaurants. When CADP begins, it reorganizes group management from a previously unsustainable group and enables it to open an OA market in the city center.

c) Xayaboury

Xayaboury province is in the northwest region of Laos at the border of Thailand. Plains alongside the Mekong River are advantageous for agriculture due to flat land and fertile soils. Organic vegetable production by OA groups has started with CADP.

d) Xieng Khouang

Xieng Khouang province is located in a mountainous area of northeast Laos close to the Vietnam border. Its relatively higher altitude (800 to 1,200m above sea level) means the

³ Provincial Agriculture and Forestry Office (PAFO) Vientiane Capital started to monitor some general markets in the city subject to two regulations, namely "Agreement of VC-Governor on Promotion and Quality Control on Crop Production and Products in VC No: 0689/GVC, dated 13 July 2018" and "Agreement of VC-Governor on Pesticide Use and Management No: 0688/GVC, dated 13 July 2018". However, the result has not been published.

potential for cool-climate vegetable production (Ministry of Agriculture and Forestry, 2015). Organic farming has already been established by previous donors⁴, with an OA vegetable group comprising mainly women farmers selling their products at OA markets in the city center.

Overall, CADP determines that there are several issues to be overcome for the further development of OA in Laos, such as limited sales outlets and opportunities for OA products and an insufficient number of reliable OA products that meet the increased customer needs for food safety and without the illegal use of agrochemical inputs. With this background, CADP's expected outcome is the supply of CA products (including OA products) based on market needs, as promoted in pilot provinces. Under this purpose, CADP conducts training activities for the OA farmers group and counterpart organizations belonging to MAF.

i) Training for OA farmers' group

To strengthen the ability of OA farmers/farmers groups to sell their products corresponding to market needs, CADP conducted the following activities. In Vientiane, capital activities prioritize marketing more than production and focus on "match-making" to enable the group to find alternative sales outlets other than the OA market, such as retailers (including supermarkets and convenience stores), restaurants, and home delivery.

In the three pilot provinces (Luang Prabang, Xieng Khouang, and Xayaboury) where Lao organic certification is not obtained or has expired, CADP conducts a series of training activities to the OA farmers/farmers group to obtain Lao organic certification during the first half of the project. The standard training curriculum for OA certification, for example, is shown in Table 3. It must be accompanied by other training for basic skills and techniques of OA, such as soil management, Integrated Pest Management (IPM), and seed collection and production. In addition, these OA farmers have visited an OA market and a village in Vientiane Capital to understand their operations and advance their skills in OA production.

ii) Capacity building for counterpart organizations

The counterpart organizations of CADP are the Clean Agriculture Standard Center (CASC) under DOA/MAF in the central government and the provincial and district agriculture and forestry offices (PAFO/DAFO) at local government levels. Government staff is assigned as project counterparts planned and participates in OA training and learns together with farmers.

⁴ SAEDA, FAO, and Helvetas.

Table 3 Standard Curriculum of Training for OA Certification

| Step | Title of training | Contents |
|------|---|--|
| 1 | Training of OA standards and principles (twice) | <ul style="list-style-type: none"> • Learning Lao organic standards and its principles • The first training for PAFO/DAFO staff and leaders of farmers, and the second one for all farmers |
| 2 | Training for group management | <ul style="list-style-type: none"> • Formulation of OA farmers' group • Guidance on the organizational structure of the group • Selection of members of group committee and ICS inspectors |
| 3 | ICS training (three times) | <ul style="list-style-type: none"> • Learning the roles and duties of group committee and ICS inspector • Producing OA group regulations • Supervision of application documents on OA certification: farm history, production calendar, and record of production • As an exercise, visitation to farms of selected farmers and check the records of production by ICS inspectors • Drawing maps (group mapping and individual farmland) |
| 4 | Submission of application document | Submission of application documents through PAFO to DOA |

Note: This table summarizes what was compiled by CASC/DOA/MAF on 29 October 2019 under the activity of CADP. PAFO and DAFO stand for Provincial Agriculture and Forestry Office and District Agriculture and Forest Office, respectively. ICS stands for Internal Control System. Its explanation is referred to in the section of "Challenges and Limitations of OA in Laos".

Challenges and Limitations of OA in Laos

In the case of Laos, some challenges remain to be considered to strengthen its system and meet social needs when promoting OA. The first challenge is to build public awareness of the value of OA products. As OA normally requires labor-intensive practices, such as soil management, weed control, and pest management, farmers expect more profit than those practicing conventional farming with chemicals, and consumers are not used to paying higher prices. Farmers will be unable to continue without premium prices. According to data collected by CADP, the difference in price of vegetables between the OA market and the conventional market in the rainy season is 50 % higher on average and 230% higher in the highest instance (Chinese mustard). Mass media also plays an important function in promoting public awareness. For Lao consumers, this includes watching Thai television programs promoting OA (Vagneron & Xong, 2015).

A second challenge is the trust building between producers and consumers. Establishing standards and certifying OA products are valuable tools to build trust between these parties (see Figure 2).

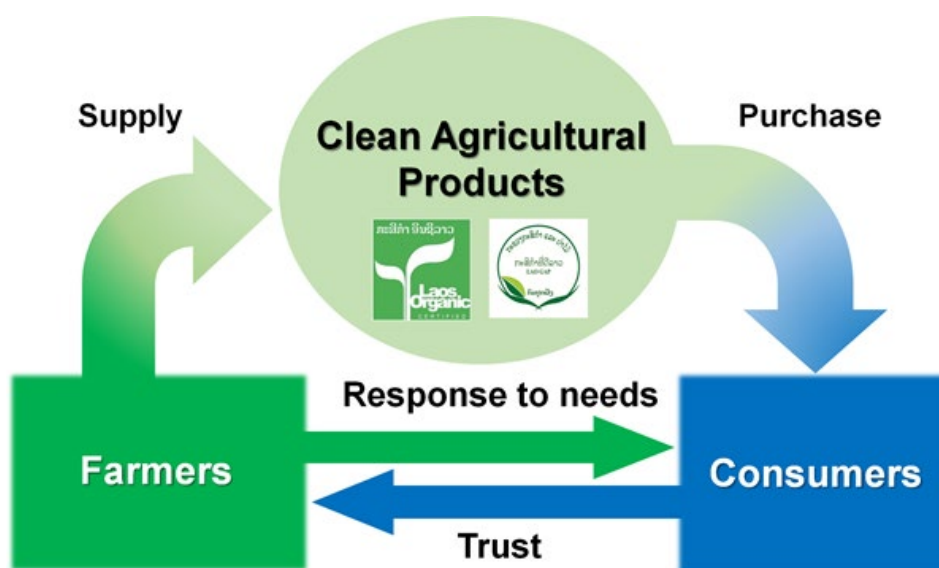


Figure 2 Trust Building between Producers and Consumers through Clean Agriculture (CA) Products

However, sometimes, it is not easy to ensure that OA products conform to the DOA/MAF standard since this standard does not define end products but is a production and processing standard. Some malicious producers and traders have mixed organic products with those produced by conventional practices. In order to prevent such incidents, adequate farm management must be ensured under a consolidated certification system. In the case of the OA farmers group in Vientiane Capital, an ICS is applied, and conformity to the OA standard is inspected internally within the group in addition to an external inspection mechanism conducted by local government staff. Continuous efforts are needed by both farmers and the certification body if trust is to be maintained.

A third problem arises in the complicated procedures to receive certification, which is required annually. Without project support, farmer groups must bear the documentation and certification fees.

In conclusion, these challenges are the reason that the uptake of organic farming remains low in Laos. The volume of OA vegetables and fruits accounts for only 0.7% of total sales in Vientiane Capital, according to data collected by CADP. "0.7%" is calculated by authors based on the data on vegetables and fruits production in Vientiane Capital in 2019 as follows: OA production/Conventional production = 804 (ton/year)/ 121,736 (ton/year) = 0.7%. The 804 comes from Table 2 in the article and 121,736 comes from Agricultural Statistics 2019. Then, 121,736 is summed up of vegetable production (104,119) plus fruit production (17,617).

The Situation for OA of the Countries in the Mekong Region

Overview of the Statistics of OA in the Selected Countries in the Mekong Region

Table 4 shows the overall statistics of OA production for Thailand, Vietnam, and Cambodia compared to Lao PDR. The share of organic areas is less than 1% in all countries in terms of vegetable organic area and total organic area. The scale of OA in each country in terms of area and the number of producers seems to be reflected by the size of the economy (i.e., population, GDP, and the size of agricultural land) in general. However, the scale of OA in Thailand is much bigger than in Vietnam, taking into account the size of the economy. This is because the commencement of OA in Vietnam is later than in other countries like Thailand and Lao PDR. However, the social demands for OA are common, namely the transition to intensive agriculture using more chemicals from traditional agriculture.

Table 4 The Comparison of OA and Relevant Statistics in 2019 among the Four Countries

| | Thailand | Vietnam | Cambodia | Lao PDR |
|--------------------------------------|----------|---------|----------|---------|
| Organic Area (ha) | 188,451 | 61,901 | 25,757 | 8,952 |
| Share (%) of total agricultural land | 0.9 | 0.5 | 0.5 | 0.4 |
| Producer | 118,985 | 17,174 | 6,350 | 2,165 |
| Vegetable organic area (ha) | 2,693 | 2,057 | 10 | 47 |
| Share (%) of total vegetable land | 0.6 | 0.2 | 0.0 | 0.0 |
| Population (thousands) | 67,990 | 96,484 | 16,289 | 7,123 |
| GDP (million US\$) | 543,958 | 261,587 | 27,102 | 18,844 |
| Agricultural area (000 ha) | 22,110 | 12,388 | 5,566 | 2,394 |

Source: OA data from Willer et al. (2021), and Population and GDP from The ASEAN Secretariat (2020) and (2021).

Thailand

An important characteristic of the development of OA in Thailand is that NGOs play a very important role at the initial stage, rather than governmental agencies. These NGOs have a long history of promoting organic production and marketing since 1980 (Win, 2017; Chitov, 2020). In 1995, the Organic Agriculture Certification Thailand (ACT) was established with the cooperation and initiative of sustainable agriculture among Alternative Agriculture Network (AAN), NGOs, academia, consumer networks, media representatives, and eco-friendly businesses (Chitov, 2020). ACT drafted the first Thai organic crop standards, followed by the commencement of organic farm inspection and certification in 1997 (Win, 2017).

Following these initiatives made by private sectors, the Thai government, namely the Thailand Institute of Technological and Scientific Research (TISTR), Export Promotion Department of the Ministry of Commerce, and Department of Agriculture, Ministry of Agriculture Cooperatives (DOA/MOAC) drafted its organic crop standards in 1999.

Afterward, the Thai government published several national policies for promoting organic agriculture for two main reasons: the promotion of agricultural exports and chemical-free agriculture. In relation to the latter reason, it is a response to the awareness of the pesticide residue problem. Many farmers and supporting agencies have made a step toward pesticide-safe agriculture in the conversion of conventional agriculture from traditional agriculture (Chitov, 2020).

The major crops in Thai OA are rice, vegetables, and fruits. Organic vegetables and fruits are sold mainly in domestic markets. In contrast, organic rice goes to the domestic market in small quantities compared to the large amount of rice exported by Thailand. There was little government support for OA production and farmers before 2017, and the private sector was the main player in the development of Thai OA (Win, 2017).

Thailand has two types of organic farming: the integrated organic farming system and the mono-crop organic farming system. In the former system, many varieties of plants are grown in one unit of area to reduce production costs and attain self-sufficiency. This type of organic farming is operated in a manner of environmentally friendly production with its products sold to the local community. In contrast, the mono-crop organic farming system gains revenues from its great amount of production and sales of the products to meet international standards. The latter production type is also considered environmentally safe (Win, 2017).

Recently, MOAC has prepared the 20-year Agriculture and Cooperative Strategy (2017-2036), which contains reforms dealing with environmental sustainability as well as economic stability, human capital, economic opportunities, and so on. To achieve inclusive and sustainable economic growth, the government also launches a new strategy called “Thailand 4.0” which contains the promotion of sustainable agriculture as an important mechanism in accordance with SDGs. In this background, the government has developed the National Organic Agriculture Development Plan (2017-2021) (Laohaudomchok et al., 2021). The plan envisions Thailand as the leader in the region in terms of production, consumption, trade, and services in organic agriculture at the international level. There are four strategic themes as follows: (1) Promote research, knowledge dissemination, and innovation in OA, (2) Develop OA production and services, (3) Develop market and services as well as certification system for OA products, and (4) Drive OA extensively (Pongsrihadulchai, 2019).

Vietnam

OA production in Vietnam expanded by 4.5 times to 240,000 ha in 2020 from 53,350 ha in 2016, responding to social concerns about the side effects of conventional farming on human health and the natural environment. However, its production is still limited (Ngan & Ngoc, 2022). The main OA commodities are rice, shrimp, coconut, coffee, cocoa, milk, tea, vegetables, fruits, cinnamon, and anise (Nguyen, 2020; Nguyen, 2021). Since the expansion of OA has only begun in the past 6-7 years, national regulation is also under development and has yet to be active. For example, Vietnam National Organic Standard 2017 was not applied in practice because it was not accredited by other international and regional standards

(Nguyen, 2020). This is the reason that International Certification, such as those standards from the USDA, JAS, EU, and Australia, are dominant (Nguyen, 2020; Nguyen, 2021). Furthermore, many farmers develop small-scale organic farms at the individual level without organic certification and inspection. Some organic farmer groups belong to the Participatory Guarantee System (PGS) initiated by IFOAM (Nguyen, 2020).

As a reflection of recent government trends, the Organic Agricultural Development Project for 2020-2030 was approved in June 2020. It aimed to gradually create a strong domestic organic agricultural industry and grow land for organic agricultural production to 1.5-2% of total agricultural land by 2025 (Nguyen, 2021).

Cambodia

The Cambodian Organic Agriculture Association (COorAA) was established in 2006 through an international development initiative. In 2019, 34 operators were certified under the United States National Organic Program (US NOP). Rice is the main commodity for OA, with cassava and cashew nuts in the pilot stage. In April 2020, the government introduced an OA policy to boost the production and exports of OA (Willer et al., 2021).

The Situation of Agrochemical Use and the Reduction Policies in the Four Countries

Thailand

There is a long history of efforts to improve food safety in fresh vegetables in Thailand. Buurma and Saranark (2006) described the Thai Fresh project as an export project starting in 1999 when Golden Exotics Holland and KLM Cargo established a distribution and packing center near Bangkok airport. Before and during the project, fresh products were purchased from wholesalers and brokers. However, such traditional sales were no longer workable for those shipments to the EU and Japan, where the quality and safety requirements continued to increase. With this in mind, the project aimed at the development of an integrated quality chain for the export of exotic vegetables. The challenge of this development had to be considered both at the retail and producer levels. The former was to establish a distribution and packing center at Bangkok airport, while the latter was to establish a regional post-harvest center in Ratchaburi province, the production site of the project, translating the quality and safety requirements at the retail level into GAP at the producer level. It suggested that pesticide residues were the most important food safety concern in the vegetable supply chain. It also suggested that farmers should be trained in good agricultural practices with regard to pesticide application.

In 2004, the Thai Government advocated 'from-farm-to-table' to ensure a food safety monitoring and control system throughout the food chain. Under this policy, several regulations and standards were established by government and private initiatives (see Table 5). However, the problem of pesticide management was "the lack of a consolidated, uniform system designated specifically for pesticide management" under the Hazardous Substance

Act established in 1992 with subsequent amendments. This deficit weakened the enforcement of existing regulations, resulting in the misuse/overuse of pesticides after the point of sale, leaving their use largely uncontrolled (Panuwet et al., 2012).

In Thailand, GAP plays an important role in food safety. Three GAP programs are employed in the country: Q-GAP, Thai GAP, and GLOBALG.A.P. Q-GAP is the national GAP for domestic products, while Thai GAP and GLOBALG.A.P. are used mainly for exports. Retailers and consumers recognized the importance of GAP for food safety. However, the national Q-GAP program meets with low credibility due to the government's involvement, which does not entirely rely on the private sector.

Table 5 Summary of Regulations and Standards on Food Safety of Fresh Products in Thailand

| Name | Agency (organization) | Year established | Scope | Targeting area or market |
|---|--|------------------|--|---|
| 1 Mandatory regulations (selected only main acts) | | | | |
| Agricultural Standards Act B.E. 2551 | Government: ACFS (MOAC) | 2008 | Input, including the management of agricultural chemicals and fertilizer. Post-harvest and distribution Processing, packaging, and consuming. | National regulation |
| Food Act B.E.2522 | Government: FDA(MOPH) | 1979 | Post-harvest and distribution Processing, packaging, and consuming | National regulation |
| 2 Voluntary standards | | | | |
| Thai Agricultural Commodity and Food Standard | Government: ACFS, DOA (MOAC) | No information | Production and harvest | National Standard |
| Q-GAP (National GAP of Thailand) | Government: ACFS, DOA (MOAC) | 2004 | Eight key points of the standard: (1) Water source; (2) cultivation site; (3) use of agricultural hazardous substances; (4) product storage and on-site transportation; (5) data records; (6) production of disease and pest-free products; (7) management of quality agricultural production; and (8) harvesting and post-harvest handling. | Recognized in domestic and regional markets |
| Thai GAP | Private sector: Board of Trade of Thailand | 2007 | Equivalence with GLOBALG.A.P. | Known only among trade partners of Thai companies (e.g., European partners) |
| GLOBALG.A.P. | Private sector: Food Plus in Germany | 1997 (Note) | All activities on-farm, post-harvest, and handling products | Recognized in international markets |

Note: The table is summarized from the information of Wongprawmas et al. (2015). The years were when the former scheme, EUREPGAP, was established. It was renamed GLOBALG.A.P. in 2007. ACFS= National Bureau of Agricultural Commodity and Food Standards; MOAC= Ministry of Agriculture and Cooperatives; FDA= Food and Drug Administration; MOPH= Ministry of Public Health; and DOA= Department of Agriculture

There is some literature reporting on excess levels of pesticide residues with fresh agricultural products in Thailand (see Table 6). Thai researcher's group has investigated its surrounding provinces. The results show that in Chinese kale, mangosteen, Pak choi, and morning glory, which Thai people regularly consume, pesticide residue detection exceeds the MRL. However, no samples exceed the MRL in the case of watermelon and durian. After this research, the Thai Pesticide Alert Network (Thai-PAN) publishes the results of pesticide residues in six fruits and ten vegetables from samples collected from modern supermarkets and wholesale fresh markets in Bangkok and surrounding provinces. The result shows that all commodities included pesticide residues in samples exceeding the MRL, with 89 out of 158 samples (56%) over the MRL (Thai-PAN, 2016). According to these reports, it should be noted that the incidence of pesticide contamination is found to be similar between samples bought from local markets and supermarkets (Wanwimolruk et al., 2016). In addition, even samples of fruits and vegetables labeled with GAP collected from major supermarkets have problems (Thai-PAN, 2016).

Tawatsin et al. (2015) examined pesticide use and its effects on farmers in Thailand concerning workers' health. Thailand was ranked third out of 15 Asian countries and fourth in terms of pesticide use per unit area and annual pesticide use, respectively. Acute poisoning of farmers was also high, ranking first in Asia, followed by Indonesia, Malaysia, and Sri Lanka. These figures reflected the situation that the total amount of imported pesticides increased from 2007 to 2013, namely from 110,000 tons to 172,000 tons. Reported cases of toxic effects of substances during 2007-2013 were found predominantly in the central region of Thailand (15,262 to 22,035 cases per year, 31 to 36% in all areas) followed by the northeast region (27 to 31%), north (18 to 20%), and south (18 to 19%). The authors indicated "a high potential risk of pesticide exposure among farmers because Thai farmers were not aware of pesticide hazards, while about half of them applied higher than recommended concentrations, wore no personal protective equipment, and did not observe recommended intervals between spraying and harvest" (Tawatsin et al., 2015). They also recommended that "to reduce the intensive use of pesticide, it is an urgent need to promote organic farming practices".

Laohaudomchok et al. (2021) reported the current situation concerning the health risks of pesticide use in Thailand based on the results of the Southeast Asia GEOHealth Network Meeting of February 2019. It concluded that widespread and poorly regulated use of pesticides presented a potential risk to the health of the general population as well as that of farmers and called for the necessity of research to evaluate the long-term health effects of pesticide exposure since there were still significant gaps in research and policy.

Table 6 Summary of Literature on Pesticide Residue of Vegetables and Fruits in Thailand

| Authors | Commodities | Area for sampling | Key points |
|----------------------------|---|--|---|
| Wanwimolruk et al. (2015a) | Watermelon Durian | Markets including supermarkets located in eight provinces including and surrounding Bangkok | <ul style="list-style-type: none"> • Twenty-eight pesticides were tested. They were widely used in agriculture in Thailand. • Out of 105 samples in total, no samples were detected with pesticide residue over the MRL, with the exception of one sample (Durian). • Out of 75 samples for watermelon, pesticide was detected in 68 (90.7%). • Out of 30 for durian, the pesticide was detected in 27 (90%), including 1 sample over the MRL. |
| Wanwimolruk et al. (2015b) | Chinese kale | 12 local markets located in Nakhon Pathom Province near Bangkok | <ul style="list-style-type: none"> • Twenty-eight pesticides and two metabolites of carbofuran were tested. They were widely used in agriculture in Thailand. • Out of 117 samples, 34 (29%) were detected pesticide over the MRL. |
| Phopin et al. (2017) | Mangosteen | 38 markets (local and supermarket) located in 11 provinces, including and surrounding Bangkok | <ul style="list-style-type: none"> • Twenty-eight pesticides and two metabolites of carbofuran were tested. They were commonly used in agriculture in Thailand. • The pesticide was detected in all samples (n=111). • For 97% of samples, pesticide exceeded the MRL. • The data showed edible pulp containing much less pesticide residue. • Washing fruits before eating was an effective way to reduce pesticide residue. |
| Wanwimolruk et al. (2016) | Chinese kale, Pak choi, Morning glory | Local markets and supermarkets located in 7 provinces, including and surrounding Bangkok | <ul style="list-style-type: none"> • Twenty-eight pesticides and two metabolites of carbofuran were tested. They were widely used in agriculture in Thailand. • In almost all samples (n=137 for Chinese kale, n=125 for Pak choi, and n=135 for morning glory), pesticide was detected. • It has a remarkably high rate of exceedance of the MRL (35 to 71%) • The rate of exceedance of the MRL was similar between the vegetables from local markets and supermarkets. |
| Thai-PAN (2016) | 16 fruit/vegetables | Three modern supermarkets (Big C, Makro, and Tesco) and three wholesale fresh markets in Thailand (Bangkok, Nakorn Pathom province, and Ratchaburi province) | <ul style="list-style-type: none"> • Out of 158 samples, 56% had residues above the MRL. • In 29 samples out of 158, pesticides classified into type 4 or 3 (Note) were detected. Type 4: hazardous materials which were no longer allowed to be used in Thailand. Type 3: hazardous materials which had not been authorized for use by the Department of Agriculture. |

Vietnam

Since 1986, Vietnam has opened to the outside world under the Doi Moi policy, focusing on economic reform. Agriculture has been restructured: crop diversification, more cash crop production (including vegetables), more international trade of agricultural inputs and products, and increasing application of agricultural inputs (Hoi et al., 2009). Between 1991 and 2007, pesticide use in Vietnam increased from 15,000 to 76,000 tons. The expenditure on pesticide imports even increased 9.8 times between 1991 and 2006. Consequently, consumers were increasingly concerned and faced food risks associated with chemical residues (Hoi et al., 2009).

