BETWIXT AND BETWEEN

Southeast Asian Strategic Relations with the U.S. and China

IDSS Monograph No. 8

edited by
Evelyn Goh

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Institute of Defence and Strategic Studies

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The **Institute of Defence and Strategic Studies** (IDSS) was established in July 1996 as an autonomous research institute within the Nanyang Technological University. Its objectives are to:

- conduct research on security, strategic and international issues;
- provide general and graduate education in strategic studies, defence management and defence technology; and
- promote joint and exchange programmes with similar regional institutions; organize seminars/conferences on topics salient to the strategic and policy communities of the Asia-Pacific.

1
Introduction

– Evelyn Goh –

As a region that is traditionally greatly influenced by the world's major powers, East Asia has been living in uncertain times since the end of the Cold War. Since the early 1990s, doubts about the continuity of American strategic commitments to the region have combined with worries about the rise of China, both militarily and economically.

As small and medium-sized states, the nations of Southeast Asia have had a particularly difficult time adjusting to these new structural conditions. By and large, they have tried to balance between the United States and China by facilitating the retention of U.S. involvement and forward deployment in the region, and by engaging China both politically and militarily.

Southeast Asia is often portrayed as having a unified stance. The states in the region are seen as eager to develop closer political and economic relations with China, while maintaining a preference for strong U.S. military and strategic involvement in the region, as a hedge against the possible failure of engagement with China.

However, as this collection of essays shows, there is in fact a wide range of views and expectations in the region on this issue. Within the new context of counter-terrorism, worries about American unilateralism, and a more assertive Southeast Asian policy from China, this volume analyses the strategies

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of key states in the region in coping with the changing strategic landscape. It assesses and compares Southeast Asian strategies vis-à-vis China and the role these countries expect the U.S. to play within these strategies. In this sense, it provides a coherent account of Southeast Asian strategic relations and positioning between the two major powers in the region.

Organization

The volume consists of seven country-specific chapters and two concluding chapters examining China's strategic relations with Southeast Asia, and U.S. strategic relations with Southeast Asia, respectively. In order to facilitate comparison, the country chapters share the same organizational structure based on four sets of questions and issues:

1. **Perceptions of the United States**

   How do the policymakers in each of these Southeast Asian countries perceive the U.S., in terms of its strategic role and aims in the region? What strategic relations do they have with the U.S., and what are the positive and negative impacts of American security involvement in the region?

2. **Perceptions of China**

   How do Southeast Asian countries view the rise of China—is it a revisionist or a status quo power? What is China's role and influence in regional security now? To what extent does China pose a threat or an assurance to regional stability and security?

3. **Strategy towards China**

   What challenges does the rise of China pose to these Southeast Asian countries? What are these states' strategies and policies towards China, in economic, political and military terms? Are they looking to engage/socialize or to contain/constrain/balance China? How would these states evaluate the effectiveness of their strategies?

4. **The role of the U.S. in regional security**

   What role do these states expect the U.S. to play in their strategies to deal with the rise of China? What type and level of American commitment are they looking for?

Similarities

It is important to note at the outset that these essays demonstrate that the key Southeast Asian states do share some fundamental similarities in their perceptions of, and strategic approaches to, the U.S. and China. First, they all acknowledge the critical strategic role of the U.S. in the region, both in terms of security guarantees as well as economic ties. Also, these Southeast Asian states all want Washington to continue providing a security umbrella for the region, although they differ on the specific arrangements for maintaining a U.S. presence in the region. Second, policymakers in the region nearly all worry about the Bush Administration's foreign policy stance after 9/11 and after the Iraq war. They hope that Washington will adopt a more considered "partnership" role in regional security, which encompasses greater consultation and sensitivity to domestic constraints, particularly on the war against terrorism, and with more emphasis on multilateral cooperation.

Third, none of these Southeast Asian countries identifies China as a threat, preferring to discuss the "challenges" a rising China poses. They all ascribe to a strategy of vigorous engagement and attempted socialization of China, and uniformly see China as an engine for economic growth in the region, even though they identify different degrees of individual economic opportunities in Chinese development. Fourth, policymakers commonly emphasize that Southeast Asia has no choice but to engage with China, as it is, by dint of geography and history, an intrinsic part of the region and a "true" regional great power. As a result, all these countries unhesitatingly claim rising Chinese influence in the region, mainly in terms of trade and investment, but also in the realm of regional political institutions. In particular, they agree that Beijing's record in the ASEAN Regional Forum, ASEAN Plus Three, and other Sino-ASEAN institutions has been encouraging and improving over the last decade.

Fifth, however, the Southeast Asian countries still appear to reserve judgment on whether China is ultimately a benign or threatening rising power. Almost every country's leaders express worries about the territorial disputes in the South China Sea and about potential conflict between China and the U.S. over Taiwan. Thus, while China's impressive diplomatic and economic engagement with the region in recent years is readily acknowledged, it is less clear whether the Southeast Asian countries in fact "buy" the idea of China's "peaceful rise". To some extent, this is a conceptual problem since the

success or failure of their engagement strategy may ultimately depend on a Popperian falsification based on future potential negative action by Beijing.

Sixth, the result of both these reservations, regarding long-term Chinese intentions and current U.S. foreign policy, is a common strategy of "hedging" among the Southeast Asian countries. In the abstract, hedging refers to taking action to ensure against undesirable outcomes, usually by betting on multiple alternative positions. In the case of Southeast Asian states vis-à-vis China and the U.S., hedging may be defined as a set of strategies aimed at avoiding a situation in which the states cannot decide upon more straightforward alternatives such as balancing or bandwagoning against one major power, or neutrality between both. Instead, they cultivate a middle position that forestalls having to choose one side at the obvious expense of another. The two key common elements of their hedging strategies are strong engagement with China, and the facilitation of a continuing U.S. strategic presence in the region to act as a counterweight or balance against rising Chinese power.

Differences

Yet, within this general hedging approach towards the two major powers, Southeast Asian states exhibit some significant differences in the way they conceive of and operationalize their policies. We can identify from the country essays three sub-groups. The first group consists of countries that engage with China, but fundamentally place greater emphasis and faith in their strategic relations with the United States: the Philippines and Singapore. As Herman Kraft notes in Chapter 2, in spite of residual nationalist concerns about the relationship, Manila's reliance on the alliance with the U.S. has deepened in the wake of the Mischief Reef incidents in 1995 and with the revival of defence cooperation in counter-terrorism with the U.S. after 9/11. In concrete terms, Singapore's strategic cooperation with the U.S., as detailed by Teo Kah Beng in Chapter 5, is the most extensive of any Southeast Asian country.

The second group is made up of countries that seem to be steering a middle course in between the U.S. and China, primarily because of geographical distance from China combined with rising unease about pursuing closer strategic ties with the U.S. As Irman Lanti makes clear in Chapter 3, Indonesian policymakers now evince sufficient worries about the unilateralism and apparent anti-Islamism of U.S. foreign policy as to suggest that it is

American influence in the region that needs to be balanced out by Chinese influence and not vice versa. In Chapter 4, Zakaria Ahmad reports similar reservations and observations in the Malaysian context.

Countries whose security strategies are dominated by the central role of China in the region form the third group. Among the countries included in this study, Thailand, Vietnam and Cambodia are most constrained by China strategically, for different reasons. Thailand, as Chulacheeb Chinwanno states in Chapter 6, sees China's rise as the region's major power as inevitable, but views China as a status quo power. Bangkok also places great emphasis on the economic opportunities provided by China. Thailand does try to maximize its hedging strategy by maintaining close ties with both powers, but in spite of its alliance with the U.S., the Thai preference is for this relationship to be "not too close". As Le Linh Lan discusses in Chapter 7, for Vietnam, China dominates the strategic landscape for more negative reasons: the historical animosity between the two countries, and their unresolved territorial disputes in the South China Sea. Because of its limited options vis-à-vis pursuing a closer strategic relationship with the U.S., Vietnam is forced to rely upon the collective ASEAN approach, and seek greater diversification of its great power relations at the economic and political levels. Cambodia's strategic options are even more limited due to its under-development and location. Sisowath Chanto concedes in Chapter 8 that many policymakers in Phnom Penh recognize a Chinese sphere of influence, in spite of the limited volume of Chinese aid to the country, because of geography and because the relative conditionality of U.S. aid and assistance concerns the government.

These three sub-groups suggest that there is potential for the differences in Southeast Asian countries' perceptions of the two major powers and their varying strategies to cope with the new security context to create certain fault lines within the region. One such fault line is the largely geographical divide between continental and maritime Southeast Asia, which accounts well for the different geo-strategic context faced by the third group of mainland Southeast Asian countries as a result of their proximity to China. This is also a division that has been drawn by some U.S. strategists, who would prefer to concentrate on security partnerships and access arrangements with key maritime Southeast Asian countries. From the point of view of U.S. strategy in the region, though, another potential fault line lies between Muslim and non-Muslim countries in the region. As Lanti suggests, Southeast Asian governments with majority Muslim populations now face special domestic

considerations in the light of Washington's war against largely extremist Islamic-inspired terrorism, and may form a distinct group with specific reservations about relations with the U.S. Here, it may also be possible to draw a more general fault line between the Southeast Asian countries which are involved in the U.S. war against terrorism (Indonesia, Malaysia, Singapore, Thailand, the Philippines) and those which are not. With the exception of Thailand, this divide reinforces the continental/maritime fault line.

Observations

This volume highlights a number of interesting conceptual and empirical questions and dilemmas regarding Southeast Asian strategies towards the U.S. and China. At the conceptual level, it is clear that the picture is best painted in shades of grey rather than in black and white: these countries are neither obviously balancing against nor bandwagoning with one of the two powers. Instead, they are hedging their bets using a range of policies that have some countries leaning more to one side, but still pursuing options with the other side. Some hedge because they must, due to limited options—like Vietnam and Cambodia—while others hedge because they can, as they perceive leverage with both sides—like Thailand and to some extent, Singapore.

At the same time, though, there appears to be a lack of strategic thought regarding the "end-game" in this great power engagement. While most regional policymakers profess to prefer good Sino-American relations and cooperation, they do not suggest how the two large powers will coexist—will coexistence be the result of a balance of power brought about by mutual deterrence, or will it be a concert of power with negotiated spheres of influence? A strong indication of this conceptual lacuna lies in the much used and perhaps misused terms, "balancing" and "balance of power". As shown in this collection of essays, the U.S. is conceived of as "balancing" China in ways ranging from performing as a last resort deterrence (Chapter 3) to acting as a first resort counter weight (Chapter 2); and from using its military presence (Chapter 5) to providing an alternative economic market and investment source (Chapter 7). China, it is also suggested, may "balance" the U.S. by providing alternative political leadership or an alternative normative foreign affairs voice (Chapter 2, 6).

This elastic use of terms is related to the power/influence disconnect in regional analyses. Southeast Asia is a region that has traditionally held

comprehensive notions of security, which readily encompass the military/strategic, political/diplomatic and economic aspects of state power. However, in the recent discourse about rising China, notions about actual and potential power have tended to be conflated without qualification, and discussions of China's power sometimes treat strategic power and diplomatic/cultural style as fungible. Thus, we have seen the rise of a "balance of influence" discourse in Southeast Asia, which appears to suggest that "soft influence" is more important than "hard power", but without addressing how and under what conditions this assumption may hold. As this collection of essays demonstrates, the overall preponderance of U.S. power is clear to all Southeast Asian countries, but the task of measuring rising relative Chinese influence in the region is a difficult one.

Empirically, one of the key outstanding areas of investigation is now a systematic comparative study of Chinese influence, rigorously defined, in Southeast Asian countries. Within this enterprise, one fascinating question is, who is now socializing whom? Given China's successful diplomacy and increasingly proactive role in regional institutions, even as the U.S. is increasingly seen by Southeast Asia as unwilling and difficult to incorporate in regional multilateral endeavours, can we argue that China will have greater influence in regional security than before? It is clear that there is a triangular dynamic between Southeast Asian-U.S. and Southeast Asian-China interactions. As noted particularly by both Alice Ba and David Capie in Chapters 9 and 10, the decline in the U.S. image in the region has been accompanied by an improvement in the Chinese image. And yet, is the acceptance of China in Southeast Asia simply correlated to, or actually caused by, concerns about U.S. hegemony? Yet, to what extent is the American ability to contribute to regional stability dependent upon it being liked by the countries in the region? Capie is cautious in his initial assessment, noting that domestic political constraints and dissatisfaction with U.S. foreign policy style did not hamper Indonesian, Malaysian and Filipino cooperation with the U.S. in the wars against terrorism and Iraq.

Ultimately, it would appear that Southeast Asian countries remain deeply pragmatic, and clearly recognize the core U.S. role in ensuring stability in the region through military, economic and political means. More than that, it seems that some of the differences and adjustments in strategy occurring now in Southeast Asian states reflect the fundamental autonomy/vulnera-

bility dilemma they face as small- and medium-sized states. In spite of the strong rhetoric about maximizing autonomy, as Ba suggests, these states may in fact be doing their best to readjust their relations with these two major powers in a new strategic context in ways that enable them to balance or diversify their dependencies.

2
The Philippines

– Herman Joseph S. Kraft –

In the aftermath of the Asian Financial Crisis, Southeast Asia as a region has once again become an area of dynamism, growth and, increasingly, of political stability. Recent complementary strategic developments, however, have implications for economic growth and political stability in the region. First is the direct involvement of Southeast Asia in the "global war on terror" being waged by the U.S. The Bush administration's emphasis on fighting terrorism has created the impression that all other concerns have become secondary. The second factor, that has long been in the minds of Southeast Asian policy elites but which has become particularly important now, is China's continuing march towards regional pre-eminence. The impressive growth of its economy in the last decade has created images of a China that will eventually achieve political, military and economic dominance over the East Asian region within a few decades. In this strategic context, the Southeast Asian states have to navigate between a dominant U.S. whose government is bent on using the fight against terrorism as a test case of "friendship", and the future prospect of a regionally hegemonic China. The question is, how do Southeast Asian states see this dilemma? What strategies have they adopted to address this dilemma? How are these strategies working out?

The case of the Philippines presents an example of how these vulnera-

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bilities are played out by a government which has historically been one of the closest allies of the U.S. in the region. This relationship, however, is constantly challenged by a strong nationalist lobby that has been instrumental in keeping the Philippine government from closer cooperative ties with the U.S., especially on the issue of counter-terrorism. However, experience, with the issue of Chinese structures on Mischief Reef since 1995 has driven home the importance of maintaining this strategic relationship as insurance against unforeseen developments in the region. Consequently, the rationale for maintaining Philippine strategic relations with the U.S. has been described in the context of a "strategic hedge", particularly in relation to China. At present, however, the imperative for this hedge seems to have diminished in its degree of importance. Recognition of the mounting importance of China to the region and the "charm offensive" that the Chinese government had initiated targeting the Association of Southeast Asian Nations (ASEAN) have made it difficult for Philippine foreign and defence policy elites to only see China as a potential threat. They remain cautious, however, and suspicions remain. Engaging China more closely requires some adjustments in Philippine strategic thinking, and it will definitely have implications for future strategic considerations in the relations between the Philippines and the U.S.

Philippine Perceptions of the U.S.

In the wake of the events of 11 September 2001, the Philippines has been one of the strongest supporters of the U.S. war against terrorism. Its participation in the coalition of the willing during the invasion of Iraq in 2003 emphasized the resilience of the close security ties that had largely been believed to have diminished when the U.S. naval and military facilities in the Philippines were closed in 1992. Political leaders see the security relations with the U.S. as directly addressing the Philippines' concerns over its external security environment and indirectly providing support for its domestic security concerns. As such, the U.S. presence in the region has always been seen as advantageous for the country. This accounts for the double-speak and uncertainty when it comes to explaining why the Philippine Senate did not ratify an agreement that would have extended the life of the Military Bases Agreement (MBA) in 1991.

Together with Singapore and quite different from other Southeast Asian countries, the Philippines has generally considered the U.S. to be a legitimate

power in the Asia Pacific, including Southeast Asia. Some analysts may qualify the extent of this acceptance (some making a distinction about the U.S. not being part of the region in a "geographic" as opposed to a "historical" and "power projection" sense), but no Presidential administration has really questioned the appropriateness of American claims to having and protecting its strategic interests in the region. These interests revolve primarily around maintaining and protecting the economic investments and relationships that American companies and the government itself have established in Southeast Asia. Conversely, an important aspect of the strategic relationship between the two countries is the fact that the U.S., together with Japan, remains the most important economic partner of the Philippines (see Table 1).

Now, the American declaration of a "global war on terror" has provided the justification for the intensification of American military involvement in the Philippines. In the months immediately following 11 September 2001, 650 American troops were immediately dispatched to the Philippines to train local forces, together with military aid of around US$90 million. As of late 2004, more than 70 American soldiers were estimated to be involved in training soldiers of the Armed Forces of the Philippines (AFP) in Mindanao. There were reports that Washington had offered to send more troops to the Philippines to be involved in more than just training. Sensitivity to the kind of reception that this policy would provoke in the media, as well as among the very vocal nationalist elements of Philippine society, led the government to reject this proposal.[1]

Perceptions of the benefits brought about by the intensification of American involvement in the security of Southeast Asia, however, do not completely ease concerns about its possible political consequences. Nationalist and subversive organizations have raised concerns over the constitutionality of the military involvement of the U.S. in the country. Policymakers and analysts, who have long supported the traditional positions of ASEAN, have also noted how the intensification of the security relationship with the U.S. takes Manila further away from the realization of the aspirations expressed in the ASEAN Declaration on ZOPFAN. This, however, is a position that does not have many supporters at present. While a popular concept during the Cold War, the aspiration and the imperative to establish a ZOPFAN has lost its relevance as a mobilizing concept within Southeast Asia.

Philippine Perceptions of China

The visit of China's Premier Hu Jintao to the Philippines to celebrate the 30th anniversary of the establishment of formal diplomatic relations between the two countries in April 2005 was hailed by a number of opinion-makers and political figures in the Philippines as the harbinger of closer ties.[2] The state visit came at a time when relations between China and most of the ASEAN states were at their best. A diplomatic offensive launched by the Chinese in the last few years has been very effective in creating an environment of trust and cooperation between China and the ASEAN states.

The visit of Premier Hu notwithstanding, the Philippines continues to have very strong concerns about China's intentions. Philippine perceptions regarding China remain coloured by the experience of 1995 when the Ramos administration suddenly realized that structures had been built by China over Mischief Reef ostensibly to provide shelter for fishermen in the area. Since then, the Philippines has become much more careful in its relationship with China and tended to configure its strategic outlook in the context of China's encroachment in the Spratlys. The debate over the Armed Forces' Modernization Programme took cognizance of the need to be able to provide a credible deterrent to any further changes in the status quo in the South China Sea. Since then, the emergence of China as a strong economic power was seen as the precursor to its eventual rise to military and political pre-eminence in the region. The signing in November 2002 of a Declaration on the Conduct of Parties in the South China Sea at the Eighth ASEAN Summit at Phnom Penh by the leaders of the ASEAN states and China was seen in the Philippines as important in imposing a behaviour of self-restraint not only on China but also on the other claimant states.

There is, however, no agreement among policymakers on the growing regional pre-eminence of China. The experience with Mischief Reef continues to colour much of the perception of Philippine policymakers regarding China, particularly within the military. They point to the potential flashpoints caused by China's relationship with and treatment of Taiwan, as well as the modernization programme of the People's Liberation Army (PLA), which is seen as proof of China's intention to "supplant" the U.S. as regional hegemon. Past behaviour including the invasion of Tibet and the punishment it tried to administer to Vietnam, also add to the picture of a potentially aggressive China. On the other hand, foreign policy experts tend to portray a less

malign picture. China is seen in this context as pursuing peaceful relations with its neighbours because it needs a stable regional environment for its economic development. The prospect of China modifying a regional order that currently serves its interests is not very high in the immediate term. As such, China is viewed as a status-quo power, at least for the moment.

The difference in perspective is mostly a matter of time and degree. Defence experts and the military tend to see China's emergence as a threat to be a more immediate concern—but one that is manageable with the help of the U.S. Among diplomats and those involved in foreign policy, there is less of a concern over the immediacy of the threat—but they concede that over time, especially if China should use its economic power to build a powerful military that would challenge the U.S. armed forces in the region, the prospect of a "China threat" is going to be real. The balance on these views is fragile and another incident or development similar to Mischief Reef would easily tilt the perception of China in the Philippines towards the threat side.

The growth of the Chinese economy, however, is seen as having potential opportunities that should be (but are not) fully exploited by the Philippines.[3] The Chinese economy offers overseas professional and technical workers an additional market for jobs. It also poses a great opportunity for the Philippines to increase its trade and investment with China. This opportunistic view of China's growing economic power is somewhat different from that of some other Southeast Asian states. In the short- and medium-term, the problem for many Southeast Asian countries concerning China has to do with the fact that it is the competitor of most of the ASEAN states in the export market—a situation that has made more difficult any projected intensification of the process of economic integration between China and the ASEAN states.[4] Former Malaysian Prime Minister Mahathir Mohamad was quoted as warning the ASEAN states that they "must make sure the influx [of Chinese goods] will not cause our industries to shut down".[5] Much has also been said about the dramatic change in power distribution in the region, which the rapid economic growth of China has created,[6] as well as China's success in capturing the lion's share of foreign direct investment flows into the region.[7] A major reason for the difference in perspective lies in the fact that the Philippines has already been losing out to its ASEAN neighbours in attracting foreign direct investment. Except for 2001 (when President Joseph Estrada was overthrown, thus temporarily buoying up investor confidence in the Philippines), the Philippines has not been the

favoured destination for investments to Southeast Asia. China's emergence as the favoured investment destination in the region may have affected the positions of countries like Malaysia and Thailand but has hardly affected the Philippines at all (see Tables 3–5).

Thus, overall, there is a wary acceptance of the need to engage China brought about by opportunity and pragmatic calculations on the part of the Philippines. There is, however, no agreement on the extent to which preparations should be made against a future China that will be even more powerful economically, and more confident politically and militarily.

Philippine Strategies Towards China

The lack of consensus on the nature of the issue faced by the Philippines regarding the rise of China at least partially explains the seeming lack of consistency in dealing with China. The Philippines has always preferred to use multilateral mechanisms in dealing with China. True to its position as a relatively weak nation, the Philippines could only call upon similarly situated neighbours to work together in blunting the impact of Chinese actions on the local/regional political-economy, as well as reach out to China in addressing specific issues. It supported the establishment of the ASEAN Regional Forum (ARF) through which China could be engaged in issues relating to security, pushed for a Code of Conduct on the South China Sea (which was watered down due to pressure from other ASEAN member-states) which was envisioned to provide a norm-based framework through which disputes are prevented from escalating, and agreed to an ASEAN-China Free Trade Area, among others. Engaging China in multilateral and norm-based frameworks would cultivate interdependence and socialize China into behaving more predictably within the open market-based democratic parameters that the Philippines is more familiar with and facilitate the broader goal of establishing peace and cooperation within the region.

Bilaterally, the Philippines continues to work on broadening and deepening its relations with China. In 2000, the Philippines and China concluded the Framework of Bilateral Cooperation in the 21st century. In President Arroyo's state visit to China in early 2005, the Philippines and China concluded a number of agreements, which are expected to enhance bilateral trade and cooperation in various areas of concern. The two countries' agreements in 2004 to strengthen defence cooperation and to undertake development

projects (such as the Northrail project) are manifestations of a policy akin to constructive engagement—engaging China in various areas of activities and in the process socializing it to norms that make it a more predictable and desirable partner in regional development. At the same time, the Philippines maintains close bilateral relations with the other major powers, especially the U.S. Philippine officials believe that the country wields a powerful card in dealing with China through its military alliance with the U.S. Former Philippine Foreign Secretary has explicitly noted that the Philippines needs a security relationship with the U.S. to counter China's hegemonic tendencies.[8] In fact, there is a strong sense within the military that the 1995 Chinese encroachment into Mischief Reef was directly connected to the withdrawal of the U.S. from their bases in the Philippines.

