Colloquium Brief

Strategic Studies Institute

U.S. Army War College,
The U.S. Department of State, Bureau of Intelligence and Research,
The National Bureau of Asian Research, and
The Institute for Defence and Strategic Studies, Singapore

CONTENDING PERSPECTIVES: SOUTHEAST ASIA AND AMERICAN VIEWS ON A RISING CHINA

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Key Conclusions:

- While China has gained influence in Southeast Asia relative to the United States in recent years, U.S. influence has not been marginalized and remains robust.
- Southeast Asian states are "hedging"—engaging with China while at the same time working to ensure the continued presence of extra-regional powers, especially the United States, to balance China's growing influence.
- China appears increasingly to see Southeast Asia as its "strategic backyard" and Chinese efforts to expand its influence in the region are likely to continue.
- China is bolstering its economic ties with Southeast Asia, pursuing an activist role in multilateral fora of the region, and working to weaken U.S. security relationships with countries of the region.

The State Department's Bureau of Intelligence and Research (INR), the National Bureau of Asian Research, the Institute for Defence and Strategic Studies of Singapore, and the U.S. Army War College conducted a colloquium on Southeast Asia and American views of China in August 2005 in Singapore. The event brought together analysts and scholars from Indonesia, Malaysia, the Philippines, Singapore, Thailand, and the United States to examine the economic, diplomatic, and military dimensions of China's rise from two perspectives. An abbreviated follow-on colloquium conducted by INR was held in Washington, DC, on November 3, 2005. This brief focuses on summarizing Southeast Asian perspectives on China as articulated by participants at the two events.

Participants rejected the idea of an emerging China-centered regional political order that has marginalized the influence of the United States, although China has gained influence in Southeast Asia relative to the United States over the past 5 years. Its economic growth and attentive diplomacy generally have fit in well with the interests of the Association of Southeast Asian Nations (ASEAN) countries and the ongoing Asian efforts to develop multilateral mechanisms to deal with regional and other issues. However, leaders of the ASEAN member states, Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei, Cambodia, Laos, Myanmar (Burma), and Vietnam, have demonstrated persistent reluctance to move under China's sway and are seeking to avoid subservience to its dominance. The uncertain outlook for political stability and economic growth in China—with possible adverse impact on Chinese policies in Southeast Asia—is another major reason for ASEAN leaders to avoid overdependence on China and to seek close relations with the United States and other powers.

No evidence suggests that the ASEAN states are "bandwagoning" with China. On the contrary, plenty of evidence shows that they are hedging—engaging with China bilaterally and multilaterally—but working to ensure the continued presence of extra-regional powers to balance China's rising power. Key to maintaining this balance of power is the United States. While the United States may be preoccupied with the "war on terror," its economic, political, and strategic interests in Southeast Asia far outweigh those of any other major powers, including China. Indeed, since September 11, 2001, U.S.-ASEAN government-to-government relations have improved considerably (Burma excepted).

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The United States is well positioned to benefit from this ASEAN hedging strategy. The United States remains much more powerful than China in Asia and has the added advantage of being seen by ASEAN leaders as Asia's "least distrusted power." Through attentive diplomacy, backed by meaningful security and economic incentives for cooperation, the United States can grow quietly and effectively in influence in Southeast Asia without presenting an overt challenge to China that would be counterproductive for U.S. interests in the region.

In the military arena, China probably will not seek to create formal alliances with its southern neighbors, but it will seek to enhance its military-to-military cooperation with ASEAN countries as a means to increase its own influence in the region. China is a potential long-term military problem for ASEAN countries but in the short-to-medium term, it is not likely to be a major military force in the region. Weaknesses exist in Chinese naval and air capabilities, especially in terms of force projection. Concerns about Chinese ballistic missile programs might be justifiable, but these are capabilities that will not be brought to bear in any scenario involving the projection of Chinese military power into Southeast Asia.

China's Aim: Reduce U.S. Influence in the ASEAN Region.