Within this social context, on 26 July 2003, the Vietnamese government issued the “Ordinance of Food Safety and Hygiene (SRV 2003)”, in which food business operators were legally responsible for the safety and hygiene of foods they produced and traded in the Article 4 (Hoi et al., 2009). Before implementing this policy, the Vietnam Ministry of Agriculture and Rural Development (MARD) launched the “Safe Vegetable” program in 1998. Its main objective was to plan and monitor areas for safe vegetables based on specific regulations targeting minimum residue levels of chemical pesticides, fertilizer, heavy metals, and nitrate (Ngo et al., 2019). In conjunction with the program, a series of safety standards were developed, namely *Rau An Toan* (RAT), meaning “safe vegetables” in Vietnamese, organic, and VietGAP (see Table 7).

Table 7 Development of Standards for Safety Vegetable Production in Vietnam

| | RAT (Safe vegetables) | Organic | VietGAP |
|---------------------|---------------------------|----------------------------|---------------------------|
| Year developed | 1998 | 2006 | 2008 |
| Development partner | No information | ADDA | Syngenta foundation |
| Type of standards | Public/voluntary standard | Private/voluntary standard | Public/voluntary standard |

Note: ADDA= Agricultural Development Denmark Asia.

Source: Pham (2017)

In spite of this history and development of food safety policies and regulations, including the government effort to manage the safety of pesticides, much literature mentions the limitations of these efforts in terms of efficacy. Referencing data on the increase in pesticide use in Vietnam between 1991 and 2007, Hoi et al. (2009) indicated that the safe vegetable production and distribution system had not yet been able to take a significant share of the vegetable market despite the effort and investment by state authority over ten years. They suggested that the reason behind this was distrust of private arrangements in food governance from market actors, especially from consumers, due to the problems in transparency and the involvement of market actors. Their study was followed up by Hoi et al. (2016).

Ngo et al. (2019) also pointed out the limitations of the “safe vegetable” program policy, in which 80% of safe vegetables were distributed to traditional markets without price premiums. They also mentioned that the food traceability system in Vietnam was at a very early stage compared with developed countries. From the consumers' point of view, Ha et al. (2019) conducted a face-to-face survey with consumers in Hanoi. They concluded that consumers experienced a high level of anxiety about food safety and suggested the importance of better risk communication to eliminate consumer fear in both rural and urban regions.

Finally, there are very little published data on chemical residues for Vietnam in English literature, especially in comparison with Thailand, except for the World Bank (2006) and Ngo et al. (2019). The latter introduces the data reported by national TV programs, where the proportion of vegetables exceeding MRL is over 10% nationwide, according to data from MARD.

Lao PDR

In 2017, a Decree by the Prime Minister on Pesticide Management was promulgated to improve the protection of the environment and human health, calling for inter-ministerial collaboration to strengthen pesticide management (Food and Agriculture Organization of the United Nations, 2018; Laochaudomchok et al., 2021). Before establishing the Prime Minister's decree, a national inspection scheme for pesticide distribution existed but was not actionable (Food and Agriculture Organization of the United Nations, 2018). Unfortunately, there is little information available after the establishment of the Prime Minister's decree. However, according to the situation analysis report on pesticide monitoring program of ASEAN countries compiled by the Food and Agriculture Organization of the United Nations (2021), Lao PDR is classified at the “basic” level in terms of pesticide residue monitoring capacities by their self-evaluation (see Table 8).

The country established LaoGAP in 2008, adopted from ASEANGAP. It is contained in four production systems (see Table 1) and has been promoted under CA policy by the Lao government. In 2011, MAF issued Standards for Good Agriculture Practices for the Safety of Crop Produce (Decree No. 0115/MAF, 27 January 2011). In 2022, it was renewed as the MAF Minister's Decree No. 3004/MAF containing the principles, rules, regulations and measures regarding the management, monitoring, inspection, and utilization of techniques in compliance with LaoGAP to ensure high quality and safe production for consumers, as well as the LaoGAP Standards. Lao GAP is a voluntary national program containing four modules, namely the safety of crop produce, the environment, workers, and production quality, in alignment with ASEANGAP.

According to the Division of Standard and Certification of MAF, the production in line with LaoGAP was 399 ha, 55 farms with 262 farmers located in Vientiane Capital, Vientiane Province, and Champasack Province in 2020. The commodities were fruits and vegetables, such as melon and lettuce. Then, they were sold to big supermarkets such as Pakson Mall in Vientiane Capital, though the quantity was very small.

Table 8 Comparison of the Four Countries in the Mekong Region Concerning the Level of Pesticide Residue Monitoring Capacities

| | Thailand | Vietnam | Lao PDR | Cambodia |
|--|--|------------------------------|---|---|
| Level of pesticide residue monitoring capacities (*) | Intermediate | Intermediate | Basic | Basic |
| Government agency responsible for pesticide registration authority | Yes DOA/MOAC | Yes PPD/MARD | Yes DOA/ MAF | Yes MAFF |
| The government agency responsible for setting up MRL | Yes ACFS/MOAC | Yes MH | Yes DOA/MAF (**) | Yes/No MAFF (**) |
| Government agency responsible for public health/ food safety | Yes Thai FDA/ MPH | Yes MH | Yes FDD/MOH | Yes/No MOH, MAFF, MOC, MISTI |
| Government agency responsible for pesticide control use | Yes DOA/MOAC | Yes PPD/MARD | No DOA/MAF | Yes/No DOA |
| The government agency responsible for the management of pesticide residue monitoring | Yes Multi-agency | Yes PPD/MARD | Yes FDD/MOH DOA/MAF | Yes/No DOA |
| Pesticide-related activities the country wishes to undertake but is currently unable to do | -Effective risk-based monitoring programs -Traceability in the food chain | Residue monitoring on export | -Importing fruits/ vegetables -Exporting crops | Monitoring residue program in fresh fruits and vegetables |

Note: ACFS: National Bureau of Agricultural Commodity and Food Standards, DOA: Department of Agriculture, FDD: Food and Drug Department, MAF: Ministry of Agriculture and Forestry, MAFF: Ministry of Agriculture, Forestry and Fisheries, MARD: Ministry of Agriculture and Rural Development, MH: Ministry of Health, MISTI: Ministry of Industry, Science, Technology and Innovation, MOAC: Ministry of Agriculture and Cooperatives, MOC: Ministry of Commerce, MOH: Ministry of Health, MPH: Ministry of Public Health, and PPD: Plant Protection Department.

(*) The definition of the three categories for response to the FAO questionnaire concerning self-evaluation of residue monitoring capacities. Basic capacity: None-to-fair capacity, which can be described as a development stage, commencement, limited monitoring, or sporadic monitoring. Intermediate capacity: at least some data have been produced and are easily accessible. Regular monitoring activity of at least one pesticide/commodity exists, but data are not enough to achieve the desired results. Advanced capacity: regular monitoring of key pesticides/commodities is taking place, and capacity is already developed and sustainable.

(**) These countries set their MRL from Codex MRL instead of their own MRL.

Source: Food and Agriculture Organization of the United Nations (2021)

Cambodia

There is very little literature on Cambodian food safety in comparison to Thailand and Vietnam. In Cambodia, the Food Safety Law was established in 1997, followed by the Law on Cambodia Standards in 2011 and the Law on Management of Quality and Safety Products and Services in 2018.

At the federal level, food safety is governed by six ministries: The Ministry of Health, Ministry of Agriculture, Forestry and Fisheries, Ministry of Tourism, Ministry of Commerce, Ministry of Industry and Handicraft, and Ministry of Economy and Finance. To date, national

food safety initiatives have focused largely on the chemical contamination of food products, including production-related chemicals like pesticides (Ebner et al., 2020). The same report by the Food and Agriculture Organization of the United Nations (2021), as mentioned for Lao PDR, indicates that Cambodia is classified at the “basic” level in terms of pesticide residue monitoring capacities by their self-evaluation (see Table 8).

As the other countries in the Mekong Region, the Cambodian government set out its national GAP in 2010. It reflected that quality and safety of agricultural products was critical requirement for producing countries in the context of global and regional trade (Department of Plant Protection Sanitary and Phytosanitary, General Directorate of Agriculture (GDA), Ministry of Agriculture, Forestry, and Fisheries, 2020).

Survey data on chemical residues in food is also very limited. Schreinemachers et al. (2020) conducted a survey on those farmers producing leaf mustard and yard-long beans and indicated that 73% of sampled farmers overused pesticides above the optimum level. Wang et al. (2011) collected data on Organochlorine Pesticides (OCPs) from the three regions of Cambodia. They implied that there was a cancer risk for residents of these regions, presenting the result of much higher exposure to OCPs than developed countries, including Europe.

Discussion

In developing countries, especially those in Southeast Asia, the use of agricultural chemicals has increased after the Green Revolution, which pushed productivity and crop yield drastically (Hoi et al., 2009; Schreinemachers et al., 2015; Tawatsin et al., 2015; Hoi et al., 2016; Schreinemachers et al., 2020). As a result, social concerns about the excessive use of agricultural chemicals have appeared both at the consumption level as well as at the production level, namely the issue of farmers’ health while working. In response to this trend, the policy direction of these countries has moved to promote environmental conservation and sustainable development rather than just focusing on increasing productivity using abundant chemicals. At the same time as this paradigm changes, demand on the production side also changes. It becomes more diversified and shifts to more vegetables and fruits than staple foods such as rice.

In the context of these trends, the governments of countries in the Mekong region established policies for chemical reduction in agriculture. For example, the Thai government advocated 'from-farm-to-table' in 2004, aiming to ensure a food safety monitoring and control system throughout the food chain. Vietnamese government launched the 'safety vegetable' program in 1998. Their approach is to monitor and control the chemical residues of agricultural products with reference to the MRL by the FAO/WHO *Codex Alimentarius* Commission. However, the efficacy of these regulations has been very limited because of the insufficient enforcement of the regulations without a sufficient monitoring system, especially for the domestic market. Food and Agriculture Organization of the United Nations (2021) pointed out that a comprehensive pesticide risk management framework was key for the success of a national monitoring program. However, it was not attained at a sufficient level in

ASEAN member countries, even in Thailand and Vietnam, whose self-evaluation for pesticide residue monitoring capacity was “intermediate”.

GAP is employed to control and monitor food safety, but a lack of confidence in food safety still exists in the domestic market (Wongprawmas et al., 2015). The involvement of the public sector and cooperatives is the reason for the low level of dissemination of VietGAP to farmers (Pham, 2017). Under these circumstances, chemical residues in agricultural products remain a social issue in these countries, and less confidence in agricultural products from consumers has continued through the various extent from country to country (Hoi et al., 2009; Panuwet et al., 2012; Hoi et al., 2016; Thai-PAN, 2016; Ebner et al., 2020).

The promotion of OA is another solution to prevent the use of chemicals in agriculture. However, it has only been recently that the governments of Thailand and Vietnam adopt this as their national policies. The development of OA in Thailand was commenced as a private initiative previously. However, now the government has also supported it by including it in the national policy while promoting OA in Vietnam has just begun.

In contrast, the government of Lao PDR advocated the Clean Agriculture Policy as an agricultural development strategy for 2006-2010, aiming at the reduction of excessive use of chemicals by means of conceivable measures, such as OA, GAP, and pesticide-free agriculture, integrating it into national policy. Among these measures, OA has been developed, especially in vegetable and fruit production, under the national policy with the support of international cooperation.

One successful model of Lao PDR is the organic market in Vientiane Capital, where vegetable and fruit production and the number of participant farmers are increasing year after year. An important point of success has been the adoption of non-chemical use agriculture by small-scale farmers. Examples of its success include i) higher premiums compared to conventional agricultural products and ii) direct sales by farmers to consumers at the market, which enables farmers to receive the profit from the sales revenue to avoid mismanagement of organic certified products. If distributors have managed OA products between farmers and consumers, larger quantities can be dealt with. However, the margins will be deducted from distributors while increasing the risk of mixtures with non-organic products through the supply chains.

Though there are no data on the income of OA farmers with comparable data of conventional farmers in Laos, the literature review on those examples in developed and developing countries concludes that organic farming is more profitable than conventional farming in general due to the degree of reduction of variable cost for agricultural chemicals and price premium exceeding the reduction of yield and labor cost (Crowder & Reganold, 2015; Shennan et al., 2017; Conrado, 2018).

In summary, there are two approaches to promoting policies responding to consumers' demand for chemical reduction: 1) monitoring of the MRL by government agencies to provide confidence to consumers, and 2) promotion of OA, which ensures the absence of chemicals in products if the certification system is functional. The former approach is used by Thailand

and Vietnam, as shown in the research, while the Lao approach is the latter. Ideally, these two approaches should be effectively implemented simultaneously to provide consumers' confidence and achieve food safety for them. The MRL approach may have the advantage of directly identifying the problem, that is, products with excess amounts of chemical residue. However, it cannot work effectively in developing countries with systemic problems affecting its operation and enforcement. In addition, food industries in less developed economies, such as Laos, do not regulate their product purchasing, which will assure consumers that farm products are safe (Wanwimolruk et al., 2016; The Thailand Life, 2018).

On the other hand, the promotion of OA is more advantageous to smallholders, like most Lao farmers, without bargaining power when dealing with traders. This advantage should be enhanced by direct selling to consumers at OA markets operated by organic farmer groups with higher returns to farmers, as well as cost savings on certification fees and other operations by the formation of groups. Although the operation of OA has limitations again in terms of insufficient monitoring of OA certification, especially in developing countries, promoting OA will bring better revenue to farmers and safer food to consumers.

Conclusion

The literature contains numerous studies on activities in Mekong region countries for promoting initiatives to reduce chemicals in agricultural products. However, most of these studies indicate that chemical input in agricultural practice focuses on the MRL, even though effectiveness is limited due to insufficiency in the operational and regulatory systems.

In this regard, there are two main findings of this study. Firstly, chemical reduction in agriculture is a common concern in the countries in the Mekong region, reflected by farmers' health at the production level as well as food safety at the consumption level. It is affected by the transition from traditional agriculture to conventional agriculture in the region. Secondly, previously, the government in the Mekong region countries such as Thailand and Vietnam mainly focused on the MRL approach for reducing chemical use at the production level. In contrast, the Lao government promoted OA under its CA policy.

The Lao approach is unique from the point that it contributes to the improvement of food safety for consumers and income generation of farmers while at the same time promoting organic agriculture. The MRL approach is definitely essential to promote the reduction of chemical use in food safety. Then, OA still accounts for a small percentage of total agricultural production, especially in developing countries. However, the Lao initiative, whose policy goal is to help spread OA practices worldwide, deserves consideration by other developing countries where small-scale farmers are the majority.

Considering future research on the study, some solutions against challenges to promote OA, especially in developing countries, should be studied. If the Lao case is a reference, the method for promoting OA, especially at the initial stage, will be one research theme, while institutional and human resource aspects to ensure the credibility of the OA certification system can be other themes.

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A Conceptual Framework of Mobile Payment System Adoption and Use in Southeast Asia

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Abstract

The research aims to investigate the factors affecting consumers' adoption and use of Mobile Payment Systems (MPS) in Southeast Asia. Extant theoretical models need to be extended to cover the unique features of mobile payment technology. A Systematic Literature Review (SLR) is conducted to analyse theoretical models utilized to predict the adoption and use of mobile payment. A total of 60 studies about adoption and use of MPS is analysed. The results of the investigations employ the Technology Acceptance Model (TAM), Unified Theory of Acceptance and Use of Technology (UTAUT), and Diffusion of Innovation model (IDT). It reveals that there are inconsistencies in determinants of behavioral intention to adopt and use MPS. Among them are performance expectancy, effort expectancy, and social influence. The review also unveils the use of other determinants to predict behavioral intention to adopt and use MPS, such as perceived security, perceived risks, perceived trust, attitude, and financial incentives to lure new users. The researchers propose a conceptual framework for MPS adoption and use that includes four moderators: gender, age, educational level, and income level. The research contributes to the theory and practice by explicating relevant factors predicting behavioral intention to adopt and use mobile payment in the ASEAN region. Moreover, the SLR offers opportunities for future investigations.

Keywords: mobile payment, security, risk, trust, attitude, financial incentives

Introduction

The use of Mobile Payment Systems (MPS) in daily transactions keeps increasing due to the proliferation of mobile phones in many countries. Using smartphones, people may compare the pricing of products and services (Kim, 2022) and purchase and pay with a simple click. Therefore, there were 326.3 million smartphone users by 2022, or 88% of Internet users in Southeast Asia (Cheung, 2022). Mobile wallets have revolutionized the payment industry in Southeast Asia (Chaudhuri et al., 2022). According to Techwire Asia, e-commerce expenditure will increase by 162% to reach US\$179.8 billion, with 91% of transactions involving digital payments by 2025. The three biggest markets for e-commerce payments are Indonesia, Vietnam, and Thailand (Kaur, 2021). The use of MPS is expected to increase due to the bilateral Cross-Border QR Code Payment Linkages initiative among ASEAN member nations (Karim et al., 2022).

Despite the proliferation of the adoption and use of MPS, only very few MPS providers have been successful. In Indonesia, for example, out of 41 providers registered at Bank Indonesia in 2020, only a few of them have been successful, like GoPay, OVO, Dana, and LinkAja (International Trade Administration, 2020).

For many users, the adoption and use of e-wallet depends largely on instant cashback offers and additional points. Merchants claim that cashback promos, which range between 20% to 40%, help to increase their sales (Jakarta Post, 2019). Leading MPS offers gimmicks like free delivery or pay later to attract more users to use the apps (Tani, 2019). Indonesian consumers take full advantage of the situation, raking in every cashback, discount, and promo that GoPay and OVO have to offer, such as a cab ride for Rp 1.00 (one rupiah = US\$0.000071) (Syahputera, 2019).

However, a survey conducted by PwC in 2019 and found that more than 47% of the people surveyed cited usefulness as one of the key factors to the adoption and use of technology (Beutin & Harmsen, 2019). According to the same survey, the second factor was practicality. Around 47% to 86 % of the people surveyed mentioned that they were able to transact more quickly, and 59% to 86% enjoyed the less complicated financial transaction of using MPS (Beutin & Harmsen, 2019). The third factor was the accompanying conditions in the ecosystem of the MPS (Mitra & Mittal, 2020). In the fourth factor, the PwC's survey identified that about 50% to 87% of the respondents trust Financial Technologies (FinTechs) in general (Beutin & Harmsen, 2019). For the fifth factor, the survey also showed that respondents' attitudes might play a significant role in adopting and using MPS. More than 49% of the respondents indicated that they liked FinTechs and used FinTechs' products and services. Of the respondents in Turkey, for example, 75% of them liked FinTechs, and 77% liked using FinTechs' products and services (Beutin & Harmsen, 2019). Despite the trend, users of MPS were concerned with security and risk. Around 77% of the people surveyed in Germany worried their mobile phones might be stolen and misused. Then, 69% worried about identity theft, and 64% worried about mobile payment, encouraging them to buy more quickly (Beutin & Harmsen, 2019).

Literature Review

Mobile Payment in Southeast Asia

Mobile payment or M-payment is a particular form of E-payment that utilizes communication technology by enabling mobile users to make payments using Internet-connected mobile devices. Mobile payment refers to products, services, and billing based on mobile devices and allows users the convenience of wireless infrastructure and other communication technologies (Dahlberg et al., 2008). In fact, mobile payment can be made using any type of mobile device, such as a mobile phone, tablet, digital watch, or any device capable of connecting to mobile communication networks to initiate, authorize, and confirm a commercial transaction (Au & Kauffman, 2008; Gomber et al., 2017; Ting et al., 2016). MPS combines payment with mobile devices and services to provide users with the ability to initiate, authorize, and complete a financial transaction. The money is transferred over a mobile network or wireless communication technologies to the receiver through the use of a mobile device (Chandra et al., 2010).

Southeast Asia is the region with the fastest rate of global mobile wallet growth. By 2025, there will be 439.7 million active wallets in Southeast Asia, up 311% from 141.1 million in 2020. (The Asian Business Review, 2021). In addition to local mobile payment apps, the region has benefited from more bilateral and regional cross-border partnerships, such as the ASEAN Cross-Border Payments Interoperability Network project that encourages member nations to install QR and Real-time Payment Systems (RTPs) (Cheh, 2022). The growth is led by Indonesia, which will have more than 100 million new mobile wallet users by 2025. This rise is also supported by the proliferation of super apps like Gojek and Grab in Indonesia (The Asian Business Review, 2021). Cited Boku's survey, it reports that the top five mobile payment apps are OVO, DANA, ShopeePay, LinkAja, and GoPay. Meanwhile, Singapore's market is dominated by GrabPay, FavePay, and DBS PayLah! GrabPay also tops Malaysia's market, followed by Touch' N Go and Boost (The Asian Business Review, 2021). Visa notes that 65% of Southeast Asian customers prefer mobile wallets to cards. Consumers in Indonesia (81%), Vietnam (75 %), and the Philippines (73%) favor mobile wallets, while those in Singapore (68%) and Cambodia (68%) prefer to pay with their cards (VISA, 2022).

Adoption and Use of Mobile Payment

A review of current literature proves that the variables used to predict behavioral intention and use actions do not produce the expected results consistently. These findings substantiate the research conducted by Slade et al. (2013). Various theoretical models have been used to examine the acceptance and use of MPS. For example, they are the Diffusion of Innovation theory (DOI), Decomposed Theory of Planned Behavior (D-TPB), Technology Acceptance Model (TAM), Unified Theory of Acceptance and Use of Technology (UTAUT), Valence framework, and IS success model. It has revealed that perceived usefulness, perceived ease of use, perceived risks, compatibility, attitude, perceived financial cost, and

social influence are inconsistent in predicting behavioral intention. On the other hand, trust, performance expectancy, and relative advantage are found to predict behavioral intention (Slade et al., 2013). Similarly, investigating key factors affecting mobile payment adoption in Indonesia reveals that 75.7% of behavioral intention is affected by effort expectancy, facilitating conditions, habit, hedonic motivation, performance expectancy, price value, social influence, and trust. It leaves 24.3% of behavioral intention affected by other factors. About 73.1% of use behavior is affected by facilitating conditions, habit, intention to use, and trust (Manaf & Ariyanti, 2017). On the contrary, effort expectancy and trust do not affect behavioral intention. Constructs found to determine behavioral intention are performance expectancy, social influence, habit, and social risk (Limantara et al., 2018). It corroborates with (Manaf & Ariyanti, 2017) that trust and behavioral intention predict the use behavior. However, habits do not affect use behavior significantly (Limantara et al., 2018).

Additionally, strictly technology-focused studies offer limited contributions to acknowledging other causes, such as marketing aspects and other actors in the m-payment ecosystem (Yeh, 2020). Hence, constructs from other models may be needed to explore the factors predicting behavioral intention and use behavior of mobile payment, such as security, trust, risk, and promotional offer. Security has a direct relationship with consumers' intention to use by examining the relations between consumers' intention to use a single platform e-payment (Lai, 2017). Likewise, trust affects user adoption of mobile payment through perceived usefulness and ease of use (Chandra et al., 2010). Moreover, perceived risks significantly and negatively affect behavioral intention to adopt mobile payment in China (Yang et al., 2012). Next, perceived risk establishes a negative relationship with the intention to use due to the uncertainty in the new tool inspiring the new user or the eventual negative consequences of the purchase. Similarly, attitude establishes a quasi-significant relationship with the intention to use (Liébana-Cabanillas et al., 2014). Due to the uniqueness of MPS, extant models of technology acceptance may not explain and predict the adoption and use of MPS. Hence, the research attempts to propose a framework for adopting and using MPS.

Various models have been utilized to investigate the adoption and use of a technology. The earliest of these models is TAM (Davis, 1989). Another model developed to investigate a technology specifically is the Model of PC Utilization (MPCU) (Thompson et al., 1991). Next, eight models are unified and named UTAUT to predict the adoption of online meeting applications, database applications, portfolio analyzers, and proprietary accounting systems (Venkatesh et al., 2003). The latest model for predicting technology adoption is UTAUT2. UTAUT2 is developed to investigate the adoption of mobile Internet technology in Hong Kong (Venkatesh et al., 2012).