This multifaceted approach utilized by the Philippine government has had mixed results and cannot yet be considered as successful. Success is in the end determined by changes in China's behaviour along those lines that are considered desirable by its partners. For instance, China now uses less of its "historical claim" argument over the South China Sea and appears more open to discussing the issue using UNCLOS as a basis; on the other hand, it continues to improve its structures at Mischief Reef. In other words, success is indicated by China and the ASEAN states playing by the same rules, agreeing to and, more importantly, abiding by codes of conduct. Doing so, however, will mean that China (as the stronger power) will have to demonstrate self-restraint and sensitivity to the concerns of its smaller neighbours, especially through military transparency and the reasonable development of its armed forces. For this to happen, however, ASEAN and the other major powers will have to bear some responsibility for how China might behave in the future.

Philippine Expectations of the Role of the U.S. in Regional Security

By far, its relationship with the U.S. is considered to be the most important substantive element in Philippine foreign and security policy. All the key pillars of Philippine foreign policy[9] are equally present in this relationship. Relations between the Philippines and the U.S. are at their best since 1992. The case of the decision of President Arroyo to withdraw the Philippine contingent ahead of its scheduled departure from Iraq in June 2004 in an

attempt to save the life of a Filipino worker who had been taken hostage by militants proved to be an irritant in the relationship with no lasting effect. While the criticisms from American officials following the withdrawal from Iraq were particularly stinging, they did not express any change in American policy towards the Philippines. The Philippines continues to enjoy the status of a Major Non-NATO Ally, and continues to be considered as a major partner in establishing peace and security in the region.[10]

In the short- and medium-term, the U.S. goals in Southeast Asia will remain primarily focused on addressing military-security issues, particularly the war on terror. It will therefore work very hard to help its allies in the region defeat terrorist groups based in their respective countries. In the case of the Philippines, this will mean helping to support the military campaign against the Abu Sayyaf and even the communist New People's Army, and finding a political resolution to the secessionist movement led by the Moro Islamic Liberation Front (MILF). In the longer-term, however, the concern over a rising China, and what this means for the region will supplant this.

There are convergences in the short-term view of the Philippines and what it perceives are the policy directions of the U.S. in Southeast Asia. The divergences are really more in the context of strategies and approaches. The Philippine government, while happy about its relations with the Bush administration, would prefer that the U.S. give greater support to multilateral security institutions in the region, particularly the ARF. There is acceptance, however, of the limitations of the ARF for addressing the current key security concerns. At the bilateral level, Philippine officials believe that there is very little appreciation among American policy elites on the limitations imposed by internal politics and the nature of the domestic (as opposed to international) terrorist issues on the capability and effectiveness of the Philippine government in responding to these security issues. Where the U.S. would prefer a straight military solution, the Philippine government must first seek a political one.

There is even less of a problem at this point over the middle- and long-term security prospects. The Philippines sees the U.S. political and military involvement in the region as a balancing influence against the possibility of a militarily aggressive China and certainly encourages the continued presence of the U.S. There is a strongly if not very publicly held position among foreign and defence policy officials that not extending the Military

Bases Agreement in 1992 without a proper self-reliant defence programme in place was directly connected to Chinese encroachment in the Spratlys in 1995. There are already incipient efforts on the part of Philippine political and military elites to find a legal means of allowing even a limited American military presence in the Philippines. The regular Balikatan exercises, having grown in frequency since 2001, have already facilitated a continuous presence of American forces in the Philippines.

There is, however, very little thought given to how "balancing" actually takes place. The most commonly expressed sense is that the mere presence of U.S. forces in the region would act as a deterrent to Chinese military adventurism. In this context, balancing is seen as being synonymous with deterrence. There has also been some reference to "preventing China from altering the balance of power in the region by setting the biggest challenge to China (sic) hegemonic ambitions". This denotes the idea of balancing in terms of maintaining the status quo. A third context within which the idea of balancing has been used is in the event of an overtly hostile act on the part of China against the Philippines, the U.S. would come to the assistance of the Philippines. For this purpose, the Mutual Defence Treaty of 1951 is the legal basis of any U.S. involvement. As far as Philippine policy elites are concerned, the Treaty obliges the U.S. to assist the Philippines. In all three cases, the idea of balancing China is seen primarily in military terms.

Conclusion

Even as the Philippines and the U.S. find a convenient convergence in the immediate term in their security priorities, the long-term considerations of great power politics in the region remain. The prospect of a more powerful China emerging in the future is an issue that Philippine policymakers are clearly aware of and sensitive to. Consequently, the idea of strengthening military ties with the U.S., while directed at the immediate concern over terrorism has a long-term prospect in terms of a hedging strategy that is ultimately directed at providing insurance against a powerful and potentially aggressive China in the medium- to the long-term future. The hedging strategy, however, also takes into consideration the idea of engaging China in areas of mutual interest (economic) along multilateral lines. This would provide the mechanism that would socialize both China and the ASEAN states on how to deal with one another using norms and rules that are clear

and understood by everyone. In this context, the role of the U.S. is less direct, but no less important.

The concern over American unilateralism actually reflects concerns for the continued credibility of multilateral institutions that the ASEAN states had worked so hard to establish and sustain. The Philippines, as a member of ASEAN, has a stake in these institutions. The support of the U.S. for these institutions (and this includes not undermining them by unilateral action or by appealing to coalitions of the willing every time its preferred policy is thwarted) is important. Overall, the strategies utilized by the Philippines in its relationship with both the U.S. and China, though based on short-term opportunism and pragmatic calculations, also (if only accidentally) have long-term implications.

By and large, however, Philippine strategic calculations are based on continuing security relations with the U.S., and on the U.S. continuing to maintain their military and economic presence in the region. There is very little consideration regarding the possibility of China as an alternative to American leadership in the region. This is partially explained by the long historic relationship the Philippines has had with the U.S., the continuing suspicion of the intentions of a growing China, and the sheer magnitude of the difference in terms of the degree of relations that the Philippines has with the U.S. in comparison to its relationship with China. While the Philippines has tended to emphasize the military aspect of the relationship with the U.S., the extent of its bilateral political and economic relations with the U.S. are also of enormous importance. From a Philippine standpoint, the assurance of political and military support provided by the U.S. to its friends and allies, and the continued access to American markets and capital provide a reassuring and stable political environment to countries in the region.

Endnotes

1 *Far Eastern Economic Review*, 6 December 2001, p. 8.

2 There is a reciprocal feeling of goodwill on the Chinese side as well. Hu Jintao himself said that the ties between the Philippines and China were "in a golden age". See *The Philippine Star*, 28 April 2005, p. 1.

3 The growth of the Chinese economy has made very little impact on Philippine economic relations with China. Compared to the U.S., Philippine trade with China only began to pick up in 2003 (see Tables 1 and 2).

4 John Wong and Sarah Chan note that the degree of integration and interdependence between ASEAN and China have not increased proportionally to the growth of the two parties' total trade because of the naturally competitive structures of their economy. See John Wong and Sarah Chan, "China-ASEAN Free Trade Agreement" in *Asian Survey* Vol. XLIII No. 3 (May/June 2003), pp. 516–517.

5 *BBC News Online*, 6 November 2001.

6 China's tremendous economic growth has been sustained over a fairly long period of time. The expansion of the economy by 9.7% in the first quarter of 2004 was the third consecutive quarter of at least 9% growth. See *Japan Today*, 16 April 2004.

7 See Martin Stuart-Fox, "Southeast Asia and China: The Role of History and Culture in Shaping Future Relations" in *Contemporary Southeast Asia* Vol. 26 No. 1 (April 2004), p. 132; and John Wong & Sara Chan, "China-ASEAN Free Trade Agreements" in *Asian Survey* Vol. XLIII No. 3 (May/June 2003), p. 523. Jian Yang and Joseph Cheng, however, contend that the threat to ASEAN of China's ability to attract FDI may be exaggerated. See Jian Yang, "Sino-Japanese Relations: Implications for Southeast Asia" in *Contemporary Southeast Asia* Vol. 25 No. 2 (August 2003), p. 315; and Joseph Y.S. Cheng, "Sino-ASEAN Relations in the Early Twenty-First Century," in *Contemporary Southeast Asia* Vol. 23 No. 3 (December 2001), p. 447.

8 *Asia Times*, 26 March 2002. See http://www.atimes.com/se-asia/DC26Ae02.html (accessed on 21 June 2005).

9 These pillars are the guiding concerns of the Department of Foreign Affairs and include security, economic diplomacy, and the protection of Overseas Filipino Workers.

10 Admiral Thomas Fargo, outgoing Commander-in-Chief of the U.S. Pacific Command, noted in a farewell call to President Arroyo that the real success of working together against terrorism is "the strength of [the] relationship [between the U.S. and the Philippines] and the close cooperation that we have together regionally to deal with all the threats to peace and stability". See *The Philippine Star*, 10 February 2005, pp. 1, 5.

Table 1a – Direction of Trade, 1986–1994 (Mn US dollars; calendar year)

Item	1986	1987	1988	1989	1990	1991	1992	1993	1994
Exports, total	4,807	5,696	7,034	7,754	8,194	8,840	9,829	11,262	13,433
1. United States	1,709	2,060	2,512	2,935	3,104	3,151	3,843	4,342	5,178
2. Japan	852	980	1,415	1,581	1,622	1,771	1,745	1,811	2,020
3. Netherlands	214	310	314	327	357	338	406	358	515
4. Singapore	154	196	221	217	240	229	252	378	707
5. Hong Kong, China	220	277	344	302	330	392	464	546	651
6. China, People's Republic of	101	88	67	50	62	128	114	167	164
7. Malaysia	97	119	116	100	127	123	128	160	221
8. Germany	241	291	297	333	414	502	522	580	664
9. United Kingdom	228	245	326	326	351	372	467	534	637
10. Korea, Republic of	112	98	160	160	230	228	176	220	291
Imports, total	5,211	6,937	8,662	11,171	12,993	12,945	14,562	17,638	22,535
1. United States	1,293	1,539	1,823	2,132	2,538	2,610	2,626	3,532	4,162
2. Japan	887	1,149	1,503	2,174	2,397	2,517	3,087	4,022	5,447
3. Korea, Republic of	168	201	348	445	499	639	697	902	1,170
4. Singapore	127	237	353	520	508	475	551	979	1,489
5. Hong Kong, China	259	309	389	500	577	614	721	879	1146
6. China, People's Republic of	121	217	266	242	182	243	184	182	320
7. Malaysia	215	234	247	283	288	403	413	358	487
8. Thailand	30	44	56	90	150	100	138	179	212
9. Saudi Arabia	233	222	118	269	620	690	874	740	994
10. Germany	217	282	342	436	563	490	670	616	798

Source: Asian Development Bank (ADB) – Key Indicators 2004 (www.adb.org/statistics)

TABLE 1B – DIRECTION OF TRADE, 1995–2003 (MN US DOLLARS; CALENDAR YEAR)

Item	1995	1996	1997	1998	1999	2000	2001	2002	2003
Exports, total	17,371	20,543	25,228	29,496	35,477	38,203	32,132	35,185	41,921
1. United States	6,217	6,966	8,856	10,145	10,493	11,406	8,992	8,690	8,856
2. Japan	2,740	3,668	4,194	4,232	4,660	5,609	5,057	5,293	6,063
3. Netherlands	798	1,115	1,663	2,319	2,865	2,982	2,976	3,055	2,079
4. Singapore	994	1,224	1,621	1,832	2,467	3,124	2,308	2,472	2,593
5. Hong Kong, China	822	868	1,172	1,326	1,947	1,907	1,580	2,359	3,329
6. China, People's Republic of	209	328	244	344	575	663	793	1,356	5,029
7. Malaysia	314	687	640	1,142	1,479	1,377	1,105	1,647	1,983
8. Germany	699	847	1,060	1,035	1,229	1,329	1,323	1,386	1,950
9. United Kingdom	923	937	1,086	1,757	1,766	1,506	997	946	1,047
10. Korea, Republic of	442	371	436	509	1,032	1,173	1,044	1,339	1,456
Imports, total	28,282	31,756	39,131	29,526	30,742	34,470	33,047	35,398	44,939
1. United States	5,225	6,243	7,624	6,561	6,366	6,413	6,412	7,289	8,435
2. Japan	6,303	6,916	7,955	6,030	6,136	6,511	6,633	7,233	8,291
3. Korea, Republic of	1,428	1,643	2,295	2,189	2,723	2,754	2,082	2,754	3,066
4. Singapore	1,278	1,689	2,287	1,740	1,742	2,325	2,073	2,311	3,322
5. Hong Kong, China	1,374	1,343	1,636	1,300	1,226	1,243	1,335	1,583	2,270
6. China, People's Republic of	660	653	972	1,199	1,040	786	975	1,252	3,140
7. Malaysia	622	792	1,017	924	979	1,294	1,073	1,283	1,493
8. Thailand	422	575	865	794	822	879	925	1,052	1,687
9. Saudi Arabia	1,719	1,630	1,110	607	811	1,048	887	1,000	1,263
10. Germany	976	1,208	1,236	822	801	771	792	708	1,064

Source: Asian Development Bank (ADB) – Key Indicators 2004 (www.adb.org/statistics)

Table 2a – Philippine Trade Statistics with the U.S. and China, 1986–1994

Item		1986	1987	1988	1989	1990	1991	1992	1993	1994
Shares to trade										
Shares to total exports										
	US	35.56	36.17	35.71	37.85	37.88	35.65	39.10	38.55	38.55
	China	2.10	1.54	0.95	0.65	0.75	1.45	1.16	1.48	1.22
Shares to total imports										
	US	24.82	22.19	21.04	19.09	19.54	20.16	18.03	20.02	18.47
	China	2.31	3.12	3.08	2.17	1.40	1.88	1.26	1.03	1.42
Shares to total trade										
	US	29.97	28.49	27.62	26.77	26.63	26.45	26.52	27.24	25.97
	China	2.21	2.41	2.12	1.54	1.15	1.70	1.22	1.21	1.35
Growth rate in trade										
Exports		Average (1987–2003)								
	US	10.83	20.54	21.92	16.82	5.76	1.54	21.95	12.97	19.27
	China	37.99	–13.06	–24.00	–25.09	23.42	106.88	–10.92	46.66	–1.79
	Total exports	14.05	18.50	23.49	10.23	5.67	7.88	11.19	14.58	19.28
Imports										
	US	12.33	19.02	18.40	17.00	19.04	2.80	0.61	34.52	17.85
	China	29.16	79.61	22.97	–9.14	–24.96	33.74	–24.36	–0.82	75.75
	Total imports	14.52	33.12	24.87	28.97	16.31	–0.37	12.50	21.12	27.76
Total trade (exports + imports)										
	US	11.32	19.88	20.41	16.90	11.35	2.11	12.29	21.71	18.63
	China	30.99	37.36	9.42	–12.34	–16.67	52.29	–19.73	17.34	38.68
	Total Trade	14.11	26.10	24.25	20.57	11.95	2.82	11.97	18.49	24.46

Source: Asian Development Bank, Selected Key Indicators of Developing Member Countries

TABLE 2B – PHILIPPINE TRADE STATISTICS WITH THE U.S. AND CHINA, 1995–2003

Item		1995	1996	1997	1998	1999	2000	2001	2002	2003
Shares to trade										
Shares to total exports										
	US	35.79	33.91	35.10	34.39	29.58	29.86	27.99	24.70	21.13
	China	1.20	1.60	0.97	1.17	1.62	1.74	2.47	3.85	12.00
Shares to total imports										
	US	18.48	19.66	19.48	22.22	20.71	18.60	19.40	20.59	18.77
	China	2.34	2.06	2.49	4.06	3.38	2.28	2.95	3.54	6.99
Shares to total trade										
	US	25.06	25.26	25.61	28.30	25.46	24.52	23.63	22.64	19.91
	China	1.90	1.88	1.89	2.61	2.44	1.99	2.71	3.69	9.41
Growth rate in trade										
Exports										
	US	20.06	12.05	27.13	14.55	3.43	8.70	–21.16	–3.37	1.91
	China	27.44	56.99	–25.48	40.62	67.25	15.39	19.52	71.03	270.92
	Total exports	29.32	18.26	22.80	16.92	20.28	7.68	–15.89	9.50	19.15
Imports										
	US	25.54	19.48	22.12	–13.95	–2.97	0.74	–0.01	13.67	15.73
	China	106.19	–1.12	48.92	23.29	–13.27	–24.41	24.06	28.38	150.89
	Total imports	25.50	12.28	23.22	–24.55	4.12	12.13	–4.13	7.11	26.96
Total trade (exports + imports)										
	US	22.50	15.44	24.77	1.36	0.92	5.69	–13.55	3.73	8.22
	China	79.53	12.85	24.05	26.77	4.67	–10.24	21.98	47.50	213.30
	Total Trade	26.93	14.56	23.06	–8.29	12.19	9.75	–10.31	8.29	23.06

Source: Asian Development Bank, Selected Key Indicators of Developing Member Countries

Table 3 – Net Private Flows[A] from All Sources to DMCs (US$ million)

DMC	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
East Asia	**23,948.4**	**42,917.0**	**55,889.9**	**53,006.8**	**68,178.9**	**84,650.8**	**61,962.5**	**53,544.9**	**41,035.2**	**57,061.7**	**40,517.1**
China, People's Rep. of	20,870.9	36,883.3	42,898.7	41,311.0	48,548.5	58,028.4	42,167.3	36,526.9	40,643.5	41,072.9	47106.8
Hong Kong, China[b]	1,810.9	3,990.4	7,262.1	3,677.2	7,773.1	14,584.0	9,625.5	11,712.5	–1,924.2	6,631.6	–4,025.1
Korea, Rep. of[b]	2,588.2	3,157.3	4,787.5	7,596.3	9,405.8	10,175.8	9,402.3	2,677.0	2,132.9	5,180.0	1,829.1
Mongolia	20.7	–2.6	–15.4	–3.8	–3.2	8.7	3.8	27.5	51.0	41.7	77.7
Taipei, China[b]	–1,342.3	–1,111.4	957.0	426.1	2,454.7	1,853.9	763.6	2,601.0	132.0	4,135.5	–4,471.4
Southeast Asia	**20,594.4**	**31,078.0**	**33,695.6**	**37,577.8**	**58,784.6**	**27,952.0**	**15,264.5**	**23,326.4**	**2100.1**	**3,570.3**	**10,125.2**
Cambodia	33.0	54.1	68.9	163.6	290.4	200.5	239.7	227.1	148.5	148.1	53.8
Indonesia	4,431.7	411.6	5,973.1	8,141.6	14,882.5	5,570.4	–8,006.2	–10,588.6	–10,631.9	–7,033.2	–6,966.0
Lao PDR	9.0	29.9	59.2	95.1	159.8	0.0	0.0	0.0	33.9	23.9	25.4
Malaysia	8,380.2	17,157.7	12,609.1	10,063.0	11,116.9	1,782.8	4,462.7	5,205.2	3,115.8	831.9	4,806.7
Myanmar	172.5	138.8	136.5	315.4	332.6	933.2	401.1	242.1	191.9	147.3	68.6
Philippines	–1,102.3	1,822.4	2,460.8	2,372.3	5,784.4	3,968.8	3,422.4	7,507.3	1,406.7	4,250.2	3,548.4
Singapore[b]	3,320.2	3,463.7	5,866.4	4274.1	10,285.7	5,049.1	7,285.6	18,724.9	8,393.4	7,548.4	9,821.3
Thailand	4,736.5	7,110.2	4,606.4	10,016.3	13,320.4	7,935.5	6,153.8	1,377.4	–1,148.7	–3,055.1	–1,992.0
Vietnam	6,13.6	889.6	1,915.2	2,136.4	2,611.9	2,511.7	1,305.4	631.0	590.5	708.8	759.0
Total DMCs	48,948.5	81,550.4	100,203.1	99,057.6	138,023.8	127,646.2	88,430.2	83,934.1	55,833.6	72,622.8	63,301.4
Total developing countries[c]	99,917.6	16,8527.7	185,804.0	192,357.7	271,993.3	309,557.3	296,367.5	252,535.8	188,844.9	198,502.0	158,142.3

a. Refers to the sum of net foreign direct investment, portfolio equity flows, net flows of long-term public and publicly guaranteed debt from private creditors and net flows of total private non-guaranteed debt.

b. Refers to the sum of direct investment, portfolio investment, and private net exports credits of Development Assistance Committee (DAC) countries only.

c. Includes data for all developing countries in the WB, Global Development Finance Online and data from OECD, Geographical Distribution of Financial Flows to Aid Recipients for DMCs not covered by WB.

Sources: WB, Global Development Finance Online
OECD, Statistical Compendium CD-ROM 2004-1 for Afghanistan; Cook Islands; Hong Kong, China; Kiribati; Republic of Korea; Marshall Islands; Federated States of Micronesia; Palau; Nauru; Singapore; Taipei, China; Timor-Leste; and Tuvalu.

Table 4 – Growth Rates of Net Private Flows[a] from All Sources to DMCs

DMC	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Average Growth Rate
East Asia	**79.21**	**30.23**	**–5.16**	**28.62**	**24.16**	**–26.80**	**–13.58**	**–23.36**	**39.06**	**–28.99**	**10.34**
China, People's Rep. of	76.72	16.31	–3.70	17.52	19.53	–27.33	–13.38	11.27	1.06	14.69	11.27
Hong Kong, China[b]	120.35	81.99	–49.36	111.39	87.62	–34.00	21.68	–116.43	–444.64	–160.70	–38.21
Korea, Rep. of[b]	21.99	51.63	58.67	23.82	8.19	–7.60	–71.53	–20.32	142.86	–64.69	14.30
Mongolia	–112.56	492.31	–75.32	–15.79	–371.88	–56.32	623.68	85.45	–18.24	86.33	63.77
Taipei,China[b]	–17.20	–186.11	–55.48	476.09	–24.48	–58.81	240.62	–94.93	3032.95	–208.12	310.45
Southeast Asia	**50.91**	**8.42**	**11.52**	**56.43**	**–52.45**	**–45.39**	**52.81**	**–91.00**	**70.01**	**183.60**	**24.49**
Cambodia	63.94	27.36	137.45	77.51	–30.96	19.55	–5.26	–34.61	–0.27	–63.67	19.10
Indonesia	–90.71	1351.19	36.30	82.80	–62.57	–243.73	32.26	0.41	–33.85	–0.96	107.11
Lao PDR	232.22	97.99	60.64	68.03	–100.00	–29.50	6.28				
Malaysia	104.74	–26.51	–20.19	10.47	–83.96	150.32	16.64	–40.14	–73.30	477.80	51.59
Myanmar	–19.54	–1.66	131.06	5.45	180.58	–57.02	–39.64	–20.74	–23.24	–53.43	10.18
Philippines	–265.33	35.03	–3.60	143.83	–31.39	–13.77	119.36	–81.26	202.14	–16.51	8.85
Singapore[b]	4.32	69.37	–27.14	140.65	–50.91	44.30	157.01	–55.18	–10.07	30.11	30.25
Thailand	50.12	–35.21	117.44	32.99	–40.43	–22.45	–77.62	–183.40	165.96	–34.80	–2.74
Vietnam	44.98	115.29	11.55	22.26	–3.84	–48.03	–51.66	–6.42	20.03	7.08	11.12
Total DMCs	**66.60**	**22.87**	**–1.14**	**39.34**	**–7.52**	**–30.72**	**–5.08**	**–33.48**	**30.07**	**–12.84**	**6.81**
Total developing countries[c]	**68.67**	**10.25**	**3.53**	**41.40**	**13.81**	**–4.26**	**–14.79**	**–25.22**	**5.11**	**–20.33**	**7.82**

a. Refers to the sum of net foreign direct investment, portfolio equity flows, net flows of long-term public and publicly guaranteed debt from private creditors and net flows of total private non-guaranteed debt.

b. Refers to the sum of direct investment, portfolio investment, and private net exports credits of Development Assistance Committee (DAC) countries only.

c. Includes data for all developing countries in the WB, Global Development Finance Online and data from OECD, Geographical Distribution of Financial Flows to Aid Recipients for DMCs not covered by WB.