The long-term ambitions of China in Southeast Asia remain subject to speculation and debate. China's key strategic aims in Southeast Asia appear to be two-fold: ensure that there are no conflicts in the region that would compromise Chinese security or territorial integrity; and ensure that no external power wields influence greater than that of China. Beijing's long-term objective may not be hegemony over Southeast Asia but the "Finlandization" of the region, whereby ASEAN states may remain sovereign, but their respective foreign policies take account of, and do not challenge, China's national interests.

During the Cold War, China viewed the Indochina region and mainland Southeast Asia more generally as its "strategic backyard." With Beijing's South China Sea claims and its increasing dependence on the sea lanes of communication through maritime Southeast Asia, the concept of a "strategic backyard" is likely to grow to encompass the whole Southeast Asian region.

Despite an interest in reducing American influence in Southeast Asia, it is not clear that China seeks to fully remove it or replace the U.S. presence with a Chinese security presence. China views the U.S. alliances with Japan, South Korea, Philippines, Thailand, and Australia as anachronistic and has offered its own "New Security Concept" as an alternative model—but it does not provide a notion of how to maintain security when discussions and negotiations fail. The U.S. military is seen within the region as the guarantor of peace and stability; China does not appear to desire replacing this critical U.S. role. China's interests do not fully align with U.S. interests, but they do not appear to represent a clear disruption of the status quo in Southeast Asia, either.

China's leaders appear to have adopted three long-term strategies to achieve their goals in the ASEAN region. First, bolster economic linkages with each of the ASEAN countries and position China as the region's economic dynamo and putative financial backer. Bilateral trade and investment agreements and the ASEAN-China Free Trade Agreement (ACFTA) are means to this end. Second, nurture and seek leadership of multilateral fora that excludes the United States—hence, China's support for the ASEAN Plus Three/East Asia Summit process. Third, try to weaken bilateral military-to-military links between ASEAN members and the United States. Thus, for instance, in the drafting of the Declaration on the Conduct of Parties in the South China Sea, Beijing proposed a clause that would have prohibited joint military exercises in the area, clearly aimed at U.S.-Philippine exercises and the annual U.S.-Thai-Singapore Cobra Gold exercises. ASEAN ultimately rejected this Chinese proposal.

China Gains Influence in ASEAN.

Based on recent trade growth with ASEAN, Chinese officials have built closer political ties with neighboring countries through effective and often high-level diplomacy that is attentive to the interests of neighboring Asian governments. Putting aside or narrowing differences in the interest of broadening common ground, Chinese diplomacy has been welcomed by most neighbors.

ASEAN's comfort level with China has been raised as a consequence of Beijing's "smile diplomacy." Through it, Chinese leaders stress their country's "peaceful rise," reiterating their respect for state sovereignty and noninterference in the internal affairs of other countries, and offer economic incentives and aid packages. The ASEAN states point to these and other developments as evidence that their policy of long-term engagement with China already has paid dividends, and that China is an increasingly constructive and responsible player in regional affairs.

ASEAN: Uncertainty, Hedging and Leveraging Relations with China.

Nevertheless, ASEAN leaders remain uncertain about China's stability and long-term political, military, and territorial ambitions in the region. They remain on guard against prospects that the Chinese leadership might adopt more interventionist policies, a "big brother" approach, toward relatively weak neighbors to the south. The pervasive ASEAN outreach to the United States and other powers is designed to hedge against such an outcome. ASEAN hedging strategies aim to enmesh China into ASEAN-backed multilateral and bilateral arrangements, while encouraging other powers to become more actively involved in Southeast Asian affairs. ASEAN leaders hope to turn China's greater engagement and cooperation in regional groups into arrangements and assurances that will preserve ASEAN interests in a stable and peaceful regional order.

Senior Chinese leaders are comfortable with the "ASEAN way," as it is similar to the iterative and deliberative decisionmaking process on a number of protracted issues in

Chinese politics. Chinese leaders and officials pursuing a "win-win" approach to Asian neighbors usually follow policies that do not require neighboring countries to do things they do not want to do. Thus, China's Asian approach focuses on "easy things" and avoids costly commitments or major risks.

The ASEAN hedging strategy has two operational prongs: first, the ASEAN states seek to foster a stable balance of power in the region among the United States, China, Japan, and other powers. Second, ASEAN states are committed to maintaining credible armed forces to act as a deterrent against future Chinese aggressiveness.