Methodology

To elucidate the theoretical models utilized in the contemporary literature to study the factors affecting the adoption and use of MPS, the authors conduct SLR. A SLR is a method for identifying, evaluating, and summarizing the state-of-the-art in the literature for a given

subject. SLR restricts the compilation of literature data, allowing for a more comprehensive methodological analysis with less bias than conventional reviews (Kitchenham et al., 2009).

The following are some of the benefits of SLR. First, the well-defined approach reduces the likelihood of skewed literature findings but does not protect against publication bias in primary studies. Second, they can provide data on the results of a phenomenon in a variety of settings using a variety of observational methods. Systematic reviews provide proof that the phenomenon is stable and transferable if studies produce reliable results. If the findings of the studies are contradictory, the causes of variance may be investigated. Third, in the case of quantitative research, meta-analytic methods may be used to combine data. It increases the chances of identifying real results that individual smaller studies may miss (Kitchenham, 2007).

The systematic review consists of two stages. The first stage is preliminary. At this point, the research begins to look for research publications in the following databases: Science Direct, Emerald Insight, ACM Digital Library, Springer Link, Taylor & Francis, and SAGE Journals. The aim of this research is on mobile payment, which is part of payment in Fintechs to get the main elements in the adoption of mobile payment. The research searches using the keyword pattern that focuses on mobile payment based on the research approach. The keywords employ Boolean operators to filter the data, giving them prominence in the database search for each study paper. Symbols and Boolean operators used are OR and AND.

The keywords utilized to identify the literature are as follows: (mobile payment OR (m-payment) OR (electronic AND payment) OR (digital AND wallet)) AND (component OR Attribute) AND ((framework AND payment) OR (framework AND digital)) ((mobile AND payment) OR (digital AND wallet)) AND (fintech AND mobile)) ((electronic AND wallet) OR (e-wallet)) AND ((key AND factor) OR (mobile AND payment)). The results of the investigation are as follows. A total of 60 studies about MPS are finally selected from various databases (Sage, Emerald, Science Direct, Taylor, and Francis). Then, all investigations are published from 2010 until 2020.

The second stage is extraction of studies. A search with a predetermined keyword at the origin of the research publication yields 208 research papers that meet the expected requirements. There are 101 research publications among 150 that match the title and abstract to the research query. The final number of paper to be examined is 60. Table 1 shows the extraction of detailed data.

Results and Discussion

The review shows that mainstream contemporary literature centers around several theoretical models, as summarized in Table 1.

Table 1 Theories or Models Employed to Investigate Adoption and Use of Mobile Payment Systems (MPS)

| Theoretical Models Employed | | Sources | Number of Studies | Examples of Studies |
|-----------------------------|--|----------------------------|-------------------|---|
| TAM | Technology Acceptance Model | (Davis, 1985; Davis, 1989) | 14 | (Shankar & Datta, 2018; Liébana-Cabanillas et al., 2015; Williams et al., 2017) |
| UTAUT | Unified Theory of Acceptance and Use of Technology | (Venkatesh et al., 2003) | 7 | (Khalilzadeh et al., 2017; Yeh & Tseng, 2017; Molina-Castillo et al., 2020) |
| DOI | Diffusion of Innovation | (Rogers et al., 2003) | 7 | (Shao et al., 2019; Di Pietro et al., 2015; Pal et al., 2015) |
| TPB | Theory of Planned Behavior | (Ajzen, 1985) | 3 | (Ting et al., 2016; De Luna et al., 2019) |
| TRA | Theory of Reasoned Action | (Ajzen & Fishbein, 1980) | 3 | (Ramos-de-Luna et al., 2016; Hidayanto et al., 2015) |
| UTAUT2 | Unified Theory of Acceptance and Use of Technology 2 | (Venkatesh et al., 2012) | 2 | (Slade et al., 2015; Morosan & DeFranco, 2016) |

Table 1 illustrates the theoretical models employed to investigate MPS. These models are normally extended to capture the phenomena of MPS. For example, TAM is extended with trust and compatibility (Williams et al., 2017) and attitude (Liébana-Cabanillas, Nogueras, et al., 2013). Then, UTAUT is extended with self-efficacy (negatively), perceived security, perceived trust, and perceived risk (negatively)(Khalilzadeh et al., 2017). The additions of external predictors like attitude, perceived risks, and perceived trust prove that the existing theoretical models are incapable of explaining and predicting the adoption and use of MPS. Hence, a conceptual framework is needed to capture the unique features of MPS in Indonesia. Table 3 illustrates the findings.

As a predictor, attitude has shown inconsistent results. Attitude predicts behavioral intention to adopt and use MPS (Liébana-Cabanillas, Nogueras, et al., 2013). This result is confirmed by Ting et al. (2016), Ramos-de-Luna et al. (2016), Wang and Dai (2020), and De Luna et al. (2019). However, attitude does not predict behavioral intention to accept and use MPS (Liébana-Cabanillas et al., 2015). This finding is consistent with the results of Dixit et al. (2019) on mobile tourist guides and Marmaya et al. (2019) on halal food.

The results of the SLR show that there are various determinants of behavioral intention to adopt MPS, such as performance expectancy (or its root constructs: perceived usefulness, relative advantage, outcome expectation, and extrinsic motivation), effort expectancy (perceived ease of use, ease of use, and complexity), social influence (subjective norms, social factors, image), perceived security, perceived risks, and perceived trust. Interestingly, the results of the SLR show that attitude has been used to predict behavioral intention.

Table 2 The Effects of Attitude

| No. | Independent Variable | Mediator | Dependent Variable | Result | Context | Author |
|-----|----------------------|----------|--------------------|---------------|--------------------------------|--|
| 1 | PU | Attitude | BI | Supported | MPS in Spain | (Liébana-Cabanillas, Nogueras, et al., 2013) |
| | PEOU | Attitude | BI | Supported | | |
| | Attitude | | BI | Supported | | |
| 2 | PU | | BI | Supported | New MPS in Spain | (Francisco et al., 2015) |
| | PU | Attitude | BI | Not Supported | | |
| | PEOU | Attitude | BI | Not Supported | | |
| 3 | Attitude | | BI | Not Supported | MPS in Malaysia | (Ting et al., 2016) |
| | PU | Attitude | BI | Supported | | |
| | PEOU | Attitude | BI | Supported | | |
| 4 | Attitude | | BI | Supported | Offline MPS in China | (Wang & Dai, 2020) |
| | PU | Attitude | BI | Supported | | |
| | PEOU | Attitude | BI | Supported | | |
| 5 | Attitude | | BI | Supported | NFC MPS in Spain | (Ramos-de-Luna et al., 2016) |
| | PU | Attitude | BI | Supported | | |
| | PEOU | Attitude | BI | Not Supported | | |
| 6 | Attitude | | BI | Supported | SMS, NFC, QR, and MPS in Spain | (De Luna et al., 2019) |
| | PU | Attitude | BI | Not Supported | | |
| | PEOU | Attitude | BI | Not Supported | | |
| 7 | Attitude | | BI | Supported | MPS in Italy | (Di Pietro et al., 2015) |
| | PU | PU | BI | Supported | | |
| | PEOU | | BI | Supported | | |
| | PEOU | PU | BI | Supported | | |

Note: Perceived Usefulness (PU), Perceived Ease of Use (PEOU), Behavioral Intention (BI), and Mobile Payment Systems (MPS).

Table 3 The Lack of Studies of Financial Incentives as a Predictor of Behavioral Intention

| Antecedent | Results of Financial Incentives as an Antecedent of Behavioral Intention | | |
|----------------------|--|---|---------------|
| | Supported | Contexts | Not Supported |
| Financial Incentives | (Agarwal et al., 2010) | Credit cards, cashback, and interest reduction. | |
| | (Arango et al., 2015; Carbó-Valverde & Liñares-Zegarra, 2011) | Credit cards, cashback, and interest reduction | |
| | | Card payment (cashback rewards are more effective than discounts) | |
| | (Zhao et al., 2019) | NFC mobile payment, cashback, and discounts | |

Contrary to previous research, cashback rewards are more effective than discounts in promoting credit card usage, and no significant differences are found in the effects of cashback and discount rewards on Near-field Communication (NFC) mobile payment adoption. The findings imply that cashback and discounts are equally effective in improving payment card adoption. At this stage of the innovation process of payment cards, it appears that just offering some incentive is all needed to potentially increase adoption rates (Carbó-Valverde & Liñares-Zegarra, 2011). Moreover, the availability of financial rewards has had a positive impact on the intention to accept mobile payments from NFC (Zhao et al., 2019). These results substantiate the findings of Arango et al. (2015) that incentives for credit card rewards are a major determinant of the growth in credit card use. Previous studies have shown the effectiveness of financial incentives in promoting customers' adoption of credit cards (Agarwal et al., 2010; Arango et al., 2015) and mobile payments from NFC (Zhao et al., 2019). However, there has been no empirical evidence that financial incentives successfully improve customers' mobile payments, especially the adoption of mobile payments in Indonesia. This research is the first to show that offering financial incentives can boost the adoption of MPS in Indonesia. Table 3 shows the lack of studies of financial incentives as a predictor of behavioral intention.

The Mediating Roles of Behavioral Intention

Behavioral intention is a broad concept. Behavioral intention is the extent to which a person plans to perform or avoid some kind of behavior (Venkatesh & Bala, 2008). Behavioral intention is also defined as a 'person's subjective probability that he/she will perform some behavior' (Fishbein & Ajzen, 1975). Intentions are 'instructions people give to themselves to behave in certain ways' (Triandis, 1979). This definition implies that intentions represent an individual's plans for future behavior (Davies et al., 2002). The simplest and probably the most effective way to assess whether an individual will perform a given behavior is to ask whether the individual intends to perform that behavior (Fishbein & Ajzen, 1975). Behavioral intention is significantly predicted by perceived usefulness, perceived ease of use, subjective norms, image, output quality, self-efficacy, perceptions of external control, and playfulness (Jaradat & Al-Mashaqba, 2014). Indeed, extant literature reveals that various determinants have been examined to predict behavioral intention to adopt MPS. Beliefs and attitudes are predictors of behavioral intention (Wang et al., 2009). This finding confirms that attitude, in the presence of perceived usefulness and ease of use, has a significant and positive effect on behavioral intention. Similar effects are displayed by perceived usefulness and perceived ease of use on behavioral intention to adopt MPS in Spain (Liébana-Cabanillas, Nogueras, et al., 2013). Performance expectancy predicts behavioral intention, but effort expectancy does not. Likewise, trust has a positive effect on behavioral intention, and perceived risks have a negative effect on behavioral intention to adopt MPS (Slade et al., 2015). Initial trust, perceived usefulness, and perceived cost affect behavioral intention (Zhou, 2011).

Moreover, contemporary literature shows that behavioral intention predicts the use behavior of MPS. The adoption and use of MPS find that usage intention positively and significantly determines the adoption of MPS in Taiwan (Yeh, 2020). This result reaffirms the

finding of a previous study in France that intention positively and significantly impacts mobile payment usage (Koenig-Lewis et al., 2015). These results also validate the previous findings (Arenas-Gaitán et al., 2015; Jaradat & Al-Mashaqba, 2014; Lim et al., 2016). However, behavioral intention fails to predict green purchase and green behavior (Mishal et al., 2017), and intention does not indirectly predict mobile banking behavior mediated by masculinity/femininity (Baptista & Oliveira, 2015).

Attitude is excluded in Technology Acceptance Model 2 (TAM2), Social Cognitive Theory (SCT), Diffusion of Innovation (DOI), Innovation Diffusion Theory (IDT), and UTAUT (Rana et al., 2016). Attitude does not fully mediate the effect of perceived usefulness and perceived ease of use on behavior (Davis, 1989). The contemporary literature shows that attitude is examined together with perceived usefulness/perceived ease of use. The analyses reveal that attitude is investigated together with perceived usefulness/perceived ease of use in seven studies examining the adoption of MPS (Davis, 1989; Venkatesh et al., 2003). However, despite the "cash burning" phenomenon, there have been very few studies investigating the effectiveness of financial incentives as a predictor of behavioral intention.

The main gaps identified in the research concern the inconsistencies of UTAUT determinants of performance expectancy, effort expectancy, social influence, and determinants derived from outside the UTAUT models such as trust, perceived security, perceived risks (Harris et al., 2019), attitude (Ramos-de-Luna et al., 2016; Liébana-Cabanillas, Muñoz-Leiva, & Sánchez-Fernández, 2013; Wang & Lai, 2020; Francisco et al., 2015), and lack of literature investigating financial incentives as an antecedent of behavioral intention (Zhao, 2017; Zhao et al., 2019). Similarly, even though behavioral intention is found to affect use behavior positively (Koenig-Lewis et al., 2015; Shao et al., 2019), it also shows inconsistencies in the findings (Mishal et al., 2017). These findings are confirmed by Patil et al. (2020), who assert that UTAUT requires some context-specific external constructs that can more appropriately capture all possible aspects of mobile payment.

Proposed Model

As discussed in the previous section, MPS has been investigated using various theoretical models. Constructs examined have shown inconsistent results, and unique features of MPS have not been considered in contemporary models. Therefore, to investigate the adoption and use of MPS, a framework containing unique aspects is needed to explain and predict the adoption and use of MPS in Southeast Asia. The following subsections provide a thorough discussion of the formation of hypotheses and an explanation of the key constructions (see Figure 1).

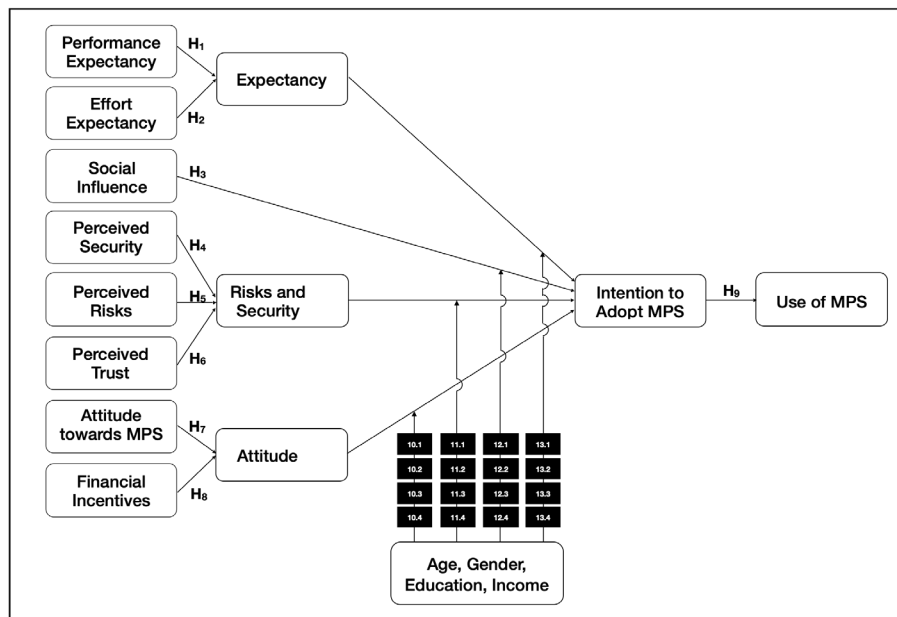


Figure 1 Proposed Model

The proposed framework captures the unique features of an MPS, which has technology acceptance aspects such as performance expectancy, effort expectancy, and social influence. The framework also considers the psychological aspects of using a MPS. Users face risks, trust, security, and attitude, whether they like the MPS or not. Finally, the framework also incorporates the mobile payment marketing aspect of financial incentives.

As suggested by previous research, the acceptance of technology can be moderated by age and gender. This proposed model adds two moderators, i.e., education and income levels. The review of contemporary literature has revealed that the key determinants of UTAUT exhibit various relationships with behavioral intention and use behavior. Performance expectancy is found to be the most examined and most robust construct of UTAUT to predict behavioral intention. Almost all previous studies investigating the relationship between performance expectancy and behavioral intention find that performance expectancy is a positive and significant predictor of behavioral intention. However, extant literature shows that the key determinants in UTAUT need further examination due to their inconsistency in predicting behavioral intention and use behavior.

Conclusion

The research proposes a model for the adoption and use of MPS. MPS has unique features that include security, risks, trust, consumers' attitudes toward the systems, and the effects of financial incentives. The research also examines the efficacy of three major factors performance expectancy, effort expectancy, and social influence. The research expands UTAUT's theory horizons with features unique to MPS, such as perceived security, perceived

risks, and perceived trust. It also reinstates the functions of attitude to shed light on consumers' likes or dislikes about the MPS. Furthermore, since MPS uses financial incentives to lure consumers, the research investigates the roles of financial incentives in predicting intention to adopt and use MPS. This research is among the first to investigate financial incentives as a predictor of consumers' intentions. Moreover, the research also examines whether age, gender, levels of education, and income level moderate the relations of the determinants and behavioral intention. Finally, the results of the systematic literature reviews serve as a guideline for future research.

Additionally, the present literature displays that constructs from outside the UTAUT model are significant predictors of behavioral intention and use behavior due to the uniqueness of MPS. Consumers need to be assured of the security and the risks of adopting and using the system. Consumers' trust is also another crucial factor. These three factors are in line with the suggestions from other reviews of MPS adoption. Attitude also plays a vital role in predicting the adoption and use of the technology. Finally, financial incentives are expected to boost the adoption and use rate of MPS in Indonesia.

The main limitation of the proposed framework is that it has not been examined empirically. Another limitation is due to the lack of empirical research that spans across ASEAN countries. Furthermore, each mobile payment may have its unique selling point customized to win each unique market in an ASEAN country. A generalization of the result may not be easy to draw. However, the research results can shed light on the consumer behavior of MPS users in the ASEAN countries and lay the basic framework for future investigations of MPS. Future research can focus on the gaps of MPS adoption and use in various ASEAN countries to include cultural differences among the nations and the availability of interoperability platforms, such as QRIS in Indonesia to facilitate the use of MPS.

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Interrelationship Between Macroeconomic Variables with Insurance Premiums and Claims – Lessons for Indonesia and ASEAN

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Abstract

The insurance sector plays a crucial economic role by helping individuals and businesses manage risks and uncertainties. By transferring some of their risks to insurance companies, individuals and companies can reduce the likelihood of bankruptcy compared to bearing the risks themselves. This role has become increasingly important in recent decades, particularly due to climate change, financial crises, and the COVID-19 pandemic, leading to greater volatility in macroeconomic indicators. Understanding these potential risks is key to ensuring the future sustainability and growth of the insurance sector in both Indonesia and ASEAN. The research objective is to examine the relationship between macroeconomic variables and insurance and claims. Using annual panel data regression analysis, we examine the relationship between macroeconomic indicators and insurance gross premiums in a sample of 63 countries from 2010 to 2019. The macroeconomic indicators used in the model are real Gross Domestic Product (GDP), inflation, interest rates, and exchange rates. The results suggest that macroeconomic variables play a significant role in determining the performance of gross premiums and claims. Lessons learned include that real GDP, inflation, and real interest rates show a positive and significant relationship with gross premiums, while exchange rates show a negative relationship. However, the lasting impact of these macroeconomic variables on gross premiums varies from one to the other. In fact, only two variables, real GDP and inflation, have a lasting impact. The results suggest that market players should provide strong and comprehensive risk management systems to address macroeconomic turbulence. Surveillance and monitoring macroeconomic indicators are essential, especially in a macro-dependent sector.

Keywords: insurance sector, premium & claim, macroeconomic condition, panel-data estimation

Introduction

The insurance sector plays a crucial role in the economy, especially in bearing various potential risks and uncertainties experienced by individuals and businesses. When there are unforeseen risks, individuals and companies can transfer some of their risks to the insurance sector, which should reduce the likelihood of economic agents falling into bankruptcy (Valckx et al., 2016). The role of risk coverage has become increasingly crucial in recent decades, particularly when there are potentially rising levels of risks associated with climate change (leading to increased frequency of natural disasters), financial crises, and the health pandemic (as in the case of COVID-19).

Since the outbreak and spread of the COVID-19 pandemic virus across the world, the insurance sector has played an even more important role, both in health and general insurance, such as bank credit insurance. The insurance sector has faced pressure from the weakening demand and rising claims. During the pandemic period (2020-2021), premium growth slowed to around 1.2% (compared to more than 4% per year between 2010 and 2020). Industry profits also declined by around 15% in 2019, with the sharpest decline occurring in the Asia-Pacific region (down 36%), driven by the decline in the profits of life insurance (McKinsey & Company, 2022). In Indonesia, commercial insurance premiums in 2020 reached IDR 242.46 trillion or contracted by -7.34% year-on-year (yoy) (Otoritas Jasa Keuangan, 2021).

In addition to its roles, the insurance sector also contributes significantly to the development of the rest of the financial sector. The use of insurance products can stimulate spillover effects in the adoption of other financial products, such as savings and investment products. Hence, it facilitates the country's economic development. Based on data from the Input-Output Table of Indonesia in 2016 published by Statistics Indonesia (Badan Pusat Statistik (BPS)) in 2021, it was found that in absolute terms, the industries that were most dependent on insurance were banking (\pm IDR 10 trillion), insurance and real estate (\pm IDR 4 trillion), and government services (\pm IDR 3.4 trillion). In other words, the backward linkages of the insurance sector to other sectors, especially banking, are significant. It demonstrates the broad-based contribution of the insurance sector to the economy. Furthermore, the scale (especially capital size) and performance of the insurance sector will determine the coverage and depth of the insurance sector in carrying out its functions and roles (Siregar et al., 2023).

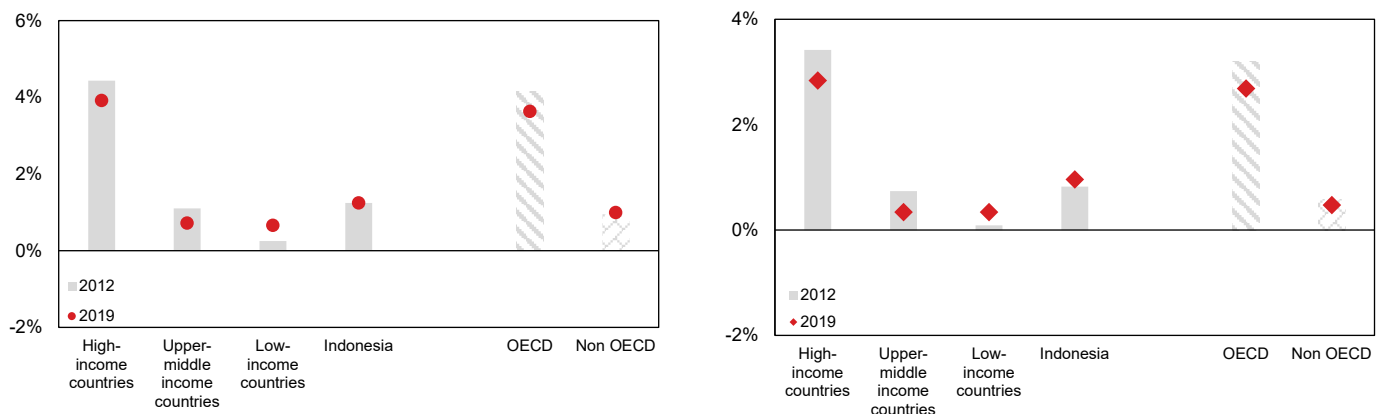
These linkages highlight the importance of a strong and robust insurance sector in supporting the overall economy. Understanding the relationship between macroeconomic variables, insurance sector premiums, and claims is crucial to ensure the sector's optimal performance and its ability to fulfill its functions and roles effectively, especially amidst a situation surrounded by various uncertainties. The recent financial turbulences have underscored the significance insurance regulators place on preventing and addressing insurance companies' performance, such as premiums and claims. The performance of insurers not only safeguards policyholders by ensuring their future financial commitments are met but also contributes to overall financial system stability. Instances of insurer failures possess the potential to disrupt the financial system and have adverse effects on the economy (see, e.g., Baluch et al. (2011) and Cummins and Weiss (2014)). Ascertaining and answering

crucial questions about the nexus between macroeconomic variables with premiums and claims have become fundamental aspects of monitoring insurance companies' conditions.