Sources: WB, Global Development Finance Online
OECD, Statistical Compendium CD-ROM 2004–1 for Afghanistan; Cook Islands; Hong Kong, China; Kiribati; Republic of Korea; Marshall Islands; Federated States of Micronesia; Palau; Nauru; Singapore; Taipei, China; Timor-Leste; and Tuvalu.

Table 5 – Shares to Total of Net Private Flows[a] from All Sources to DMCs

DMC	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Average share
East Asia	**23.97**	**25.47**	**30.08**	**27.56**	**25.07**	**27.35**	**20.91**	**21.20**	**21.73**	**28.75**	**25.62**	**25.24**
China, People's Rep. of	20.89	21.89	23.09	21.48	17.85	18.75	14.23	14.46	21.52	20.69	29.79	20.42
Hong Kong, China[b]	1.81	2.37	3.91	1.91	2.86	4.71	3.25	4.64	–1.02	3.34	–2.55	2.29
Korea, Rep. of[b]	2.59	1.87	2.58	3.95	3.46	3.29	3.17	1.06	1.13	2.61	1.16	2.44
Mongolia	0.02	0.00	–0.01	0.00	0.00	0.00	0.00	0.01	0.03	0.02	0.05	0.01
Taipei, China[b]	–1.34	–0.66	0.52	0.22	0.90	0.60	0.26	1.03	0.07	2.08	–2.83	0.08
Southeast Asia	**20.61**	**18.44**	**18.14**	**19.54**	**21.61**	**9.03**	**5.15**	**9.24**	**1.11**	**1.80**	**6.40**	**11.92**
Cambodia	0.03	0.03	0.04	0.09	0.11	0.06	0.08	0.09	0.08	0.07	0.03	0.07
Indonesia	4.44	0.24	3.21	4.23	5.47	1.80	–2.70	–4.19	–5.63	–3.54	–4.40	–0.10
Lao PDR	0.01	0.02	0.03	0.05	0.06	0.00	0.00	0.00	0.02	0.01	0.02	0.02
Malaysia	8.39	10.18	6.79	5.23	4.09	0.58	1.51	2.06	1.65	0.42	3.04	3.99
Myanmar	0.17	0.08	0.07	0.16	0.12	0.30	0.14	0.10	0.10	0.07	0.04	0.12
Philippines	–1.10	1.08	1.32	1.23	2.13	1.28	1.15	2.97	0.74	2.14	2.24	1.38
Singapore[b]	3.32	2.06	3.16	2.22	3.78	1.63	2.46	7.41	4.44	3.80	6.21	3.68
Thailand	4.74	4.22	2.48	5.21	4.90	2.56	2.08	0.55	–0.61	–1.54	–1.26	2.12
Vietnam	0.61	0.53	1.03	1.11	0.96	0.81	0.44	0.25	0.31	0.36	0.48	0.63
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total DMCs	**48.99**	**48.39**	**53.93**	**51.50**	**50.75**	**41.24**	**29.84**	**33.24**	**29.57**	**36.59**	**40.03**	**42.19**
Total developing countries[c]	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

a. Refers to the sum of net foreign direct investment, portfolio equity flows, net flows of long-term public and publicly guaranteed debt from private creditors and net flows of total private non-guaranteed debt.

b. Refers to the sum of direct investment, portfolio investment, and private net exports credits of Development Assistance Committee (DAC) countries only.

c. Includes data for all developing countries in the WB, Global Development Finance Online and data from OECD, Geographical Distribution of Financial Flows to Aid Recipients for DMCs not covered by WB.

Sources: WB, Global Development Finance Online
OECD, Statistical Compendium CD-ROM 2004-1 for Afghanistan; Cook Islands; Hong Kong, China; Kiribati; Republic of Korea; Marshall Islands; Federated States of Micronesia; Palau; Nauru; Singapore; Taipei, China; Timor-Leste; and Tuvalu.

3
Indonesia

– Irman G. Lanti –

As the largest country in Southeast Asia in terms of size and population, Indonesia traditionally has not been inclined towards any prominent presence of the world's major powers in the region. There is a perception that such a presence would dilute Indonesia's own role as the region's major power.

Indonesia is a plural society, with different groups holding different world views. This also makes the notion of a singular Indonesian perception problematic. Furthermore, there has been a rise of competing groups resurfacing after the fall of the Suharto regime in 1998, after being suppressed for more than 40 years. Indonesia is now an "open society" in which all groups are free to fight for their own agenda. Unavoidably, this competitive situation creates a problem in public policies, including foreign policy, because the foreign policymakers need to take into account the aspirations of all the major groups, including those that contradict each other sharply.

Indonesian Perceptions of the U.S.

Indonesians generally recognize that the U.S. is the world's sole superpower. As such, they also acknowledge the logic behind the presence of the U.S. in the key strategic regions of the world, including Southeast Asia. However,

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this recognition does not necessarily mean that the U.S. presence is accepted as legitimate. Both policymakers and civil society generally see the U.S. as a non-indigenous power, whose involvement is mainly for its own self-interest.

U.S. interest in Southeast Asia has changed periodically throughout history. During the Cold War, it was containment of communism in the region that led to the deep U.S. involvement in Indochina. After the Cold War, it briefly took on a democracy and human rights agenda, which, among other things, resulted in the arms embargo imposed on Indonesia, following the violence that occurred in the aftermath of the referendum in East Timor, in which the Indonesian military was widely implicated. September 11 has shifted U.S. interest in the region back to security, with international networks of terrorism as the primary target.

It is true that the security of the Southeast Asian region and the economic prosperity enjoyed by the non-communist parts are at least partly due to the security umbrella provided by the U.S. during the Cold War. However, the U.S. role in Southeast Asian security nowadays is unclear. On the one hand, the singular focus on the fight against terrorism seems to cause the U.S. to turn a blind eye to non-democratic measures and human rights violations in some countries, so long as these countries remain committed to the global war on terrorism. On the other hand, vestiges of the past interest in democracy and human rights remain, such as the Indonesian arms embargo and sanctions against Myanmar. The lack of clarity and consistency in the U.S. interest in the region thus produces an unclear security role.

The U.S. security involvement in Southeast Asia can be both beneficial and harmful for countries in this region; it depends on the motivation behind the involvement. If it is directed more towards providing a security umbrella against possible conflicts, either internally or externally generated, then it will be viewed quite favourably. But if it adopts a more aggressive posture, especially if directed towards certain groups in certain countries, such as has been the case since September 11, then it can cause more security disturbances and breed instability, if not in the region as a whole, then within individual countries. Thus, it would be preferable for the U.S. to retain its role as the provider of the security umbrella in the region, and limit itself to a cooperative and supportive role in fighting terrorism.

Naturally, the security perception of countries in Southeast Asia is affected by what happens in global security as a whole. But the importance

of regional internal security dynamics must not be dismissed. ASEAN's declaration of the region as a Zone of Peace, Freedom and Neutrality (ZOPFAN) could be viewed as a result of such security dynamics. It marked a consensus that Southeast Asian security is best taken care of by Southeast Asians themselves. This is not empty rhetoric. What it implied was that the major countries of Southeast Asia did not wish to have their importance diluted by the presence of global major powers.

This principle remains the same, even though the circumstances have changed. These circumstances, both global and regional, are equally important. Before September 11, one of the most important security concerns in the region had been the loss of internal political stability in some Southeast Asian countries as a result of the financial crisis in 1997/98, including the daunting possibility of the "balkanization" of Indonesia. September 11 did not fundamentally alter this concern. If anything, it added a more fearful dimension to the existing concern. So while ZOPFAN seems obsolete in the post-Cold War and post-9/11 era, the underlying assumption that internal regional security is important, remains valid.

Indonesian Perceptions of China

The rise of China generates mixed reactions among Indonesians. For historical reasons, especially China's perceived support for the Indonesian Communist Party's (PKI) failed coup attempt in 1965, Indonesia perceived China as the primary threat to its security for over 30 years. But the fall of the Suharto regime and subsequent diminishing role of the Army in Indonesia's politics has produced uncertainty in Indonesia's threat perception. Some groups, especially the security establishment, remain suspicious of China's intentions, and greet the rise of China with alarm. Others, including some Muslim groups, view the U.S. and Australia (including by association East Timor) as the greatest threats. Some in civil society even perceive Malaysia and Singapore as the key threats. Such a wide range of threat perceptions yields uncertainty among policymakers.

In general, when the "China threat" is discussed, the tendency is to view the threat in economic, rather than security, terms. This is especially because many businesses have left Indonesia for China (and Vietnam), and this has had dire consequences for Indonesia's economy. When Indonesians are looking towards the future, they often see a much more powerful Chinese

economy and a much weaker Indonesian one. The general perception is that China represents a revisionist and expansionist power in economic terms. However, not much is known about China's foreign policy.

It is indeed difficult to define whether China's behaviour is revisionist or status quo oriented. Many in Indonesia, for instance, predict that a Taiwan Straits conflict is much more imminent than, for example, a Chinese military venture to the south, including the Spratly and Paracel islands in the South China Sea, or even another border incursion into Vietnam. Nevertheless, the challenge that a powerful China poses towards Southeast Asia still lies in China's posturing in the disputed area in South China Sea. This can be used as an entry point for acts of aggression further south. The resolution of the "Taiwan question" will also be watched carefully by Southeast Asians, for this can become the template for the resolution of other territorial disputes.

On the other hand, some Southeast Asians who are worried about the excesses of U.S. unilateralism welcome the rise of China on the global stage. It is perceived that China can provide a counterweight to some of the malevolent tendencies in U.S. hegemony.

China's participation in regional security arrangements is viewed positively by Southeast Asians. It will not provide a full guarantee that China will always abide by the principle of peaceful settlement within a multilateral framework. But it will at least provide an assurance to Southeast Asians that China, like the other major powers, is willing to play by the rules of the game when it comes to Southeast Asia.

In contrast to the U.S. though, China's role in Southeast Asian security is much more limited. It has the potential to become a spoiler or a revisionist power, but it is unlikely that China will adopt this stance in the near future. It is much more preoccupied with security concerns in its more immediate surroundings in Northeast Asia, and with its economic development. Unlike the U.S., China is much less affected by post-9/11 issues, including the rise of militancy in Southeast Asia. But, as noted above, in some quarters of Southeast Asia, there is a tacit desire to see China adopt a more assertive stance on the global stage in order to check U.S. unilateralism.

Indonesia's Strategy Towards China

The present strategic challenges faced by Indonesia are much more non-traditional and economic in nature. Externally, the labour and smuggling issues with Malaysia, and some developments in border-area problems with Singapore, occupied much of the limelight in Indonesia's public discourse. The aggressive stance of the Howard government in Australia is also seen as presenting a challenge.

Having said that, the key strategic challenges for Indonesia are domestic. Separatist movements in Aceh, Papua, Maluku and some other parts remain problematic, even though the extent of these separatist challenges is much reduced nowadays. Ongoing ethnic conflicts in Poso, Ambon, and other parts have also kept the security apparatus busy, and potential conflicts in the future also present a challenge. The threat of terrorism remains real as the uncovering of the militant network remains relatively slow.

As mentioned above, China is seen as a threat largely in economic terms. An exception exists in some security circles, especially among the "old guard", who are still reeling from the experience of China's adventurism in the 1960s and 1970s. Apart from that, China's strategic threat is not discussed much publicly in wider academic and policy circles.

As Indonesia's perception towards China is mixed, so its strategy is somewhat unclear. But even if there is some thought as to the need to balance and contain China, Indonesia is hardly able to do so. It is not a public secret that Indonesia's strategic capability will not be up to the task, due to the economic crisis and prolonged arms embargo from the U.S. The only strategic option remaining is to engage China in bilateral and regional multilateral interactions.

Economic linkages seem to be the most appropriate avenue given China's current preoccupation. As economic recovery is presently Indonesia's number one priority, it is in Indonesia's interest to establish economic linkages with China, especially by finding some complementary sectors between the two economies. Currently, China is Indonesia's fifth largest trading partner and Indonesia is China's 17th. Indonesia's exports to China in 2004 amounted to US$12,632 million. This was an increase of 232% from the

2003 figure (by contrast, Indonesia's export to the U.S. was worth US$7,371 million and was reduced by 0.04% over the same period). The establishment of an FTA between China and ASEAN is seen as a way to promote such linkages. However, concerns remain among some policymakers that the FTA would eventually induce more capital flight from Indonesia to China. So in the series of negotiations that is underway, the Indonesian government is much more cautious about this issue.

There is little debate, if any, in Indonesia, about whether the U.S. or other major powers should be involved in the effort to engage China. The U.S. is necessary to this enterprise, and here again, though, the concern about U.S. strategic interest in Southeast Asia is enhanced.

Whether the strategy of engaging China is effective will be judged against China's willingness to remain engaged with Southeast Asia in bilateral cooperation and multilateral institutions by, among other things, successfully completing the FTA negotiations. However, even if these talks break down, it does not automatically translate into a more aggressive China strategically. The worst that can happen is perhaps a trade or investment war. While it is possible that such a war could escalate to a hot war, such a possibility seems remote at this time.

The current trend indicates a reversal from the previous possibility of the outbreak of conflict in the relationship between China and Indonesia. China seems to have had a considerable success in its diplomatic overtures towards Indonesia, especially recently. A clear indication is the signing of the "strategic partnership" agreement between President Hu Jintao and President Susilo Bambang Yudhoyono in Jakarta on 25 April 2005. The agreement also indicates Indonesia's desire to play a foreign policy role that is more independent from that of the West. The Sino-Indonesian strategic partnership agreement was signed after the Asian-African Summit coinciding with the Golden Jubilee Commemoration of the 1955 Bandung Conference. Indonesia has worked closely with South Africa and Japan in preparation for the Summit. Indonesia's more active outsourcing for new foreign policy partners is also apparent in the plan to sign a similar strategic partnership agreement with India. An authoritative figure in Indonesia's Foreign Ministry even stated that Indonesia, China and India have in mind to establish a triangular partnership that will serve to counter possible U.S. unilateralism in South and East Asia.

Indonesia's Expectations of the Role of the U.S. in Regional Security

Indonesia's relations with the U.S. have fluctuated over time, due to the policies and preferences of both Washington and Jakarta. Indonesia under Sukarno adopted a non-alignment policy that tilted toward the Eastern bloc and China. The U.S. perceived Sukarno as a "dangerous man" and tried a number of times to topple him from office, for example, by actively supporting a rebellion in the outer Java provinces, known as the PRRI/Permesta rebellion (1957–1961). Interestingly, among the proponents of this rebellion were members of Masyumi, a reformist Islamist party, who promoted an Islamic state in Indonesia. The U.S. also maintained good links with some Army officers, who, later under Suharto, would take over power from Sukarno. During the Suharto era, the relationship was very cordial. The U.S. viewed Indonesia as an important power to contain communism in Southeast Asia, and Indonesia needed help from the U.S. in its economic development.

The relationship after Suharto stepped down has been unstable and viewed unevenly in different quarters. Washington was apparently glad that Indonesia took the road towards democracy, but at the same time was worried that an unstable Indonesia would harm the stability in Southeast Asia. Many Indonesians initially viewed the U.S. favourably, hoping to learn about American democracy as they embark on this difficult path, and perhaps more importantly, hoping to get support from the U.S. for its ailing economy that is still recovering after the Asian financial crisis.

September 11 and the subsequent U.S.-led fight against terrorism changed the nature of this relationship once more. The U.S. began to see Indonesia, the largest Muslim country in the world, and its newfound democracy, as problematic. The lost sense of security and the lack of mechanisms to check the growth of militancy, which Suharto's authoritarianism had ably provided, presented the U.S. with a dilemma. Indonesians, on the other hand, began to view the U.S. with contempt. The war in Afghanistan, Iraq, and the trouble in occupied territories in Palestine are viewed by many Indonesians as "proof" that the U.S. is out to fight Islam and all Muslims in the world. The U.S. is increasingly viewed from a "conspiracy theory" perspective in almost all respects. And this has soured the relationship between the two countries, even though at the formal level, the governments are on good terms with each other.

Southeast Asia has traditionally been regarded by the U.S. as one of the important regions in the world. However, unlike the U.S. relationship with Europe or the Americas, this tends to vary over time. During the Cold War, Southeast Asia was a pivotal point in U.S. rivalry with the Soviet bloc; so much so that it was willing to have a prolonged military engagement in Vietnam. But after that, the importance of Southeast Asia seemed to wane. September 11 changed this. Southeast Asia became, once again, an important battleground on the fight against terrorism, perhaps second only to the Middle East or the entire Western Asia region. Home to more than 200 million Muslims, Southeast Asia is viewed by Washington as a potential breeding ground of Islamic militants. The uncovering of regional militant networks as well as some terrorist attacks, including those targeted towards American interests in Southeast Asia, seemed to confirm this view.

As a result of this perception, the U.S. relationship with Southeast Asian countries is very much determined by Washington's global anti-terrorism strategy. Such a policy is naturally viewed differently in different quarters in Southeast Asia. It is perceived much more favourably in non-Muslim Southeast Asia than in predominantly Muslim countries, such as Indonesia and Malaysia. In the latter, U.S. policy is viewed with much more contempt, especially by those in the Islamist circles.

The Indonesian government had long been in a state of denial about the presence of militant networks in the country, but successive terrorist attacks seem to have changed that. Now, the government enjoys the support of the general public in the fight against terrorism. But there is a divergence in the ways that Indonesia handles its terrorism problem, which remains mindful of the country's new democratic structure, and U.S. expectations that the Indonesian government should adopt a more heavy-handed approach. The government also remains critical of the way the U.S. is handling such affairs as Iraq, Palestine, and the racial profiling that affects Muslims in the U.S.

Indonesian Expectations of the U.S.

Indonesians expect the U.S. to provide a security umbrella in the region, just in case the assumption of a "powerful but peaceful" China breaks down. However, the level of U.S. presence in the region is something that Indonesians are worried about. The general Indonesian public as well as the policy community is still sensitive about the issue of foreign military bases

in Southeast Asia. Even the naval facility in Singapore frequently used by the U.S. and other powers is a subject of intense discussion in Indonesia.

On the other hand, as mentioned above, tacitly and openly, many Indonesians expect the rise of China to provide a counterweight to U.S. unilateralism on the global stage. They may wish to see a powerful China that is not going to wreak havoc in the region but, nevertheless, one that is providing a sort of "alternative" leadership in international diplomacy.

Indonesians generally wish to see bilateral military-to-military relations with the U.S. restored. The adverse effect of the arms embargo has been exposed, especially recently after the Aceh tsunami. At the same time, it seems to be a consensus in the military establishment that Indonesia should look towards some alternative sources for weaponry and other military infrastructure. China and Russia happen to be among these alternative sources, to the dismay of the U.S.

It seems that the China threat and other issues, such as human rights and democracy promotion, have taken a back seat in U.S. policy priorities in the region following September 11. The fight against terrorism seems to take a clear precedence in U.S. Southeast Asian policy. With regard to China, the emphasis seems to be deterrence on possible aggression towards Taiwan, and China's help to resolve the North Korean issue, and much less about China's threat to the region.

The impact of such reprioritization is clear. Southeast Asians cannot rely solely on America to provide the security balance to China in the region. There must be an effort to engage China more intensively in the framework of regional multilateral institutions or bilaterally. There must also be closer security cooperation among Southeast Asians, so as to create a better sense of self-reliance. This is important not only because of the U.S.'s policy reprioritization but also because deeper security involvement of the U.S. in the region may well be increasingly controversial in the future.

4
Singapore

– Teo Kah Beng –

The sensitive management of the strategic rivalry between the U.S. and China is one of the key security challenges facing East Asia in the 21st century. As the dominant world power, the U.S. wants to preserve its current position, while China is the most significant rising power. There were differences of views within the Bush administration during its first term on how to deal with China. Within the second term, there appears to be a growing consensus about how to come to grips with the growing challenge posed to U.S. dominance from China's growing economic and military power. China is uncomfortable with the Bush administration's unilateralism. The fourth generation Chinese leadership led by President Hu Jintao and Prime Minister Wen Jiabao is acutely aware of regional unease at Beijing's growing power and influence, and professes a strategy of "peaceful rise". However, they have shown determination to defend what they regard as China's "core, vital national interests", including the threat of force.

As a small, open and trade-dependent economy, Singapore realizes that its future well-being depends on its ability to form strategic linkages with countries within and outside the Southeast Asian region. A central task of Singapore's foreign policy is to manage effectively its relationships with the U.S. and China. Based on pragmatic realism and vigilance, Singapore's foreign policy does not take its survival for granted, seeks to maximize room for manoeuvre, and tries to avoid being beholden to any one power in

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particular. At the same time, however, Singapore will not consciously seek to antagonize any great power.

Over the past 40 years, Singapore has been alert in adapting to changes in the global distribution of power. During the Cold War, rivalry between the U.S. and the Soviet Union, Singapore adopted a strategy favouring Washington's critical role as security guarantor in the Southeast Asian region. Singapore remains comfortable "orbiting" around the U.S., but it is aware of the danger of becoming overly dependent on the U.S. Singapore seeks to maximize its room to manoeuvre and protect its own national interests.

In the post-Cold War era, and with the rise of China, Singapore's broad foreign strategy consists of two main elements. First, a policy of "deep engagement" with rising China in all spheres of bilateral economic, trade, investment, and political ties. Second, a hedging strategy of "soft balancing", [1] under which Singapore would seek to further entrench its strategic ties with the U.S. The Singapore leadership's hedging strategy is based on the fear of a potentially revisionist, expansionist China. This hedging strategy is understandable given the foreign policy radicalism of Maoist-China from the 1950s to the early 1970s. Yet, at the same time, Singapore tries hard to maintain the cardinal principle of forging win-win cooperation with friendly states all over the world.[2] Singapore's pursuit of good relations with both rising China and the U.S. are thus an integral part of the island-republic's activist strategy to consciously shape the regional strategic environment to advance its own national interest.

Singaporean Perceptions of the U.S.

Singapore and the U.S. share many similar views on East Asian security, and they enjoy very close and comprehensive economic, political, and military ties. The further strengthening of bilateral Singapore-U.S. relations is based on longstanding political, defence, educational, trade and tourism links, and an essentially congruent strategic outlook. Among the great powers, Singapore sees the U.S. as the most benign. Both countries subscribe to the capitalist free-market system, free and fair trade, open regionalism, the promotion of international cooperation, and respect for international law, including fighting aggression and transnational terrorism.

Singapore recognizes the key role that the U.S. economic and military presence plays in underpinning regional security and stability. The U.S.

is important to the Singapore economy in terms of market access, investment flows, transfer of technology, and management skills. Singapore has consistently given strong support for a U.S. presence in the region. This is a win-win situation. For the U.S., Singapore's strategic location in the heart of Southeast Asia provides Washington with a springboard to exercise power and influence in an important sub-region. For Singapore, the presence of the world's most powerful state serves as an effective deterrent to the danger that local powers might be tempted to flex their military muscles against the island-republic.

