

*RSIS Commentary is a platform to provide timely and, where appropriate, policy-relevant commentary and analysis of topical issues and contemporary developments. The views of the authors are their own and do not represent the official position of the S. Rajaratnam School of International Studies, NTU. These commentaries may be reproduced electronically or in print with prior permission from RSIS and due recognition to the author(s) and RSIS. Please email: [RSISPublications@ntu.edu.sg](mailto:RSISPublications@ntu.edu.sg) for feedback to the Editor RSIS Commentary, Yang Razali Kassim.*

---

## **China and Rebalancing the World Order: A View From Southeast Asia**

*By Yang Razali Kassim*

### **Synopsis**

*Southeast Asia will again be the focus of the international community this week as world leaders converge amid a growing big power game to rebalance, or even reshape the regional and global order.*

### **Commentary**

THE XI-MA summit in Singapore was a well-kept secret. When the historic meeting finally took place for the first time on 7 November 2015, the effect was cataclysmic. While it was an unprecedented bilateral event between two political rivals, China and Taiwan, there was a broader message: As China's new leader, President Xi Jinping has a vision of the emerging Asian giant taking its place in the modern world, even influencing the shape of the global order. This will begin with its own backyard - the Asia-Pacific, including Southeast Asia.

In thawing with Taiwan, Xi is signalling he is prepared to take untrodden paths, through mutual accommodation, at a time when Beijing is realising that its rapid rise is beginning to generate widespread regional unease. Beijing is now softening its image to defuse tension and resistance, even as it controversially asserts itself on key strategic issues, the latest of which is its territorial claims in the South China Sea.

### **Multi-pronged strategy**

On the broader canvas, what Southeast Asia is witnessing is a new China, one that is more assertive, employing a three-pronged strategy - diplomacy, growing economic might, and military muscle. All the major global platforms are being

exploited, from the United Nations to regional forums – even initiating new ones, such as the Xiangshan Forum to rival the Singapore-based Shangri-La Dialogue. The priority now is clearly Beijing's Asia-Pacific neighbourhood, the emerging epicentre of the 21st century world.

It is against this backdrop that we should view China's latest diplomatic foray into Southeast Asia, beginning with Xi's recent visit to Vietnam and then to Singapore, ahead of this week's crucial regional summits – for APEC in Manila and the East Asia Summit (EAS) in Kuala Lumpur - where China will be the player to watch.

China's latest strategic push appears to have a two inter-related objectives: The first is to counter what Beijing sees as a developing containment by the United States, which most in the region sees as provoked by Beijing's highly controversial territorial claims in the South China Sea. Equally alarming is Beijing's building of artificial islands on reefs in disputed waters. The second, broader objective is to expand China's political, diplomatic and economic space through the One Belt, One Road (OBOR) initiative. At the global strategic level, OBOR forms part of China's counter-response aimed at rebalancing a US-dominated world order.

OBOR revives the ancient silk routes with a 21st century twist – the Silk Road Economic Belt (SREB) in a westward overland link towards Central Asia and Europe; and the 21st Century Maritime Silk Road (MSR), passing through the South China Sea to the Middle East, Africa and Europe. There are two significant features of OBOR to note – the first is the strategic role of Southeast Asia and the South China Sea; the second is the conspicuous lack of connectivity with the Americas.

In Xi's major diplomatic engagement in the APEC Summit this week, the battle is to reorder the global international trading and economic system. At issue is the tussle between the US-led Trans Pacific Partnership (TPP) and its rival China-dominated Regional Comprehensive Economic Partnership (RCEP).

The thing to watch is whether Xi will reposition the RCEP as a complement, rather than a competitor, to the TPP so that APEC's ultimate goal of a Free Trade Area of the Asia-Pacific (FTAAP) can be realised. It is a sign of the times that FTAAP, long an APEC goal, has been co-opted by China as its own vision when Beijing hosted the APEC Summit last year. Following the APEC Leaders' Meeting today and tomorrow (18-19 Nov) in Manila, the power game will shift to Kuala Lumpur for the crucial ASEAN-China Summit, and then the EAS involving also the US and other powers where a key agenda will unavoidably be the South China Sea.

### **Flashpoint, Pax Sinica or 'World War III'?**

This is where the region's latest flashpoint is threatening to boil over. The South China Sea is the new cockpit where the US, an established power, is being challenged by a China that feels constrained in its rise as an emerging power. Caught uncomfortably in the middle are the smaller regional powers who fear being trampled underfoot.

The latest sign of this tinderbox is the US' freedom of navigation and overflight operations in and above regional waters that China claims but the US and the

international community do not recognise based on international law. The more pessimistic among analysts, such as Professor Tosh Minohara of Kobe University, are not ruling out an accidental Sino-US clash leading to a “World War III”. Sharing the views of other scholars, he sees a geo-strategic shift towards a new regional order in East Asia, where in one of several scenarios, he painted even possibly a *Pax Sinica*.

China’s attempt to rebalance the regional, and ultimately, global order is gathering pace on multiple fronts – via peaceful diplomacy through cooperation platforms such as BRICS and OBOR; new economic structures such as the Asian Infrastructure Investment Bank (AIIB); and investment forays globally, the latest being in the United Kingdom. While all this is fine, the region is also grappling with a conflicting image of China - one that is flexing its muscle over disputed space through air defence zones in East Asia, and its controversial island-building strategy in the South China Sea.

In other words, under Xi, it is a two-dimensional China that the world is seeing: a welcome partner in peace and prosperity, but also a potential menacing giant. While moves such as OBOR and the AIIB have won it new support, China has succeeded in equal measure to antagonise and generate distrust in the region because of its unsettling and divisive impact, especially on ASEAN. For the second time since 2012, an ASEAN ministerial meeting - of defence ministers in Kuala Lumpur - could not end with a joint declaration due to differences over the South China Sea issue.

Indonesia, a non-claimant state, is now feeling threatened and warning China of possible international arbitration, ala the Philippines. Malaysia, once careful not to upset China, is now openly critical of Beijing’s territorial claims. There is growing uncertainty over the ultimate motive of China’s push to revive the silk road in Southeast Asia – is it really to cooperate for mutual gain, or is it to undermine established relationships in the region?

Over the next few days, ASEAN states will be confronted with the excruciating challenge – how to remain united in the driver’s seat so that the emerging regional order will not disadvantage it. The ASEAN leaders will have to be highly skilful as they grapple with this issue. These regional talks will be extremely tricky, but bear far-reaching implications.

---

*Yang Razali Kassim is a Senior Fellow with the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore. An earlier version was first published in the South China Morning Post.*

---