Specifically, we will build our questions based on three fundamental building-block: 1) how changes in variables, such as GDP growth and real interest rates, influence the premium and claim of insurance companies, 2) how economic conditions affect insurance markets in two groups of countries, Organisation for Economic Co-operation and Development (OECD) and Non-OECD, and 3) whether the effects of changes in macroeconomic factors on insurance premiums occur at different speeds or with varying time lags in these two economic contexts. This inquiry holds utmost importance for regulators, as well as policyholders, managers, investors, and policymakers.

Indonesia's Insurance Sector Position & General Conditions

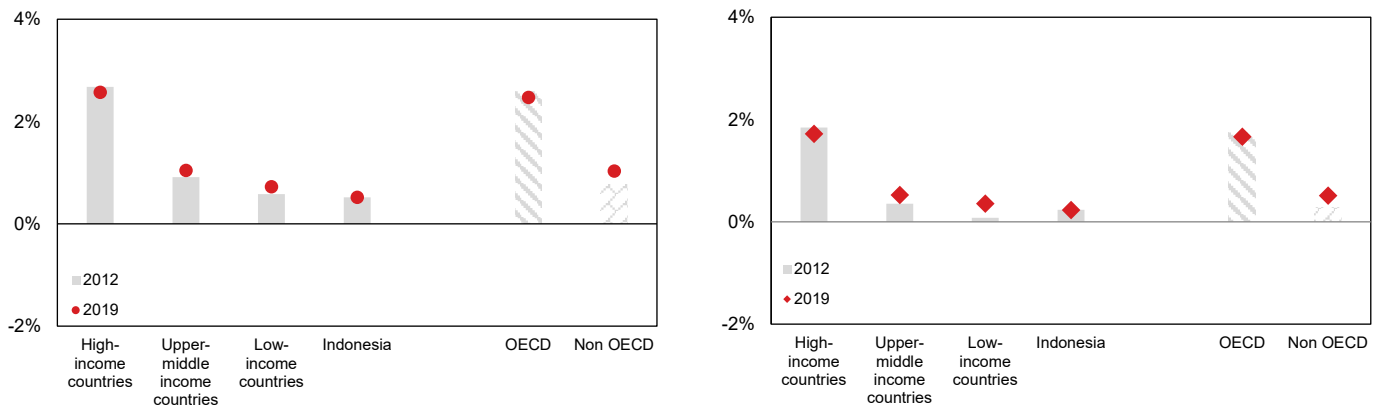
In general, there is a gap in the life insurance premium to Gross Domestic Product (GDP) ratio between high-income countries and other groups of countries. The life insurance premium to GDP ratio for high-income countries ranges between $\pm 4\%$ ($\pm 4.3\%$ in 2012 - $\pm 3.92\%$ in 2019), while for upper-middle to low-income countries, it only ranges between $\pm 1\%$ ($\pm 1.1\%$ in 2012 - $\pm 0.72\%$ in 2019). Indonesia is positioned similarly to the average of the upper-middle-income countries in the sample. Compared to non-OECD countries, Indonesia was above non-OECD countries in 2012, but the opposite was observed in 2019. A similar pattern was also shown on the life insurance claims-to-GDP ratio side, with Indonesia being above non-OECD countries in 2012 and 2019 (Figure 1) (OECD, 2023).



Note: OECD= Organisation for Economic Co-operation and Development

Source: World Bank (2023), OECD (2023), and IFG (2022)

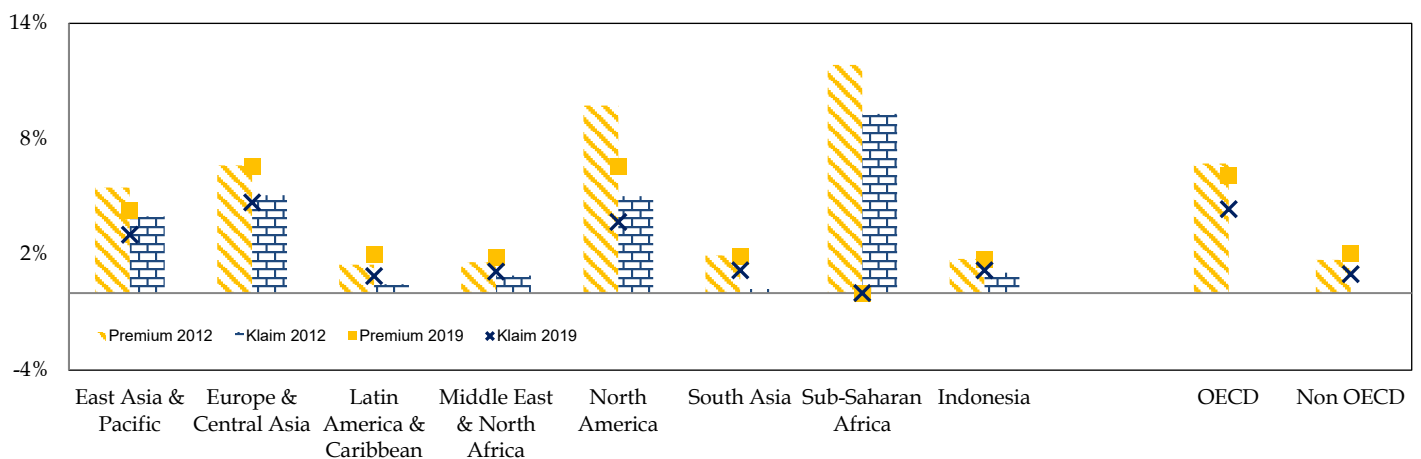
Figure 1 Life Insurance Gross Premium and Claim (% of GDP) in 2012 and 2019



Note: OECD= Organisation for Economic Co-operation and Development

Source: World Bank (2023), OECD (2023), and IFG (2022)

Figure 2 Non-Life Insurance Gross Premium and Claim (% of GDP) in 2012 and 2019



Note: OECD= Organisation for Economic Co-operation and Development

Source: World Bank (2023), OECD (2023), and IFG (2022)

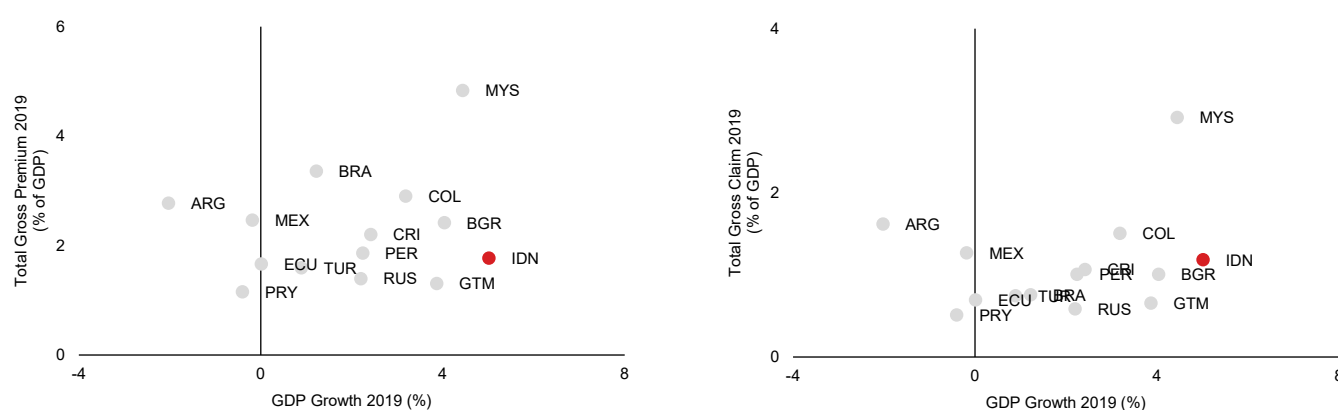
Figure 3 Average of Gross Premium and Claim (% of GDP) Based on Region in 2012 and 2019

From the non-life insurance business line, non-life insurance premiums-to-GDP also illustrate the gap between high-income countries and other countries. In Figure 2, the ratio of non-life insurance premiums to GDP in high-income countries ranges from $\pm 2.5\%$ ($\pm 2.68\%$ in 2012 - $\pm 2.57\%$ in 2019), while upper-middle to low-income countries only range from $\pm 1\%$ ($\pm 0.92\%$ in 2012 - $\pm 1.05\%$ in 2019) and $\pm 0.5\%$ ($\pm 0.58\%$ in 2012 - $\pm 0.72\%$ in 2019). In contrast to life insurance results, Indonesia's position in non-life insurance is below the non-OECD group of countries and at the level of $\pm 0.5\%$ ($\pm 0.521\%$ in 2012 - $\pm 0.520\%$ in 2019). Similar results are also seen in the claims section, both in 2012 and 2019 (OECD, 2023).

Furthermore, when viewed in a regional context, the sample average premiums in North America and Sub-Saharan regions dominated other regions with levels of approximately 7% of GDP (10% in 2012) and 13% of GDP (12% in 2012), respectively, in 2019. In terms of claims, the Europe, Central Asia, and Sub-Saharan regions had the highest levels at approximately 4% of GDP (5% in 2012) and 11% of GDP (9% in 2012), respectively, in 2019. Compared to 63 sample countries, Indonesia was positioned as a non-OECD country and falls within the Latin America, Caribbean, Middle East, and North Africa regions (Figure 3) (OECD, 2023).

Compared to other countries with similar economic performance in 2019, Indonesia recorded lower premium earnings compared to other developing countries, such as Argentina, Brazil, and Colombia, despite having the highest GDP growth rate among sample countries (Figure 4). On the other hand, in terms of claims, Indonesia recorded the fourth-highest level after Malaysia, Argentina, Colombia, and Mexico. This performance indicates that gross premiums and claims in Indonesia are still suboptimal compared to higher economic growth among other Emerging Market Economies (EMEs).

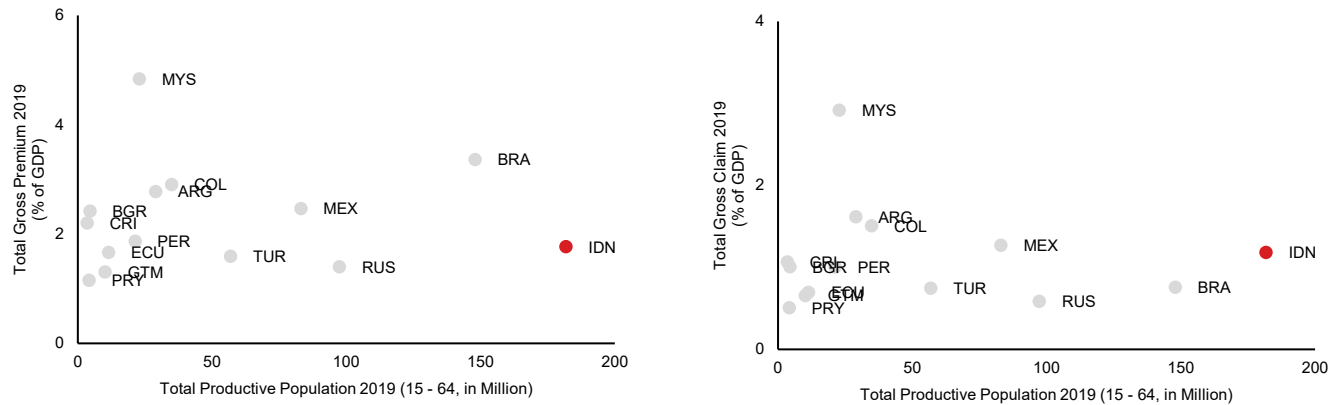
In terms of the relationship between the premium (claim) and the customer base (total productive population), the Indonesian total productive population reaches almost 200 million. However, the percentage of gross premium to GDP in Indonesia is at the level of other countries, with half of Indonesia's productive population. It indicates that Indonesia has not fully capitalized on the massive productive population. The claim figure also indicates an inline picture where the claim level is relatively low as the market has not subscribed to the insurance sector (Figure 5) (OECD 2023; World Bank, 2023).



Note: ARG = Argentina, MEX = Mexico, ECU = Ecuador, PRY = Paraguay, TUR = Türkiye, BRA = Brazil, RUS = Russian Federation, PER = Peru, CRI = Costa Rica, COL = Colombia, BGR = Bulgaria, GTM = Guatemala, MYS = Malaysia, and IDN = Indonesia.

Source: World Bank (2023), OECD (2023), and IFG (2022)

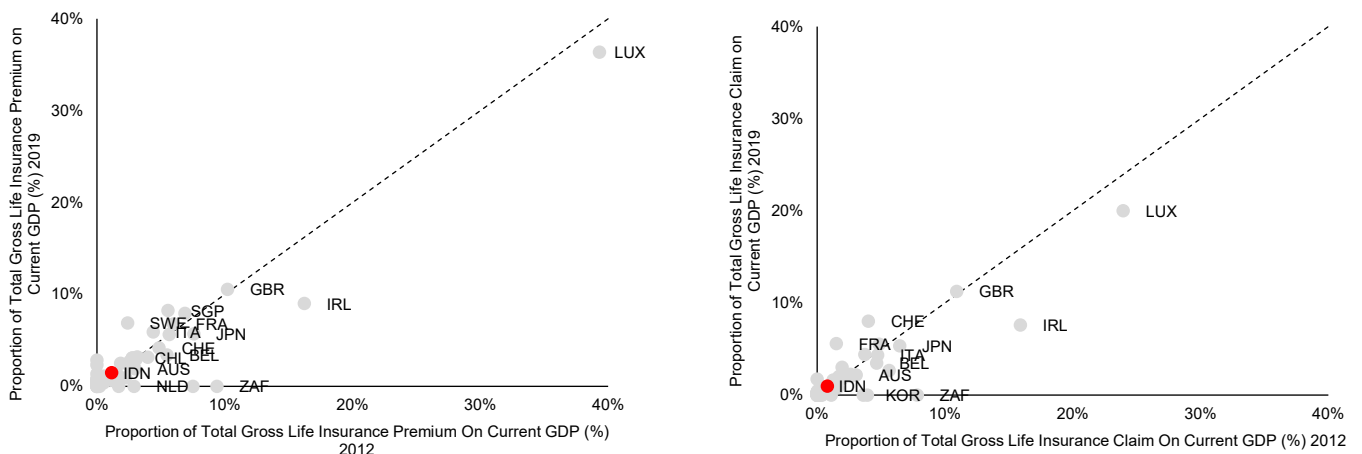
Figure 4 Gross Premium (Claim) and GDP Growth in Indonesia Vs Other Countries



Note: ARG = Argentina, MEX = Mexico, ECU = Ecuador, PRY = Paraguay, TUR = Türkiye, BRA = Brazil, RUS = Russian Federation, PER = Peru, CRI = Costa Rica, COL = Colombia, BGR = Bulgaria, GTM = Guatemala, MYS = Malaysia, and IDN = Indonesia.

Source: World Bank (2023), OECD (2023), and IFG (2022)

Figure 5 Gross Premium (Claim) and Total Productive Population in Indonesia Vs. Other Countries



Note: IDN = Indonesia, AUS = Australia, CHI = China, NLD = Netherlands, SWE = Sweden, ITA = Italy, CHE = Czechia, BEL = Belgium, SGP = Singapore, FRA = France, JPN = Japan, ZAF = South Africa, GBR = United Kingdom, IRL = Ireland, KOR = South Korea, and LUX = Luxembourg.

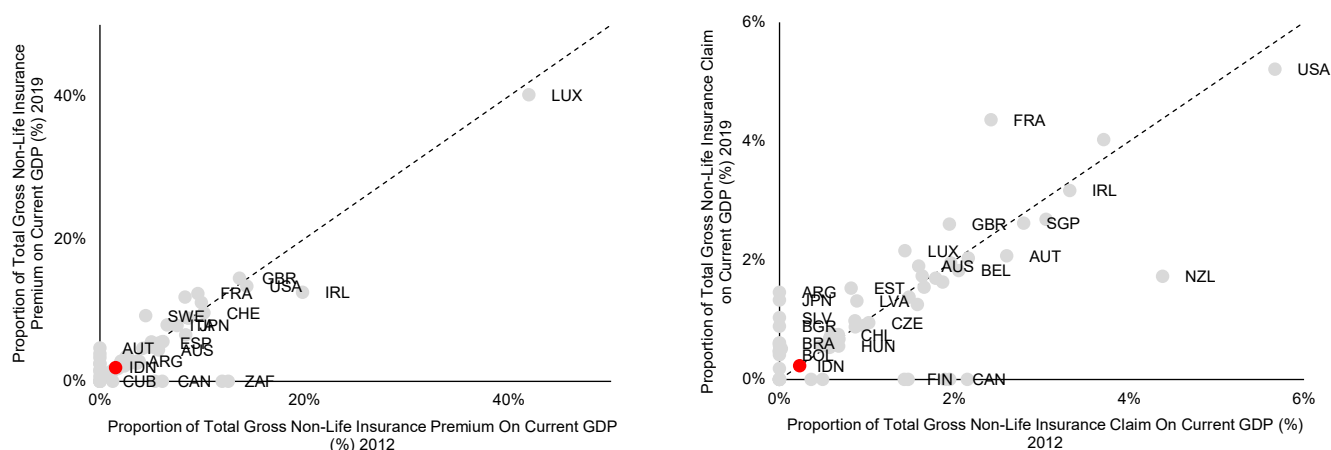
Source: World Bank (2023), OECD (2023), and IFG (2022)

Figure 6 Indonesia's Life Insurance Growth Vs. Other Countries (2012–2019)

Furthermore, in addition to the relatively lower performance of the insurance sector in Indonesia compared to other countries, the historical growth of the insurance sector in Indonesia also shows a similar trend. A comparison of the proportion of total gross life insurance premiums to GDP in 2012 and 2019 shows relatively stagnant growth performance. In 2012, the proportion of life insurance premiums to GDP was recorded at $\pm 1.25\%$, and in 2019, it still reached the same level of $\pm 1.25\%$. This result indicated that for almost a decade,

life insurance penetration in Indonesia did not move or stagnated. A similar trend also occurred in the claims component, where the gross life insurance claims component to GDP ranged between $\pm 0.82\%$ and $\pm 0.96\%$ over the past decade (Figure 6) (OECD, 2023).

From the non-life insurance business perspective, Indonesia's performance has been similar. The proportion of non-life insurance premiums tended to be stagnant, moving from around $\pm 1.77\%$ in 2012 to $\pm 1.80\%$ in 2019. Meanwhile, in the same period, the proportion of non-life insurance claims remained at $\pm 0.23\%$ (Figure 7).



Note: IDN = Indonesia, CUB = Cuba, AUT = Austria, ARG = Argentina, CAN = Canada, ZAF = South Africa, AUS = Australia, ESP = Spain, SWE = Sweden, ITA = Italy, JPN = Japan, CHE = Switzerland, FRA = France, GBR = United Kingdom, USA = United States, IRL = Ireland, BOL = Bolivia, BRA = Brazil, BGR = Bulgaria, SLV = El-Salvador, HUN = Hungary, CHL = Chile, CZE = Czech Republic, EST = Estonia, LVA = Latvia, FIN = Finland, BEL = Belgium, and NZL = New Zealand.

Source: World Bank (2023), OECD (2023), and IFG (2022)

Figure 7 Indonesia's Non-Life Insurance Growth Vs. Other Countries (2012–2019)

The analysis of Indonesia's insurance sector performance reveals its similarity to non-OECD economies. Indonesia's life insurance premium-to-GDP ratio, akin to other non-OECD countries, signifies the potential for enhancing insurance penetration. In contrast, high-income countries exhibit higher ratios, highlighting the need to bolster insurance coverage in Indonesia and similar economies. Additionally, Indonesia's non-life insurance premiums-to-GDP ratio falls below that of the non-OECD group, indicating room for strengthening non-life insurance coverage domestically. Increasing these ratios is crucial to fostering a more robust insurance landscape in Indonesia and other non-OECD nations.

Considering Indonesia's position within the ASEAN region, understanding its insurance sector's performance becomes crucial. Exploring the experiences and challenges faced by Indonesia can provide valuable insights into the growth and development of the insurance sector in ASEAN. Moreover, as ASEAN member countries share a high degree of similarity, important lessons can be learned from non-OECD economies, including Indonesia.

Analyzing Indonesia's performance and the strategies implemented to enhance insurance penetration can be a valuable reference for other ASEAN countries.

Despite Indonesia's notable GDP growth rate, the country records lower premium earnings compared to other developing economies with similar economic performance. It highlights the presence of distinct factors influencing Indonesia's insurance market, necessitating tailored approaches to address market dynamics and potential barriers. Gaining a comprehensive understanding of these specific factors enables policymakers and stakeholders to design effective strategies for stimulating insurance sector growth not only in Indonesia but also in other ASEAN countries (OECD, 2023; World Bank, 2023).

In short, Indonesia's insurance sector exhibits similarities with non-OECD economies, emphasizing the need for concerted efforts to enhance insurance penetration. As Indonesia is a part of ASEAN, there is a valuable opportunity for other ASEAN countries to learn from Indonesia's experiences and apply relevant strategies to foster their insurance sector growth. By focusing on consumer awareness, affordability, trust-building, and implementing policies to improve accessibility, Indonesia and other ASEAN nations can work together towards achieving sustainable growth and development in their respective insurance sectors.

Based on these findings, this study aims to address the following research questions:

- 1) What is the relationship between changes in macroeconomic variables and insurance sector premiums?
- 2) Are there differences in the impact of macroeconomic variables on the insurance sector in OECD and non-OECD countries?
- 3) Are there differences in the time response to the impact of macroeconomic variables in OECD and non-OECD countries?

The research adopts the classification of countries' income levels and geographic regions in the World Bank. We use three categories of World Bank's classification in our analysis. They are high-, upper-middle, and lower-middle-income countries. With the limited available sample, especially from the ASEAN economies, the analyses based on economic levels are divided into two groups: OECD and non-OECD countries. We use non-OECD¹ groups as a proxy for ASEAN economies. The selection of key macroeconomic variables is based on Zarnowitz (1992) that the main macroeconomic variables that play a role in the economy are GDP, exchange rate, interest rate, and inflation.

Literature Review/Analytical Framework

The literature on the impact of macroeconomic variables on gross insurance premiums, both life and non-life, is centered on four key macroeconomic variables: GDP, exchange rate, interest rate, and inflation. Both in the life and non-life insurance business, the GDP/income

¹ Four ASEAN countries are included in the non-OECD countries. They are Indonesia, Malaysia, Singapore, and Thailand

indicator shows a strong indication of a positive relationship with insurance premiums. Studies ranging from almost 50 years ago by Fortune (1973) to recent studies by Dragotă et al. (2023) reinforce the empirical findings that link income and premiums. However, there is other evidence showing a reverse relationship for certain parts of the world. There has been an indication of the S-curve phenomenon in the Asian region (Dragos, 2014; Park & Lemaire, 2011).

As for the other indicators, such as exchange rate, interest rate, and inflation, the previous study results show various impacts on insurance, suggesting specific countries or cases and sensitive periods in influencing the relationship between them (Tables 1 and 2). Although there have been many studies that look at the relationship between macroeconomic variables and insurance (among others, Dragos (2014), Tian et al. (2018), and Abhijit and Amlan (2022)), but they only focus on certain regions or, in some cases, certain countries.