Singapore has consistently worried that there might be a decline in U.S. staying power in the region, either as a result of economic difficulties or changes in U.S. strategic priorities. In the 1960s and 1970s, Singapore saw the U.S. as the only power with the strength and determination to stop the communist tide. With the collapse of communism in Eastern Europe in 1989, the U.S. decided to scale down its presence in East Asia. When Filipino nationalism led to the American military withdrawal there in 1991, Singapore's pragmatism led it to quickly offer U.S. access to Singapore's military facilities. But Singapore's offer of military facilities to the U.S. met with strong initial criticisms from Indonesia and Malaysia, until Beijing published maps in 1992 showing the Spratlys as part of China.[3]

Singapore is continuing to forge closer strategic ties with the U.S. For example, Singapore offers logistics facilities to the U.S. Navy. In May 2001, the Changi Naval Base was upgraded to accommodate up to two U.S. aircraft carriers at any one time. It is not a U.S. "military base", in deference to the geopolitical sensitivities of its neighbours, Indonesia and Malaysia; but critics have argued that Singapore has created a naval base for the U.S. in all but name.[4] Singapore has taken much care to emphasize that U.S. access to Changi Naval Base does not imply a permanent U.S. military base presence. It is sensitive to the danger that the U.S. access is not interpreted by Beijing to imply an act of encirclement, and reiterated that Changi Naval Base may be made available to other navies on request.[5]

Over the past two years, Singapore has taken a number of significant steps to further strengthen its already excellent strategic ties with the U.S. Following the visit of U.S. President George W. Bush to the republic after the Bangkok Summit of APEC leaders in October 2003, both countries announced their commitment to enter into a Framework Agreement for the Promotion of a Strategic Partnership in Defence and Security. Although

exact details are not available, this agreement is broadly aimed at deepening bilateral cooperation in areas such as counter-terrorism, counter-proliferation of Weapons of Mass Destruction (WMD), joint military exercises and training, policy dialogues and defence technology. For the U.S., the Strategic Framework Agreement signalled the critical role that Singapore is playing in helping to project U.S. influence and power in the Asia-Pacific. For Singapore, the Strategic Framework Agreement would help to cement strong bilateral ties and enhance the U.S. commitment in ensuring regional peace and security, to the island-state's long-term advantage.[6]

From Singapore's viewpoint, the Framework Agreement serves the island-republic's national interest. In 2004, Deputy Prime Minister Tony Tan proposed that Singapore, Malaysia, and the U.S. jointly conduct piracy patrols in the Straits of Malacca. But Singapore's suggestion was strongly opposed by Malaysia and Indonesia. Malaysia argued that an overt U.S. military role would create dissatisfaction in Southeast Asia and give terrorist groups more targets. Indonesia and Malaysia also reacted strongly when Admiral Thomas Fargo, Commander of U.S. Pacific Command, was reported to have suggested that U.S. forces might become active in patrolling the Malacca Straits as part of the proposed Regional Maritime Security Initiative (RMSI), a suggestion later denied by the U.S. government.[7] This episode highlighted the different strategic perspectives between Singapore and its immediate neighbours regarding an increase in the U.S. military presence in Southeast Asia. The objections raised by Indonesia and Malaysia are not surprising. Generally, a greater U.S. military presence would undermine the aspirations of Indonesia, and to a lesser extent, Malaysia, to be the dominant local power in the region. Singapore is acutely aware that it is a "Chinese island within a Malay sea". The reactions by Indonesia and Malaysia highlighted the constraints that Singapore faces in forging closer security linkages with the U.S.

According to the U.S. Ambassador to Singapore, Frank Lavin, the Framework Agreement will facilitate greater military cooperation between the Singapore and the U.S. navies in terms of naval exercises and training programmes, and better communications and coordination. Lavin has stated that it will not be a formal defence alliance. The envisaged U.S.-Singapore joint naval exercises would be confined to countering immediate regional threats, or enhancing cooperation on future U.N. peacekeeping operations.[8] The signing of the agreement is also likely to facilitate Singapore's access to

U.S. defence technology. Singapore has also joined the U.S.-led Container Security Initiative and the Proliferation Security Initiative aimed at stemming the illegal transport of nuclear material. In May 2003, Singapore also signed a landmark Free Trade Agreement with the U.S., making the republic the first Asian state to do so. The U.S. is Singapore's second largest trading partner, while Singapore is the eleventh largest trading partner for the U.S. Total Singapore-U.S. trade in 2001 amounted to S$68 billion (c.US$37.8 billion), which was 15.9% of Singapore's overall trade.[9]

Singaporean Perceptions of China

Singapore sees China as "the dragon that casts a long shadow over Southeast Asia", for better or worse. During the Ming and Qing dynasties, Southeast Asian states paid tribute to the Chinese Emperor, in return for the military protection from the Celestial Kingdom. The U.S. can physically withdraw from the region, like it did after its defeat in the Vietnam War. But China is different: geographically, China is Southeast Asia's next-door neighbour, and it can never be simply wished away.

Singapore established diplomatic relations with China in October 1990, immediately after a similar decision by Suharto's Indonesia. At the U.N. in 1971, Singapore voted in favour of the admission of the People's Republic of China, in recognition of the "One China" principle, that Taiwan is an integral part of mainland China.

Since the early 1980s, Singapore sees China as strongly committed to peaceful, internal economic modernization. The key turning point in Singapore's assessment was Deng Xiaoping's decision in 1978/79 to open up China's economy to the outside world. Singapore interpreted Deng's decision as signifying China's intention to develop mutually beneficial economic and political relations with its Southeast Asian neighbours.

Singapore and its ASEAN partners have over the past two decades strengthened win-win trade and economic linkages with China. Bilateral Singapore-China economic relations have grown from strength to strength. According to statistics from China's General Administration of Customs, bilateral Singapore-China trade volume in 2000 reached US$14 billion, up 28% from the previous year, of which China's exports amounted to US$7 billion and its imports US$7 billion.[10] Today, China is Singapore's fifth largest trading partner, after Malaysia, the U.S., the EU, and Japan. With a cumu-

lative contractual investment value of US$44.7 billion (2003), Singapore is China's seventh largest investor. The number of Chinese firms in Singapore also grew from 509 in 1999 to 1,161 in 2003. There are 47 mainland-Chinese companies listed in Singapore.[11]

As part of its overseas diversification strategy to increase its economic space, Singapore is keen to intensify its trade and economic links with a rising China. At the launch of the Singapore Chamber of Commerce & Industry in Beijing in August 2002, Minister of Trade & Industry George Yeo pointed out that Singapore's trade with the Greater China region (Hong Kong, Taiwan, and China) reached US$19.4 billion, which surpassed Singapore's trade with the U.S. of US$17.4 billion.[12] From Singapore's viewpoint, its burgeoning trade and economic ties with a fast-growing Chinese economy makes a lot of sense. With its maturing economy, access to the growing Chinese market provides the Singapore economy with a new and much-needed engine of growth to help sustain the Republic's economic vibrancy and competitiveness.

From Singapore's viewpoint, the great challenge posed by China is whether its growing economic and military power will be "peaceful". To a large extent, the answer to this critical question will depend on how the great powers, especially the U.S., treats Beijing. If the U.S. and the West is seen by China as trying to contain or thwart its ambitions to become a respected nation within the international community, or worse, treat China as an enemy, then it will become a self-fulfilling prophecy, and there is bound to be greater friction and instability in China-U.S. relations. Instead, if the U.S. adopts a long-term strategy of treating the Beijing leadership with mutual respect and seeks to integrate China into the world economy, then such a win-win relationship will result in greater international security and stability.

Singapore realizes that China's policy towards Singapore and ASEAN is based on Beijing's own pragmatic calculations of its own long-term national interest. Since the Asian Financial Crisis of 1997/98, Singapore has been strongly impressed by China's skilful diplomacy in fostering greater trust and cooperation with ASEAN. An example was Beijing's proposal in 2001 to establish an ASEAN-China Free Trade Area, which then forced Japan to play catch-up. Singapore is confident that China has learnt useful lessons from the futile attempts by Imperial Germany and Japan to use force to gain global domination.

On core, vital national interests, Singapore realizes that China can be expected to be strongly assertive, including the possibility of using force as the last resort. Beijing can be expected not to hesitate to react in a harsh manner, even towards states like Singapore, traditionally regarded as "friendly" towards China. This was seen in China's strong rebuff of Lee Hsien Loong for travelling to Taiwan in July 2004, prior to his becoming Singapore's Prime Minister in August 2004. Many observers were puzzled by Beijing's unusually harsh and unprecedented public criticisms of the Lee visit to Taiwan.[13] Beijing's strong rebuff against Singapore came amid a rapid deterioration in China-Taiwan relations in 2004 as a result of President Chen Sui-bian's determination to push forward the momentum on Taiwan independence. Beijing interpreted Lee's visit as offering unacceptable encouragement to pro-independence forces within Taiwan at a time of heightened geopolitical tensions between China and the U.S. over Taiwan. Beijing also wanted to signal its strong opposition to other ASEAN states in pursuing a "best of both worlds" policy of having economic and political ties with both China and Taiwan. The tensions in Singapore-China relations ended after the new Prime Minister strongly reaffirmed the "One China" policy, and Singapore's strong opposition to Taiwan independence. Beijing's signal was not lost on other ASEAN states.

Singapore's Strategy Towards China

A rising China poses challenges but also immense economic opportunities for Singapore, as the latter continues with its efforts to diversify and internationalize its domestic economy. In the post-Cold War era, Singapore has consistently sought to actively engage China for mutual benefit. Singapore has offered friendship, cooperation, and partnership to make a meaningful contribution to China's modernization. Singapore sees a strong and prosperous China as a positive stabilizing force for peace and security in East Asia. A pragmatic engagement policy with China also serves Singapore's long-term national interest. China's Open Door Policy provided Singapore with a unique opportunity to make itself useful and relevant to China's modernization effort. If Singapore had not decided early on a win-win engagement strategy with China, it would have missed out on the huge trade and investment opportunities emerging from fostering closer economic ties with a wakening giant. A non-engagement policy would also have prevented

Singapore from cultivating closer political ties with a rising superpower. In the mid 1980s, Singapore's Finance Minister Goh Keng Swee was appointed as an adviser for China's Special Economic Zones. A concrete manifestation of Singapore's contribution to China's initial phase of economic development took place when the Republic shared its experience and expertise in the China-Singapore Suzhou Industrial Park in 1994.

In terms of the growing economic challenge posed by a rising China, Singapore's response is that it is not a zero-sum game. Singapore welcomes healthy economic competition with other states. Emphasis is placed on improving its own economic competitiveness by upgrading the productivity skills of Singaporeans, and to invest in mainland Chinese companies. Since the early 1990s, the focus of Singapore's regionalization programme and external investments by Singapore Government-Linked Companies (GLCs) have been China, India, and Indonesia, as these three countries are seen as emerging markets with strong potential for growth. Between 1993 and 1995, Singapore's FDI in China grew over five-fold from S$444 million to S$2.4 billion. By 1996, China had emerged as the third largest recipient country of Singaporean investments. Between 1998 and 2001, China topped the list of host countries of Singapore's FDI. By the end of 2001, Singapore's total stock of foreign equity investment stood at S$257 billion, out of which S$131 billion was direct investment. China was the largest host country, accounting for 13% of Singapore's direct investment abroad.[14] Economic and investment relations between ASEAN and China are not one-way. Increasingly over the past decade, analysts have observed that mainland Chinese companies are investing in the ASEAN states.[15]

Singapore's Expectations of the Role of the U.S. in Regional Security

Singapore believes that China's "peaceful rise" is in everyone's interest,[16] but this would require wise leadership in both the U.S. and China. Singapore expects the U.S. to continue with its policy of "constructive engagement" with China. After 9/11, the Bush administration pragmatically shifted its priority to getting international support, including from China, for Washington's war against terror. In an increasingly interdependent world, Singapore believes that there is no viable alternative to constructive U.S.-China engagement. A Cold War-style containment strategy by the U.S. against China is likely

to be counter-productive to East Asian security and stability. Singapore is unlikely to join any U.S.-led "coalition of the willing" to contain China, as that will be against its own long-term interest.

Singapore expects the U.S. to retain a strong military presence in the Western Pacific. The U.S. is wary about Beijing's possible challenge against its global dominance. Already, there are signs that Japan has decided to join the U.S. in a possible confrontation against China over Taiwan. This has contributed to the recent souring of China-Japan relations. In its second term, the Bush administration can be expected to retain its "hedging" strategy against the possibility that China could become a power hostile to U.S. interests in East Asia.

Conclusion

Singapore's strategy of promoting close strategic ties with the U.S. and "deep engagement" with China has paid rich dividends. First, it has enabled Singapore to boost its critical economic links to two of the world's engines of economic growth. Singapore's economic vibrancy affects the political legitimacy of the PAP government, and its ability to continue to stay in power. Second, by actively engaging China while entrenching its strategic ties with the U.S., Singapore has been able to widen its international space to manoeuvre vis-à-vis its immediate neighbours, gaining increased respect from them that Singapore is an independent regional actor in its own right.

Singapore's strategy towards the U.S. and China is based on pragmatic, national interest considerations. In its foreign policy, Singapore assumes and expects that inter-state relations must be based on mutual respect and sovereign equality, regardless of size and power, and for mutual benefit. Singapore does not see itself in a formal alliance relationship with the U.S. Singapore wants to be seen as a reliable and trusted friend. Singapore does not regard itself as either a junior partner or mere follower of the U.S. The republic realizes that the amount of attention it gets from Washington depends critically on Singapore's ability to remain useful and relevant to overall U.S. strategic goals in East Asia.

Singapore has been careful not to be seen by its neighbours as a U.S. "stooge", blindly doing the bidding of Washington. Such a strategy would not make any sense for a vulnerable small state like Singapore, situated in a Malay-Muslim sea. Singapore is comfortable with U.S. pre-eminence in

East Asia, and expects this situation to continue for the next 50 years. But Singapore has expressed public concern that the Bush administration's unilateralism would undercut the effectiveness of U.S. foreign policy in East Asia and the Middle East. While Singapore and the U.S. share a similar strategic outlook, they have significant differences of views on human rights issues. On its core, vital interests, Singapore has not hesitated to stand up to the U.S.

At the same time, Singapore realizes the importance of also developing good relations with other great powers like the EU, Japan, Russia, India, and China. Enmeshing these major powers in the region makes a lot of strategic sense for Singapore. By ensuring that direct channels of communications are kept open to all the great powers, Singapore is able to register its concerns and interests to them. In this way, Singapore can convince the great powers that it is in their own long-term interests that Singapore continues to thrive in the 21st century.

ENDNOTES

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5
Malaysia

– Zakaria Haji Ahmad –

Since the 1980s, Malaysia has forged a more assertive role in regional and global affairs. This is concomitant with its rise as a middle-income, developing country pursuing export-led economic growth, and in part due to a strident leadership intent on making an impact in the international sphere and as a "spokesman" for the "Third World/South" countries.

In its dealings with the rest of the world, particularly the major powers, Malaysia's posture and actions have reflected a degree of ambivalence, if not ambiguity. Malaysia has espoused a policy of developing good relations with all countries on the basis of mutuality and reciprocity, but at the same time there exists a degree of difference between rhetoric and substance, between pragmatism and playing to a domestic political agenda. This ambiguity is also based on the evolving international context.

In its dealing with the U.S. and China, Malaysia does not seem to have evinced or utilized a triangular framework in which one actor interacts with the other two for any particular purpose or strategic consequence. Malaysia's approach has rather been to approach all major international actors as part of a multilateral international system. Malaysia's own thrusts as a player in the rapid economic and fast-changing events of Pacific Asia and of the

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world, generally, has been to propel its own development to keep pace amid globalization and economic interdependence, to remain competitive as a trading and manufacturing economy and to push for increased regional and multilateral efforts for a more just and equitable world. China and the U.S. are important regional and world actors with which it is in Malaysia's imperative to interact, even if their national interests do not necessarily coincide. At the same time, the actions of China and the U.S., in competition or in cooperation, may be beyond the ability of Malaysia to influence or comprehend, or even to react to.

The Decision-Making Milieu

It is germane to ask if developments regarding the U.S. and China, and Sino-U.S. relations, are salient areas of enquiry within the policy establishment in Malaysia. There is interest in Malaysia-U.S. and Malaysia-China relations and events and awareness of global and regional events that have an impact on Malaysia's own travails as an actor in the international system. In a situation in which foreign policy may be characterized by the nature of prime ministerial leadership, in style and substance, Kuala Lumpur's stances and relations with external actors has also varied according to the evolving international circumstances and domestic political developments. Thus, during the early years of the Cold War, and China's earlier revolutionary forays in Southeast Asia, Malaysia saw Beijing as threatening but nonetheless did not see it fit to be part of the U.S.-sponsored Southeast Asia Treaty Organization (SEATO). Following the U.S.-China rapprochement however, Malaysia recognized the PRC in 1974—an event of both regional and domestic significance—and today engages with gusto the former "enemy to the north", in economic linkages, trade and development, and the development of a Asian regional identity.

It may be argued that informed policy in Malaysia is limited to a small coterie of political policymakers, academics and public bureaucrats in the Ministries of Defence, Home Affairs and Foreign Affairs. Emphasis on trade since the 1970s has meant a greater involvement of the Ministry of International Trade and Industry. Civil society participation and interest revolves

around specific trade bodies, but for the most part this concerns essentially the enhancement of business linkages. There have been bilateral initiatives to enhance linkages extending to education, sports, youth exchanges and even military cooperation, but generally these do not yet form a substantive add-on to existing trade and political ties, both in Malaysia-U.S. and Malaysia-China relations.

Arguably, Malaysia's perceptions toward the two big powers seem to shed a positive take on China but a negative one on the U.S. This may suggest that the U.S. role in the past and elsewhere is seen as part of U.S. unilateralism, if not big power bullying, whereas China has not been seen to interfere or intervene in other parts of the world. The American impact on the political imagination—especially in the visual media—is also larger than knowledge or awareness of China and its society, and this shapes perceptions of Malaysians beyond the policy-making coterie.

Malaysian Perceptions of the U.S.

U.S.-Malaysia relations during the Cold War developed due to convergence arising out of a common concern of resisting or countering communism. The U.S. was therefore viewed as a legitimate actor, with political, economic and strategic stakes in Malaysia and Southeast Asia. The U.S. has also been a source of new ideas in knowledge and technology and, in the period of the 1970s and 1980s, the Malaysian student population in the U.S. was among the largest of all national foreign student cohorts. At the same time, the U.S. has been an important contributor of investment, especially in the electronics industry. In economic terms, the U.S. has been a robust source of FDI, and Malaysia is currently ranked as the U.S.'s tenth largest trading partner. The U.S. military and security services also enjoy good cooperative arrangements with Malaysian defence and security organizations.

However, Malaysia has also practised a policy of non-alignment, certainly not being a U.S. ally, and in fact pursued a policy of "equidistance" from all major power actors during the Cold War. In the Southeast Asian context, Malaysia pushed for a Zone of Peace, Freedom and Neutrality (ZOPFAN), in which it sought assurances of non-interference from external

power-actors, including the U.S. and China.

Since 11 September 2001, with the advent of the "War on Terror" (WOT), Malaysia has been cooperative with the U.S. in information-sharing and, in its own way, has pursued the active elements of putative terrorist organizations (such as Jemaah Islamiyah). However, Malaysia also believes that the best way of dealing with post-9/11 terrorism is to delve into the root causes and does not subscribe to the notion that the U.S. invasion of Iraq in 2003 is correct or vital in the WOT.

The ethno-religious factor is also salient here. Malay identification with Islam—"all Malays are Muslim"—is a factor of domestic political import. A perception exists of the U.S. as "anti-Islam" since 11 September 2001; the U.S. invasion of Afghanistan and Iraq, and its unstinting support of Israel in spite of Washington's efforts to broker peace in the Middle East are viewed as part of this anti-Islam image. But Malaysia-U.S. ties on the whole are good, if not excellent, at least on a government-to-government basis, even if the rhetoric suggested otherwise during the Prime Minister Tun Dr Mahathir era.

There is a perception of uneasiness that while the U.S. may be an important element of stability and an insurance against unwanted military aggression, it has a proclivity to interfere in the domestic politics of Asia and, indeed, its very actions in Vietnam demonstrated a policy of ill-advised intervention. Over the last two decades, numerous speeches have been delivered by Malaysian politicians of unwarranted U.S. interference in the world and, in this regard, the U.S. is viewed as less than benign.

There is, therefore, an ambiguity in perceptions of the U.S. In strategic terms, its presence and military wherewithal suggests a countervailing capacity to deal with forces inimical to regional peace, but on the other hand there is an anxiety of its true intentions, of whether it is acting in its own interests of remaining dominant and powerful in the region, to the detriment of its member-states.

Such ambiguity is reflected in Malaysia's reactions and views regarding recent U.S. suggestions for a role in enhancing the security of the international waterways, such as the Straits of Malacca, against increasing acts of piracy and the possibility of terrorist strikes against targets in the littoral

states. Malaysia's position has been that such a U.S. role (for example, providing warships for maritime patrols) would be against Kuala Lumpur's sovereign rights. However, it welcomes assistance and aid from external powers, to enhance maritime surveillance and security.

Malaysian Perceptions of China

China's emergence as a power of considerable magnitude has not yet translated into a fear that Beijing will exercise hegemony in the region in the long run. In the present policy environment in Malaysia, the view is that China's rise is to be embraced, not only as the new boy on the block, but to be welcomed into the club of the "dragons" (or "tigers") of the Asia-Pacific. In other words, China's spectacular rise is legitimate as it relentlessly and vigorously pursues its policy of economic modernization. It may be speculated that China's emergence may be positive as a "countervailing" force vis-à-vis the U.S., but a primary consideration is that it is an opportunity, not a threat.

That China is viewed in positive terms is indicative of a reversal of policy, when heretofore China had not only been a threat, but in fact had been a source of a revolutionary movement committed to the overthrow of the legitimate government in Malaysia. From the 1940s until the Communist Party of Malaya's (CPM) surrender in 1989, fear of Maoist China and its support of the CPM was the uppermost external security concern of Kuala Lumpur, even if the communist insurgency was essentially an internal security challenge.[1] This Chinese-based insurrection that challenged the legitimacy of the sovereign Malay-based polity from the onset remains ingrained in the memories of Malaysia's decision-makers. Once the CPM underwent its demise though, Beijing began to be viewed in very positive terms. This change of stance toward Beijing is not just pragmatism, but is grounded in the belief that China's role in the region and the world is benign and that it fosters no ill will towards Malaysia.

Significantly, China and Malaysia have overlapping claims in the Spratly archipelago, but such a contentious matter seems to have been relegated to the backburner under the logic of the Declaration of a Code of Conduct between China and ASEAN (including Malaysia). The notion does not pre-

vail that China is likely to overrun Malaysia and Southeast Asia as it emerges as a strong power, but there is still a lingering suspicion it may wish to enact a Middle Kingdom suzerainty and subservience from Southeast Asian states. That Southeast Asia is seen as part of Chinese territory in Beijing maps only contributes to such a lingering suspicion. Such views are only indicative of Malaysia's strategic ambiguity.

For the most part, Malaysia's good relations with China have been spurred by growing trade ties. According to one observer, in 2002, "Malaysia for the first time overtook Singapore as China's largest trading partner in the Association of Southeast Asian Nations (ASEAN) grouping".[2] It has also been observed that Malaysia's trade with China is more complementary than competitive in nature and that China seems sensitive to concerns about its possible currency revaluation and its impact to countries like Malaysia.

Although it has been observed that "no matter what twists and turns Malaysia-China relations may take, it can be observed that Malaysia has, and will in the foreseeable future regard China as its greatest threat in one form or another",[3] in the short term at least, it is not conceivable that the "China threat" looms large among Malaysia's decision-makers. On the contrary, the view is that China is a "benign" power enveloped in its relentless pursuit of economic modernization.

In a Southeast Asia in flux, Malaysia's security concerns continue to be its survival in a predatory world, one in which there is also a great asymmetry of power. After the 1997 financial crisis, survival became a key concern for Kuala Lumpur, especially in economic recovery and sustainability. With its neighbours, there were concerns of political stability, regime consolidation and territorial unity in Indonesia, Manila's policies of dealing with Muslim separatism and terrorist groups, Thailand's heavy-handed dealing with its Southern provinces, and continued bilateral issues with Singapore. Concerns about major power clashes arising out of geopolitical contestation have therefore not been salient in Malaysian security thinking.

Malaysia's Strategy Towards China

Malaysia's engagement with China seems predicated on a partnership that can foster regional collaboration and cohesion, especially in the ASEAN Plus Three framework. In addition, Malaysia is keen to develop economic and educational linkages. But therein lies the rub of Malaysia's overtures with China: basically they are competitors, especially in the attraction of Foreign Direct Investment (FDI).

Yet, China's own political strength as it advances economically has not perceptually signalled the prospect of Chinese political domination in regional collaboration. On the contrary, Chinese investment, trade and collaboration in other areas suggest a salutary Chinese stand toward Malaysia.