The ASEAN hedging strategy probably is aimed not at producing a multi-polar balance of power because the major powers involved are not of equal strength and power. Rather, it looks like a drive for a hierarchic order where the United States would retain the role as the predominant superpower, China would play the role of regional great power, and India, Japan, and South Korea would be second-tier regional powers. The United States is seen as the largest outside counterweight to China, but ASEAN states generally seek more diversified range of contacts, partly to avoid a situation of having to choose between the United States and China.

America's advantages in this situation are strong. The United States has a proven record of being able and willing to commit significant resources and prestige to protect allies and friends. The United States is very powerful—a superpower—but it is far away from Asia, has none of the territorial disputes and few of the ambitions that characterize China and other Asian powers, and thus is less distrusted by ASEAN governments. As with the tsunami disaster, the United States is called upon and responds repeatedly with economic resources, strategic reach, and diplomatic means to promote stability and prosperity essential to most governments in ASEAN. As a result, ASEAN governments give priority to relations with the United States.

China's Military Power in Southeast Asia.

While Beijing will try to weaken U.S. alliances and security arrangements in the region, it is unlikely that the Chinese will try to create their own formal system of alliances. Since the early 1960s, the Chinese have preferred informal security arrangements (e.g., ententes) to formal alliances, as these will give it greater flexibility in responding to threats against their allies while reducing the chances of China being dragged into unwanted conflict. Rather than alliances, China will probably seek to enhance its military-to-military cooperation with ASEAN countries as a means to increase its own influence in the region. These efforts should include exchanges of senior military personnel, port calls, and as increasing attempts to sell arms to ASEAN nations.

Beijing's strategic objectives suggest that China's use of force will be constrained. Beijing is sensitive to the perceived China threat, especially in Southeast Asia, and it recognizes that aggressive military action in Asia would undermine the international environment that China needs to achieve its long-term objectives.

Moreover, in the short-to-medium term, China's ability to project significant military power into Southeast Asia is hampered by limitations in numbers, operating ranges, and doctrinal developments. China simply does not have the operating ranges for its airpower to penetrate the region. Any further naval expansion in the East China or South China Seas is contingent on the development of Chinese naval aviation. China's lack of sufficient sealift and amphibious capabilities also means that it cannot insert a significant land presence into the region. China probably can insert a small naval presence in Southeast Asia, but its limited number of oilers means that this naval presence cannot be maintained at length. The one arena in which China's People's Liberation Army (PLA) currently possesses effective power projection into Southeast Asia is with its ballistic missile arsenal.

China's ability to penetrate the Southeast Asian arms market, and thereby exercise a degree of political influence through the instruments of arms sales, is similarly limited. The only significant Chinese military sale in Southeast Asia has been the *Jianghu* class frigates that it sold to Thailand at "friendship" prices. Thailand's Chinese-made frigates spend little time at sea and are more often than not in dry dock undergoing maintenance because of the low quality of China's indigenous weapons systems. This is a poor advertisement of Chinese military hardware, and will likely dissuade other Southeast Asian nations from turning to China as an alternative source of military hardware.

ASEAN: Varied Approaches to China.

ASEAN governments vary in their approaches to China, with the Philippines and Indonesia more reserved and Thailand, Malaysia, and Singapore in the lead of those seeking close ties with China. Long-standing distinctions exist between the ways continental ASEAN states deal with China, versus the maritime states. The former group has to be more sensitive and generally deferential to Chinese concerns, given China's proximity and easy access, while the latter is more free to follow policies either favorable or not to China. Those countries in which China has been able to maximize its political influence share a number of characteristics: they have sought patronage from China because of poor relations with the United States and other Western countries; and they suffer from poor governance and have weak economies.

For most of the past 25 years, Thailand has been China's closest friend in Southeast Asia and has served a bridge role that facilitated the improvement of relations between China and ASEAN. Bangkok has been unwavering in its support for the One China policy. Successive Thai governments also have barred entry to the Dalai Lama and banned activities of the Falun Gong movement. At the same time, however, Thailand has maintained its alliance relationship with the United States as an insurance policy.