Furthermore, they only focus on insurance growth by looking at the premiums and density without looking at the opposite side of the coin, the claims. In this research, we improve the existing literature by extending the breadth of our analysis by dividing our sample within its income group. Moreover, we also fill the gap in the existing literature by looking at the impact of macroeconomic variables on the claims. We believe the two additions will fill the gaps in the literature for the insurance sector.

Based on the literature review conducted, we establish the following hypotheses:

- GDP/income: There is a positive relationship between income levels and insurance sector premiums. Economic growth or income plays a crucial role in explaining insurance-related models (see Fortune (1973) and Beenstock et al. (1988)). An increase in economic growth and income, *ceteris paribus*, can enhance the affordability of insurance products. Consequently, more consumers are able to purchase insurance products, leading to an increase in premium income for insurance companies (see Tables 1 and 2).
- Exchange rate: The exchange rate has a negative relationship with insurance sector premiums. The weaker the local currency against the US Dollar causes the insurance premium to decline. Various studies consistently demonstrate a negative and significant coefficient for the exchange rate in all models, supporting our hypothesis. According to Singhal et al. (2020), who examined the impact of the relationship between the exchange rate and three dependent variables (gross written premium, insurance penetration, and insurance density), the relationship consistently exhibits a negative coefficient in all three models. These findings reinforce the findings of Hosseinzadeh and Daei-Karimzadeh (2017), suggesting that not only volatility but also the direction of exchange rate movements can increase uncertainty and instability, thereby reducing the willingness of the public to purchase insurance. Consequently, as a currency depreciates (relative to the US Dollar), premiums from insurance companies tend to be suppressed (see Tables 1 and 2).
- Interest rate: The interest rate has a negative relationship with insurance sector premiums. The literature on the real interest rate's effect on insurance has not been sufficiently conclusive thus far. Economists such as Beck and Webb (2003) believed that higher real

interest rates increased investment profitability for insurance companies and offered greater profitability for purchasers. In contrast, Li et al. (2007) argued that the real interest rate served as an incentive for households to postpone consumption (incentivizing higher investment or savings). As a result, consumption of insurance products slowed down, leading to a decrease in insurance premium income. In this study, we establish the hypothesis for this study following Li et al. (2007) (see Tables 1 and 2).

Table 1 Literature Study for Life Insurance

| Variable | Sign of Determinant | | |
|---------------|--|---|---|
| | Positive | Negative | Non-significant/Ambiguous features |
| GDP | Fortune (1973), Campbell (1980), Beenstock et al. (1988), Lewis (1989), Truett and Truett (1990), Browne and Kim (1993), Outreville (1996), Ward and Zurbruegg (2002), Beck and Webb (2003), Li et al. (2007), Feyen et al. (2011), Kjosevski (2012), Dragos (2014), Dragos et al. (2017), Dragoş (2019), Singhal et al. (2020), Dragotă et al. (2022) | Segodi and Sibindi (2022) | Dragos (2014) for Non-life Density Asia |
| Exchange Rate | Hosseinzadeh and Daei-Karimzadeh (2017) | Li et al. (2009) - For long-term, Singhal et al. (2020), Simionescu and Ulbinaite (2021) | Cummins et al. (1999) |
| Interest Rate | Fortune (1973), Beck and Webb (2003), Zerriaa and Noubbigh (2016) | Li et al. (2007) | Outreville (1996), Kjosevski (2012) |
| Inflation | Zerriaa and Noubbigh (2016), Olarewaju and Msomi (2021) | Fortune (1973), Browne and Kim (1993), Outreville (1996), Ward and Zurbruegg 2002), Beck and Webb (2003), Li et al. (2007), Sen and Madheswaran (2013), Olasehinde-Williams and Balcilar (2020) | Kjosevski (2012), Singhal et al. (2020) |

Source: Various Studies and IFG (2022)

Table 2 Literature Study for Non-Life Insurance

| Variable | Sign of Determinant | | |
|---------------|---|---|---|
| | Positive | Negative | Non-significant/Ambiguous features |
| GDP | Sherden (1984), Beenstock et al. (1988), Outreville (1996), Browne et al. (2000), Esho et al. (2004), Treerattanapun (2011), Park and Lemaire (2011), Trinh et al. (2016), Tian et al. (2018), Abhijit and Amlan (2022) | Park and Lemaire (2011) – countries with a GDP higher than 20,000\$ | |
| Exchange Rate | | Li et al. (2009) - For long-term and domestic insurers, Simionescu and Ulbinaite (2021) | Colquitt and Hoyt (1997), Cummins et al. (1999) |
| Interest Rate | Beenstock et al. (1988), Haiss and Sümegi (2008) | Haiss and Sümegi (2008), Millo and Carmeci (2010), Abhijit and Amlan (2022) | |
| Inflation | | Haiss and Sümegi (2008), Feyen et al. (2011) | |

Source: Various Studies and IFG (2022)

Inflation: Inflation has a negative relationship with insurance sector premiums. Unlike the real interest rate, the literature on the impact of inflation on insurance premiums is more conclusive. Once again, drawing from Beck and Webb (2003), it is believed that “price stability is an important predictor of insurance consumption”. Coefficients for the inflation rate are significantly negative across all specifications. Our hypothesis is based on Beck and Webb (2003). As the price level rises, insurance sector premiums tend to decline (see Tables 1 and 2).

Research Method

The estimation results utilized in this study employ panel data regression analysis, combining time series and cross-sectional data. It employs a fixed-effect approach based on an annual panel dataset of 63 countries (displayed in Table 3) from 2010 to 2019. Hence, we use the following formulas.

$$Premiums_{it} = (\beta_0 + \mu_i) + \beta_1 GDP_{it} + \beta_2 Inflation_{it} + \beta_3 Exchange\ Rate_{it} + \beta_4 Interest\ Rate_{it} + \beta_5 Incomegroup2_{it} + \beta_6 Incomegroup3_{it} + \delta_t + \varepsilon_{it} \quad (1)$$

$$Claims_{it} = (\beta_0 + \mu_i) + \beta_1 GDP_{it} + \beta_2 Inflation_{it} + \beta_3 Exchange\ Rate_{it} + \beta_4 Interest\ Rate_{it} + \beta_5 Incomegroup2_{it} + \beta_6 Incomegroup3_{it} + \delta_t + \varepsilon_{it} \quad (2)$$

In the equations, δ_i represents the entity-specific intercepts, which capture the unobserved heterogeneity, and all other terms remain the same. The Fixed Effect Model (FE) estimates the coefficients (β_1) and provides consistent estimates of the relationships of interest by accounting for time-invariant heterogeneity. We assume that the individual-specific effects are correlated with the independent variables. This assumption allows for controlling the unobserved heterogeneity but restricts the estimation to within-entity variations. It is important to note that the FE model does not estimate the effects of time-invariant variables as they are different. To determine the most appropriate panel data model for our analysis, we evaluate the fit and performance of each model and compare their respective strengths and limitations. In conducting such exploration, we use Hausman test, R-squared, Lagrange Multiplier (LM) test, 4) Akaike Information Criterion (AIC) and Bayesian Information Criterion (BIC), and diagnostic tests (such as heteroscedasticity tests (e.g., White’s test), serial correlation tests (e.g., Breusch-Pagan test), and normality tests (e.g., Jarque-Bera test) to assess the validity of the chosen model).

We do not include data from 2020 to 2022 in the model to exclude the impact of special stimulus and policies for COVID-19 on the insurance sector. The study aims to map the relationships between macroeconomic indicators and gross premiums. The macroeconomic indicators used in the model include GDP, inflation, interest rates, and exchange rates. Furthermore, the estimation results are also mapped based on total observations, OECD and ASEAN (proxied by non-OECD samples – from here on, we will treat Non-OECD as ASEAN), as well as static and dynamic analyses to examine potential variations in patterns across regional groups and over different time. The dynamic equations we use are as follows.

$$\begin{aligned}
Premiums_{it} = & \beta_1 GDP_{it} + \beta_2 Inflation_{it} + \beta_3 Exchange\ Rate_{it} + \beta_4 Interest\ Rate_{it} + \\
& \beta_5 GDP_{i,t-1} + \beta_6 Inflation_{i,t-1} + \beta_7 Exchange\ Rate_{i,t-1} + \beta_8 Interest\ Rate_{i,t-1} + \beta_9 GDP_{i,t-2} + \\
& \beta_{10} Inflation_{i,t-2} + \beta_{11} Exchange\ Rate_{i,t-2} + \beta_{12} Interest\ Rate_{i,t-2} + \beta_{13} Incomegroup2_{it} + \\
& \beta_{14} Incomegroup3_{it} + \delta_t + \varepsilon_{it}
\end{aligned} \tag{3}$$

$$\begin{aligned}
Claims_{it} = & \beta_1 GDP_{it} + \beta_2 Inflation_{it} + \beta_3 Exchange\ Rate_{it} + \beta_4 Interest\ Rate_{it} + \beta_5 GDP_{i,t-1} + \\
& \beta_6 Inflation_{i,t-1} + \beta_7 Exchange\ Rate_{i,t-1} + \beta_8 Interest\ Rate_{i,t-1} + \beta_9 GDP_{i,t-2} + \\
& \beta_{10} Inflation_{i,t-2} + \beta_{11} Exchange\ Rate_{i,t-2} + \beta_{12} Interest\ Rate_{i,t-2} + \beta_{13} Incomegroup2_{it} + \\
& \beta_{14} Incomegroup3_{it} + \delta_t + \varepsilon_{it}
\end{aligned} \tag{4}$$

All variables are transformed into natural logarithm form to facilitate the inference of parameter estimates as elasticity coefficients. This transformation ensures that the interpretation of the parameter (β) is equivalent to elasticity, meaning that a 1% increase in the independent variable will result in a $\beta\%$ change in the dependent variable. The variable descriptions are as follows:

- $ltgp$ (natural logarithm of total gross premium at millions of USD)
- $llgp$ (natural logarithm of total life gross premium at millions of USD)
- $lnlgp$ (natural logarithm of total non-life gross premium at millions of USD)
- $lgdpril$ (natural logarithm of GDP at constant 2015 USD prices)
- $lcpi$ (natural logarithm of consumer price index)
- ler (natural logarithm of exchange rate, local currency unit/USD)
- $linterest$ (natural logarithm of interest rate in percentage. The interest rate is first converted to a decimal)
- L (lag operator used for dynamic panel analysis, where L and $L2$ represent the lag of the independent variable at 1 and 2 time periods ago, respectively)

Additionally, the study employs dummy variables as follows:

- Income 1: high-income countries
- Income 2: lower-middle-income countries
- Income 3: upper-middle-income countries

Table 3 The List of Regions and Its Status

| Country | Region | OECD/Non-OECD |
|--------------------|----------------------------|---------------|
| Argentina | Latin America & Caribbean | Non-OECD |
| Australia | East Asia & Pacific | OECD |
| Austria | Europe & Central Asia | OECD |
| Belgium | Europe & Central Asia | OECD |
| Bolivia | Latin America & Caribbean | Non-OECD |
| Brazil | Latin America & Caribbean | Non-OECD |
| Bulgaria | Europe & Central Asia | Non-OECD |
| Canada | North America | OECD |
| Chile | Latin America & Caribbean | OECD |
| Colombia | Latin America & Caribbean | OECD |
| Costa Rica | Latin America & Caribbean | OECD |
| Cuba | Latin America & Caribbean | Non-OECD |
| Czech Republic | Europe & Central Asia | OECD |
| Denmark | Europe & Central Asia | OECD |
| Dominican Republic | Latin America & Caribbean | Non-OECD |
| Ecuador | Latin America & Caribbean | Non-OECD |
| Egypt, Arab Rep. | Middle East & North Africa | Non-OECD |
| El Salvador | Latin America & Caribbean | Non-OECD |
| Estonia | Europe & Central Asia | OECD |
| Finland | Europe & Central Asia | OECD |
| France | Europe & Central Asia | OECD |
| Germany | Europe & Central Asia | OECD |
| Greece | Europe & Central Asia | OECD |
| Guatemala | Latin America & Caribbean | Non-OECD |
| Honduras | Latin America & Caribbean | Non-OECD |
| Hungary | Europe & Central Asia | OECD |
| Iceland | Europe & Central Asia | OECD |
| India | South Asia | Non-OECD |
| Indonesia | East Asia & Pacific | Non-OECD |
| Ireland | Europe & Central Asia | OECD |
| Israel | Middle East & North Africa | OECD |
| Italy | Europe & Central Asia | OECD |
| Japan | East Asia & Pacific | OECD |
| Korea, Rep. | East Asia & Pacific | OECD |
| Latvia | Europe & Central Asia | OECD |
| Lithuania | Europe & Central Asia | OECD |
| Luxembourg | Europe & Central Asia | OECD |
| Malaysia | East Asia & Pacific | Non-OECD |
| Mexico | Latin America & Caribbean | OECD |
| Netherlands | Europe & Central Asia | OECD |
| New Zealand | East Asia & Pacific | OECD |
| Nicaragua | Latin America & Caribbean | Non-OECD |
| Norway | Europe & Central Asia | OECD |
| Panama | Latin America & Caribbean | Non-OECD |
| Paraguay | Latin America & Caribbean | Non-OECD |
| Peru | Latin America & Caribbean | Non-OECD |
| Poland | Europe & Central Asia | OECD |
| Portugal | Europe & Central Asia | OECD |
| Russian Federation | Europe & Central Asia | Non-OECD |
| Singapore | East Asia & Pacific | Non-OECD |
| Slovak Republic | Europe & Central Asia | OECD |
| Slovenia | Europe & Central Asia | OECD |
| South Africa | Sub-Saharan Africa | Non-OECD |
| Spain | Europe & Central Asia | OECD |
| Sri Lanka | South Asia | Non-OECD |
| Sweden | Europe & Central Asia | OECD |
| Switzerland | Europe & Central Asia | OECD |
| Thailand | East Asia & Pacific | Non-OECD |
| Tunisia | Middle East & North Africa | Non-OECD |
| Türkiye | Europe & Central Asia | OECD |
| United Kingdom | Europe & Central Asia | OECD |
| United States | North America | OECD |
| Uruguay | Latin America & Caribbean | Non-OECD |

Note: OECD= Organisation for Economic Co-operation and Development
Source: Various Studies and IFG (2022)

Empirical Findings

Static Impact

Based on the estimation results presented in Table 4, the static approach and the total gross premium models show mixed results in relation to the hypotheses formulated. Regarding the first indicator, real GDP, the estimation results indicate a positive and significant relationship with both total and non-life gross premiums. These findings are consistent with previous studies that suggest an increase in income can enhance consumer affordability, leading to higher consumption of insurance products and premiums (Fortune, 1973; Dragotă et al., 2023). However, the results show a positive but insignificant relationship for the life insurance sector. This result suggests potential differences in the characteristics and drivers of the different insurance sectors among the sampled countries (discussed in Table 3).

Table 4 Estimation Results of Static Macroeconomic Indicators and Gross Insurance Premiums at the Global Level

| Variables | ltgp | llgp | lnlgp | ltgp | llgp | lnlgp |
|--------------|---------------------|--------------------|---------------------|---------------------|--------------------|---------------------|
| lgdpril | 0.89*** (0.10) | 0.41 (0.31) | 1.14*** (0.10) | 0.84*** (0.10) | 0.49 (0.32) | 1.12*** (0.10) |
| lcpi | 1.51*** (0.13) | 2.75*** (0.40) | 1.12*** (0.13) | 1.53*** (0.13) | 2.86*** (0.41) | 1.10*** (0.13) |
| ler | -1.01*** (0.07) | -1.43*** (0.22) | -0.92*** (0.07) | -1.01*** (0.07) | -1.49*** (0.22) | -0.91*** (0.07) |
| linterest | 0.02* (0.01) | 0.02 (0.03) | 0.02** (0.01) | 0.02** (0.01) | 0.02 (0.03) | 0.02** (0.01) |
| 2. income | No | No | No | Yes | Yes | Yes |
| 3. income | No | No | No | Yes | Yes | Yes |
| Constant | -18.10*** (2.21) | -11.04 (7.12) | -23.91*** (2.21) | -16.88*** (2.31) | -13.50* (7.41) | -23.27*** (2.32) |
| Observations | 273 | 265 | 271 | 273 | 265 | 271 |
| R-squared | 0.72 | 0.30 | 0.71 | 0.72 | 0.31 | 0.72 |
| Number of cd | 38 | 37 | 38 | 38 | 37 | 38 |

Note: Standard errors are in parentheses. *p<0.1, **p<0.05, and ***p<0.01. ltgp= log total gross premium, llgp= log life gross premium, lnlgp= log non-life gross premium, lgdpril = natural logarithm of GDP at constant 2015 USD prices, lcpi = natural logarithm of consumer price index, ler = natural logarithm of exchange rate, local currency unit/USD, and linterest = natural logarithm of interest rate in percentage. The interest rate is first converted to a decimal, and cd = number of cross-sectional dependences to test. 2. income and 3. income are dummies for income level. Diagnostics results can be found at the end of the empirical analysis section.

Source: World Bank (2023), OECD (2023), and IFG (2022)

Moving on to the second indicator, inflation rate (change in Consumer Price Index (CPI)), the estimation results demonstrate a positive and significant relationship with gross premiums in all models. These findings contradict our initial hypothesis and align more closely with the findings of Zerriaa and Noubbigh (2016) and Olarewaju and Msomi (2021). These findings indicate that high inflation rates and volatility may increase the demand for risk mitigation provided by the insurance sector. Beck and Webb (2003) conducted research using a sample with high inflation rates and volatility, while Zerriaa and Noubbigh (2016) and Olarewaju and Msomi (2021) regarding the exchange rate variable, the relationship between the exchange rates and the gross premiums showed a negative and significant impact in all models. These results support the findings of previous studies, such as Singhal et al. (2020) and Hosseinzadeh and Daei-Karimzadeh (2017), who reported similar relationships. Continual depreciation and pressure on the local currency relative to the US Dollar can increase uncertainty and instability and reduce the willingness of the public to purchase insurance products.

As for the interest rate, the estimation results reveal a positive and significant relationship with gross premiums, contrary to our initial hypothesis. These findings align more closely with the findings of Fortune (1973), Beck and Webb (2003), Zerriaa and Noubbigh (2016) for life insurance, and Beenstock et al. (1988) and Haiss and Sümegi (2008) for non-life insurance. Interest rates are seen as a driver of investment profitability for insurance companies and can act as an additional factor in attracting insurance products (Table 4).

Turning to the analysis of OECD and ASEAN approaches presented in Table 5, the results obtained generally align and further elaborate the findings posted in Table 4. First, the relationship between real GDP and life gross premiums for the OECD segment shows a positive and significant relationship at the 10% level when not using income dummy variables. In contrast, the significance level for life gross premiums for the ASEAN segment remains unchanged ($p\text{-value} > 10\%$). It suggests insensitivity in the relationship between real GDP and gross premiums to the income level of a country relative to high-income countries.² In other words, overall, life gross premiums for OECD countries exhibit a positive relationship, and there is no influence on income levels across the sampled countries.

The interest rate has contrasting effects between the case of the OECD and the ASEAN countries. In theory, based on previous research, a substitution relationship exists between savings and insurance (Menegatti & Rebresi, 2011). It implies that when interest rates increase, individuals tend to prefer saving their funds in saving instruments rather than insurance (substitution effect). Studies on the complementary relationship between savings and insurance can also be found in previous research (Redzuan et al., 2009; Beck & Webb, 2003; Savvides, 2006). However, in the same study conducted by Menegatti and Rebresi (2011), a wealth effect is also explained, meaning that under conditions of high income, the substitution effect between insurance and savings can be offset by income effects. Thus, when interest rates

² In this study, the sample countries are divided into four categories, namely 1 = high-income, 2 = lower-middle income, and 3 = upper-middle income. The income level dummies are constructed as a comparison to the base category, which is the high-income countries.

increase, individuals will allocate more income to savings while still maintaining demand for insurance. It may explain the differential impact of interest rates between OECD countries with relatively higher average income and ASEAN countries with lower average income. However, for ASEAN countries, these parameters are not statistically significant.

Table 5 Estimation Results of Static Macroeconomic Indicators and Total Gross Insurance Premiums between OECD and ASEAN

| Variables | ltgp | llgp | lnlgp | ltgp | llgp | lnlgp |
|--------------|---------------------|-------------------|---------------------|---------------------|-------------------|---------------------|
| lgdpriil | 0.65*** (.15) | 0.46* (.25) | 1.04*** (.12) | 0.59*** (.15) | 0.38 (.25) | 1.02*** (.12) |
| lcpi | 1.79*** (.2) | 2.64*** (.34) | 1.26*** (.16) | 1.85*** (.2) | 2.73*** (.34) | 1.28*** (.16) |
| ler | -1.04*** (.08) | -1.33*** (.13) | -0.95*** (.06) | -1.06*** (.08) | -1.36*** (.13) | -0.96*** (.06) |
| linterest | 0.02** (.01) | 0.03* (.02) | 0.01 (.01) | 0.03** (.01) | 0.04** (.02) | 0.01* (.01) |
| 2.income | No | No | No | No | No | No |
| 3.income | No | No | No | Yes | Yes | Yes |
| Constant | -12.47*** (3.39) | -11.25* (5.77) | -21.68*** (2.67) | -11.24*** (3.34) | -9.376 (5.74) | -21.18*** (2.69) |
| Observations | 154 | 147 | 152 | 154 | 147 | 152 |
| R-squared | 0.71 | 0.59 | 0.80 | 0.73 | 0.61 | 0.80 |
| Number of cd | 18 | 17 | 18 | 18 | 17 | 18 |

| Variables | ltgp | llgp | lnlgp | ltgp | llgp | lnlgp |
|--------------|---------------------|-------------------|---------------------|---------------------|------------------|---------------------|
| lgdpriil | 1.07*** (.15) | 0.41 (.6) | 1.13*** (.17) | 1.06*** (.16) | 0.80 (.63) | 1.13*** (.18) |
| lcpi | 1.34*** (.2) | 2.86*** (.8) | 1.09*** (.23) | 1.32*** (.2) | 3.02*** (.81) | 1.04*** (.23) |
| ler | -0.98*** (.12) | -1.55*** (.49) | -0.90*** (.14) | -0.97*** (.13) | -1.80*** (.5) | -0.88*** (.15) |
| linterest | -0.01 (.02) | -0.01 (.08) | 0.04 (.02) | -0.01 (.02) | -0.02 (.08) | 0.04 (.02) |
| 2.income | No | No | No | Yes | Yes | Yes |
| 3.income | No | No | No | Yes | Yes | Yes |
| Constant | -22.77*** (3.36) | -12.53 (13.79) | -24.02*** (3.91) | -22.64*** (3.69) | -23.1 (14.73) | -23.83*** (4.26) |
| Observations | 119 | 118 | 119 | 119 | 118 | 119 |
| R-squared | 0.73 | 0.23 | 0.66 | 0.73 | 0.26 | 0.67 |
| Number of cd | 20 | 20 | 20 | 20 | 20 | 20 |

Note: Standard errors are in parentheses. *p < 0.1, **p < 0.05, and ***p < 0.01. ltgp = log total gross premium, llgp = log life gross premium, lnlgp = log non-life gross premium, lgdpriil = natural logarithm of GDP at constant 2015 USD prices, lcpi = natural logarithm of consumer price index, ler = natural logarithm of exchange rate, local currency unit/USD, and linterest = natural logarithm of interest rate in percentage. The interest rate is first converted to a decimal, and cd = number of cross-sectional dependences to test. 2. income and 3. income are dummies for income level. The top is the representation of Organisation for Economic Co-operation and Development (OECD), and the bottom is for ASEAN.