China's adherence to international norms in both policy and behaviour is of course welcomed, but a profound understanding of China's political, economic, and strategic developments is a matter not seriously as yet pursued. The belief exists that China will not enact policies harmful to Malaysia and that it will be benign. Thus, it is not clear if enough attention is being given to policies that can deal with the devaluation of the yuan, or the impact of hostilities as a result of a Chinese military solution for Taiwan. In most instances, developments in China are seen as "internal matters" not subject to outside interference. Indeed, Malaysia sees U.S. comments and actions on China as Washington's interference in another country's affairs.

It is not apparent if Malaysia is actively engaged in deliberations with other ASEAN states as to the possibility of a joint approach in policy towards China. But neither is there a sense of rivalry with other ASEAN states to ensure that Malaysia enjoys an advantage over others in its dealings with Beijing. Kuala Lumpur does subscribe to an ASEAN-wide approach to dealing with China, but how this is translated in action remains obscure.

Malaysian Expectations of the U.S. Role in Regional Security

In spite of appearances to the contrary, Malaysia-U.S. relations in the last two decades may be characterized as good in substance. There was considerable anti-U.S. rhetoric issued by the leadership in Kuala Lumpur, but business was normal in bilateral relations. Indeed, in spite of the rhetoric and Malaysia's disapproval of U.S. actions, U.S. aircraft carriers and warships were allowed port visits without hindrance. There were, of course, difficulties arising out of U.S. criticisms of Malaysian political developments such as the treatment and jailing of a former Deputy Prime Minister, but in some ways such incidents were more of an aberration of the normal relations between the two countries. Malaysia in Washington policy circles is regarded as a model, Islamic progressive state, a partner in the WOT, and a stalwart ASEAN country. In other words, Malaysia is a "cooperative" country in the context of U.S. policies in Southeast Asia.

In the larger picture of U.S.-China relations, however, it is unclear how Malaysia is perceived in the U.S., as to whether it can be an important third party. A non-government view in Washington is that Malaysia could play a "gateway" role for U.S. businesses and other interests, but as of yet this remains an opportunity to be pursued. The U.S. has wished that Malaysia might play a larger role in anti-terrorism efforts, such as engaging the U.S. Navy in the Straits of Malacca, but clearly the view in Malaysia is that it is not keen on extra-regional physical involvement in that strategic waterway. Nonetheless, Malaysia has been a willing participant in many of the cooperative security exercises conducted by U.S. forces in the Pacific.

In Malaysian conceptions of the future, there is no notion of the U.S. being a strategic partner to "balance", counter or neutralize China's "big power" mentality and actions, should Beijing choose to actualize it. But the view exists that U.S.-China relations will be stable and conducive to Asia-Pacific security, fostering the peaceful conditions for regional countries to thrive and prosper. The problem might be that the U.S. will be uneasy about not only the emergence of China, but more of its ability to surpass the

U.S. In other words, the U.S. may not be able to retain its "top dog" position in Pacific Asia that it has held since the end of World War II. In this context, the U.S. may actually pursue what President George W. Bush has described as "strategic competition" with China.

Concern over China and Asia more generally, however, may be overshadowed by other U.S. concerns. Since 9/11, the U.S. has devoted more attention to the WOT, and certainly has been preoccupied with its invasion and occupation of Iraq in the last two years. The issue may be not so much if the U.S. will intervene in Asia, but whether it intervenes for its own interests, parochial or otherwise, and then retreat into neo-isolation. Indeed, it may even be that concern with Southeast Asia does not rank it as akin to the "problem area" that it was in the 1960s.

Endnotes

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6
Thailand

– Chulacheeb Chinwanno –

Since the end of the Cold War in the early 1990s, South East Asia has felt that the U.S. had treated the region with benign neglect. At the same time, China has been playing an active role in Asia, attracting attention from the region as well as from the world. Questions about the implications of the rise of China have dominated the security agenda of the Asia-Pacific region: will rising China be a force for stability or instability? Will China come into conflict with the global hegemonic power, the U.S., or the regional economic power, Japan? What are the options of Southeast Asia in maximizing benefits and minimizing risks from the rise of China? Is it possible for Southeast Asia to have a peaceful and prosperous relationship with both the U.S. and China?

Thai Perceptions of the U.S.

The U.S., as a global superpower, has played an important role in Southeast Asia. During the Cold War, the American strategic concern was to contain communism and to prevent the fall of dominos in Southeast Asia. Thailand, suspicious of communist expansion as a result of Communist victory in Mainland China in 1949, the Korean War in 1950 and the Indochinese War against French colonialism in 1954, decided to enter into a multilateral security arrangement of collective defence with the U.S. and other Western Powers, in the form of the Southeast Asian Treaty Organization (SEATO).[1]

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However, as the uncertainty and unreliability of this multilateral arrangement became clearer as SEATO members disagreed on the military intervention in the Laos crisis in 1961, Thailand negotiated a bilateral collective defence with the U.S. to ensure its security through the 1962 Thanat-Rusk Joint Communique.[2]

At that time, Thailand saw the U.S. as an extra-regional power, playing a legitimate role in preserving regional peace and stability. In the 1970s, however, the U.S., exhausted with Communist containment in South Vietnam, started to withdraw and disengage from the region and to normalize relations with China. Thailand, again uncertain about U.S. reliability, turned to strengthening regional cooperation through ASEAN, as well as establishing diplomatic relations with China in 1975. The end of the Cold War brought about reconciliation between the Communist and the non-Communist countries in Southeast Asia, providing the region with a peaceful environment to focus on economic development and regional cooperation. After the Cold War, Thailand no longer confronted any external security threat[3] and relied less on the U.S. Moreover, Thailand also sought new security arrangements through cooperative security in the form of the ASEAN Regional Forum (ARF), of which both the U.S and China are members.[4]

After the terrorist attacks on 11 September 2001, a major strategic shift occurred, with the Bush administration's insistence that other nations must declare themselves for or against its self-declared "war on terror". Small- and medium-sized states in Southeast Asia, including Thailand, had little choice but to accommodate U.S. preferences. Bangkok's initial reluctance to support the war on terrorism came about from the sensitivities on Thai-Muslim minorities in the south. However, the Bali bombing in Indonesia prompted Thailand to cooperate with ASEAN and the U.S. against terrorism. Hambali, a Jemaah Islamiyah leader with links to Al Qaeda, was arrested in Thailand in October 2003. Subsequently, the Thai Prime Minister Thaksin Shinwatra decided to participate in the U.S.-led reconstruction programmes in Iraq by sending 443 officers, comprising 250 technicians, 70 doctors, 26 frontline command officers, 50 security personnel and a bomb-disposal team on a 12-month humanitarian mission in Iraq. This earned Thailand a Major Non-NATO Ally status from Washington.[5] There were many who criticized this policy, arguing that identifying too close to the Iraq War would pose a security risk and would complicate the southern conflict.

The key U.S. interest in the region has been strategic: containing communism in the past and fighting the war on terrorism at present. Its economic interest was quite vital but secondary; as the two-way trade between the U.S. and Southeast Asia was more than US$120 billion in 2003, making the region America's fifth largest trading partner. The U.S. has also invested substantially in the region.

The U.S. role in regional security has been transformed from that of a security guarantor into a security partner. The demise of communism had removed a major external threat, but the region still faced a number of traditional and non-traditional security challenges including internal conflict, terrorism, illegal trafficking of people, drugs, weapons and other transnational crimes, diseases such as SARS and avian flu, and regional natural disasters. The U.S. contribution in these non-traditional security challenges or transnational issues is beneficial.

The drawbacks to the U.S. as a security partner for the region are some aspects of U.S. security policy such as the doctrine of pre-emptive strike and the apparent disregard for multilateral institutions. Moreover, the U.S. tends to focus on bilateral alliances and ignore ASEAN. The U.S. should be more sensitive to Southeast Asian countries' domestic conditions in the effort against terrorism.

Ideally, Thailand prefers the U.S. to be present in the region but not too close, which means no permanent military installation. For instance, Thailand has rejected a U.S. request to base a floating armed depot in the Gulf of Thailand.[6] Thai leaders will continue military cooperation with the U.S. as long as they do not threaten or create suspicion among Thailand's neighbours. The U.S. should also provide more software support such as anti-terrorist training or intelligence-sharing but not get involved in any local security issues, or some regional ones, especially maritime security and local ethnic or religious conflicts.

Thai Perceptions of China

China, a regional power with a huge population and at a close geographical proximity to Thailand, has been a major factor in Thai elite security calculations. After the Communist victory in Mainland China in October 1949, Thai military leaders regarded China with suspicion as a result of the incompatibility between Chinese Communist ideology and the Thai

ideology of "nationhood, Buddhism and monarchy". This perception later transformed from suspicion into antagonism, as the Thais saw the Chinese Dai Autonomous Region as an effort to set up an alternative Thai government. The perception of the Chinese threat was heightened after China began supporting the Communist Party of Thailand's insurgency.[7]

However, the Sino-Soviet clash in 1969, and the subsequent normalization between China and the U.S. in the 1970s, prompted the Thai leaders to seek accommodation with the People's Republic of China, because the U.S. could no longer be relied upon against China. Moreover, Zhou Enlai's policy of peaceful coexistence impressed the Thai so much that they established diplomatic relations on 1 July 1975. Antagonism was reduced but suspicion remained until the Vietnamese invasion and occupation of Cambodia in 1979, which threatened Thai national security and regional stability.[8] Thailand and China came closer strategically as their interests converged in opposing Vietnamese influence in Cambodia. The strategic partnership between Thailand and China strengthened the political and economic relationship. Vietnamese troop withdrawals in 1989 signalled the end of the strategic phase and the beginning of the new economic partnership.

The Chinese economy in the 1990s grew at an average of 7–8% a year, and Thai-Chinese entrepreneurs started investing more and more in China. When Thailand was confronted with the financial crisis in 1997, China contributed US$1 billion in the IMF led-rescue plan. From then on, the investment flow reversed, mainly flowing from China to Thailand and ASEAN, but trades continued to increase.

During the 1990s, China also increased the defence budget and modernized its armed force as it witnessed U.S. military superiority in the Gulf War of 1991. China's economic expansion and the defence modernization created the image of the "rise of China" as well as the potential "Chinese threat" in Southeast Asia.

The majority of Thai leaders perceive the rise of China as an opportunity for economic cooperation. They believe that the economic growth in China should be encouraged not only because it creates valuable trade and investment opportunities, but also because it keeps China stable and facilitates its integration into the regional community and the world, giving China a stake in the international status quo. The bilateral trade between Thailand and China increased from US$3.8 billion in 1996 to US$6.2 and US$11.6

billion in 2000 and 2003 respectively. Thai exports to China also expanded from US$1.8 billion in 1996 to US$2.8 billion and US$5.6 billion in 2000 and 2003 respectively. Thailand has suffered a trade deficit with China as its imports from China increased faster, with a US$313 million deficit in 2003.

Thai leaders also recognize that China is destined to be a major military power and could upset the regional balance of power. This does not mean, however, that China will pose a threat or come into conflict with countries in Southeast Asia. The feel instead is that China mainly wants to be recognized and respected as a major power. Also, Thai policymakers see China behaving as a status quo power that is playing a constructive role in Asia as well as in the world. Thus, Thai policymakers do not subscribe to the view that the rise of a great power like China always tends to cause conflict within the international system.

A few observers have cautioned that China could become a potential threat in the future only if one thought it would be and acted likewise. Others voiced concern over the spillover effect of the conflict in the Taiwan straits which might involve the U.S. and Japan. However, Thai policymakers tend to have a positive view of China and its role in the region. To them, China's accession to ASEAN's Treaty of Amity and Cooperation confirmed that China is committed to the ASEAN principle of peaceful settlement of conflict through negotiation.[9] China also supported Prime Minister Thaksin's vision of continental Asian cooperation through the Asian Cooperation Dialogue by hosting the third Ministerial meeting in Qingdao in August 2004. Moreover, Chinese participation in various multilateral institutions such as ARF and ASEAN+3 has sensitized China to the concerns of its neighbours and these multilateral fora could serve as mechanisms for preventive diplomacy among the participants.

One of the challenges posed by China to regional security is the future of the South China Sea disputes.[10] The Declaration of a Code of Conduct of Parties on the South China Sea did not solve the conflict; it only put the issue on hold. The challenge is to consider the plan or road map to resolve this conflict. Another challenge is the Taiwan issue and how to manage it so that it would not affect China-ASEAN relations or bilateral relations. The third challenge is over the development of the Mekong River—which is shared between China, Thailand, Myanmar, Laos, Vietnam and Cambodia—and its impact on human security. The building of several dams and

the blasting of rapids to widen the waterway could cause conflict and affect ASEAN-China relations.

On the other hand, China could offer great opportunities for economic interactions and benefits. The rising purchasing power of the Chinese could absorb raw materials, agricultural products, and other manufacturing products from ASEAN. The trade between ASEAN and China has increased in the last decade, with ASEAN becoming China's fifth largest trading partner after the U.S., Japan, European Union, and Hong Kong.

As for investment, ASEAN in the past has been competing with China for foreign direct investment (FDI), acquiring around 60% during the economic boom of the early 1990s. The 1997 financial crisis created uncertainty among foreign investors who saw more opportunities in China. In 2000, China and Hong Kong accounted for 80% of FDI received in the region, while Southeast Asia received only 9%. Beijing, sensing ASEAN's frustration and concerns, has encouraged more Chinese outward investment, in Southeast Asia. In December 2003, the Chinese Ministry of Commerce reported that Thailand received US$214 million investment from China, followed by Cambodia with US$125 million.[11]

However, China also poses economic risks to Thailand, especially to inefficient companies and sectors with non-competitive products. Furthermore, in spite of the FTA under negotiation, non-tariff barriers in China could affect trade between China and ASEAN. Cheap Chinese products might flood ASEAN markets.

Thailand's Strategy Towards China

In order to bring about the peaceful rise of China, Thailand, along with ASEAN, has pursued a policy of engagement with China. The aim of engagement is to integrate China into the regional community at the political, economic and security levels, thereby sensitizing and socializing the Chinese government into accepting regional norms and principles. The most important regional norms include respecting national sovereignty and territorial integrity, the non-use of force and the peaceful settlement of conflict through negotiation.

Political engagement would increase dialogue and consultation between China and ASEAN at both the bilateral and multilateral levels, allowing

both sides to increase cooperation and discuss mutual concerns. Economic engagement would link and integrate China into a complex web of interdependence, thus increasing the costs on China in case of conflict with ASEAN. Security engagement would involve China in a multilateral cooperative security arrangement through the ARF.

At the bilateral level, Thailand was the first to engage China in signing a bilateral document on a long-term cooperative framework—the Joint Statement on a Plan of Action for the 21st Century—in February 1999, laying out the plan for cooperation in various fields including politics, economics, culture and security.[12] At the multilateral level, Thailand urged China to participate in several multilateral fora including the ARF. In July 1994, China and ASEAN proposed to open consultations on political and security issues at the senior official level. By 1997, ASEAN and China had formalized their cooperation by establishing the ASEAN-China Joint Cooperation Committee (ACJCC) to act as the coordinator for all ASEAN-China mechanisms at the working level.

Economic engagement was also crucial as Thailand tried to promote more trade with China, as well as supported free trade negotiations between China and ASEAN and between China and Thailand. At the China-ASEAN Summit in November 2002 in Phnom Penh, China and ASEAN signed an agreement outlining the general FTA framework, under which trade in meat, fishery products and vegetables would be liberalized in 2004. Tariffs on other products would be cut and abolished in stages and the FTA could be realized as early as 2015.[13]

Thailand saw that the FTA could serve both the economic and strategic functions of engagement. With the bilateral FTA, Thailand expected to be able to penetrate Chinese market with several agricultural commodities such as rubber, tapioca, longans and other fruits. But some sectors such as garlic and vegetable producers would be hurt as Chinese products were much cheaper. Moreover, Thai products could encounter the non-tariffs barrier in China. Thus, the FTA with China will open many opportunities and create many risks as well. But Thai leaders, realizing that the Chinese economy can only become more competitive, argue that the Thai economy and products have no choice but to adjust in order to benefit from the rising dragon.

In managing the rise of China, Thailand cannot go it alone; ASEAN must pursue the same strategy so as to be effective. The strategy seems to

be working well as China-ASEAN relations have become closer. China has also been successful in its diplomatic efforts to gain trust from ASEAN. Since the Mischief Reef Incident in 1995, the suspicion of Chinese intentions among ASEAN leaders has been reduced to the extent that many believe that China will abide by the ASEAN principles of non-intervention and peaceful settlement of conflict.

Till now, China has followed ASEAN's initiatives and has been socialized to some extent by interactions with ASEAN. It is likely that China may advance more of its own initiatives in the future, as seen at the Security Policy Conference in Beijing in November 2004, and then it may socialize ASEAN as well. The socialization process would be a two-way process to sensitize each other and to promote better understanding.

Thailand's strategy of engagement with China can be seen as a mix of neo-liberal and constructivist approaches which is a more positive approach than a focus on balance of power.

Thai Expectations of the Role of the U.S. in Regional Security

Thailand and the U.S. have a long relationship dating back to the mid 19th century. This relationship has been close and cordial most of the time. During the Cold War, Thailand was also a close ally providing facilities for the U.S. war effort in Vietnam and benefited from U.S. protection against communism in return. In the post-Cold War period, the demise of communism lessened Thai security dependence on the U.S., and the bilateral relationship became more like a partnership between a senior and junior partner. Thailand and the U.S. cooperate in many areas: socio-cultural, economic, political as well as security. Thailand and the U.S. continue the annual military exercise, Cobra Gold, which dates back to 1980. At present, Thailand is negotiating an FTA with the U.S.

However, after the Cold War, Thailand and other Southeast Asian countries felt that the region ranked low in terms of priority in U.S. eyes. Before 11 September 2001, the U.S. almost neglected this region because it was relatively calm and had no major conflicts. The global war against terrorism put this region back on the U.S. radar screen because of its new strategic importance. But Thailand would prefer that the U.S. does not see the importance of the region from the single perspective of terrorism. The

U.S. should pursue a more balanced approach to Southeast Asian countries, focusing on economic, social, political as well as strategic and security cooperation. The U.S. should also be more sensitive about domestic politics. For instance, Thailand has a sizable Muslim minority, like the Philippines. The majority of Muslims in Thailand, as in other countries in Southeast Asia, are moderate and it is important to win the hearts and minds of these people in order to protect this region from terrorism.

U.S. strategic interest in Southeast Asia should focus on the maintenance of regional security and stability so as to enhance economic integration and prosperity. The U.S. should support and strengthen region-wide institutions such as the ARF and encourage the new ASEAN Security Community, which is one of the three pillars of the ASEAN Community as agreed in the Bali Concord II of October 2003. Moreover, attention should also be on the economic development, especially the capacity-building of mainland Southeast Asian countries, because a more prosperous and unified South East Asia could more effectively engage China.

The U.S. should also engage China in all dimensions, rather than pursuing a balancing strategy that will make China feel threatened. Strategic partnership and constructive engagement, not confrontation, should be the guiding principles for the U.S. in managing the rise of China.

Conclusion

The major challenges for Thailand and Southeast Asia are to manage the rise of China and, at the same time, manage the relationship with China and the U.S. as well as other extra-regional powers, such as Japan and India. The recommendation here is to continue engagement with China bilaterally and multilaterally through ASEAN, and encourage the U.S. and China to pursue constructive and comprehensive engagement with each other for mutual benefit. A stable and engaging triangular relationship between ASEAN, China and the U.S. will not only benefit each of them but also the region.

Japan, once the dominant economic player in the region, is now trying to cope with domestic stagnation and regional economic decline. It is likely that Japan could confront economic competition and rivalry from China. Thailand and ASEAN must encourage Japan to play an active economic role through trade, investment and aid in the region.[14] India, an emerging economy, should also be invited to increase its economic profile in Southeast

Asia. Thailand has negotiated a bilateral Free Trade Agreement with India and promoted multilateral cooperation through BIMST-EC (Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation). India, in the medium term, could emerge as a strategic rival to China in the region.[15]

For Thailand, Southeast Asia should neither be a region dominated by any single extra-regional power nor a region of bipolar rivalry between two powers, but a region of multiple and multilateral engagement and cooperation by all involved major powers. The policy of Thailand towards major powers including China is "engagement", which comprises four elements: accommodating their legitimate interests, discouraging their negative roles, integrating them into the regional norms and institutions, and ensuring opportunities for mutual benefits. The objective is to maintain a secure, stable and prosperous Southeast Asia in the 21st century.

Endnotes

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7
Vietnam

– Le Linh Lan –

Southeast Asia has traditionally been an arena for big power competition of influence primarily because of its strategic location. As history has shown, peace, stability and prosperity in Southeast Asia have always been inextricably linked with China, the U.S. and Japan. As a country located in Southeast Asia and bordering China, Vietnam is no exception.

Vietnamese Perceptions of the U.S.

It is difficult to generalize about Vietnam's perceptions of the U.S., but there are at least three different views across the generations:

- For the older generation who have experienced the war, there is still a significant amount of mistrust and negative perception, lingering from the past.
- To the generation born in the 1960s and 1970s, who are generally more pragmatic, the U.S. is seen as a global superpower with great technological advances and educational opportunities. At the same time though, the U.S. is also seen as an arrogant and self-centred power.

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- The image of the U.S. among the younger generation is more positive as there is a lot of admiration for American technological pre-eminence as well as its educational and cultural appeal.

The U.S. is a Pacific power and a part of the Asia-Pacific region. As transpacific trade has been growing faster than that across the Atlantic, it has become indisputable that the prosperity of Asia and the U.S. are intimately intertwined.

During the Cold War period, the U.S. role in regional security was often characterized as a security guarantor. This may no longer be true in the post-Cold War strategic environment. To some extent, the U.S. is still a security provider for some allies in the region. However, this security assurance is not sufficient even for those countries that rely on the U.S. for security because of the increasing uncertainty in the region where the confluence of traditional and non-traditional security threats permeates regional security environment. To deal with these complex challenges, regional countries have been trying to develop multilateral cooperative security mechanisms. Therefore, the U.S. is increasingly being seen as a security partner rather than a security guarantor. For Vietnam, the U.S. role is also increasingly seen as a security partner as the two countries have been developing cooperative relations in various fields, including security.

Overall, U.S. involvement in the region has positive and negative aspects. On the positive side, U.S. presence has long been a key factor in the regional strategic equation. A number of countries have benefited from U.S. presence as well as access to the U.S. market, technology and capital. On the other hand, the American reliance on bilateral security agreements and the U.S. military presence could undermine the efforts by regional countries to develop multilateral cooperative mechanisms and engender lingering distrust and lack of confidence among major regional players. Vietnam's perception of the U.S. security role in the region depends not only on the U.S. policy towards the region but also on the perceived U.S. global strategy. In other words, U.S. policy behaviour in other regions can have repercussions on regional perceptions of the U.S. role in regional security.

In Vietnam's new foreign policy of independence, sovereignty, openness, multilateralism and diversification of external relations, the U.S. has been accorded high priority. Having normal relations with the world's only superpower is no doubt very important for Vietnam to achieve its most important

national objective—to modernize the economy and to make Vietnam into a strong country, with prosperous people and a just, democratic and civilized society. Vietnam is conscious of the U.S.'s significance in terms of market, source of investment, capital and technology.

Normalization with the U.S. was one of most important achievements of Vietnam in the period of Doimoi. Diplomatic relations were established in July 1995. U.S.-Vietnam relations were fully normalized with the Bilateral Trade Agreement ratified and coming into effect toward the end of 2002. In a nutshell, U.S.-Vietnam relations have transformed from confrontation and hostility to dialogue and cooperation. From adversaries, the U.S. and Vietnam have become partners. While there remain obstacles in the bilateral relationship due to the historical factor and the difference in political systems, the main trend of the bilateral relationship is cooperation driven by convergent humanitarian, economic, political and strategic interests.

