

## WHAT LAOS' CHAIRMANSHIP OF ASEAN COULD MEAN

by

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The South China Sea dispute has taken center stage once again with fissures between China and the Philippines increasing. The recent stand offs and brazen statements have not only heightened tensions between the Philippines and China but also other important stakeholders including the United States, Japan, and India. The South China Sea dispute remains a roadblock in enhancing regional peace and stability and moving the region forward in exploring its full potential.

The ensuing events tend to reflect a trend of unsuccessful regional consensus-building among the Southeast Asian claimants, which has been a reoccurring feature of ASEAN summits since the [debacle](#) in the ASEAN summit in Cambodia in 2012.

Member-states have been quite on and off with their preference of using ASEAN as a major forum to discuss [their](#) matters pertaining to the South China Sea. For member-states, ASEAN seems to demonstrate a non-result-oriented approach in sustaining the interests of its members despite having a near consensus (understood through its documents) on the effectiveness of holding China responsible for its regional actions.

While the preference may vary, members have often sought [alternative](#) bilateral or international mechanisms to validate their claims. However, it is important to note that there have been two distinct approaches in dealing with the South China Sea dispute within ASEAN. Member-states have preferred to use the forum to express their displeasure and exert [pressure on China](#) by displaying a consensus. Alternatively, member-states have used the event for [advocacy and 'highlighting' China's misdeeds](#), often having divided results due to [different positions](#) on

China's influence in the region. Nevertheless, these statements have often been [inconsistent](#).

### China's Growing Influence in ASEAN

China's growing influence among member-states has devolved into two informal blocs within ASEAN i.e. the more developed ASEAN 5 and the lesser developed/ developing Cambodia, Laos, Myanmar, Vietnam (CLMV) countries. A cursory analysis of ASEAN summits since 2012, when consensus broke down for the first time indicates that the South China Sea made it to the summit's joint statements every year and there was a measured consensus showcasing 'progress' and consultation in only implementing the [Declaration of Conduct of Parties in the South China Sea \(DoC\)](#), a non-binding document which would keep the status quo intact at best.

The Singapore summit in 2019 provided some breakthrough which led to an agreed text on the Code of Conduct document. However, further progress in terms of its implementation has been [marred](#) by disputant member-states breaking away and pursuing their own independent approaches towards the resolution, often owing to lack of [recourse from regional mechanisms](#).

### China's Investment in Laos and Will it Impact ASEAN Behavior

In 2023, the trade volume between China and ASEAN reached [US\\$911.7 billion](#), making China and ASEAN each other's largest trading partners for the fourth consecutive year. China's trade with Laos, as per a report of the Laos-China cooperation committee, reached US\$7.09 billion in 2023 with Laos' exports up 11 percent to US\$3.74 billion and [China's exports](#) up 48 percent to US\$3.35 billion – an increase of 26.6 percent compared to US\$5.68 billion in 2022. Besides, China is not just the No. 1 investor in all sectors, it also has the highest value investments in Lao PDR, accounting for US\$986 million in 17 projects in 2023, a three-fold increase from that in 2022 with [US\\$339 million for 30 projects](#).

Based on these trends, China is expected to replace Thailand as Laos' top trading partner. One of the

major investments is the Bolen-Vientiane railway (\$6 billion) under the Belt and Road Initiative which has transformed Laos from a [‘land-locked’ to a ‘land-linked’ country](#).

Given these dynamics, it is obvious to expect Laos to have a China tilt under its ASEAN Chairmanship. But it is not that easy for Vientiane. Many factors push Laos towards adopting neutrality, especially amidst the growing tensions in the South China Sea between China and the Philippines, Laos walks on a tightrope in balancing the claims of the disputed parties. It is a bigger challenge for Laos to build a consensus on the South China Sea given it has no claims to the dispute—so choosing sides is not easy.

Furthermore, the increasing discord between the U.S. and China, only makes it worse for Laos, where it has no choice but to subscribe to ASEAN’s neutrality. Interestingly, a 2024 regional survey report suggests: China has [edged past the U.S.](#) to become the prevailing choice (50.5 percent) if the [Southeast Asian] region were forced to align itself in the ongoing U.S.-China rivalry.

#### **An Opportunity for Change as ASEAN Chair**

China’s influence on the CLMV countries has been a matter of concern for those watching ASEAN and the attempt by its disputant member-states to solve the issue through regional mechanisms and processes. Often the expectation has been that major stakeholders in ASEAN such as Indonesia and Singapore will take the lead in bringing about a stronger consensus on regional security matters as grave as China’s aggressiveness in the South China Sea.

However, stakeholders such as Laos may be able to drive a surprise consensus. It was evident from China’s proposal to have a four-point consensus between Brunei, Cambodia and Laos on the South China Sea in 2016 that China preferred dealing with smaller countries to build a minilateral grouping within Southeast Asia to garner its support. The recently concluded ASEAN Foreign Minister’s Meeting in Vientiane reasserts the same point about

ASEAN’s inability to exert pressure on China owing to the regional structure of the organization and the compulsions of its member-states.

The theme of the meeting this year is “ASEAN: Enhancing Connectivity and Resilience”. In the case of Laos this indicates an opportunity to bring the region closer and toward a possible consensus on regional security matters. The power of issuing the joint statement rests with the Chair but several other factors including the trust and confidence which member-states have in pursuing an ASEAN led process would matter more. If the agenda of regional security can bypass the confines of other factors and the impending shadow of China’s influence including its investments in infrastructure (roads, rails, and dams) and connectivity, Lao PDR may surprise the region with leading ASEAN towards a reconfigured path and restoring faith in the ASEAN process among other disputant parties.

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