Source: World Bank (2023), OECD (2023), and IFG (2022)

Table 6 The Dynamic Estimation Results of Macroeconomic Indicators and Total Gross Premiums at the Global Level

| Independent Variables | Total | | | | | |
|-----------------------|---------------------|-------------------|---------------------|---------------------|-------------------|---------------------|
| | Total Gross Premium | Life insurance | Non-life insurance | Total Gross Premium | Life insurance | Non-life insurance |
| lgdpriil | 0.53** (.21) | 0.31 (.87) | 0.52** (.22) | 0.54** (.22) | 0.70 (.89) | 0.49** (.22) |
| lcpi | 0.90* (.53) | -0.78 (2.13) | 1.41** (.54) | 0.78 (.54) | -1.34 (2.17) | 1.26** (.55) |
| ler | -0.91*** (.1) | -1.12*** (.43) | -0.89*** (.11) | -0.89*** (.1) | -1.11*** (.42) | -0.87*** (.11) |
| linterest | 0.01 (.01) | 0.01 (.05) | 0.01 (.01) | 0.01 (.01) | 0.00 (.05) | 0.00 (.01) |
| L.lgdpriil | -0.74 (.54) | -0.20 (2.19) | -0.07 (.56) | -0.87 (.55) | 0.02 (2.23) | -0.27 (.56) |
| L.lcpi | -1.05 (.86) | 4.38 (3.53) | -1.78** (.88) | -1.12 (.87) | 5.73 (3.57) | -1.99** (.88) |
| L.ler | -0.02 (.13) | -0.33 (.52) | 0.08 (.13) | -0.03 (.13) | -0.47 (.52) | 0.07 (.13) |
| L.linterest | 0.00 (.01) | -0.02 (.05) | 0.00 (.01) | 0.00 (.01) | -0.02 (.05) | 0.00 (.01) |
| L2.lgdpriil | 1.01** (.46) | 0.17 (1.84) | 0.69 (.47) | 1.13** (.47) | -0.18 (1.87) | 0.90* (.47) |
| L2.lcpi | 1.63*** (.52) | -1.01 (2.14) | 1.41*** (.53) | 1.76*** (.53) | -1.49 (2.2) | 1.64*** (.54) |
| L2.ler | -0.17* (.1) | 0.14 (.41) | -0.23** (.1) | -0.16 (.1) | 0.07 (.41) | -0.19* (.1) |
| L2.linterest | -0.01 (.01) | 0.00 (.05) | 0.00 (.01) | -0.01 (.01) | -0.02 (.05) | 0.00 (.01) |
| 2.income | No | No | No | Yes | Yes | Yes |
| 3.income | No | No | No | Yes | Yes | Yes |
| Constant | -15.84*** (2.82) | -7.365 (11.39) | -23.41*** (2.88) | -15.58*** (2.96) | -15.19 (11.86) | -22.23*** (2.99) |
| Observations | 211 | 204 | 209 | 211 | 204 | 209 |
| R-squared | 0.74 | 0.21 | 0.72 | 0.74 | 0.24 | 0.73 |
| Number of cd | 36 | 35 | 35 | 36 | 35 | 35 |

Note: Standard errors are in parentheses. *p < 0.1, **p < 0.05, and ***p < 0.01. L.= Lag 1 period, L2 = Lag 2 periods, lgdpriil = natural logarithm of GDP at constant 2015 USD prices, lcpi = natural logarithm of consumer price index, ler = natural logarithm of exchange rate, local currency unit/USD, and linterest = natural logarithm of interest rate in percentage. The interest rate is first converted to a decimal, and cd = number of cross-sectional dependences to test. 2. income and 3. income are dummies for income level.

Source: IFG (2022)

In addition to real GDP and interest rates, two other indicators, namely inflation and exchange rates, do not show differences between the sample segments of the OECD and the ASEAN. The indicators of inflation and exchange rates remain consistent, both in terms of coefficient direction and significance, in influencing gross premiums.

Dynamic Impact

Based on the dynamic estimation results presented in Table 6, there are some similarities and differences in the response of premiums to changes in macroeconomic variables when using the total, OECD, and ASEAN samples. When using the entire sample (OECD + ASEAN), the logarithm of GDP consistently shows a positive and significant impact on all dependent variables, except for the premiums in the life insurance segment when using the total and ASEAN sample. These results are consistent with the static results obtained and previous studies (among others: Dragos (2014) and Dragotă et al. (2023)). Additionally, the estimation results also indicate that the lag of two previous periods has a significant impact on gross premiums, suggesting that insurance companies need to anticipate the lasting and persistent effects of the change in income.

Moving on to the next indicator, the logarithm of CPI, the coefficient of the relationship between the inflation rate and gross premiums shows a positive direction. It is consistent with the static results in the previous exhibit. Furthermore, the relationship between inflation and gross premiums is more persistent and lasting, as indicated by the significance level at the lag of two periods. However, only the non-life insurance segment is sensitive to the inflation rate. This result suggests that inflation only affects the insurance sector in the short term, not in the long term, as in the case of life insurance.

Turning to the exchange rate indicator, the coefficient of the relationship between the exchange rate indicator and insurance sector premiums shows negative and significant results in almost all estimation outcomes, both in life insurance and non-life insurance, using the total sample of OECD and ASEAN. The results are further confirmed at the lag of two periods, indicating significant coefficients and suggesting a persistent impact on changes in premiums. These estimation results align with the static findings obtained and the previous studies (Li et al., 2009; Singhal et al., 2020; Simionescu & Ulbinaitė, 2021). It implies that insurance companies should also anticipate the influence or lasting impact caused by the exchange rate, particularly in the non-life insurance segment.

The last indicator, the logarithm of the interest rate, shows positive (consistent with our static case) but insignificant coefficients for almost all estimation models. Our results are consistent with the findings of Outreville (1996) and Kjosevski (2012) that the coefficient of the logarithm of the interest rate shows insignificant results. Furthermore, we do not find any dynamic influence of the real interest rate on gross premiums at all lag levels and models.

Upon further examination of the OECD and ASEAN regions, both country samples exhibit similar characteristics, namely having a persistent and lasting impact, albeit on different variables. For OECD countries, the real GDP and inflation rate are observed to have persistent impacts. Meanwhile, the sustained impacts for ASEAN countries are driven by the inflation rate and exchange rate (Table 7).

Table 7 The Dynamic Estimation Results of Macroeconomic Indicators and Total Gross Premiums between OECD and ASEAN Countries

| Independent Variable | OECD | | | | | | ASEAN | | | | | |
|----------------------|----------------------|----------------------|------------------------|----------------------|----------------------|------------------------|------------------------|-------------------|------------------------|------------------------|------------------|-----------------------|
| | Total Gross Premium | Life insurance | Non-life insurance | Total Gross Premium | Life insurance | Non-life insurance | Total Gross Premium | Life insurance | Non-life insurance | Total Gross Premium | Life insurance | Non-life insurance |
| lgdpriil | 0.33 (.31) | 0.29 (.56) | 0.21 (.19) | 0.32 (.31) | 0.27 (.57) | 0.21 (.2) | 0.61** (.3) | 0.03 (1.56) | 0.63* (.36) | 0.72** (.33) | 1.02 (1.64) | 0.67* (.39) |
| lcpi | 1.45* (.84) | 1.79 (1.55) | 1.23** (.53) | 1.59* (.86) | 1.97 (1.59) | 1.33** (.54) | 0.53 (.85) | -0.47 (4.25) | 1.26 (1.) | 0.35 (.87) | -1.40 (4.27) | 1.09 (1.02) |
| ler | 0.96** * (.12) | 1.16** * (.22) | 0.89** * (.07) | 0.97** * (.12) | 1.17** * (.22) | 0.90** * (.08) | 0.89** * (.18) | -1.25 (.91) | 0.92** * (.21) | 0.87** * (.18) | -1.29 (.9) | 0.89** * (.22) |
| linterest | 0.01 (.01) | 0.02 (.02) | 0.00 (.01) | 0.01 (.01) | 0.02 (.02) | 0.00 (.01) | -0.01 (.02) | -0.03 (.12) | 0.02 (.03) | -0.01 (.02) | -0.04 (.12) | 0.02 (.03) |
| L.lgdpriil | -1.47** (.71) | -1.87 (1.29) | -0.88* (.45) | -1.53** (.71) | -1.94 (1.3) | -0.92** (.45) | 0.56 (.84) | 0.90 (4.22) | 0.91 (.99) | 0.31 (.89) | 1.11 (4.45) | 0.50 (1.05) |
| L.lcpi | -1.34 (1.24) | -0.99 (2.33) | 2.11** * (.78) | -1.41 (1.25) | -1.05 (2.34) | 2.16** * (.79) | -1.22 (1.27) | 6.38 (6.49) | -2.14 (1.49) | -1.07 (1.3) | 9.72 (6.65) | -2.25 (1.54) |
| L.ler | -0.12 (.13) | -0.11 (.25) | -0.15* (.08) | -0.12 (.13) | -0.11 (.25) | -0.15* (.08) | 0.34 (.23) | -0.61 (1.22) | 0.47* (.28) | 0.27 (.24) | -1.14 (1.24) | 0.41 (.29) |
| L.linterest | 0.00 (.01) | 0.01 (.02) | -0.01 (.01) | 0.00 (.01) | 0.01 (.02) | -0.01 (.01) | 0.00 (.02) | -0.04 (.11) | 0.01 (.03) | 0.00 (.02) | -0.04 (.11) | 0.01 (.03) |
| L2.lgdpriil | 1.56** (.65) | 1.37 (1.18) | 1.83** * (.41) | 1.62** (.66) | 1.45 (1.2) | 1.88** * (.42) | -0.12 (.71) | -0.27 (3.55) | -0.32 (.84) | 0.07 (.76) | -0.77 (3.73) | 0.04 (.89) |
| L2.lcpi | 1.79** (.74) | 2.73* (1.38) | 1.55** * (.47) | 1.75** (.75) | 2.66* (1.4) | 1.52** * (.47) | 1.96** (.79) | -3.68 (4.21) | 1.92** (.93) | 1.99** (.81) | -5.29 (4.35) | 2.10** (.95) |
| L2.ler | -0.12 (.11) | -0.37* (.21) | 0.07 (.07) | -0.12 (.11) | -0.37* (.21) | 0.07 (.07) | -0.41** (.18) | 0.85 (.97) | 0.62** * (.21) | -0.39** (.19) | 0.78 (.96) | -0.57** (.22) |
| L2.linterest | -0.01 (.01) | 0.02 (.03) | -0.02* (.01) | -0.01 (.01) | 0.02 (.03) | -0.02** (.01) | -0.03 (.02) | -0.03 (.09) | 0.02 (.02) | -0.03* (.02) | -0.06 (.09) | 0.01 (.02) |
| 2.income | No | No | No | No | No | No | No | No | No | Yes | Yes | Yes |
| 3.income | No | No | No | Yes | Yes | Yes | No | No | No | Yes | Yes | Yes |
| Constant | -6.54 (4.47) | 3.80 (8.35) | 22.23* ** (2.81) | -6.59 (4.48) | 3.81 (8.39) | 22.27* ** (2.81) | 22.11* ** (4.53) | -18.02 (22.72) | 25.35* ** (5.35) | 23.35* ** (5.01) | -38.7 (24.75) | 24.74* ** (5.9) |
| Observations | 110 | 104 | 108 | 110 | 104 | 108 | 101 | 100 | 101 | 101 | 100 | 101 |
| R-squared | 0.73 | 0.59 | 0.88 | 0.73 | 0.59 | 0.88 | 0.79 | 0.19 | 0.71 | 0.79 | 0.24 | 0.72 |
| Number of cd | 18 | 17 | 17 | 18 | 17 | 17 | 18 | 18 | 18 | 18 | 18 | 18 |

Note: Standard errors are in parentheses. *p < 0.1, ** p < 0.05, and ***p < 0.01. L.= Lag 1 period, L2 = Lag 2 periods, lgdpriil = natural logarithm of GDP at constant 2015 USD prices, lcpi = natural logarithm of consumer price index, ler = natural logarithm of exchange rate, local currency unit/USD, and linterest = natural logarithm of interest rate in percentage. The interest rate is first converted to a decimal, and cd = number of cross-sectional dependences to test. 2. income and 3. income are dummies for income level.

Source: IFG (2022)

How about claims?

In addition to gross premiums, the research also estimates the relationship between macroeconomic variables and gross claims. We use the same macroeconomic variables as in the previous estimations, employing the OECD and ASEAN region approaches, as well as static and dynamic inter-temporal approaches. The static estimation results regarding the relationship between macroeconomic indicators and total gross claims show similar findings to the static results between macroeconomic indicators and total gross premiums, with one exception. The relationship between the real interest rate and gross claims shows a positive but insignificant association. This result indicates that the real interest rate does not influence the fluctuations in the gross claims (Table 8).

Table 8 The Static Estimation Results of Macroeconomic Indicators and Total Gross Insurance Claims at the Global Level

| Independent Variables | Total Claim | Life Insurance | Non-life Insurance | Total Claim | Life Insurance | Non-life Insurance |
|-----------------------|---------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
| lgdpriil | 1.56*** (.37) | 1.03*** (.33) | 1.90*** (.47) | 1.63*** (.38) | 1.15*** (.33) | 1.96*** (.48) |
| lcpi | 2.11*** (.47) | 3.32*** (.41) | 1.81*** (.6) | 2.24*** (.48) | 3.39*** (.42) | 1.99*** (.62) |
| ler | -1.18*** (.25) | -1.36*** (.23) | -1.17*** (.33) | -1.25*** (.26) | -1.44*** (.23) | -1.27*** (.33) |
| linterest | 0.04 (.03) | 0.03 (.03) | 0.03 (.04) | 0.04 (.04) | 0.02 (.03) | 0.03 (.05) |
| 2.income | No | No | No | Yes | Yes | Yes |
| 3.income | No | No | No | Yes | Yes | Yes |
| Constant | -39.04*** (8.71) | -31.19*** (7.73) | -47.32*** (11.15) | -41.09*** (8.96) | -34.71*** (7.91) | -49.59*** (11.48) |
| Observations | 259 | 258 | 256 | 259 | 258 | 256 |
| R-squared | 0.30 | 0.43 | 0.21 | 0.30 | 0.44 | 0.22 |
| Number of cd | 37 | 37 | 37 | 37 | 37 | 37 |

Note: Standard errors are in parentheses. * $p < 0.1$, ** $p < 0.05$, and *** $p < 0.01$. lgdpriil = natural logarithm of GDP at constant 2015 USD prices, lcpi = natural logarithm of consumer price index, ler = natural logarithm of exchange rate, local currency unit/USD, and linterest = natural logarithm of interest rate in percentage. The interest rate is first converted to a decimal, and cd = number of cross-sectional dependences to test. 2. income and 3. income are dummies for income level.

Source: IFG (2022)

Upon further examination based on the division of observation samples into OECD and ASEAN (proxied by non-OECD countries), the estimation results obtained for OECD countries, in general, are similar as far as coefficient signs and significance to the static estimation results for the gross premiums in Table 4. On the other hand, the results for the ASEAN segment show mixed and less conclusive results, especially with regard to the real interest rate. The relationship between real interest rate and gross claims exhibits mixed (positive and negative) coefficient signs and insignificant test statistics between OECD and

ASEAN. OECD's economies show positive and significant results, whereas ASEAN does not, even without using an income dummy. This result indicates that the significance obtained using the total observation sample in Table 8 is influenced by ASEAN's proxy (Table 9).

Table 9 The Static Estimation Results of Macroeconomic Indicators and Total Gross Insurance Claims between OECD and ASEAN

| OECD | | | | | | |
|-----------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|
| Independent Variables | Total Claim | Life Insurance | Non-life Insurance | Total Claim | Life Insurance | Non-life Insurance |
| lgdpriil | 1.23*** (.3) | 1.33*** (.28) | 1.44*** (.43) | 1.24*** (.3) | 1.35*** (.28) | 1.42*** (.43) |
| lcpi | 1.49*** (.41) | 2.12*** (.38) | 1.20** (.59) | 1.49*** (.41) | 2.10*** (.38) | 1.22** (.6) |
| ler | -1.10*** (.16) | -1.26*** (.15) | -1.08*** (.23) | -1.10*** (.16) | -1.26*** (.15) | -1.08*** (.23) |
| linterest | 0.04* (.02) | 0.05*** (.02) | 0.01 (.03) | 0.04* (.02) | 0.05*** (.02) | 0.01 (.03) |
| 3.income | No | No | No | Yes | Yes | Yes |
| Constant | -27.05*** (6.77) | -33.09*** (6.32) | -32.09*** (9.76) | -27.10*** (6.86) | -33.52*** (6.4) | -31.77*** (9.89) |
| Observations | 154 | 154 | 152 | 154 | 154 | 152 |
| R-squared | 0.47 | 0.60 | 0.29 | 0.47 | 0.60 | 0.29 |
| Number of cd | 18 | 18 | 18 | 18 | 18 | 18 |

| ASEAN | | | |
|-----------------------|---------------------|----------------------|----------------------|
| Independent Variables | Total Claim | Life Insurance | Non-life Insurance |
| lgdpriil | 2.55*** (.79) | 2.93*** (1.) | 1.63** (.69) |
| lcpi | 2.04** (.98) | 1.89 (1.23) | 3.31*** (.86) |
| ler | -1.10* (.66) | -1.17 (.82) | -1.19** (.58) |
| linterest | 0.00 (.1) | 0.03 (.13) | -0.04 (.09) |
| Constant | -64.91*** (18.6) | -74.64*** (23.49) | -48.51*** (16.29) |
| Observations | 105 | 104 | 104 |
| R-squared | 0.30 | 0.23 | 0.43 |
| Number of cd | 19 | 19 | 19 |

Note: Standard errors are in parentheses. *p<0.1, **p<0.05, dan ***p<0.01. lgdpriil = natural logarithm of GDP at constant 2015 USD prices, lcpi = natural logarithm of consumer price index, ler = natural logarithm of exchange rate, local currency unit/USD, and linterest = natural logarithm of interest rate in percentage. The interest rate is first converted to a decimal, and cd = number of cross-sectional dependences to test. 2. income and 3. income are dummies for income level. The top is the representation of Organisation for Economic Co-operation and Development (OECD), and the bottom is for ASEAN.

Source: IFG (2022)

Finally, we also conduct estimations using a dynamic approach to examine whether there are time effects or persistent impacts between macroeconomic variables and gross claims. The estimation results, overall, indicate that only the exchange rate for the total gross claims and the gross claims in the life insurance segment, as well as the lag-2 inflation indicator for gross claims in the non-life insurance segment, show some significance. This result suggests that gross claims cannot be comprehensively explained by macroeconomic variables. As expected, these findings also suggest that the gross claims are largely influenced by non-macroeconomic factors, such as health (such as pandemic), mortality rate, accident rate, climate, and others (Table 10).

Table 10 The Dynamic Estimation Results of Macroeconomic Indicators and Total Gross Insurance Claims at the Global Level

| Independent Variables | Total Claim | Life Insurance | Non-life Insurance |
|-----------------------|----------------------|---------------------|----------------------|
| lgdpril | 0.51 (.88) | 0.90 (.78) | 0.79 (1.1) |
| lcpi | 1.95 (2.05) | 2.34 (1.8) | 1.44 (2.56) |
| ler | -0.83** (.4) | -0.10*** (.35) | -0.74 (.51) |
| linterest | 0.02 (.05) | -0.01 (.04) | 0.02 (.06) |
| L.lgdpril | -0.11 (2.29) | -0.93 (2.03) | -0.48 (2.86) |
| L.lcpi | 2.08 (3.37) | 1.34 (2.98) | 4.64 (4.21) |
| L.ler | -0.54 (.48) | -0.38 (.43) | -0.52 (.61) |
| L.linterest | 0.00 (.05) | 0.00 (.04) | -0.03 (.06) |
| L2.lgdpril | 1.69 (1.9) | 1.52 (1.67) | 2.21 (2.36) |
| L2.lcpi | -2.02 (2.08) | -0.55 (1.84) | -4.39* (2.59) |
| L2.ler | -0.01 (.38) | -0.29 (.33) | 0.00 (.47) |
| L2.linterest | 0.01 (.05) | 0.02 (.04) | 0.00 (.06) |
| 2.income | 0.27 (.3) | 0.39 (.27) | 0.28 (.38) |
| 3.income | 0.00 (.26) | 0.16 (.23) | -0.07 (.32) |
| Constant | -52.12*** (11.78) | -41.80*** (10.4) | -62.77*** (14.73) |
| Observations | 204 | 203 | 201 |
| R-squared | 0.34 | 0.44 | 0.26 |
| Number of cd | 36 | 36 | 35 |

Note: Standard errors are in parentheses. *p < 0.1, **p < 0.05, and ***p < 0.01. L.= Lag 1 period, L2 = Lag 2 periods, lgdpril = natural logarithm of GDP at constant 2015 USD prices, lcpi = natural logarithm of consumer price index, ler = natural logarithm of exchange rate, local currency unit/USD, and linterest = natural logarithm of interest rate in percentage. The interest rate is first converted to a decimal, and cd = number of cross-sectional dependences to test. 2. income and 3. income are dummies for income level.

Source: IFG (2022)

Diagnostics and Robustness Test

To ensure and test the stability and consistency of our models above, we also conduct diagnostics and robustness tests in this section. Starting with the selection of our static and dynamic models, between three models, which are Pooled Ordinary Least Square (POLS), Random Effect Model (RE), and FE, we use the Hausman test to see whether unique errors (ε_i) are correlated with the regressors. Our null hypothesis is that the unique errors are not correlated with the regressors. The test result is provided in Table 11.

From the result in Table 11, we can see that the standard errors are, in fact, correlated with the regressors with Prob. > Chi-square at 0.000 for both static and dynamic models. These results indicate that the standard errors correlate for static and dynamic models. Consequently, we cannot use RE and FE to overcome the correlated errors.

Additionally, to conduct further evaluation and ensure the fitness and performance of each model, we also check for other diagnostics: serial correlation and heteroskedasticity. These diagnostic results are summarized in Table 12 to compare their respective strengths and limitations.

In Table 12, the result for the static model indicates that the model has serial correlation and heteroskedasticity problems. In contrast, the result for the dynamic model indicates a serial correlation problem but no heteroskedasticity. To anticipate and remedy these drawbacks, we conduct the works of White (1980, 1984), Huber (1967), Arellano (1987), Froot (1989), and Rogers (1993) to relax the assumption of independently distributed residuals. Their generalized estimator produces consistent standard errors if the residuals are correlated within but uncorrelated between clusters. We adopt their approaches and set the panel identifier from the countries variable to obtain standard errors that are consistent with heteroskedasticity and autocorrelation.