Both Vietnam and the U.S. have strong stakes in regional stability and growth in Southeast Asia. In the U.S. strategic calculations, Vietnam is an important player in Southeast Asian regional security. Vietnam's strategic location is one of the factors underlying Vietnam's geostrategic importance for the U.S. Furthermore, as the U.S. has important interests in seeing the vital sea lane in Southeast Asia free for navigation, the increasing salience of the South China Sea dispute has also raised the strategic significance of this region in the years to come. Vietnam's membership in ASEAN, ARF and APEC provides an additional channel for Vietnam-U.S. cooperation and thereby, raising the U.S. stake in seeing Vietnam become a stable and prosperous country. The changing and complex strategic configuration in Asia undoubtedly underscores the importance of Vietnam as an independent actor in the U.S. strategic calculations.

Vietnamese Perceptions of China

One of the major developments affecting regional security is an ongoing major power shift in favour of China in the region. International relations theorists, especially realists, often contend that a major change in the power structure is likely to lead to conflict within the international system. Their argument was supported by the developments in the past century, when the rise of big powers upset the balance of international system and led to two

World Wars. Although the astonishing rise of China has caused concern among policymakers in the region in general and in Vietnam in particular, especially with regards to China's future behaviour, it is widely believed that this rise is best "managed" in a growing web of regional institutions. Therefore, a rising China taking an active part in regional multilateral cooperative mechanisms and cultivating relations with regional countries is much less threatening to the region. In this sense, policymakers in Vietnam in particular are better characterized as institutionalist.

Generally, since the end of the Cold War, three major factors have influenced regional perceptions of China. The first is the steady rise of China's economic, political and military power. The second is historical legacy. The third is China's policy behaviour with regard to the existing territorial disputes. These three factors come together to shape a complex and sometimes inherently conflicting perception of China.

On the one hand, the rise of China has offered tremendous economic opportunities for Vietnam. Trade volume between the two countries has recorded remarkable growth over the past few years. Two-way trade increased from US$266 million in 1992 to US$4.87 billion in 2003, and about US$6 billion in 2004, surpassing the target of US$5 billion set for 2005. Vietnam and China are striving to reach US$10 billion in annual two-way trade by 2010. In terms of investment, Chinese investors have injected US$540 million in 267 projects in Vietnam. In 2003, China's foreign direct investment (FDI) in Vietnam rose markedly, standing at US$146 million in 61 projects, ranking fifth among foreign investors in Vietnam. In the first eight months of 2004, China invested US$50 million in 43 projects.

Trade and investment links with China are very important for Vietnam's economic development. In this regard, China is increasingly seen as the new engine of growth for the region. Indeed, economics has become the major driving force of the relationship between China and Vietnam. On the other hand, China's rise also presents enormous economic challenges to Vietnam. It has spurred fierce competition for investment as well as the export market because of the similar rather than complementary economic structures between China and Vietnam.

Furthermore, the historical factor and Chinese behaviour with regard to the unresolved disputes in the region are causes for concern. Historical memories may somehow still affect the present perception of China, but

they are becoming less relevant against the backdrop of closer economic and political ties with Southeast Asia. However, China's attitude to the South China Sea dispute will be a more important factor afflicting China's relations with Vietnam.

Overall, Vietnam's perception of China has been evolving over the past few years. In some aspects, the image of China has significantly improved. However, there still exist concerns and apprehension about China's future behaviour with regard to the territorial disputes involving China.

Vietnam's Strategy towards China

It is a widely shared view that within the next two decades, China is likely to be a peaceable rising great power. But the root of the region's concern does not have to do with the process of China's rising; rather, it stems from the uncertainty of China's future intentions. How will China behave once it has risen to the status of a global great power? If history provides any indication, regional countries have reasons to be concerned.

At the same time, it can be argued that China is and will be a status quo power at least for the next two decades. One of the most fundamental reasons is the fact that the current international system benefits China a great deal. China's successful peaceful rise is contingent upon the stability of the international system. This may be the principal difference between a rising China now and Japan and Germany before the two World Wars in the last centuries.

In terms of strategy towards China, engagement is clearly the chosen strategic path for Vietnam vis-à-vis China. The engagement strategy of Vietnam towards China is also the strategy of ASEAN in dealing with the rise of China. Since the end of the Cold War, ASEAN has been pursuing a constructive engagement policy towards China.

It must be acknowledged that ASEAN's engagement policy towards China has so far been relatively successful. China has been increasingly active in the ASEAN Regional Forum (ARF), marking a clear departure from China's long preferred bilateral approach. China's accession to the Treaty of Amity and Cooperation (TAC) in 2003 is indicative of China's efforts to improve relations with Southeast Asian neighbours. In the same year, China signed with ASEAN a Joint Declaration on Strategic Partner-

ship for Peace and Prosperity. In early November 2004, Beijing hosted the first Security Policy Conference of the Asian's Regional Forum. Even more remarkable is the fact that the Forum was opened by Premier Wen Jiabao. These positive developments have helped alleviate regional concerns about China's growing power.

Another example illustrating a certain degree of success of ASEAN's engagement policy towards China is China's changed attitude towards the issue of establishing a separate code of conduct on the South China Sea between ASEAN and China. China was initially opposed to a separate code of conduct on the South China Sea and wanted to include it in a comprehensive political document governing ASEAN-China relations. Thus, China's willingness to work on a code of conduct has shown considerable flexibility as opposed to China's initial rigidity on the issue. The Declaration of Conduct on the South China Sea is an important confidence-building measure to ensure a peaceful and stable environment in the region for development and create favourable conditions to reach fundamental and long-term solutions to disputes in the South China Sea.

Dialogue and cooperation have been the defining features of Vietnam's strategy towards China since the end of the Cold War despite remaining problems between the two countries. The two sides have defined cooperation guidelines of "friendly neighbourliness, comprehensive cooperation, long-lasting stability, and looking towards the future". Overall, the image of China has somehow improved significantly mostly because of the growing economy and growing business interaction. There is an underlying desire to maintain good relations

Vietnamese Expectations of the Role of the U.S. in Regional Security

Since the end of the Cold War until 11 September 2001, the U.S. did not attach significant importance to Southeast Asia compared with other regions. The relative decline in importance of the region in the U.S. global strategy was largely due to the shift in U.S. focus to regions which posed greater and more immediate threats to U.S. interests. Within East Asia, Northeast Asia has been higher on the agenda as this region hosts a number of short- and long-term challenges to the U.S. such as the Taiwan Straits problem, the

unresolved conflict on the Korean Peninsula, and the long-term challenge of a rising China.

The policy towards Southeast Asia is one of the areas that has undergone the most significant change in the U.S. policy in the aftermath of 9/11. Southeast Asia clearly ranks higher in U.S. policy priorities not only because of the region's large Muslim population but also because of the link between Al Qaeda and the Muslim extremist groups in Indonesia and the Philippines. Thus, the region has regained much of its strategic importance in the war against terrorism. Consequently, two trends have emerged with respect to the U.S. policies towards Southeast Asia after 9/11. The first trend is the intensified cooperation in combating terrorism and related threats, which resulted in closer relations between the U.S. and Southeast Asian countries notably the Philippines, Singapore and Thailand. Military and intelligence consultations have strengthened. The second trend relates to the increased interest and participation of the U.S. in the region's multilateral cooperative mechanisms such as ARF and APEC. High-level officials including the U.S. president have attended the meetings in order to garner the region's support for the war against terrorism.

Thus, one can discern a remarkable change in U.S. policy towards Southeast Asia. From the point of being almost neglected, Southeast Asia has become the second front in the war against terror. This shift in itself is a manifestation of the lack of a long-term vision and clear strategy of the U.S. towards Southeast Asia.

As far as the role of the U.S. in the strategy of constructive engagement vis-à-vis China is concerned, there are several aspects. First, a prosperous and unified Southeast Asia will deal better with the rise of China. The U.S. can help Southeast Asian countries' economic development and bridge the development gap among ASEAN countries in general. Second, the U.S. should share and support the underlying concept of security espoused by most countries in the region. The concept of comprehensive and cooperative security will best serve regional peace, security and prosperity. Third, the U.S. should actively encourage and assist regional countries to develop multilateral cooperative institutions. U.S. commitment to regional multilateralism will be instrumental in making these institutions effective in the long-run. East Asian community building process must be pursued as

this would provide a very useful strategic framework to co-opt China and to turn China into a responsible and cooperative member of the regional community. Fourth, the success of the strategy of constructive engagement by ASEAN vis-à-vis China depends to a significant extent on the success of the U.S. strategy of engagement with China. The U.S. should avoid a confrontational stance towards China, which may place regional countries in a very difficult position of having to choose between the two.

In general, recognizing the important role of the U.S. as the only superpower, Vietnam expects the U.S. to be a partner for peace, stability and development. As for its position in between China and the U.S., Vietnam wishes to keep balanced relationships with the two major powers since both China and the U.S. are very important to Vietnam's development strategy. This is not so much the balancing strategy in the realist tradition but the balanced engagement towards the two major powers. Vietnam does not want to take sides or to ally with one against another. This strategy is not in the Vietnamese interests.

In terms of expectations of the role of the U.S., Vietnam wants the U.S. to take into account the concerns of the countries in the region in order to shape a positive image as a constructive and reliable partner of the region. One of the overriding concerns of regional countries is foreign dominance and foreign intervention. Specific recommendations include:

- The U.S. must formulate a clear foreign policy strategy with regard to Southeast Asia which takes into account the growing economic, strategic and political importance of the region as a whole. In addition to approaching regional countries on a bilateral basis, the U.S. also should view the region as a community.
- Traditionally, and especially since 11 September 2001, the U.S. is concerned primarily with security. The U.S. should pursue a more balanced approach towards the region, focusing on economic, social and other concerns of regional countries. Southeast Asia should be given more attention on its own merit rather than just the second front in the war against terrorism. The U.S. should address the root causes of international terrorism rather than rely on the counter-productive use of military might.

- Recently, the U.S. has focused on more economic assistance to its allies against terrorism (Indonesia and the Philippines) while it has increasingly applied or threatened sanctions on countries that are not central to the U.S. war on terror such as Vietnam and Cambodia. The U.S. should be more forthcoming in helping to reduce the gap within ASEAN with more development assistance towards new ASEAN members.
- The U.S. should take into account regional sensitivities over issues of human rights and religious freedom. As countries in Southeast Asia are still in the early stage of nation-building, respect for sovereignty, political independence and non-interference in internal affairs are the core principles governing interstate relations. The U.S. should avoid the tendency of lecturing regional countries on human right issues.
- There needs to be more emphasis on multilateralism in addition to bilateralism in U.S. foreign policy; it should also avoid unilateralism in regional issues.

8
Cambodia

– Sisowath Doung Chanto –

Cambodia regards the U.S. and China as neither friends nor foes, neither threats nor guarantors. Cambodia exercises its flexible engagement and mutual cooperation strategy to maintain mutual interests with China and the U.S. As a member of the Non-Alignment Movement, Cambodia exercises the policy of neutrality, aligning with no particular power and being friendly to all. This strategic framework is meant to avoid unnecessary tension and conflict with potential allies; it enables Cambodia to sustain economic and political relations with both the U.S. and China.

Cambodian Perceptions of the Role of the U.S.

Cambodia conceives of the U.S. as a strategic actor whose presence in the region is important to maintaining the balance of power and interests of countries in Southeast Asia. The balance of power in this context means preventing one system or value from dominating; for example, deterring China's political manifestation, assertion or economic dominance in reshaping or reconfiguring the principles and pillars of ASEAN's security and autonomy. The balance of power in this context also refers to the equilibrium of power between nations: the distribution of power among two or more nations such that no single nation has dominance over the others.

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Currently, Cambodia's ruling elite conceives the nature of U.S. foreign policy as too aggressive, imposing and politically intolerant, often resulting in the lack of consideration for the sovereignty of small countries, and is thus inconsistent with the essence of liberty and justice. Some prominent national leaders argue that the U.S.'s central concern in the region is to secure its sphere of influence, even expanding its power, but with very little regard for establishing a long-term partnership with the region. On the other hand, the younger generation sees the U.S. as a global leader with military supremacy, and the champion of liberal democracy, economic prosperity, technological superiority, and an attractive lifestyle and culture. However, Cambodia's negative perceptions of the U.S. should not be misconstrued as anti-U.S. sentiments. Cambodia, along with other countries in the region, has expressively or tacitly supported and conducted joint military and counter-terrorist exercises with the U.S. Cambodia's Ministry of Interior counter-terrorist and transnational crime units work closely with the U.S. Federal Bureau of Investigation (FBI).

In general, Cambodians recognize the importance of the U.S.'s counter-terrorist policy, its contribution to humanitarian assistance and activities in Cambodia, and its vital economic and political partnership for countries in this region. Economically, the region is dependent on the U.S. market and capital. The Cambodian garment industry depends on the U.S.'s Most Favoured Status (MFN) to gain access to the U.S. market. Cambodia also relies on the U.S.-led World Bank and IMF for support to achieve components of its National Poverty Reduction Strategy, and for loans to finance numerous development projects in health, education, and rural development.

Politically, several countries in this region are benefiting from U.S. military assistance and dialogue, and some have gained trade concessions based on progress in democratization and democratic governance. The U.S. is a strategic actor in the region because of its economic and political power or influence. It has legitimacy in the region not only because it is the world's greatest power but also because it serves some key interests of countries in the region.

Cambodian Perceptions of China

Cambodia is not politically overwhelmed by the rise of China but is concerned about the PRC's comparative advantage in competing for foreign direct investment. Cambodia and the region have to cope with this reality and are compelled to formalize institutional relationship through the ASEAN-China Framework Agreements. For better or for worse, Cambodian policymakers recognize China's sphere of influence in Southeast Asia because of the country's cultural and historical experience. Presently, the ruling elite perceives China as a force that cannot be overlooked, specifically in the areas of economic development, market growth and trade. As a national policy, Cambodia is on friendly terms with the PRC, because they perceive that having good relations with China increases economic ties, market access, and opportunities to harness Chinese capital, and hope that the China-ASEAN Framework would facilitate mutual interest between the two countries. The intelligentsia is not pre-occupied with the rise of China and therefore has made little reference or study on the impact of China's entry to WTO on Cambodia's economy, but many postulate that China's admission to WTO is good for the region.

On the other hand, Cambodian decision-makers are ambivalent about what role China ought to play in the region, or in the world for that matter. For example, would or could China provide a security umbrella for Cambodia and the region? After all, Cambodia's relation with the two neighbouring countries of Thailand and Vietnam are not always friendly or predictable due to Beijing's past relationship with Democratic Kampuchea.

At the grass-roots level, Cambodians have very minimal understanding of China's relations with Cambodia, except the PRC's association with Democratic Kampuchea and the flood of Chinese goods sold in Cambodia's markets. Politically, Cambodians best understand the PRC as a communist state whose economic growth is outstanding.

With regard to regional security cooperation, China's participation in the ASEAN Regional Forum, the signing of the Declaration on Code of Conduct in the South China Sea and its participation in the ASEAN+3 is symbolically positive and practical because it provides access to communication for policy dialogue, which is considered a great opportunity for Cambodia to engage China. China's bilateral relationship with Cambodia in terms of aid, assistance and cooperation is still limited compared to that

of Japan, the E.U., and the U.S. Therefore, while Cambodia recognizes the rise of China and its sphere of influence in the region, Cambodia maintains a multilateral strategy that favours relying on no particular power to protect its internal and external security. On the other hand, in spite of their minimal level of participation in ensuring human and economic security and trade concessions in the China-ASEAN Free Trade Area, in the long-term, Cambodian policymakers hope that the growth of China's economy and trade expansion will spill into the region and thus benefit regional members.

Unlike other countries in Southeast Asia, Cambodia does not experience any strategic challenges—such as territorial, maritime or trade disputes—from China. Therefore, it has no significant qualms about strengthening political and economic ties with the PRC. Because Cambodia's chief national development challenges are sustaining internal political stability and poverty reduction, it cannot afford to suffocate its relationship with the world's fastest growing economy. As such, the ASEAN-China Framework Agreement is an opportunity to increase Cambodia's trade and investment relations with the PRC.[1] Moreover, in terms of security, the ASEAN-China Declaration on the South China Sea provides confidence-building measures, while the Bali Concord II: ASEAN Security Community Plan of Action (2004) provides sufficient ground to maintain a stable relationship in the region.

Challenges and Opportunities Posed by the U.S. and China

Due to its dependence on foreign assistance, Cambodia is swayed by two opposite forces: liberalism and statism, chief influences by the U.S. and China respectively. These push and pull factors are experienced in tandem as Cambodia engages in dialogue and cooperation with these two powerful states in order to move itself from a status of isolation towards integration with the international community. Often, this leads to a "two steps forward and one step backwards" scenario because while Cambodia's economic reform is moving slowly forward, political reform remains critically challenging. Nonetheless, Cambodia cannot afford to lose economic and political support from the U.S. or China: their assistance is important, albeit in different ways, for the legitimacy of the government.

Economic and political support from both powers assert pressure and test the credibility and performance of the national authorities. For example, Japan, the E.U. and the U.S. have been assisting Cambodia in community

projects and developments through multilateral channels and mobilized capital by way of the Consultative Group. Among the democratic states, Japan is the most visible contributor to infrastructural development and technical training, while the E.U. focuses on institutional reform and granting market access, and the U.S. provides the Most Favoured Nation status while concentrating on democratization and demanding structural reform in return.[2] For these democratic states, economic and political reforms are prerequisites for trade concession and development assistance. Access to these markets provides a cushion for the developing Cambodian economy; by gaining MFN status, Cambodia considered itself to have gained a comparative advantage which helped to attract foreign investment and sustain national employment. In the past several years, Cambodia's economy gained tremendously from exporting textile goods to the U.S. and European markets and, therefore, the economic and political contribution from these powers substantially enhances the viability of the ruling regime. China's bilateral assistance to Cambodia, however, is not very visible, although financial assistance was granted for the construction of the National Assembly and loans for the construction of a hydraulic plant in Mondolkiri. Unlike multilateral assistance from the Consultative Group, China's bilateral assistance and trade is not tied to structural reform or democratization.[3]

With reference to security, the push-and-pull effect between the U.S. and China is a challenge for Cambodia, but as it is neither an assurance nor a threat to Cambodia's national security, Cambodia does not seek a security umbrella from any power. However, even as Cambodia is leaning more towards regional security mechanism, China is trying to increase security cooperation with Cambodia.[4] Unfortunately, Cambodia is still ambivalent about trusting China because of its history of supporting Democratic Kampuchea. While Phnom Penh is willing to accept Chinese economic and military assistance, Beijing has less leverage in bringing Cambodia back into its sphere of influence because tensions also remain between Cambodia and China over the issue of the Khmer Rouge. Prime Minister Hun Sen was part of the Vietnamese-backed forces that overthrew the Chinese-backed Khmer Rouge in 1979. China's response to its association with Democratic Kampuchea has been less than conciliatory. The Chinese Foreign Ministry said its relations with the Khmer Rouge regime were simply normal state-to-state relations and Beijing has also staunchly opposed an international tribunal on Khmer Rouge leaders.[5]

As such, Cambodians are ambivalent and uncertain about whether China might be a possible guarantor of peace and stability for Cambodia because both the U.S. and China apply different approaches in influencing Cambodia's political system, and because each power appears to have its own agenda and objective in the region, promoting their own values, ideology and system. This observation is indicative through the functional level and the process level of politics. For instance, China gives aid and assistance to government institutions and ministries, which helps to boost government activities, function and legitimacy to strengthen the government's control through hands-on management. At the process level, the U.S. provides aid and assistance to civil organizations and advocacy groups to mobilize public participation in the process of decision-making, which in essence encourages decentralization and liberalization. Therefore, this vertical and horizontal institutional relation generates different ambivalent perceptions of these two powers: the Chinese approach as encompassing the politics of exclusion, and the American way as the politics of participation and liberalism.

With regard to trade, China's bilateral trade with Cambodia is relatively low compared to that of the U.S. but after the Paris Agreement was endorsed 1991, Sino-Cambodian economic and trade cooperation has been developed rapidly. Starting in 1992, bilateral trade volume has been increasing continuously. The increasing margin is much larger, compared to the growth rate of the nation's foreign trade. By 1997, Sino-Cambodian trade volume hit US$120 million, increasing by 71.8% compared to the year before. In 1998, the number reached US$162 million, another increase of 34.1%. The bilateral trade volume of 1999 was US$160 million, dropping 1.1% compared to the year before, of which China's exports account for US$104 million, dropping by 8.2%, and imports, US$55.8 million, increasing by 15.8%, compared to the year before.[6] By 2002, China became the biggest investor in Cambodia. According to the *Cambodian Statistics Yearbook*, the PRC invested nearly US$36 million, which accounted for 14.3% of the total investment in the country. On the other hand, in 1999, the U.S. invested US$4.5 million in Cambodia, which accounted for 1.8% of the total investment in the country. But by 2001/2002, there had been no new U.S. investments in Cambodia.[7] Yet, the U.S. imported US$1,071 million worth of goods from Cambodia but only exported to Cambodia US$29 million worth of goods and sustained a trade deficit of US$1,041 million. The U.S. trade deficit with Cambodia has been reduced to US$381.6 million dollars in 2005, because it imported only US$397 million worth of goods.[8]

Cambodia's Strategy Towards China

As a post-conflict and independent country, Cambodia has been friendly to any government that is willing to assist its human security and economic programmes while respecting its national sovereignty. Therefore, Cambodia's strategy in dealing with China is to treat China fairly and with the same respect like any other dialogue partner. As such, while Cambodia recognizes the rise of China, its coping strategy is not to alienate it but rather to implement pro-active engagement with PRC. In terms of security, China's active engagements in the ARF, ASEAN+3, the Declaration of Conducts of the South China Sea, Treaty of Amity and Cooperation, and the U.S. recognition of ASEAN collective security cooperation are indications of an expanding dialogue partnership to discourage military conflict within the region. It is difficult, however, to evaluate the success of Cambodia's immediate strategy in coping with the rise of China because Cambodia's engagement with China occurs more through the ASEAN processes than at the bilateral level. Yet, this might change because China has been sponsoring personnel from the Cambodian Ministry of Defence for military training in China and the Royal Government of Cambodia has been very responsive to the invitations. The effectiveness of Cambodia's strategy for coping with the rise of China would be indicated by China's reactions to democratization in the region because a democratic Southeast Asia might very well complicate China's sphere of influence in the region.

In principle, Cambodia relies on the ASEAN Framework to engage with China. Likewise, China perceives Cambodia in the context of the China-ASEAN Framework, knowing that it will gain the government's endorsement on Chinese policy and position in the region, for example, the development of the greater Mekong sub-region and recognition of China's position on the "One China Policy" as well as the PRC's position on the Spratly Islands. In return, in its unique way, Cambodia's strategy for dealing with China tends to fall under the variants of power balancing. This means that Cambodia recognizes China's interests in exchange for China's recognition of Cambodian national interest, whether economic or political. And because of such expectations, Cambodia maintains a balanced and flexible relationship with China. During Cambodia's ASEAN chairmanship, the Ministry of Foreign Affairs and International Cooperation was steadfast on the importance of multilateralism for regional cohesion and solidarity to promote Cambodia's interest and promoting China's participation in regional security, economic and political cooperation, stability and unity.

Multilateralism is a strategy which provides Cambodia the flexibility to advocate its interests while at the same time engage with powerful actors such as the U.S., the E.U. and China. The strategy is quite understandable for Cambodians: why make enemies while one can make friends? But this must be a friendship based on mutual respect, not exploitation. Therefore, multilateralism also means that Cambodia does not reject the U.S. presence in the region nor undermines the rise of China. Likewise, Cambodia expects China to reciprocate its political posture towards the former and perhaps to play a greater active role in the areas of human security and economic cooperation with Cambodia.

Cambodia's Expectations of the U.S. role in Regional Security

Cambodia has had a negative legacy with the U.S. because of the Cold War and the Indochina conflict. U.S. secret military and bombing campaigns, in addition to supporting Democratic Kampuchea after it was overthrown by the Vietnamese, means that Cambodia's experience with the U.S. is characterized by the lack of trust and commitment in security cooperation. Nonetheless, Cambodia is striving to rekindle security cooperation with the U.S. At present, Cambodia has no strategic security relations with the U.S. The Ministry of Defence receives very little interaction with the Department of Defense, and Cambodia has not received significant military contributions or participated in a joint military exercise in regional security.