China will likely place greater emphasis on Indonesia, particularly due to its energy resources and its geostrategic location along several major sea lanes of communication in the

region. But for Indonesia, the main goal of its China policy is to maximize economic gain rather than to forge a close political relationship. The Indonesian elites always have perceived China as an expansionist and aggressive country. Jakarta sees China as a rival for influence and even leadership in Southeast Asia. There is a danger that growing economic links between China and Indonesia could exacerbate jealousy against ethnic Chinese Indonesians. All these factors pose significant limits to China's influence in Indonesia which will continue to privilege relations with traditional economic and security partners, such as the United States, Australia, and Japan.

Singapore has enjoyed a fairly robust political relationship with China since the mid-1980s. It took the lead in 2004 in recognizing China as a market economy, prompting others in ASEAN to do the same. But Singapore wishes to avoid any suggestion that it is China's ally or "agent of influence" in Southeast Asia. Thus, in 2004, Lee Hsien Loong rejected China's calls to cancel his trip to Taiwan because it would have undermined the city-state's freedom to make independent decisions and damaged its international reputation. Singapore also has spurned China's offer of training facilities for the Singaporean military on Hainan island, presumably in an attempt to persuade Singapore to end its current training arrangements with Taiwan.

The Philippines and China have agreed to establish a high-level security dialogue, increase intelligence exchanges, training exercises, and send personnel to each other's military academies. China is now the Philippines' fourth largest export market, up from 12th place in 2001. China has agreed to supply the Philippine military with engineering equipment worth $1.2 million. China has adopted a more accommodating stance over the South China Sea dispute. However, Manila's political and security ties with Washington far outweigh those with the People's Republic of China (PRC), and are likely to remain that way for the foreseeable future.

China's political influence is strongest in Burma. Although China is ranked Burma's third largest trade partner after Singapore and Thailand, in reality, it is likely to be number one because of the large and lucrative cross-border trade which does not appear in official figures. China is the biggest investor in Burma and also has become Burma's largest provider of military aid—an estimated $2 billion worth of equipment, including tanks, jet fighters, and ships. For its part, Burma provides China with useful pressure points against India—in the early 1990s, China reportedly upgraded two Burmese naval facilities along the Bay of Bengal, and established signals-intelligence-listening facilities along Burma's coast. But there are indications that the military junta may have been trying to reduce its dependence on China over the past several years. Burma has patched up relations with India and has diversified its sources of military equipment to include Russia and Ukraine.

Territorial disputes have been a source of contention between Vietnam and China for several decades, but considerable progress has been made. In 1999, the two sides reached agreement on delineating their common land border, and in 2000, a similar agreement was reached on the demarcation of their sea border in the Gulf of Tonkin. While both continue to dispute sovereignty of the Paracel and Spratly Islands in the South China Sea, in March 2005 Vietnam signed an agreement with China and the Philippines to conduct joint seismic studies in the disputed waters of the South China Sea. Hanoi remains wary of Beijing's influence and suspicious of its long-term regional intentions. Vietnam has made a concerted effort over the past 2 years to improve relations with the United States, especially security ties.

Since 1997, China has established itself as a major political and economic player in Cambodia—by nurturing close ties with Hun Sen, Southeast Asia's longest serving political leader. Beijing has become a major provider of economic aid and the number one foreign investor in Cambodia. China has endeared itself to Cambodia by canceling all of Cambodia's debt in 2002, and by not making its aid depend on accelerating reform of the civil service and judiciary and ending corruption. Cambodia has become one of ASEAN's staunchest supporters of China's One China policy.

China competes for influence over Laos with Vietnam. The close personal ties between Vietnam and Laotian communist leaders ensure that Vietnam currently maintains the upper hand in terms of political influence. In the meantime, China's influence is growing as it nurtures younger Laotian party cadres through its large diplomatic presence in Vientiane and by paying for members of the Lao elite to undertake ideological, vocational, and military training in China. China is already Laos' third largest trade partner (after Thailand and Vietnam) and one of its top three investors. Over the next decade or so, China is likely to displace Vietnam as Laos' closest friend in Asia.

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