Table 11 Serial Correlation & Homoskedasticity Test

| | Observation | Null Hypothesis | F-Statistics | Prob>F | LR Statistics | Prob>Chi-square |
|------------------------|-------------|--------------------------|--------------|--------|---------------|-----------------|
| Static Models: | | | | | | |
| Wooldrige Test | 269 | No 1st-Order Correlation | 66.01 | 0.00 | | |
| CS-TS FGLS Regression | 269 | Homoskedastic | | | 238.40 | 0.00 |
| Dynamic Models: | | | | | | |
| Wooldrige Test | 269 | No 1st-Order Correlation | 40.63 | 0.00 | | |
| CS-TS FGLS Regression | 269 | Homoskedastic | | | -226.15 | 1.00 |

Note: CS-TS FGLS = Cross-Section Time Series Feasible Generalized Least Squares

Source: IFG (2022)

Table 12 Hausman Test Result for Static and Dynamic Model

| | Fixed Effect Model | Random Effect Model | Difference | Standard Error |
|------------------------|--------------------|---------------------|------------|----------------|
| Static Models: | | | | |
| lgdpriil | 0.89 | 1.21 | -0.32 | 0.11 |
| lcpi | 1.51 | 0.27 | 1.24 | 0.13 |
| ler | -1.01 | -0.21 | -0.8 | 0.08 |
| linterest | 0.02 | 0.03 | -0.01 | 0.002 |
| Chi-square | 117.54 | | | |
| Prob>Chi-square | 0.0000 | | | |
| Dynamic Models: | | | | |
| lgdpriil | 0.533 | 0.700 | -0.167 | 0.097 |
| lgdpriil(-1) | -0.776 | -0.857 | 0.081 | 0.051 |
| lgdpriil(-2) | 1.051 | 1.356 | -0.305 | 0.078 |
| lcpi | 0.928 | 0.318 | 0.610 | 0.095 |
| lcpi(-1) | -1.093 | -1.677 | 0.584 | 0.219 |
| lcpi(-2) | 1.657 | 1.497 | 0.160 | 0.221 |
| ler | -0.918 | -0.387 | -0.531 | 0.063 |
| ler(-1) | -0.012 | -0.051 | 0.039 | 0.018 |
| ler(-2) | -0.178 | 0.258 | -0.436 | 0.052 |
| linterest | 0.009 | 0.017 | -0.008 | 0.003 |
| linterest(-1) | 0.000 | 0.017 | -0.016 | 0.002 |
| linterest(-2) | -0.009 | -0.003 | -0.006 | 0.002 |
| Chi-square | 81.75 | | | |
| Prob>Chi-square | 0.0000 | | | |

Note: . lgdpriil = natural logarithm of GDP at constant 2015 USD prices, lcpi = natural logarithm of consumer price index, ler = natural logarithm of exchange rate, local currency unit/USD, and linterest = natural logarithm of interest rate in percentage. The interest rate is first converted to a decimal.

Source: IFG (2022)

Conclusions

The growth and strength of the insurance sector are crucial for a country. A robust insurance sector can absorb and mitigate unexpected risks that may arise from various sources. Individuals, corporations, and even government offices lacking the ability to bear such risks can transfer a portion of their risks to the insurance sector. Thus, it can safeguard economic agents from bankruptcy and systemic risks leading to loss, recessions, or crises. In this study, we examine the relationship between key macroeconomic variables and the insurance sector. We consider four macroeconomic indicators (GDP, inflation, exchange rate, and interest rate) as independent variables and gross premiums and claims as dependent variables.

The estimation results using FE panel data indicate that macroeconomic variables play a significant role in determining the performance of the gross premiums and claims. The relationships between these variables vary, both in static and dynamic approaches. Real GDP generally exhibits a positive and significant relationship with gross premiums. It also happens in inflation and real interest rates. On the other hand, the exchange rate shows a negative relationship, suggesting that a depreciated exchange rate can decrease public spending on

insurance products. Overall, the relationship between gross premiums and macroeconomic variables does not differ significantly between the OECD and ASEAN samples, except for the real interest rate. Consumers in OECD countries with superior financial literacy and higher wealth seem to be able to make the necessary adjustments to the impact of the real interest rates on their insurance portfolios. In contrast, there is no response on the insurance policy decision to movements in real interest rate for the case of the ASEAN. In terms of time response, only two variables, real GDP and inflation, exhibit lasting impacts on gross premiums.

Regarding static gross claims results (without lag variables), the static estimation results are generally similar to the static result of gross premiums (Table 4 and 9), except for the impact of real interest rate on gross claims. In dynamic estimations, macroeconomic variables cannot effectively explain the movements in claims.

The results of our analysis underscore the importance of market players in the insurance sector establishing robust and comprehensive risk management systems to navigate macroeconomic turbulence effectively. Given the significant impact of macroeconomic variables on the performance of gross premiums and claims, it is crucial for insurers to monitor and analyze these indicators closely. By doing so, insurers can proactively respond to changes in the macroeconomic environment, thereby mitigating potential risks and capitalizing on emerging opportunities. Surveillance and monitoring of macroeconomic indicators become particularly critical in a sector like insurance that is highly influenced by macroeconomic conditions. Insurance companies should continuously assess and update risk management strategies to align with changing macroeconomic dynamics. It includes developing mechanisms to anticipate and mitigate the impact of fluctuations in GDP, inflation, exchange rates, and interest rates on the insurance market.

Furthermore, market players should focus on enhancing their capacities in analyzing and interpreting macroeconomic data to make informed decisions. It can involve strengthening their analytical capabilities, leveraging advanced technology and data analytics, and fostering collaborations with research institutions and experts in macroeconomics. By adopting a proactive approach and integrating robust risk management systems with ongoing monitoring of macroeconomic indicators, insurers can better position themselves to navigate periods of economic uncertainty and volatility. It is particularly relevant in light of recent global shocks, such as the COVID-19 pandemic and geopolitical conflicts, which have demonstrated the need for insurance companies to be resilient and responsive in the face of evolving macroeconomic conditions.

For future works, non-macroeconomic factors such as health, climate, and others have to be considered to understand the fluctuations behind the insurance gross claims. Those non-macroeconomic factors have their unique relationship to gross claims, whether its persistency, lag, magnitude, and scale. Dissecting the relationship for each factor will be important in modelling the gross claims.

In conclusion, our findings emphasize the importance of market players in the insurance sector maintaining strong and comprehensive risk management systems to address

macroeconomic turbulence effectively. By closely monitoring macroeconomic indicators and continuously updating their strategies, insurers can enhance their ability to withstand market fluctuations and capitalize on growth opportunities. This proactive approach is vital for ensuring the long-term stability and growth of the insurance sector amidst global uncertainties.

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Me Too as Transnational Advocacy Networks: The Case of Anti-Sexual Violence Movement in Indonesia

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Abstract

The research discusses the anti-sexual movement in Indonesia as a part of the global movement of Me Too and transnational advocacy networks. It aims to answer how the transnational advocacy movement explains the movement against sexual violence in Indonesia. The argument of the research is offered in three parts. First, it argues that the anti-sexual violence movement in Indonesia is a part of transnational advocacy networks. The analysis is provided by explaining the process of boomerang patterns, political entrepreneurs, and international contacts. Second, as part of a transnational advocacy network, the anti-sexual violence movement in Indonesia uses four tactics: information politics, symbolic politics, leverage politics, and accountability politics. The research argues that the anti-sexual violence movement uses all four of the tactics to achieve its goals. Lastly, the third part of the argument discusses the five stages of transnational advocacy networks that the movement has achieved with regard to their goals, and the research argues that it has reached all the stages except for the last one, which is influenced by state behavior.

Keywords: Me Too, Indonesia, anti-sexual violence movement

Introduction

The phrase 'Me Too' is arguably one of the most important symbols in marking the turning point of the feminist wave in the 21st century. The phrase was initially conveyed in 2006 by Tarana Burke, the founder of the movement. Burke, an activist and a survivor of sexual harassment, chose that phrase to show empathy to fellow survivors, of whom the majority were women (North, 2019). In recent years, Me Too, which she intended to empower women through empathy, has become the face of the anti-sexual violence movement, not only

in the United States but also around the world (Olheiser, 2017). The phrase 'Me Too' transformed into a movement when it went viral in 2017 and was used against a Hollywood producer, Harvey Weinstein, with numerous survivors who came forward and spoke in public about his sexual misconduct (Grady, 2020).

As the movement spread across the U.S., Canada, and parts of Europe, millions of survivors and supporters of the movement have shared and described their experiences of groping, rape, unwanted kissing, abuse, and threats using the hashtag #MeToo. Some European countries have developed their version of the hashtag, such as France with #BalancetonPorc (Grass Up Your Pig) or Spain with #YoTambien which is a direct translation of Me Too (D'Europe & Vigo, 2018). Other countries, such as South Korea, Japan, China, and Thailand, are among a few examples of the movement taking over Asia (Haynes & Chen, 2018). Indonesia is no exception to the effect of the Me Too movement. The late 2018 was arguably when the movement gained momentum in Indonesia. The issue of sexual assault and sexual violence became widely discussed under the hashtag #KitaAgni (we are Agni) after a male student in one of the best universities in Indonesia sexually assaulted his female peer during their residency of community service in a remote area in Eastern Indonesia. This case went viral and sparked heated and controversial discussion online after the university student's newspaper leaked the details of her assault on their website (Balairung Press, 2018).

Following this momentum and what follows the movement after that, the research discusses the women's movement in Indonesia as a part of global advocacy networks. It analyzes how transnational advocacy networks as an approach explains the anti-sexual violence movement, what tactics are used in achieving the goal of the movement, how far the movement has succeeded, and what challenges and opportunities are for the movement in the present and future. A global network of survivors of sexual violence actually has existed before the Me Too movement momentum in 2017, such as the Global Network of Victims and Survivors to End Wartime Sexual Violence (SEMA Network), which aims to represents survivors of conflict-related sexual violence (Ford, 2014; SEMA Network, n.d.). The research contributes to enriching and adding a global perspective regarding local movements and changes in laws and regulations in Indonesia. It explains how the link between global movements like Me Too helps to push such movements and changes within a country.

Literature Review

Me Too and Anti-Sexual Violence Movement in Indonesia

Scholars believe that Me Too has created an impactful change in the global movement of anti-sexual violence. For instance, Rodino-Colocino (2018) analyzed Me Too as a movement to counter cruelty using empathy. The research discovered that empathy might be the starting point for structural change, and generating empathy could bear even more fruit with more and deeper structural changes to the political-economic system. Meanwhile, Boyle (2019) argued that the extensive media coverage of #MeToo had concrete implications for many

victims/survivors. There were reports of an increase in calls reporting rape and in the crisis online, showing that the Me Too coverage enabled people to recognize their experiences and seek support and allow the public to see victimization and survival as moving points on a continuum rather than binary and all-consuming identities.

Seeing how Me Too can change the course of the global women's movement, it is also important to highlight the issue in Indonesia. However, the feminist movement in Indonesia is not a new phenomenon. In the 1990s, an organization called Suara Ibu Peduli (the Voice of Concerned Mothers) lobbied the post-new order regime to investigate the rape and sexual assault of Chinese Indonesian women during the May 1998 riots. Two decades later, in 2018, the second-ever Women's March in the capital city of Jakarta attracted 4,000 people, a significant increase compared to its inaugural march the year before. This march was led by the Jakarta Feminist Discussion Group, activism started as an online forum created in 2014 and attempted to make a more impactful action offline (Boyle, 2019).

This situation shows that online campaigns have been used by Indonesian gender equality activists even before the Me Too movement. In 2016, a support group for survivors of sexual violence in the country named Lentera Sintas Indonesia and a feminist media, Magdalene, launched an education campaign about sexual violence on multiple platforms. In the wake of the #MeToo movement, Magdalene noted that they received more submissions in its hashtag dealing with sexual violence, which was #MulaiBicara (start talking) (Winarnita et al., 2020). Late 2018 was probably the moment when the Me Too movement gained significant attention in Indonesia. As mentioned before, a case blew up in social media using the hashtag #KitaAgni, which translated into We are Agni, and it soon became a symbol of struggle related to sexual violence, particularly in formal education institutions. Unfortunately, the case ended with Agni, the perpetrator, and the university signing a non-litigation agreement in 2019 saying that they agreed that this case was settled, even though Agni's demand for the university to expel the perpetrator did not come to fruition (Putsanra et al., 2019).

When Agni's case ended, many gender studies scholars and feminist activists realized that the Me Too movement had faced quite an uphill battle on its way to making changes in the country regarding sexual violence significantly. In 2019, Kartika (2019) stated that it was because Indonesia was a combination of deep-rooted patriarchal culture, conservative religious values, and gender-insensitive law enforcement practices. A 2014 study even showed that when violence happened against a woman, most people would think that it was because the woman deserved it. Law enforcement was also considered weak and had yet to prioritize women's protection and often committed victim blaming (Kartika, 2019).

Although conservatism rooted in religious values is one of the challenges of the #MeToo movement in Indonesia, what is unique is the existence of support coming from religious groups when it comes to gender equality. There is an emergence of female clergy or *ulama* that challenges the patriarchal interpretation of religious texts and becomes a breath of fresh air in the landscape of the effort to eliminate sexual violence. In 2017, the Indonesian Women Ulama Congress or Kongres Ulama Perempuan Indonesia (KUPI) was conducted. They discussed

strategic issues in Islamic studies, women's movements, economic empowerment, and national politics (Syukur, 2018). This religious group can even be considered as one of the non-state actors in international relations who uphold gender equality values within Islam as a strategy to advocate women's rights. The role of these female clergy is also analyzed through the transnational advocacy networks perspective. It is argued that information, symbolic, leverage, and accountability politics are used to pursue their goal (Mochtar, 2019).

Despite the challenges, the women's movement in Indonesia can still be argued to achieve some progress. The anti-sexual violence movement, particularly in terms of law and regulation, has made quite significant progress after a decade of effort. In 2012, the Bill of Elimination of Sexual Violence (Rancangan Undang-Undang Penghapusan Kekerasan Seksual, abbreviated to RUU PKS) was introduced to the House of Representatives (DPR) by the National Commission on Violence against Women (Komnas Perempuan). In 2022, the bill was finally ratified as the Law on Sexual Violence Crime (UU TPKS) (CNN Indonesia, 2020; Longdong, 2022). Many scholars agree that, specifically, laws to protect women from violence are important because various forms of violence against women continue to develop in people's lives. It can range from offline violence that requires physical contact to online violence through virtual media. The Law on the Elimination of Sexual Violence is essential to suppress the rampant violence against women and enforce women's rights (Subarkah & Tobroni, 2020). It can also create a new paradigm that ensures the community is free from sexual violence and the conversation it brings on social media (Virra et al., 2019).

Analytical Framework

Transnational Advocacy Network

The concept of transnational advocacy networks is written by Keck and Sikkink, and it argues how advocacy networks are significant transnationally, regionally, and domestically. They can be key contributors to a convergence of social and cultural norms to support processes of regional and international integration. It can also build new links among actors in civil societies, states, and international organizations, multiply the opportunities for dialogue and exchange, and make international resources available to new actors in domestic political and social struggles in cases like human rights and environment (Keck & Sikkink, 1999).

Major actors in advocacy networks may include international and domestic NGOs, research and advocacy organizations, local social movements, foundations, media, religious institutions, trade unions, consumer organizations, intellectuals, parts of regional and international intergovernmental organizations, parts of the executive, and parliamentary branches of governments. Transnational advocacy networks are most likely to appear around the issues with these three situations. First, when channels between domestic groups and their governments seem to be blocked or severed, it becomes ineffective to resolve a conflict. This situation is called a 'boomerang' pattern of influence characteristics of these networks. Second,

it is a situation where activists or 'political entrepreneurs' believe networking will further spread their missions and campaigns and actively promote them. Third, it is a situation in international conferences and other forms of international contacts where it can create arenas for forming and strengthening networks (Keck & Sikkink, 1999).

Keck and Sikkink have characterized typologies of tactics used by transnational advocacy networks, such as the #MeToo movement, as well as Indonesia's localized version, like #KitaAgni, to explain how transnational advocacy networks work. The networks basically seek influence in the same ways as other political groups or social movements. However, the needs of these networks use the power of their information, ideas, and strategies to alter the information and value context within which states make policies. The typology of the kinds of tactics that networks use includes information politics, symbolic politics, leverage politics, and accountability politics (Keck & Sikkink, 1999).

In assessing the influence of advocacy networks, Keck and Sikkink also address goal achievement on several different levels. There are five stages identified of network influence. First, issue creation and attention/agenda setting. Second, influence on discursive positions of states and regional and international organizations. Third, influence on institutional procedures. Fourth, influence on policy change in 'target actors', which may be states, international or regional organizations, or private actors like multinational corporations. Lastly, it is the influence of state behavior (Keck & Sikkink, 1999).

The approach by Keck and Sikkink is also used by Carpenter (2007), who adds issue emergence and non-emergence in transnational advocacy networks. It highlights arguments on why certain issues galvanize the attention of global advocacy groups while others do not. It also adds how using the Internet is important as a rich source of information in finding out what issue is discussed by what actors. Organizational websites are a vital source of content about the issues that define organizations. For instance, how an NGO as an actor frame activities and shape an issue to be conceptualized and understood (Carpenter, 2007). It is particularly relevant with regards to the issue of Me Too and how it relates to the movement in Indonesia as this issue moves largely through the Internet like the Me Too issues globally, as well as the case studies of sexual violence in Indonesia.

The use of transnational advocacy networks to analyze the case in the research has also been implemented to analyze other cases. For example, Lerche (2008) discussed and compared the new movement of Dalit in India by making use of transnational advocacy networks strategy to the more classical Dalit political party. However, it was difficult for the new movement to use the transnational advocacy networks to benefit from international discourse and political pressure if it did not develop strategic policy proposals compatible with existing mainstream neoliberal discourses. Transnational advocacy networks can still be effective, but their initiatives can also be depoliticized and lose their strategic values. Therefore, it needs to be understood within this ambivalent territory.

The 'boomerang' pattern mentioned by Keck and Sikkink is also used by Bloodgood and Clough (2017), who examine the importance of networks for NGOs. The boomerang effect may have interesting systemic effects on NGOs and produce spectacularly successful results.

However, competition may occur both within and between TANs and provide a high cost of organizational collapse of some NGOs due to this competition. It can create a high number of deaths in NGOs and become an unavoidable risk for interested organizations in achieving political change (Bloodgood & Clough, 2017). As for the case of the anti-sexual violence movement in Indonesia, the boomerang pattern is not fully implemented as there are no specific international NGOs pushing an agenda of regulation and policy changes in the country, other than the fact that Indonesia's network is influenced and taking benefits from the momentum of the global Me Too movement.

The research analyzes the process and progress of the anti-sexual movement in Indonesia, the actors and the situations when the networks occur, as well as the typology of the kinds of tactics used by the movement. The stages of the goal achievement to identify the level of influence of the movement as a part of the network are also examined. Lastly, the research also argued that the approach by Keck and Sikkink does not need to have the direct involvement of any international actors, such as states or NGOs, to achieve an impactful change in policymaking.

Research Method

The sources used for the research are derived from secondary sources, such as literature, reports, and printed and online mass media. The data provided are retrieved from journal articles, books, and trustworthy news outlets both in Indonesia and internationally. The research uses the qualitative method by choosing cases of women's movement and struggles in Indonesia, particularly the anti-sexual violence. The scope of the research is from the beginning of the 2010s, when the Me Too movement started, until the beginning of 2022.

Several types of case studies are shown to explore research more deeply. These include using cases for description, theory to explore cases, cases to develop theory, cases to explore and refine theory, and cases as tests of theory. For the research, the objective is to use the theory to explore cases. Therefore, the research focuses on the case and uses some theoretical foundation to examine or interpret the case (Kaarbo & Beasley, 1999).

The research explores the cases of the women's movement, particularly the anti-sexual movement in Indonesia, and the progress made so far. The case study is analyzed using the transnational advocacy networks approach by explaining the actors, the issues, typology of tactics, and stages of goal achievement in the approach. It is to prove whether the transnational advocacy networks as an approach effectively examine or interpret the case (Kaarbo & Beasley, 1999).

Findings and Discussion

Anti-Sexual Violence Movement in Indonesia as Transnational Advocacy Networks

According to Keck and Sikkink (1999), transnational advocacy networks are non-state actors who interact with each other, states, and international organizations. These interactions are structured in networks. Advocacy networks can be key contributors to a convergence of social and cultural norms to support processes of regional and international integration. Building new links among actors in civil societies, states, and international organizations multiplies the opportunities for dialogues and exchange. The issues will cover areas such as the environment and human rights. Advocacy networks also make international resources available to new actors in domestic political and social struggles.

As a movement in the United States, Me Too has brought the issue to the global level and influenced similar movements to emerge and make changes in many other countries. By 2019, the viral hashtag #MeToo was in regular rotation in more than 85 nations, with comparable local campaigns existing in dozens (Stone & Vogelstein, 2019). For the Me Too movement, new links, opportunities for dialogues and exchange, and available resources to new actors are provided through social media. In 2018, one year after it went viral on Twitter, Pew Research Center reported that the #MeToo hashtag was used more than 19 million times. 71% of the Tweets were in English, while the other 29% were written in another language (Anderson & Toor, 2018).

In its early occurrence in 2017, BBC Indonesia reported that Indonesian Twitter users participated in sharing their stories using the hashtag. The most important thing to highlight, arguably, was the fact that the hashtag was used by several social media accounts of organizations working in the field of gender and dealing with sexual violence, such as Komnas Perempuan, Yayasan Pulih, Lentera Sintas Indonesia, and Gerakan Laki-Laki Baru. They used the hashtag to push for the ratification of the elimination of sexual violence bill, also known as RUU PKS, which was only discussed in the House of Representatives (DPR) together with the executive government at the end of September that year. The bill was incorporated into the national legislation program in February 2017 (BBC, 2017). Indonesia's feminist magazine, Magdalene, also stated that in the wake of the global movement, the magazine received more submissions dealing with sexual violence (Winarnita et al., 2020).

According to Keck and Sikkink (1999), major actors in advocacy networks may include international and domestic NGOs, research and advocacy organizations, local social movements, foundations, media, religious institutions, trade unions, consumer organizations, intellectuals, parts of regional and international intergovernmental organizations, and/or parts of the executive and/or parliamentary branches of governments. The research argues that most of these actors can be found in the women's movement against sexual violence in Indonesia.

First, Komnas Perempuan is one of the organizations using the hashtag to push the ratification of the bill. The organization is arguably the most important actor, although not the

only one, in advocating the bill as they are the ones who initiate the bill. The discussion within the organization began in 2010 about the dynamics in identifying the embryonic substance of the bill (Komnas Perempuan, n.d.). Komnas Perempuan proposed RUU PKS to the DPR in 2012. In 2016, the organization submitted an academic paper on the bill to the legislative body, which was accepted by a number of members of the DPR and included in the National Legislation Program (Prolegnas) (Widianto, 2016; Amnesty International Indonesia, 2020b). In this case, Komnas Perempuan represents domestic NGOs or research and advocacy organizations according to the explanation by Keck and Sikkink (1999) on the actors of transnational advocacy networks. They advocate for RUU PKS, propose the academic manuscript on the bill, and use the hashtag #MeToo to bring attention to urge the public and the government to prioritize the ratification of RUU PKS.

Meanwhile, the next actors in this case include local social movements and foundations, which are represented by a number of groups, such as Yayasan Pulih, Lentera Indonesia, and Gerakan Laki-Laki Baru, as discussed before (Keck & Sikkink, 1999). However, it is important to note that there may be other local social movements or foundations with concerns on the issue. Their exclusion from the research does not mean that they are not a part of the local social movements or foundations, as asserted by Keck and Sikkink (1999).

In 2018, as previously mentioned, hashtag #KitaAgni went viral on Twitter as a local version of the Me Too movement in Indonesia. Although Agni's story did not exactly end as the public expected, the perpetrator was basically free without any consequences. The struggle of the movement in support of Agni did not go to waste entirely. Concerns about sexual violence against women in Indonesia, in higher education especially, inspired several media, such as Jakarta Post, Tirto, and VICE, to launch a nationwide investigation in universities all over Indonesia with a campaign hashtag #NamaBaikKampus. It translated to campus reputation, a phrase regularly used by universities' authorities as an excuse not to pursue justice for sexual violence victims. In 2019, Tirto.id, one of the investigating media, reported a survey based on 174 survivors' testimonials from 79 higher education institutions in 29 cities in Indonesia. It claimed that this was just the tip of the iceberg, as many survivors would probably choose to be quiet or maybe even forcefully silenced (Zuhra & Adam, 2019). According to Keck and Sikkink (1999), mass media is included as actors in this discussion, which in this case are represented by Tirto.id, Jakarta Post, and Vice. Although countless other mass media, whether online or in print, highlight the issue of sexual violence and the fight against it, these three media portals stand out, mostly because of their campaign, as mentioned earlier.