In the broader sphere of U.S. foreign policy, the Bush administration's pre-emptive doctrine after 9/11 did concern members of the Cambodian ruling elite. They worry that the U.S. might use its counter-terrorist policy to implement regime change or simply to impose reform measures that would undermine national sovereignty. However, instead of being hostile to U.S. counter-terrorist activities in Southeast Asia, Cambodia's Ministry of the Interior has been actively cooperating with the FBI, sharing intelligence and cooperating in searching for suspected elements of terrorism. Cambodia is not plagued by terrorist cells but several suspected members of Jemaah Islamiyah were apprehended by the local authorities. At any rate, Cambodia did not adjust its strategy and approach due to the fear of negative repercussion if it failed to cooperate with the U.S. Rather, Cambodia opted for greater cooperation with the U.S. and Australia to combat terrorism because

its overall policy posture is international cooperation, multilateralism and flexible engagement.

While the U.S. advocates regimes change through democratization in Cambodia, it has to accept the fact that regime change does not guarantee democracy in Cambodia. Cambodia needs to have a friendly power to rely on in helping to cope with nation building. Cambodia believes the U.S. can help democratize Cambodia by not imposing democratization, but instead through institutional linkage and humanitarian assistance. Cambodia wishes the U.S. to be consistent with its foreign policy towards ASEAN by not favouring a particular regime, government or country in the region while stigmatizing others. In term of regionalism, Cambodia believes the U.S. could help to strengthen ASEAN by not attempting to isolate Myanmar because isolating Myanmar would force the junta to coalesce with external powers. The U.S. could help the Royal Government of Cambodia to help strengthen technical capacity for poverty reduction initiatives.

Militarily, the Royal Armed Forces of Cambodia is weak because of the absence of knowledge and vision of institutional management. The Khmer military personnel need training assistance. U.S. policy in Cambodia and in Southeast Asia could help Cambodia to cope with the rise of China through greater people-to-people interaction and institutional linking. Balancing in this sense means coordinating objectives and interests among actors and systems, while at the same time respecting the independent sovereignty and authorities and systems of participating members. Improving bilateral relations between the U.S. and Cambodia reflects the U.S. commitment to human and economic security. Likewise, the U.S. commitment in helping to close the development gaps within the region would ensure regional stability, while at the same time promote democratic values and principles not for the purpose of overcoming local authorities but to transform the knowledge base as well.

Endnotes

1 Prime Minister Hun Sen, Interview, http://www.investincambodia.com/new-page -3.htm, 2004.

2 U.S. national interests in Cambodia lie in reducing Cambodia's vulnerability to international terrorism and international crime (such as trafficking in persons and narcotics) through building the country's potential to become a democratic state with an effective legal and judicial system and market-led growth that protects civil liberties and human rights. The U.S. strategic objectives are to: 1) Increase the Use of HIV/AIDS and Family Health Services and Appropriate Health-Seeking Behaviour; 2) Increase Competition in Cambodian Political Life; 3) Increase Relevance and Quality of Basic Education

3 China Internet Information Center, http://www.us.tom.com/english/, 2002. China established diplomatic relations with Cambodia on 19 July 1958. The Second Prime Minister of Cambodia visited China from 18 to 23 July in 1996, and on 19 July, the two sides signed the Trade Agreement and Investment Protection Agreement.

4 Embassy of China, "Iron Fist-2004 expands China's military cooperation with foreign armed forces", http://www.peopledaily.com, 2004.

5 Lao veterans, Hunting for Influence (2002), http://www.federalistradio.com.index, 18 May 2005.

6 China Internet Information Centre, http://www.us.tom.com/english/360.htm, 2002.

7 Royal Government of Cambodia, National Institute of Statistics: *Statistical Yearbook 2003* (September 2003).

8 U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C. 20233.

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Southeast Asia and China

– Alice D. Ba –

This chapter focuses on ASEAN's relations with China. Given the diversity of perspectives represented in this collection of essays, it may seem odd to focus on collective ASEAN. Clearly, differences and tensions between ASEAN states on China often complicate the organization's ability to act as one. At the same time, an overemphasis on intra-ASEAN differences risks overlooking the commonalities that tie these diverse states together. In the context of this volume where diversity is an important theme, this chapter thus serves the purpose of identifying preoccupations that overarch diverse perspectives. Specifically, it focuses on the ASEAN states' shared predicament of being lesser powers in regional and global systems dominated by larger ones, how this predicament commonly informs ASEAN's diplomacy towards not just China, but also the U.S. and other major powers.

ASEAN's predicament of vulnerability and dependence offers a starting point for thinking about the expansion of ties between ASEAN and China since the early 1990s, especially in relation to instabilities in U.S.-ASEAN relations. The dramatic improvement in ASEAN's relations with China may provide the basis for even closer relations in the long term; however, in the near-to-medium term, it is likely ASEAN states will continue to display a certain amount of apprehension towards China due to past tensions and the

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material asymmetries that characterize relations. In the short-to-medium term, at least, ASEAN states are likely to find that the challenge vis-à-vis China (and the U.S.) will be as it has been for much of the last four decades: how to manage their vulnerability and dependence vis-à-vis greater powers such that they can maintain some space for autonomous action and ability to define for themselves their future.

A Shared Predicament

Emmerson argues that if there is one idea that ASEAN states have in common, it is resilience. Defined as "the capacity of a regional regime to maintain itself against external and internal pressures and conditions that could defeat or divide it",[1] resilience has mostly been discussed in terms of national resilience—an acknowledgement of the internal challenges of state and nation building. However, resilience also has regional and external dimensions—regional because the same concerns about fragmentation and defeat from within also apply on a more broadly regional, Southeast Asian scale; external because resilience contains within it a deep preoccupation with the influence and manipulations of external, major powers in the domestic and regional politics of states.

Concerns about resilience have been evident in ASEAN's relations with all the major powers, but they have been especially prominent in ASEAN's relations with China at least until the late 1980s. At the national level, ASEAN states viewed China's early efforts to manipulate Southeast Asian domestic politics as China's efforts to topple them from within. Similarly at the regional level, ASEAN states, super-sensitive to the fragility of their own relations, saw China playing different members against one another in an effort to divide and rule.

The preoccupation with external manipulations also reveals a shared concern and structural predicament involving the great asymmetries of power that characterize states' relationships with major powers. ASEAN's predicament is this: As lesser powers in the system, states have felt it necessary to look to greater powers for economic and security goods; however, such reliance increases the possibility of further manipulations and at least, conflicts with national and regional autonomy goals.[2] All members, to different degrees, feel the tug and pull from both ends of the dilemma (tensions that are made visible by domestic or intra-elite debates, for example). At the

same time, because members' preferences do vary, ASEAN's predicament is best characterized in terms of a spectrum, with great power roles on one end and autonomy on the other, and where states represent different points along the spectrum. ASEAN's great power predicament is thus expressed in tensions within states, but also between states.

This predicament has been especially prominent in intra-ASEAN debates about the appropriateness of ASEAN's reliance on great powers for security, especially the U.S. At ASEAN's founding, debates focused on the appropriateness of U.S. bases in the Philippines. In the 1970s, debates about Malaysia's original Zone of Peace, Freedom, and Neutrality (ZOPFAN) proposal focused on the role played by the major powers as guarantors of ZOPFAN. However, China has also played the great power role for ASEAN as illustrated by the de facto alignment between ASEAN and China against Vietnam's intervention into Cambodia in the late 1970s and 1980s, during which ASEAN states experienced some of their most polarizing debates.

In the early 1990s, ASEAN's great power dilemma was brought to the fore by a retrenching U.S. and a rising China. Post-Cold War plans for U.S. military retrenchment, anti-Asia domestic trade pressures, intensified scrutiny of Asian human rights practices all underscored questions about the long-term U.S. commitment to Southeast Asian security and development. Meanwhile, a rising China with uncertain intentions underscored ASEAN's vulnerability. Provocative activities in the South China Sea and reports of Chinese naval modernization furthermore transformed China from being a primarily domestic, internal threat as it was during the Cold War into a more conventional territorial threat. Not surprisingly, ASEAN states, across the board, viewed China as a revisionist power intent on upsetting existing regional political and military arrangements.

ASEAN's Evolving Views of China: From Revisionist Troublemaker to Regional Leader?

The 1990s ended on a different note than the one on which it began. In particular, ASEAN-China relations experienced a dramatic increase in exchanges involving new economic opportunities, new functional cooperation, a new Chinese foreign policy, new economic initiatives, and changing attitudes on both sides. Indeed, what has taken place is no less than a major sea change in relations.

What is the nature of this sea change? This sea change in states' relations with China is about more than common interests or states' growing interdependence. It is also about states' new openness to the possibility that China can be persuaded to share with ASEAN a larger community interest. While one would not want to overstate the extent to which views of China have changed, neither should the significance of these changes be overly minimized. No ASEAN member is prepared to say that it completely trusts China, but there has been a growing openness to the possibility that China can be a constructive regional partner, even regional leader, that is respectful of ASEAN interests. This is a tremendous change, especially if one considers their previously conflictual relations.

How did this change take place? Much credit must go to ASEAN's early efforts to reassure China through a mix of unilateral, multilateral, and institutional engagement processes. This "complex engagement" of China helped create the conditions and context that facilitated later changes in Chinese foreign policy and improvements in relations. Especially in the early-to-mid 1990s when China was suspicious of ASEAN and ASEAN's relations with the U.S., ASEAN diplomacy opened new opportunities for exchange, cooperation, and assurance that helped persuade China to see ASEAN and regional multilateralism in a more positive light.[3]

Partly, ASEAN states pursued their engagement of China to "hedge" against possible U.S. retrenchment. Partly, states pursued engagement out of self-interest (the lure of the China market, for example). But underlying ASEAN's complex engagement of China is also an important belief that such engagement processes serve important reassurance and political-security purposes. Drawing largely on the understood success of engagement processes in transforming relations between the five original ASEAN members, ASEAN states hope that engagement can elicit desired modifications in China's behaviour and new thinking about them. Thus, for ASEAN, complex engagement is ultimately more than creating neoliberal webs of interdependence. Rather, it is also about persuading China to think differently and less confrontationally about regional security and its relations with ASEAN states. In this sense, complex engagement is a kind of socialization process—not socialization in the sense of China becoming like the ASEAN states (no state really expects that) but socialization in the sense of China's changed behaviour in accordance with a "culture of restraint" and the "3 R's" of the "ASEAN

way": restraint, respect, and responsibility.[4]

Importantly, however, the improvement of relations also depended on China responding to ASEAN's overtures in kind. A one-sided ASEAN affair would not have produced the same attitudinal changes. To be sure, there were still provocations on China's part, but there were also other more reassuring changes in China's foreign policy. These included China's new willingness to participate in regional arrangements and China's articulation of a "new security concept". Eschewing the power politics of the Cold War, the concept championed security based upon "equality, dialogue, trust and cooperation".[5]

Since 1997, China has also displayed a responsiveness to growing ASEAN concerns about China's growing presence. This responsiveness has taken the form of both symbolic and substantive gestures. Beijing's proposed ASEAN-China Free Trade Area (ACFTA) responded to ASEAN's sharpened concerns about trade and investment diversion to China. Beijing's new willingness to work on a South China Sea code served to lessen tensions over the Spratlys, a major concern of ASEAN states. Beijing's diplomacy and visits by China's fourth generation leaders served to soothe any anxieties about China's impending leadership transition. China also stands out for being the first major power to sign onto ASEAN's Treaty of Amity and Cooperation (TAC) and the first nuclear power to express interest in signing the Southeast Asian Nuclear Weapons Treaty (SEANWFZ) protocol.

On TAC and the SEANWFZ, some may see these initiatives as irrelevant or meaningless. After all, these initiatives—despite all being expressions of ASEAN's autonomy goals—depend in large part on major powers respecting ASEAN's claims and declarations; ASEAN states do not have the coercive capability to compel compliance from these larger powers. Such conclusions, however, fail to consider how such initiatives establish normative boundaries and normative constraints on major powers. What TAC, SEANWFZ, and also ZOPFAN do is to establish that there is a normative ASEAN space in which non-ASEAN states will have to justify their actions.

Thus, China's decisions to sign TAC and the SEANWFZ protocol represent important symbolic gestures because they signal China's willingness to recognize that space or at least the norms attached to that space. That willingness helped cast China in a more positive light—as an actor able and willing to work with ASEAN. That willingness also helped further legitimate ASEAN's authority and role in Southeast Asia. This is why other

states—Japan, Russia, South Korea, India, Pakistan—have followed China's lead, and why there is pressure on Canberra to do the same.[6] Each of these external powers hope to achieve certain objectives. China and Japan seek recognition as regional leaders; others seek inclusion in future developments. In each case, ASEAN is important if they are to achieve their goals. Of the major powers in Asia, only the U.S. has unequivocally resisted signing on.

What the U.S. Has To Do With Recent Improvements in ASEAN-China Relations

Changes in the U.S. role and changing perceptions of that role is a sometimes overlooked factor in the improvement of relations between ASEAN and China. Too often, recent narratives are all about China and Chinese policies when, in fact, ASEAN's evolving relations with China is also a reflection of its changing perceptions of the U.S. Specifically, states' diminished faith in the U.S.'s commitment to Southeast Asia has provided the important context and trigger for the recent improvement of relations.

For ASEAN's founding members, questions about the U.S. commitment precede the ending of the Cold War. They go back to the early-to-mid 1970s when Washington's unexpected détente with Beijing and the ending of the U.S. war in Vietnam contributed to the perception that Washington was abandoning Southeast Asia and clearing the way for China. Post-Cold War questions about the U.S. raised by U.S. retrenchment, trade questions, efforts to link human rights to trade, and trade to security were, in this sense, not new so much as part of a more enduring question about the dependability of the U.S. For ASEAN states, there was also a sense of betrayal. This was because ASEAN states, loyal U.S. allies during the Cold War, perceived themselves the new targets of Washington's post-Cold War agendas.

These doubts about the U.S. provide the context, indeed the necessity, for ASEAN's engagement of China. As in the 1970s, when U.S.-China détente initiated normalization processes between ASEAN states and China, Washington's changing post-Cold War priorities prompted similar reflection about the dangers of putting all one's eggs in one basket. To rely solely on the U.S.—or any other one power—for security is to be vulnerable to changing strategic calculuses. To rely solely on the U.S.—or any one market—to drive Southeast Asian economic growth is to have that growth held hostage to

the fickleness of U.S. domestic politics, and the ups and downs of another's economy. To rely solely on any one power for security and economic goods is also to be vulnerable to efforts to manipulate, dictate, and pressure ASEAN governments in areas that are traditionally of domestic concern. It is this predicament and this context of changing U.S. priorities that compelled ASEAN's expanded engagement of China. For these lesser powers who have no choice but to exist in China's shadow, they must engage China and must at least try to get along with China so that relations will be strong enough and stable enough on their own terms should questions about the U.S. intensify. In short, states found themselves once again confronted with a historical predicament where they, as lesser powers, had to find ways to assure their own security without becoming overly reliant or vulnerable to the agendas of any one power.

ASEAN's vulnerability and predicament were most dramatically felt during the 1997/98 Asian Financial Crisis (AFC). There is now broad agreement that the AFC marked an important turning point in ASEAN-China relations, and that China emerged from the crisis with its image much improved. There is also broad agreement that the U.S. image suffered from its reluctance to provide greater and more immediate assistance; its role in shaping the policies of the International Monetary Fund; and the expressions of Western neoliberal triumphalism reported around Washington.[7] The U.S. response to the crisis has helped feed the popular view, even among more moderate observers, that the U.S. is not just undependable but that it might even be actively working to bring Asia down.[8]

However, such questions about whether China or America fared better from the crisis can also sidetrack discussions from the larger lesson of the Asian crisis, and that is that ASEAN states, as lesser powers in the global system, found themselves without many options. The AFC especially brought home the lesson that ASEAN states are not just dependent on the U.S. as trade partner or as security stabilizer, but that the power of the U.S. (and ASEAN's vulnerability to the U.S.) in fact goes well beyond that because the U.S. is also the primary controller of international institutions, definer of international norms and rules, and provider of state and regime legitimacy. So while it may be true that ASEAN states find themselves in unequal relations with all the major powers, their relations with the U.S. are, in fact, defined by gross inequalities. In this sense, ASEAN's increased, post-crisis

support for East Asian or ASEAN-plus initiatives that do not include the U.S. is less about excluding the U.S. than it is about creating options. The issue here may be different for ASEAN's newer members for whom the balance of dependence has historically been different. Vietnam, for example, sees Washington as a way to mitigate its intense relations with Beijing. Nevertheless, for the original ASEAN states plus Brunei, China offers options, as much as opportunities. To return to the question of China's revisionist state status, one might also note that if revisionism means a desire to change certain rules and practices of the existing global system, ASEAN states may not be entirely opposed to China's revisionism.

To be clear, ASEAN states continue to see in Washington an important strategic and economic relationship. The U.S. continues to face no real rivals in a material sense. However, what the U.S. has lost is trust, respect, and soft power. U.S. trade policies push the liberalization of Asian markets, but that stance contrasts with Washington's own protectionist measures—the protection of American steel, manufacturing, agriculture and proposed legislation against outsourcing.[9] Washington pushes burden sharing and alternative leadership only to object when states seek out more independent, non-U.S. based solutions (Japan-led initiatives like the Asian Monetary Fund (AMF) and East Asian Economic Group (EAEG) are good examples). U.S. failure to consult ASEAN states on matters of Southeast Asian concern is a longstanding complaint but Washington's recent unilateralism underscores its relative lack of regard for ASEAN views, the relative unimportance it attaches to Southeast Asia, and at very least, a certain complacency about its ASEAN relations (which contrasts with China's focused "courtship" of ASEAN).

Even terrorism—a subject on which the U.S. and ASEAN share important concerns—has not necessarily been a unifying issue. While the war on terrorism has rejuvenated some relations (Washington's relations with Manila, especially), there are still differences in emphasis and approach. For example, ASEAN states would like to see the U.S. pay more attention to the socioeconomic and local sources of militant activity in Southeast Asia. ASEAN states are especially concerned about Indonesia and have viewed U.S. sanctions on Indonesia (for human rights violations) as delaying Indonesia's socio-economic recovery, which hurts Jakarta's material capacity and moral authority to combat terrorism. ASEAN states are also not happy about

Washington's general lack of appreciation for the region's challenges and contributions. There is concern that U.S. policies in Asia (but also Iraq and the Middle East) may in fact be detrimental to the overall cause of regional security because they help radicalize extremist groups or at least turn general public sentiment against the U.S.

In short, the recent expansion of ASEAN-China relations is as much due to disappointment with U.S. policies and a feeling that the U.S. is an unreliable partner, as it is due to the growing economic and political clout of China. As one observer characterized it, "At various intervals in the 1990s, U.S. relations with Southeast Asia might have been described as a loose arrangement of irritations."[10] Those irritations have provided "entry points [for China] to expand relations with individual countries and strengthen its overall role in the region."[11]

At very least, the rise of China means that the U.S. is no longer the only game in town. Southeast Asian economies have been looking to China as a supplemental driver of Southeast Asian growth in both trade and investment at a time when the U.S. economy seems to be faltering and U.S. domestic interests appear increasingly anti-Asia. They are looking to improve ASEAN-China relations on their own terms as a hedge against what they see to be further U.S. military and political disengagement. They are also looking to China to provide some voice for East and Southeast Asia in global fora. So if much of Southeast Asia displays a heightened interest in China, it has a lot to do with perceived uncertainties about the U.S. role in Asia, as well as greater distrust of the U.S. as friend, patron, and leader.

Challenges Ahead

The challenges ahead are many. For ASEAN, economics and trade have become increasingly important in its relations with China. Fears and concerns about how ASEAN states will be able to compete with a China that Goh Chok Tong described as "10 post-war Japans, all industrializing and exporting at the same time"[12] only have intensified due to the Asian crisis' disparate effects (materially and otherwise) on ASEAN and Chinese economies, as well as China's entrance into the World Trade Organization. China's growing economic power has important political-security implications that speak not only to ASEAN's comprehensive notions of security and resilience

but also to the states' interest in mitigating their great power dilemmas. While China's economy can offset an over-dependence on the U.S. economy, states also fear an over-dependence on the Chinese economy. Thus, while ACFTA demonstrates China's responsiveness to ASEAN concerns and attempt to create greater interdependence, rather than competition, members nevertheless continue to have deep concerns that their economies and voice will be lost in larger trading and political-security arrangements. Thus, China's economic challenge contains within it a deeper political challenge and has potentially significant ramifications for Southeast Asian autonomy. In short, China's growing economic prowess and the trend towards China-centric, if not China-led, integration focus ASEAN's dilemma increasingly on China.

Given the nature of ASEAN's predicament, efforts to characterize ASEAN's strategy in terms of balancing behaviour (whether against China or the U.S.) may therefore not be entirely appropriate. Balancing implies a choice: A state chooses to ally with one state against another. But that kind of choice is not available to ASEAN states that must get along with China and that continue to need the U.S. In the ASEAN context, it may therefore be more appropriate to refer to balancing or diversifying dependence, rather than the more conventional and competitive sense of balancing against different threats. In other words, for the ASEAN states, it cannot be just about China, just as it cannot be just about the U.S. This is why members continue to work on expanding relations with both the U.S. and China, and also with Japan, Korea, Europe, India, and Russia. For ASEAN, having more players involved can mitigate dependence and expand choices and space for manoeuvre.

On the other hand, such interest from others may contain hidden dangers. In particular, there is the potential that ASEAN will become caught between China and America—two major powers that view Southeast Asia as part of their larger struggle with one another. China's diplomacy suggests persistent concerns about Washington's intentions in Asia, but thus far, Beijing has mostly respected the preference of ASEAN states that there remain a U.S. strategic presence—a stance that is perceived positively in ASEAN. As for Washington, it sees in China a challenge to U.S. pre-eminence. Consequently, Washington tends to see China's growing influence in more zero sum terms where any gains in soft or hard power on China's part are perceived as a negative for the U.S. Recent attention to Southeast Asia—U.S. Deputy Secretary of State Robert Zoellick's 2005 visit to the region, most

notably—have been prompted in large part by Washington's perception that China's gains in Southeast Asia are at the U.S. expense.

Already, there are signs of competition. So far, it has been relatively benign—and even beneficial for Southeast Asia. For example, China's ACFTA compelled the U.S. to offer a proposal of its own. The U.S. proposed East Asian Initiative (EAI) was less substantive than ACFTA,[13] but as an indication of Washington's renewed economic attention to Southeast Asia, it was still very much welcomed by ASEAN states. Nor was Washington the only capital whose interest was piqued by the trade agreement—Japan, Korea, India, Australia, and New Zealand have all followed with their own trade negotiations with ASEAN. By renewing outside interest in ASEAN as a region, ACFTA thus played a part in resuscitating an ASEAN that many had written off as irrelevant after the AFC.

Competition is also evident in the political-security realm. Simon observes that Washington has increased its technical assistance and training to Southeast Asian navies patrolling the Malacca Straits "coincidentally" just as Beijing is proposing to raise its maritime profile in the region.[14] Similarly, the reinvigoration of U.S.-Philippine security cooperation has been accompanied by the expansion of military exchanges with China and a promised US$1 billion in soft loans and investment from Beijing, some of which is to be targeted at "enhancing the [Philippines'] roles as logistics and service hub in Southeast Asia."[15] The U.S. war against terrorism in Southeast Asia can also be seen as a cover for its real objective, which is to reposition itself in East and Southeast Asia vis-à-vis China. It is worth remembering, for example, the Bush administration's early (anti)China rhetoric and pre-September 11 overtures and visits to key Asia-Pacific allies.

Thus, while competition between major powers might give ASEAN more space and autonomy, there are also less reassuring aspects of the U.S.-China competition. ASEAN's problem and predicament will be most apparent should Southeast Asian states ever be forced to choose between China and America. In one recent instance, for example, U.S. representatives reportedly expressed recent displeasure about Southeast Asia's growing ties with China by suggesting that U.S.-ASEAN relations would suffer "erosion" if Southeast Asian states persist in expanding their political-military cooperation with China.[16] However, having to choose can only be a no-win situation for

Southeast Asia, which lives in the unavoidable shadow of China but also cannot afford to offend the U.S. for all the reasons discussed earlier.

Conclusion

The trends described above are not irreversible. Even given the "greater sophistication" exhibited by China's ASEAN policy of late, there remains significant apprehensiveness about China on the part of ASEAN states. There is also still room for mistakes and overreactions. China's saber rattling and what is often seen as an uncompromising position on issues like Taiwan, for example, serve as potent reminders that China, despite its new diplomatic face and economic priorities, is still quite willing to use and threaten force on issues that it identifies as being of great importance.

It is also important to put developments in context. If it sometimes seems that China is winning this public relations game at the U.S. expense, it may in part be due to the fact that each power has been subject to different expectations from ASEAN states. In the case of China, expectations began very low—ASEAN states expected conflict in the early 1990s. Anything better than conflict was therefore seen as progress. China is also considered a developing state with the constraints of developing states. By contrast, ASEAN expectations of the U.S. began very high, raising the likelihood of disappointment.

While China's growing influence and presence in Southeast Asia may suggest to some that China is displacing the U.S. in Asia, such conclusions would be premature, at least in the short-to-medium term. Not only does the U.S. remain the most powerful state in this international system, but also the nature of ASEAN's predicament means that members will continue to seek out both China and the U.S. Washington and Beijing therefore should not view recent developments in zero-sum terms. At the same time, neither should this be an argument for complacency. As illustrated above, U.S. complacency about its ASEAN relations may partly explain contrasting trends in ASEAN's relations with China and the U.S. China's diplomacy and gestures, in fact, cost Beijing very little, but they have gone a long way towards building goodwill.[17] Arguably, similar gestures would cost the U.S. little too but thus far, Washington has not thought it necessary to engage or reassure ASEAN in the same ways. Zoellick's 2005 tour of Southeast Asia

may signal a more sophisticated approach to Southeast Asia, but thus far U.S. policies seem to lack the soft touch that may also be correspondent with its diminished soft power. As in the EAEG and AMF examples, ultimatums and threats about the erosion of relations may achieve Washington's more immediate objectives of preventing certain developments here and now, but in the long term it may contribute to growing resistance and resentment. In style and substance, Washington's approach to ASEAN offers a stark contrast to China's recent ASEAN diplomacy.

The other argument against complacency is that while it may be true that ASEAN is not very powerful in the hard material sense, it does have normative and legitimating power. Thus, for those states that are interested in more than coercive dominance, ASEAN will not be insignificant. China's recent courtship of ASEAN suggests that Beijing is aware of the legitimating power ASEAN has over its bids for regional leadership, for example. Both China and the U.S. have an interest in maintaining and building their relations with ASEAN, just as ASEAN does with them, but it will require attention and restraint. Building trust takes time (as China is finding), but states may also find that it does not take much time to lose it.

Endnotes

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10
Southeast Asia and the United States

– David Capie –

Washington's influence in Southeast Asia eroded during President George W. Bush's first term. Ironically, this decline occurred during a period when Southeast Asia actually grew in importance to Washington. Why did this happen? The causes are diverse, but include concerns about the style and focus of U.S. engagement as well as skilful "smile diplomacy" by Washington's major regional rival, China.

This chapter is in three parts. The first section provides a brief introduction to ASEAN's core goal of regional autonomy and its parallel strategy of engaging with major external powers. It argues that ASEAN's "counter-dominance" strategy does not fit within a neorealist dichotomy of balancing and bandwagoning behaviour based wholly on calculations about the relative distribution of power.[1] Rather, it highlights the need to consider ideational as well as material variables when assessing shifting patterns of regional influence. The second section examines ASEAN and Washington's perceptions of one another, outlining some of the challenges that have complicated relations in recent years. The final section briefly raises some critical questions about the limits of identity-based explanations and suggests some avenues for further research.

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ASEAN, Autonomy and the Great Powers

Historically, an important ASEAN goal has been to maintain regional autonomy and prevent destabilizing interference by external great powers. These ideas underpinned the founding of the organization in 1967 and subsequent initiatives such as the Zone of Peace, Freedom and Neutrality (ZOPFAN), the Southeast Asia Nuclear Free Zone, as well as conceptual approaches to security such as national and regional "resilience". For all the emphasis on preventing interference from external powers, however, ASEAN countries have also given great importance to maintaining the U.S.'s security presence in Asia.[2]

ASEAN's pursuit of these twin strategies was challenged in the aftermath of the Cold War. The regional security discourse of the time was characterized by a high degree of uncertainty, with the principal concern being an American withdrawal from East Asia, and the possibility that a rising China would fill the void.[3] As Lee Kuan Yew remarked at the time, "Nature does not like a vacuum. And if there is a vacuum, we can be sure somebody will fill it."[4] Lee described the U.S. presence as "essential for the continuation of international law and order in East Asia". In an effort to sustain American involvement, Singapore made its naval facilities available to the U.S. Navy.[5] Neighbouring states less willing to publicly proclaim their military relationship with Washington also enhanced their bilateral defence ties.

This pattern of deeper post-Cold War engagement raises some problems for neorealist explanations that focus on the distribution of power. Closer defence relationships between ASEAN states and the U.S. occurred at a time of unprecedented growth in power for Washington. Militarily, the U.S. emerged unrivalled from the Cold War, with its enormous defence budget the equivalent of many of its rivals added together. Economically, it continued to expand and grow throughout the 1990s. If the distribution of material power determines whether states will pursue a balancing strategy, as Kenneth Waltz asserts, then arguably we should have expected small- and medium-sized countries such as ASEAN's members to balance against the U.S., perhaps through alignment with China. That this has not happened lends support to Stephen Walt's argument that it is the balance of threats, not the balance of power, that determines balancing behaviour.[6]

Like Waltz, Walt accepts that states usually balance against, rather than bandwagon with, potential opponents. However, he argues variables

like "aggressive intentions" and "perceptions of intent" (as well as material factors like geographical proximity and aggregate power) prompt balancing behaviour rather than "the mere existence of capabilities".[7] Unfortunately, while this is persuasive, Walt does not explain how "aggressive intentions" are created, except to fall back on to the material variables of power and geography.[8] Social constructivists, however, have embraced Walt's analysis, arguing that "perceptions" and "intentions" can actually be best explained not in realist terms of power, but rather in terms of identity. Whether a state balances with or against a particular state will depend on how it regards its own identity and the identity of the other.

In the decade after the collapse of the Soviet Union, it was China that was most often discussed as a potential threat to Southeast Asia. Although militarily weaker than the U.S., China's proximity, its history of conflict with its neighbours, unresolved territorial disputes and a vast military modernization project, combined to create the perception that it was a potential revisionist power that needed to be balanced against. Conversely, despite its immense offensive power, the U.S. represented a less threatening option and a better prospect as a security guarantor. Constructivists have argued that U.S. power has been seen as less threatening for ASEAN because of the identity of the American state. While its physical distance from the region (a material factor) helps allay fears, Khong argues it is also seen as a "democratic, wealthy and benign power—one ASEAN is able to identify with". This identity "tips the scale in [the U.S.'s] favour despite its overwhelming military power".[9]

In the past four years, there has not been a dramatic change in the distribution of material power among the great powers in Asia. Despite China's economic growth and military modernization, the U.S. remains the dominant power in the region.[10] At the same time, however, the past three years have seen a growing consensus that there is a changing "balance of influence" in East Asia. A number of authoritative observers have expressed concern over a perceived decline of American influence in Asia.[11] According to one influential Southeast Asian commentator, "the U.S. is losing the competition for influence in Southeast Asia. The winner, at least for the time being, is the People's Republic of China."[12]

What explains why America is perceived to be falling behind? A focus on the distribution of material power offers few clues. Rather, what we have

seen in the past five years is a shift in regional perceptions of Chinese and American identities, both globally, and vis-à-vis Southeast Asia. In order to understand this change, however, we must get beyond net assessments of material power, and instead examine the ways in which the power of external actors is refracted through the lens of identity. In other words, how is Washington perceived in Southeast Asia, and vice-versa?

Washington's Perceptions of Southeast Asia

U.S. perceptions of ASEAN need to be seen in the context of Washington's broader Asia policy. After four difficult years for American diplomacy, Asia is generally seen as something of a bright spot. In November 2004, Assistant Secretary of State James Kelly reflected on his tenure, opining that while "no administration can claim to have resolved all the issues confronting it in only four years, we can say with confidence that we've had excellent achievements and made solid progress in Asia".[13] Foremost among these achievements is the development of simultaneous good relations with China, Japan and the ROK.[14]

These good relations are welcomed in Southeast Asia, but they also indicate where core U.S. security interests in Asia lie. While combating terrorism in Southeast Asia is frequently mentioned as an important security issue, U.S. military deployments and diplomatic activity remain centred on Northeast Asia, most notably the Korean peninsula and the Taiwan Straits. As Secretary of Defense Rumsfeld noted during a visit to Singapore in June 2004, the nature of the terrorist threat in Southeast Asia is not one that can be effectively countered by a military that is "organized, trained and equipped to fight armies, navies and air forces".[15] The American counter-terrorist effort in Southeast Asia is largely "an intelligence and law enforcement effort, not a military one and these areas by their nature are less visible than movements of major military units".[16]

To be sure, greater attention has been paid to Southeast Asia since 9/11. Washington has launched joint military operations with the Philippines Armed Forces. It has favoured both the Philippines and Thailand with the status of "Major Non-NATO Ally" and provided hundreds of millions of dollars in military assistance.[17] It has worked to develop effective counter-terrorism strategies with ASEAN states through bilateral cooperation

and multilateral initiatives such as the Regional Counter-Terrorism Training Centre in Kuala Lumpur. But while Southeast Asia's profile has risen and changed in the context of the global "war on terror", claims that it is the "second front" exaggerate its importance in wider U.S. strategy.[18] It is not yet "a region of prime strategic importance" to the U.S. as some have argued.[19] Rather, Southeast Asia continues to languish in the shadow of Northeast Asia, and much further still behind primary concerns such as the Middle East.

Second, Washington's interest in Southeast Asia is dominated by terrorism. When President Bush toured the region in late 2003, his visit was likened to that of "a general surveying a battlefield".[20] Asian commentators have complained about a sense that they are being "hectored" by Washington on terrorism issues.[21] While U.S. officials have gone to great lengths to draw attention to other forms of engagement, including the economic, development assistance and cultural ties that bind the U.S. to the region, they have been unable to overturn the impression in the region that Washington has "a uni-dimensional approach towards Southeast Asia".[22] This narrow focus has also had consequences for Washington's focus within Southeast Asia. Since 9/11, U.S. attention has largely been on maritime Southeast Asia: Indonesia, the Philippines, Malaysia and Singapore. Relations with ASEAN's four newer members—Cambodia, Laos, Myanmar and Vietnam—have changed little.

Perceptions of Washington in Southeast Asia

An examination of recent speeches and reports suggests that ASEAN elites have a number of concerns about relations with Washington. The first relates to a perennial bugbear: a perceived lack of attention. Washington looms much larger in ASEAN capitals than Southeast Asia does within the Beltway. What is interesting, however, is that ASEAN leaders continue to feel a sense of comparative neglect at a time when the U.S. has paid more attention to the region than it did, for example, during the Clinton administration.

The consequences of not engaging more fully with ASEAN have been made clear to Washington, even by some of its closest regional partners. Former Singaporean Prime Minister Goh Chok Tong warned that "if U.S. attention on Northeast Asia causes Washington to neglect Southeast Asia, sooner or later, the centre of gravity of the ASEAN+3 process will shift northwards".[23] The clear implication being that ASEAN will be drawn closer to China.[24] One report sums up recent exchanges between ASEAN and the

U.S. as "not a cry for help; [but] a cry for attention".[25]

Second, as was noted above, ASEAN elites are concerned with what they see as the U.S.'s obsession with terrorism at the expense of other issues. While all regional states recognize the importance of countering transnational terrorist networks, they see it as only one important security challenge among many, and certainly not the most pressing. As Higgott has noted, from an Asian perspective "the most important 'event' in contemporary U.S.-Asian relations is not 9/11 but rather the Asian economic crisis of 1997/98".[26] With the possible exception of Singapore, the priority for ASEAN states remains economic development and nation building, as well as tackling growing "non-traditional" security issues.[27] Even regimes that have concerns about Islamic extremism, tend to take a more nuanced view of the threat than Washington does. While common interests remain, a gap has emerged between many Southeast Asian states and Washington when it comes to identifying and responding to threats.

Third, Southeast Asian leaders have viewed many U.S. actions since 9/11 with deep concern. While the invasion of Afghanistan was largely understood by regional elites, the 2003 invasion of Iraq seriously complicated strategic relations, most notably with Malaysia and Indonesia. The use of military force without U.N. sanction and the Bush administration's assertive unilateralism, particularly the policies of "pre-emption" and preventive war, were widely opposed in Southeast Asia, where the norms of non-interference and sovereignty continue to hold great sway. As Evelyn Goh has argued, since 9/11 Washington's military power has been more visible than ever before, but its stock of "soft power" has declined precipitously.[28]

China and the Impact of Smile Diplomacy

To be fair, the decline of U.S. influence in Southeast Asia is not all Washington's fault. Credit also needs to given to adroit diplomacy by its principal regional rival, China. Unlike Washington, Beijing has the luxury of being able to focus primarily on an economic agenda, rather than one dominated by terrorism and conflict. However, it has still played its hand extremely ably, reassuring Southeast Asian states that its economic growth represents, on balance, an enormous opportunity, rather than a threat to ASEAN producers and a potential diversion of foreign investment. China has built on the

goodwill it earned during the regional economic crisis, and Beijing's 2002 proposal to create a free trade area with ASEAN within a decade, while offering some protection for ASEAN's least developed economies, "struck exactly the right chords" with Southeast Asian governments.[29]

China has complemented this optimistic economic agenda with a style of institutional engagement that has been equally reassuring to ASEAN. Beijing's official contacts with the region have increased exponentially over the last decade and it has been able to use multilateral fora effectively to improve ties.[30] From ASEAN's perspective, the use of multilateral arrangements like ASEAN+3 and ASEAN+1 reduces concerns about asymmetry, easing fears about a possible Chinese "divide and rule" strategy.

Finally, Chinese officials have worked assiduously to reassure ASEAN states about Beijing's territorial ambitions and growing military capabilities. Since 1991, China has resolved border disputes with Laos, Vietnam, Russia, Kazakhstan and Kyrgyzstan, "sometimes on less-than-advantageous terms".[31] While Beijing has not relented in its claims to the Paracel or Spratly Islands, it has repeatedly assured its neighbours it will settle the disputes peacefully and in accordance with international law.[32] Beyond these territorial disputes, Beijing has also pledged to cooperate with ASEAN states on a wide range of "non-traditional" security concerns, in particular transnational crime.

The contrast between Chinese and American approaches can be oversimplified and China's diplomatic successes can also be exaggerated. Collectively, however, these gestures have helped Beijing redefine itself as a benign neighbour. According to one commentator, "smile diplomacy" has "gone a long way toward defusing concern about Beijing's long-term intentions".[33] Notably absent from discussions in Southeast Asia today is the discourse of the "China threat". Instead, China is increasingly discussed as an economic "opportunity", and while some suspicions remain about its military might and economic appetite, it is increasingly viewed as a constructive regional player, largely supportive of the status quo.[34]

Unfortunately for Washington, this change in perception has come at a time when the U.S.'s own identity in ASEAN has also changed—for the worse. Its use of force to overthrow governments and impose democracy in Afghanistan and Iraq has unnerved some regimes in Southeast Asia and its fixation with terrorism has caused some to question its commitment to

broad engagement with ASEAN. While China is happy working through the "soft institutional" norms of the ASEAN way, the Bush administration has pressed for more formal frameworks for cooperation. The result has been that while the regional balance of power has not dramatically changed, perceptions of the character of both Washington and Beijing have. The result is a relative shift in the regional balance of influence.

Limits to Identity Explanations?

While Washington's influence has eroded over the last four years, that does not mean ASEAN is now bandwagoning with China as some have argued, or that the U.S. is destined to disengage from Southeast Asia.[35] Differences between Washington and some ASEAN countries over Iraq, for example, can be exaggerated. Extensive practical cooperation on a range of issues is sometimes obscured by fiery political rhetoric.[36] For the most part, regional elites have pursued a pragmatic approach to relations to Washington, looking to continue close military cooperation where it is seen as mutually beneficial. Despite strong domestic opposition to the invasion of Iraq, for example, both the Malaysian and Indonesian governments provided the U.S. military with overflight rights and continued cooperation on a wide range of defence, law enforcement and intelligence matters.[37] Despite large nationalist demonstrations in the Philippines, Manila supported the U.S. invasion of Iraq and also welcomed the deployment of U.S. troops to support military efforts against Abu Sayyaf.

The extent of this cooperation in the face of significant domestic political opposition suggests that U.S. influence in the region remains considerable, despite recent setbacks. It also raises questions about the explanatory power of an identity approach. Is a lack of shared identity irrelevant for an economic and military superpower if it can be deeply unpopular (at the popular level) and still get its way? Does a historical reputation of being "benign" have some value that continues for a time even after serious questions are raised about a state's possible intentions? At what point does the need to cooperate with the most powerful state simply trump concerns about its character and the style and focus of its engagement? When does the assurance of distant geography give way to concerns about offensive power? Walt does not provide an explanation for which of his variables matter more, saying "one

cannot determine a priori … which sources of threat will be most important in any given case, one can say only that that all of them are likely to play a role".[38] Constructivists have not done any better in explaining which aspects of shared identity are most important for sustaining alignment. While the point can only be raised in a chapter of this length, getting a clearer sense of which identities matter most (and when) in determining patterns of cooperation in the U.S.-ASEAN relationship would seem to be a fruitful avenue for future research.

Endnotes

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3 See ibid., p. 168–169, for a discussion of debates about the size of the U.S. presence. For an excellent discussion of uncertainty in the regional security discourse, see Yuen Foong Khong, "Coping with Strategic Uncertainty: The Role of Institutions and Soft Balancing in Southeast Asia's Post-Cold War Strategy" in J.J. Suh, Peter J. Katzenstein and Allen Carlson (eds.), *Rethinking Security in East Asia: Identity, Power and Efficiency* (Stanford University Press, Stanford, 2004).

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6 Stephen Walt, *Origin of Alliances* (Cornell University Press, Ithaca, 1987).

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10 Thomas Christenson, "Posing Problems Without Catching Up: China's Rise and Challenges for U.S. Security Policy" in *International Security* Vol. 25 No. 4 (Spring 2002), pp. 5–40.

11 See generally the two reports that came out of a recent Asia Foundation study that engaged experts on both sides of the Pacific, *America's Role in Asia: American Views* and *America's Role in Asia: Asian View* (San Francisco, the Asia Foundation, 2004). See also Brad Glosserman, "China's Influence Soars in Asia" in *The Japan Times*, 17 May 2004.

12 Tommy Koh, "America's Role in Asia? What Does Southeast Asia Want from Washington?" PacNet No. 53, 21 December 2004.

13 James A. Kelly, Assistant Secretary of State for East Asian and Pacific Affairs, Remarks to the Woodrow Wilson Center Conference on "George W. Bush and Asia: An Assessment", 9 November 2004.

14 Before leaving office, former Secretary of State Powell described relations with Beijing as the best they have ever been, and one analyst has described U.S.-Japan relations as "the best working relationship in the history of the alliance". See Brad Glosserman, "U.S. Perspectives on East Asian Security", a paper presented to the Institute for Defence Studies and Analysis (IDSA) conference on "The Evolving Security Dynamic in East Asia", New Delhi, 27–29 January 2005, p. 4.

15 Rumsfeld was responding to a question from a marine asking, "When are we going to start hunting some terrorists in this theatre [i.e. Southeast Asia]?" Secretary Donald Rumsfeld, Town Hall Meeting, USS Essex, 4 June 2004.

16 Deputy Assistant Secretary of State Matthew Daley, Remarks to the Center on International Cooperation's conference on "Security in Asia: Concepts, Threats and Assurances After 9/11", Singapore, 22 April 2004.

17 This assistance is detailed in David Capie, "Between a Hegemon and a Hard Place; The 'War on Terror' and Southeast Asian-U.S. Relations" in *The Pacific Review* Vol. 17 No. 2 (2004), pp. 223–248.

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19 Barry Desker and Kumar Ramakrishna, "Forging an indirect strategy in Southeast Asia" in *The Washington Monthly* Vol. 25 No. 2 (Spring 2002), pp. 161–176.

20 Evelyn Goh, "How America can charm Southeast Asia" in *The Korea Herald*, 1 November 2003.

21 Ralph Cossa, "America's Role in Asia", op. cit.

22 Ibid.

23 Goh Chok Tong, Speech to the U.S.-ASEAN Business Council's annual dinner, Washington D.C., 14 June 2001.

24 Evelyn Goh, "Singapore's Reaction to a Rising China: Deep Engagement and Strategic Adjustment" in Ho Khai Leong and Samuel Yu (eds.), *Reassessing China-ASEAN Relations: Global Changes and Regional Challenges* (Singapore, ISEAS, 2005).

25 Ralph Cossa, "America's Role in Asia", op. cit.

26 Cited in David Camroux and Nuria Okfen, "9/11 and U.S.-Asian Relations: Towards a New 'New World Order'?" in *The Pacific Review* Vol. 17 No. 4 (2004), p. 165.

27 For more, see the recent Ford Foundation-IDSS project for a series of publications on non-traditional security in Southeast Asia.

28 Evelyn Goh, "Hegmonic Constraints: The Implications of September 11 for American Power" in *Australian Journal of International Affairs* Vol. 57 No. 1 (2003), pp. 77–97.

29 Goh, "Singapore's reaction", op. cit., p. 8.

30 In 1995, Beijing began holding annual meetings with ASEAN senior officials. Two years later it supported the launch of the ASEAN+3 process, followed up with the ASEAN+1 meetings between China and the ASEAN states, meetings usually attended by China's premier. See Evan Medeiros and Taylor Fravel, "China's New Diplomacy" in *Foreign Affairs* Vol. 82 No. 6 (November–December 2003).

31 Medeiros and Fravel, op. cit.

32 At the November 2002 ASEAN Summit in Phnom Penh, it signed a "Declaration on the Conduct of Parties in the South China Sea". While the scope of the agreement disappointed some, it represented an important commitment to resolve the dispute through negotiation rather than the use of force.

33 Glosserman, "China's Influence Soars", op. cit.

34 Alastair Iain Johnston, "Is China a Status Quo Power?" in *International Security* Vol. 27 No. 4 (Spring 2003), pp. 153–185.

35 The bandwagoning argument has been put forward by David Kang, op. cit. See also the response by Amitav Acharya, "Will Asia's Past Be Its Future?" in *International Security* Vol. 28 No. 3 (Winter 2003/2004), pp. 149–164.

36 Capie, op. cit.

37 See for example the results of a 2002 Gallup poll cited in Donald Emmerson, "Whose Eleventh? Indonesia and America since 11 September" in *Brown Journal of World Affairs* Vol. 9 No. 3 (2002), p. 121.

38 Walt, p. 26.

This short volume compares key Southeast Asian states' approaches to China and the United States in regional security. The states in the region are sometimes portrayed as having a unified stance: they are eager to develop closer political and economic relations with China, while maintaining a preference for strong U.S. military and strategic involvement, as a hedge against the possible failure of engagement with China. But there is in fact a range of views and expectations on this issue. Within the new context of counter-terrorism, there are rising worries about the implications of a trend towards unilateralism in American foreign policy. At the same time, China has adopted a more assertive Southeast Asian policy with a decade of successful diplomacy and deepening economic links. These trends present complications and opportunities for Southeast Asian countries, creating important emerging differences in their regional security strategies.

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