Agni's case and the media campaign have raised awareness of the issue of sexual violence on campus. Responding to this, the government of Indonesia, specifically the Ministry of Education, Culture, Research, and Technology, issued a Ministerial Decree against sexual violence in higher education institutions in 2021, also known as Permendikbudristek No. 30. Minister Nadiem Makarim claimed that sexual violence on Indonesian campuses was a critical emergency. The minister argued that the decree was urgent to protect students from becoming victims of sexual violence on campuses, often ignored or suppressed after their traumatic experiences (Chandra, 2021). Although some groups opposed the decree based on

the argument that it contravened religious norms in Indonesia and could lead to extramarital sex, Makarim defended the decree and emphasized that legalizing adultery was completely beyond the purview of the regulation. Students and lecturers lauded the regulation and considered it a 'big step' as it would serve as a guideline for universities in preventing and handling cases of sexual violence (Suhenda, 2021; Swaragita, 2021).

Following the decree by the Ministry of Education, 2022 was arguably the year that a monumental change happened in the history of the fight against sexual violence in Indonesia. RUU PKS, which was later named RUU TPKS (bill on criminal acts of sexual violence), was ratified by the House of Representatives of Indonesia (DPR) (Bhwana, 2022). Before this ratification, in 2017, the executive government represented by the Ministry of Women's Empowerment and Child Protection (Kementerian Pemberdayaan Perempuan dan Perlindungan Anak Republik Indonesia (KemenPPPA)) met with DPR to discuss the bill. It confirmed that the government agreed with the proposal of the bill, although there were differences of opinion in several articles (Kementerian Pemberdayaan Perempuan dan Perlindungan Anak Republik Indonesia, 2017). Similar with the Ministerial Decree, this bill also received rejection from some conservative groups because it would legalize sex outside of marriage which was considered against the religious values in Indonesia, especially Islam (Nugraha, 2019). Nevertheless, in 2022, the bill was finally legalized.

Based on the explanation by Keck and Sikkink (1999), the executive and/or parliamentary branches of government will be the next actors of advocacy networks in this case. The executive branch of the government that supports the movement and advocates for the ratification of RUU PKS is the Ministry of Women's Empowerment and Child Protection (KemenPPPA). At the same time, the Ministry of Education, Culture, Research, and Technology (Kemendikbudristek) makes a tangible policy with regard to sexual violence in higher education institutions. Meanwhile, the parliamentary branches of government are represented by DPR, which agrees to ratify the bill and make it law.

Lastly, a group of female Muslim clergy in Indonesia under the name Kongres Ulama Perempuan Indonesia (KUPI) has shown their support to the movement and especially to RUU PKS. In 2021, along with Jaringan Masyarakat Peduli Darurat Kekerasan Seksual (JMPDKS) or Sexual Violence Emergency Community Network, KUPI released a statement pushing the ratification of the bill and emphasized that sexual violence in various forms was forbidden by Islam and that all sexual behavior that causes harm is *haram*, both inside and outside of marriage (Abdi, 2021; Sucahyo, 2021).

According to Keck and Sikkink (1999), other actors in advocacy networks are churches. In this case, the research adapts to the context of Indonesia and translates the church as a religious institution or religious group. In supporting the anti-sexual violence movement, a religious group is also an actor, represented by KUPI as a group of Muslim female clergy that has pushed the ratification of the anti-sexual violence bill.

According to Keck and Sikkink (1999), transnational advocacy networks appear most likely to emerge around issues. First, channels between domestic groups and their governments are hampered or severed, where such channels are ineffective for resolving a

conflict and settling into motion the 'boomerang' pattern of influence characteristic of these networks. Second, activists or 'political entrepreneurs' believe that networking will further their missions and campaigns and actively promote them. Third, international conferences and other forms of international contacts create arenas for forming and strengthening networks.

First, this research discusses the boomerang pattern of the anti-sexual violence movement in Indonesia. In this case, before the #MeToo hashtag goes viral on social media and raises awareness of sexual violence against women at the global level, RUU PKS is considered stalled in DPR, and the progress is considered quite slow. The bill was even removed from the priorities of the National Legislation Program in 2020 (Widianto, 2016; Sani, 2019; Amnesty International Indonesia, 2020b; Collins, 2020). However, the discussion of the Me Too movement online creates an awareness of the public about the severity of sexual violence against women, and the momentum is used to promote the importance of RUU PKS. The urgency to ratify the bill is also shown by an increase in reported sexual violence and a better understanding of its nature and consequences (BBC, 2017; Gerlach, 2020).

According to Keck and Sikkink (1999), many transnational advocacy networks link activists in developed countries with others in or from less developed countries. These kinds of linkages are most intended to affect the behavior of states. When the links between state and domestic actors are severed, domestic NGOs may directly seek international allies to try to bring pressure on their states from outside, and it is what is considered the 'boomerang' pattern. Although the advocating domestic organization, such as Komnas Perempuan, does not necessarily have a severed link with the state and does not directly seek international allies, the global impact of the movement encourages changes and raises awareness of the issue globally. Thus, it changes the state's behavior. The changes in Indonesia include Permendikbudristek No. 30 in 2021 and the ratification of the bill on sexual violence crimes (UU TPKS) in 2022 (Keck & Sikkink, 1999; Swaragita, 2021; Sinombor, 2022).

The fact that actors in Indonesia do not necessarily need to have a direct link to any international actors shows that the 'boomerang pattern' does not need to be fully implemented to create a policy change. This local movement in Indonesia is successful because of the use of online communities and movements to push such changes. The research argues that change can be achieved because the local movement successfully gains momentum from the global movement of Me Too, which is in line with the argument of Carpenter (2007) that the use of the Internet is important as a rich source of information in finding out what issue is discussed. Another reason why this movement still works despite not having a direct push from international actors is because the link between the government and domestic organizations, such as Komnas Perempuan, is not fully severed.

Next, the activists or 'political entrepreneurs' believe that networking will further their missions and campaigns and actively promote them. In the case of the anti-sexual violence movement in Indonesia, the political entrepreneurs are Komnas Perempuan as the one who proposes the RUU PKS, along with Jaringan Masyarakat Sipil (Civil Society Network). Other than that, civil society groups, religious groups, and media as political entrepreneurs actively

promote anti-sexual violence movement and regulation as their missions and campaigns (Keck & Sikkink, 1999; BBC, 2017; Zuhra & Adam, 2019; Winarnita et al., 2020; Abdi, 2021; Komnas Perempuan, 2022a).

Lastly, international conferences and other forms of international contacts create arenas for forming and strengthening networks. In this case, there are no international conferences or direct international contacts that connect the Me Too movement specifically to the ratification of UU TPKS or the implementation of Permendikbudristek No. 30. However, the fact that it becomes viral and creates a global impact should be credited in raising awareness and starting conversations in so many countries, including Indonesia. Other than that, several international organizations also show their support and promote the urgency of the ratification of RUU PKS (Keck & Sikkink, 1999). Amnesty International, for example, states that it is urgent to ratify RUU PKS because of the increased cases of sexual violence and the need for protection for the victims (Amnesty International Indonesia, 2020a). Moreover, Plan International emphasizes the importance of the regulation that RUU PKS should provide, especially in protecting children from sexual violence (Plan International, 2022). Thus, despite not having an official international forum, the wave of the #MeToo hashtag ignites discussion on sexual violence in many countries, helping the actors to promote their campaign and issue (Keck & Sikkink, 1999).

Typology of Tactics of Transnational Advocacy Networks Used by The Anti-Sexual Violence Movement in Indonesia

Me Too and other versions of it, such as the ones that have occurred in Indonesia, have become part of this globalized advocacy as it prompts the sharing of personal experiences of sexual violence into calls for action across a range of institutions and communities (Suk et al., 2021). It does not exclude Indonesia and the discussion of sexual violence in the country. After establishing the actors and the emergence of transnational advocacy networks in the case of the anti-sexual violence movement in Indonesia, the next important issue to address is how the networks promote their issues and achieve their goals. According to Keck and Sikkink (1999), transnational advocacy networks include information, symbolic, leverage, and accountability politics.

For information politics, it is the ability to move politically usable information quickly and credibly to where it will have the most impact. In advocacy networks, information flows not only provide facts but also testimonies and stories told by people whose lives have been affected. Activist groups frame issues to persuade people, stimulate them to take action, and motivate people to change policies (Keck & Sikkink, 1999). UN Women's research discovered over 24 million impressions using the Me Too hashtag on Twitter between October 2017 and December 2019. The hashtag was also used to represent half of the millions of stories and testimonies about sexual assaults shared on social media by women all over the world (Leskin, 2017; Sen, 2020). Meanwhile, in Indonesia, the #MeToo hashtag was used by activists to raise awareness about sexual violence in the country and promote the campaign on the ratification

of RUU PKS (BBC, 2017). Hashtag #KitaAgni also became the Indonesian version of Me Too that went viral and later was used to urge UGM, Agni's university, to make changes in policies so that students would be protected from sexual violence (Kusuma, 2018; Syambudi, 2020).

Information also flows in the form of data on victims of violence released by Komnas Perempuan and KemenPPPA. Komnas Perempuan releases a report named Catatan Tahunan (Annual Record) on violence against women, showing that the number of women who become victims of violence increases. For instance, there was a 50% increase in gender-based violence, from 226.062 cases in 2020 to 338.496 cases in 2021. There was also a high spike of 83% increase, particularly in gender-based violence online in 2021 compared to 2020. KemenPPPA also keeps an online information system regarding violence against women and children and shows that there has been an increase in violence cases in the past three years (Floretta, 2022; Komnas Perempuan, 2022b; Ramadhan, 2022; Kementerian Pemberdayaan Perempuan dan Perlindungan Anak Republik Indonesia, n.d.). This situation is in line with what is stated by Keck and Sikkink (1999) regarding the use of testimony as well as technical and statistical information to make the need for action more real for ordinary citizens and motivate people to change policies. The use of hashtags allows people to share their personal stories and testimonies. At the same time, the statistical data on the increase in violence against women are categorized as technical and statistical information.

The second tactic is symbolic politics, which is the ability to call upon symbols, actions, or stories that make sense of a situation or claim for an audience that is frequently far away. Often, not one event but the juxtaposition of disparate events makes people change their minds and take action (Keck and Sikkink, 1999). In the case of the anti-sexual violence movement, the hashtag #MeToo became the ultimate symbol of the global movement, which is also adopted in various languages. In Indonesia, several hashtags have also been used to spread the movement and encourage victims to share their stories to seek justice. The hashtags include #KitaAgni, #KamiBersamaPenyintas, #LawanKekerasanSeksual, and #SahkanRUUPKS. The last one is especially important because it specifically calls for the ratification of the bill to eliminate sexual violence (Pratiwi, 2021). When #KitaAgni goes viral, students, faculties, and public in general arrange a protest in support of Agni to push for justice from the campus leadership. During the protest held at UGM, protesters also bring *kentongan*¹ and whistles to try to make loud sounds as a symbol of the danger of sexual violence on their campus (AW and Wicaksono, 2018; Tenola, 2018).

When Permendikbudristek No. 30 was released in 2021, some Indonesian public figures showed their support for the decree through social media by posing for pictures with "*Anti KS di Kampus*" (Anti-Sexual Violence on Campus) on their palms (Asmara, 2021; Suhenda, 2021; Swaragita, 2021). Meanwhile, in supporting RUU PKS, one of the symbolic events to promote the bill took place in 2020. Magdalene magazine, Pulih Foundation, and The Body Shop Indonesia put down 500 shoes on the first 500 steps in front of the office of DPR in Jakarta as a symbol of support to encourage DPR to ratify the bill immediately (Firmansyah, 2020).

¹ *Kentungan* or *kentongan* is a traditional slit drum instrument made from bamboo or wood used to communicate or to sound an alarm by hitting the bamboo/wood (Ajie, 2019).

These cases align with Keck and Sikkink (1999) as symbolic politics. The ability to call upon symbols, actions, or stories using #MeToo and its local version and other various hashtags on the global level makes sense of a situation or claim for an audience. Symbolic politics is also when the juxtaposition of disparate events makes people change their minds and take action. The protests using *kentongan* and whistles, 500 pairs of shoes, and writing on palms can be argued as framing the issue in disparate events so that it can change people's minds and urge them to take action.

The third tactic is leveraging politics, which is defined as the ability to call upon powerful actors to bring about policy change. The networks persuade and pressure these powerful actors and seek leverage to gain influence. There are two kinds of leverage: material and moral. Material leverage takes the form of issue-linkage, normally involving money, goods, or votes. Meanwhile, moral leverage involves 'mobilization of shame', where the behavior of target actors is held up to the bright light of international scrutiny (Keck & Sikkink, 1999). The research argues that both leverage is used as tactics by the movement of anti-sexual violence in Indonesia.

For material leverage, the weaker members of a network pressure powerful actors in terms of pressuring the members of the DPR to vote in favor of the ratification of the sexual violence action crimes law. These pressures include the campaign in the form of 500 pairs of shoes in front of the DPR building or the use of viral hashtags such as #SahkanRUUPKS (Legalize RUU PKS) or #KamiBersamaPenyintas (We Are with the Survivor), among others (Firmansyah, 2020; Pratiwi, 2021; Winarnita et al., 2020). Up until 2020, there were only five out of total nine party factions in the DPR that agreed to move up the bill as a priority in the National Legislation Program (Prolegnas). These parties that disagreed include the National Mandate Party (PAN), the Democrat Party, the United Development Party (PPP), and the Prosperous Justice Party (PKS) (BBC, 2022). However, in 2022, eight of these nine party factions approved and passed the bill into law (Muthiariny, 2022).

Meanwhile, moral leverage is proven by the issuing of Permendikbudristek No. 30. The decree is only issued after viral campaigns with various hashtags following the story of Agni and the media campaign on #NamaBaikKampus (Campus's Good Name) to raise awareness of the emergency of sexual violence in higher education institution (Zuhra & Adam, 2019; Chandra, 2021). In the case of Agni specifically, students and public protest and start a petition to call for action using the hashtag #UGMDaruratKekerasanSeksual (Emergency of Sexual Violence at UGM) to demand better regulation to protect students in UGM and higher education institutions in general. It is because numerous sexual assaults on campuses are not discovered and treated with justice. Therefore, the protests, campaigns, and hashtags can be seen as moral leverage in the form of "mobilization of shame". It results in powerful actors like the Ministry of Culture, Education, Research, and Technology being scrutinized and urged to create changes through policies such as Permendikbudristek No. 30. Minister Nadiem Makarim has even released a statement emphasizing that sexual violence on campuses in Indonesia as a critical emergency, and the decree is important to be imposed (Chandra, 2021; Keck & Sikkink, 1999).

Lastly, accountability politics is the effort to oblige more powerful actors to act on vaguer policies or principles they formally endorse. Once a government has publicly committed itself to a principle, networks can use this position and their command of information to expose the distance between discourse and practice and utilize the opportunity for accountability politics (Keck & Sikkink, 1999). In Indonesia, protests to demand the ratification of RUU PKS or RUU TPKS are continuously directed to the DPR. The commitment to adopt a specific law about sexual violence has been brought since 2012, and the networks, such as organizations, civil societies, activists, and media, keep pushing for the bill to be ratified to demand accountability from DPR for their commitment (CNN Indonesia, 2021).

The difficulty in getting the bill to be passed into law continued until 2020 when the discussion about the bill was not included as a priority in the Prolegnas. DPR at that time released a statement as an excuse saying that there was a time limitation in the DPR's agenda, and RUU PKS was a complicated discussion. This situation triggered protests from the public and created a controversy, arguably showing DPR's ignorance despite the number of sexual violence cases that kept increasing (Amindoni, 2020). Nevertheless, although one faction in the DPR, Partai Keadilan Sejahtera, was against the bill, the legislative body of the DPR had agreed to advance the discussion into ratification as a part of its accountability to the people. By April 2022, DPR finally agreed to approve and pass the sexual violence crimes bill into law. This example is consistent with Keck and Sikkink (1999) about accountability politics. The weaker members in the networks succeed in demanding DPR as the powerful actors to act on vaguer policies or principles they formally endorse, which is passing RUU TPKS into law.

Stages of Influence of Anti-Sexual Violence Movement as A Network

There is an assessment that can be considered to look at goal achievement at several different levels in explaining the influence of advocacy networks. The stages include issue creation and attention/agenda setting; influence on discursive positions of states and regional and international organizations; influence on institutional procedures; influence on policy change in target actors, which may be states, international or regional organizations, or private actors like a corporation; and influence on state behavior (Keck & Sikkink, 1999). In the case of the anti-sexual movement in Indonesia, the research argues that the achievement has reached all the stages except for the fifth one.

First, regarding issue creation and attention/agenda setting, networks generate attention to new issues and help to set agendas when they provoke media attention, debates, hearings, and meetings on issues that previously have not been a matter of public debate (Keck & Sikkink, 1999). The campaigns and protests, as well as discussion in social media using hashtags, such as #SahkanRUUPKS, #KitaAgni, and #KamiBersamaPenyintas, among others, have shown that the issue creation and attention/agenda setting have been achieved. It succeeds in provoking media attention and discussion about the issue that previously is not a part of the interest of the public.

Second, networks influence discursive positions when they help to persuade states and international organizations to support international declarations or change stated domestic policy positions (Keck & Sikkink, 1999). It can be argued that there are no official international declarations as Me Too is not initiated by any government or international governmental organizations but rather by civil movements. Nonetheless, it can still be considered as something that happens globally and is utilized to change domestic policy. Therefore, the research argues that this second stage has also already been achieved since it creates changes regarding RUU PKS, which at first is not supported by nine factions in the DPR but ends up being ratified with eight out of nine factions supporting the bill to be passed into law.

Third, it is the influence on institutional procedures. Keck and Sikkink (1999) did not provide an explicit or specific explanation regarding this third stage. However, it can be argued that institutional procedures relate to changes in policies in certain institutions. In the case of the anti-sexual violence movement in Indonesia, the research believes that the movement succeeded in influencing institutional procedures. It is evidenced by the Ministerial Decree or Permendikbudristek No. 30, which does not exist prior to the protests and campaigns regarding Agni and other victims of sexual violence on campuses. The decree is issued to create a regulation to guarantee protection for students and faculties in higher education institutions against sexual violence and create a pro-victim procedure in case such violence happens (Chandra, 2021; Keck & Sikkink, 1999).

Fourth, there is an influence on policy change in 'target actors', which may be states, regional or international organizations, or private actors. It is considered a more concrete level in terms of network influence. The research shows that the fourth stage has also been achieved through the success of the ratification of RUU TPKS (then known as RUU PKS) in April 2022. The effort to create such a legally binding regulation that provides protection for vulnerable members of society against sexual violence has arguably been achieved. The target actors in this case are the Indonesian government, represented by DPR and related Ministries such as the Ministry of Culture, Education, Research and Technology (Kemendikbudristek) and the Ministry of Women's Empowerment and Child Protection (KemenPPPA).

Lastly, the research explains that the fifth stage, influence on state behavior, has yet to be confirmed. It is because, by the time the research is written, RUU TPKS is newly ratified, so there has not been enough data to confirm changes in the state behavior following the passing of the bill into law. According to Keck and Sikkink (1999), meaningful policy and behavioral change are more likely when the first three types or stages of impact have occurred. So, the research believes that progress toward a change in state behavior will happen. Seeing how the bill is finally ratified despite the long fight and struggle shows that hope for changes in the future is expected, although it is slow and has its challenges.

Conclusion

The research aims to explain many cases of women's attempts to seek justice against sexual violence as well as the progress of the women's movement in Indonesia as a part of

global advocacy networks, particularly the Me Too movement. It analyzes how transnational advocacy networks explain the movement and attempts to answer the research question: How do transnational advocacy networks explain the women's movement against sexual violence in Indonesia? The question is answered in three parts. The first part is about the actors and the emergence of transnational advocacy networks, covering boomerang patterns, political entrepreneurs, and international contacts. The second part of the research discusses the typology of tactics used by the transnational advocacy networks in achieving their goals. Meanwhile, the third part discusses the stages of transnational advocacy networks that have been achieved with regard to their goals.

The first part of the research has proven that the anti-sexual violence movement in Indonesia can be claimed as transnational advocacy networks. The discussion also covers actors in the movement and their emergence in the context of the advocacy networks. These actors include domestic NGOs, research and advocacy organizations, media, local social movements and foundations, religious institutions, or religious groups, and/or executive and/or parliamentary branches of government.

In explaining the emergence of transnational advocacy networks, the research argues that first, the boomerang pattern happens when the hashtag #MeToo goes viral on social media and raises awareness of the issue on a global level. Although the boomerang pattern is not fully implemented in this case, as the link between the government and the local actors is not fully severed, the networks are still influential because the local movement takes advantage of the expanded global movement and global discussion using the Internet and social media. Second, the networks through the Internet and social media link activists and 'political entrepreneurs' in different countries. Third, the issue emerges when international contacts create arenas for forming and strengthening networks, and international organizations show their support and promote the urgency of the ratification of RUU PKS.

The second part of the research explains the typology of transnational advocacy movement tactics, including information politics, symbolic politics, leverage politics, and accountability politics. Information politics is done when the #MeToo hashtag is used by activists in Indonesia to promote the campaign on the ratification of RUU PKS, as well as the spread of information on the data of increasing victims of violence by Komnas Perempuan and KemenPPA. Tactics of symbolic politics are used through the #MeToo hashtag as a symbol of the movement, the use of *kentongan*, whistles, red writing on palms "*Anti KS di Kampus*" (Anti-Sexual Violence on Campus), and 500 pairs of shoes. Leverage politics is accomplished by material and moral leverage. Material leverage is in the form of votes in the DPR, influenced and persuaded by organizations and activists to ratify RUU PKS. Meanwhile, moral leverage is in the form of 'shaming' higher education institutions and leads to the issue of Permendikbudristek No. 30 as a policy to combat sexual violence on campus. Lastly, the tactics of accountability politics are achieved by demanding that DPR acts on vaguer policies, which agrees to pass RUU TPKS into law.

As the second part explains what the transnational advocacy networks have done using the typology of tactics in achieving their goal, the research continues to the third part, stages

of network influence. There are five stages that can be considered to look at, and the research argues that the achievement has reached all the stages except for the fifth one. First, issue creation and attention/agenda setting are created using campaigns and viral hashtags. Second, influence on discursive positions of states and regional and international organizations is achieved through the #MeToo hashtag that is utilized to change domestic policy regarding RUU PKS. Third, influence on institutional procedures is evidenced by the Ministerial Decree or Permendikbudristek No. 30, which does not exist prior to the protests and campaigns. Fourth, influence on policy change in target actors, which may be states, international or regional organizations, or private actors like corporations, is achieved by DPR passing RUU TPKS into law in April 2022. Meanwhile, the research argues that the fifth stage, influence on state behavior, has yet to be achieved. It is because the fourth stage is considered recent, and whether the implementation of the law and the ministerial decree regarding sexual violence remains to be seen.

Some recommendations can be considered to make the research in this area more extensive. For instance, further analysis can be elaborated to explain the connection between global and local actors in terms of creating a network. When Keck and Sikkink theorize the connection, Internet use is not as extensive as today. Therefore, it is not considered the main factor in how a global movement can be followed by a local movement despite not having a direct network. Other than that, the case study of the women's movement can also be analyzed using a theoretical framework other than transnational advocacy networks, such as women's empowerment or feminism, to provide a more comprehensive explanation of this phenomenon in gender studies.

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