Despite their deep interdependence and elements of cooperation, the United States and China—the world’s two major powers—are increasingly locked in a comprehensive competitive relationship.¹ This rivalry extends to the geostrategic, geo-economic, geopolitical, military, cultural, scientific, technological, innovation, and many other domains. The Donald Trump administration’s National Security Strategy of the United States made this explicit by labeling China (and Russia) as “strategic competitors” and “revisionist powers.”² Although now occurring on a global level, the rivalry is most apparent across the vast Asian region stretching from the Indian Ocean to the western Pacific.³ The U.S. National Security Strategy asserts flatly, “China seeks to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor.”⁴

Although many observers agree that the competition between the United States and China is intensifying, they are by no means in agreement as to its

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current state and trajectory. Some, notably Australian strategist Hugh White and American scholar David Kang, argue that the East Asian region has already largely fallen under China’s sway. Moreover, both argue that this is not only an observable phenomenon, but an inevitable and necessary one, as Asia is China’s natural sphere of influence and the United States’ regional position is neither justified nor sustainable.\(^5\) As Kang bluntly puts it, “The implications for the United States are direct and clear: get out of the way.”\(^6\) White’s assessment is equally stark: “China has kept growing stronger, economically, militarily, and diplomatically, and America’s resolve has weakened. Now it is China that is facing down America.”\(^7\) White and Kang, however, stand at the periphery of scholarly debate about the relative balance of power and influence between the United States and China in Asia. No other observers share their “game over” perspective—instead seeing the strategic contest between the two powers as protracted, broad-gauged, and intensifying, with each utilizing various tools and tactics to advance its interests and counter the other. I am aware of no other analysts who see Washington as having abandoned the region, of Beijing having devised a lasting winning strategy, or of the region having fully gravitated into China’s orbit.

Nevertheless, the pervasive perception of the United States withdrawing from various global, institutional, and legal commitments under President Trump, combined with China’s increased activism on the world stage under President Xi Jinping, has fueled the narrative that a geostrategic power shift is under way. This is a constant refrain in Southeast Asian media commentary. Although some indicators, including bandwagoning on certain issues,\(^8\) suggest that China is making greater inroads across the Southeast Asian region, I argue that the overall strategic balance in the region remains in flux and contested. This situation is not going to change; in fact, it will likely intensify. The United States is hardly withdrawing from the region and will remain a powerful and influential actor across Asia indefinitely. And despite its recent ad-

\(^7\) White, “Without America,” p. 2.
vances, China’s ambitions and actions will likely encounter difficulties and engender suspicions. China could easily trip up. It is not the global juggernaut many believe it to be.9

Thus, the Sino-American competition in Asia is far from over. Under these conditions, managing the competition to ensure peaceful coexistence rather than adversarial polarization of the region—or possibly war—will be the principal challenge for both powers and all states in the region in the years to come.

The Sino-American competition across the vast Indo-Pacific manifests unevenly in different subregions. The one region that is most fluid and particularly contested is Southeast Asia, where most of the ten member states of the Association of Southeast Asian Nations (ASEAN) are attempting to navigate between the two major powers. These countries have long pursued “hedging” policies that try to juggle their ties with Washington and Beijing; but since 2016–17, it has become evident that most are gravitating much closer to Beijing. Even the United States’ two long-standing allies, Thailand and the Philippines, have swung toward China—both contributing to, and resulting from, strained relations with Washington. Malaysia is also increasingly siding with China politically and economically (and deriving benefits therefrom), and it is beginning to increase its defense ties with Beijing. Singapore is a strong and close partner of the United States in all spheres, but still has enormous economic interests in China (by far the largest of all Southeast Asian states) as well as a variety of other close ties. Cambodia and Laos are both extremely dependent on China. Tiny Brunei tries to maintain a balance between China and the United States—but it, too, is getting sucked into China’s regional economic orbit. Myanmar (Burma) found itself locked tightly in China’s grip before trying to pull away in 2011 in an attempt to build ties with the West. Since then, however, the Burmese have slipped back into a close dependency on China. Even Vietnam has sought to manage a balance vis-à-vis Beijing and Washington, despite its long-standing deep suspicions of China. Indonesia is the only Southeast Asian country that tries to keep its distance from Beijing, although it too has diplomatic and growing economic interactions.

If present trends continue, some analysts in Southeast Asia argue that the United States is in real danger of losing the balance of influence—and perhaps the balance of power—in the region to China. I do not think this assessment is accurate. As I argue below, the United States has a broad and durable set of security ties, diplomatic interactions, and commercial presence across the region.

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U.S. cultural exchanges are also robust, and the appeal of American soft power is strong. For its part, China benefits from greater diplomatic influence, more trade, rapidly growing foreign direct investment (FDI), and close geographic proximity. But in comparing China’s regional involvement to that of the United States, I come to the conclusion that the United States possesses across-the-board comparative strengths vis-à-vis China in Southeast Asia. The one area where China does exhibit an apparent advantage is in the economic sphere. But the U.S. commercial footprint is extensive; for example, U.S. cumulative foreign direct investment far exceeds that of China.

Thus, I see a disconnect between the prevalent narrative in the region, which holds that China is the more significant power that regional states should align with, and the reality of pervasive and comprehensive U.S. power. Yet, perceptions count for much in international relations, and the increasingly pervasive perception across the region is that China is eclipsing the United States.

The remainder of this article examines how the United States and China each pursue their competition, the instruments each brings to this rivalry, how the ten ASEAN countries (and ASEAN itself) maneuver between the United States and China, the degree to which they align with one or the other power, and how these states extract benefits from both. It also seeks to gauge the intensity of the Sino-American rivalry in the region: Is it a hard, action-reaction type of competition, or is it a softer and more indirect rivalry? If the competition between the two powers is not acute and zero-sum, as the U.S.-Soviet competition was during the Cold War, then there may be a possibility of “competitive coexistence,” whereby both Beijing and Washington work to advance their positions, but do not orient their regional policies to directly counter the other.

To explore these issues, I begin by considering the strategic importance of Southeast Asia. Next, I describe the long-standing tactical attempts of Southeast Asian states to avoid being forced to choose between Washington and Beijing, and I contrast their different types of hedging and alignment behavior. I then show that although there was greater gravitation toward China in 2016–17, particularly during the transition from President Barack Obama to President Trump, there are several reasons why analysts should be cautious before concluding that this is a lasting secular trend. In the next two sections, I detail the range of cultural, diplomatic, economic, and security ties that the United States and China have with Southeast Asian states. I conclude with a net assessment of each power’s comparative advantages and disadvantages, arguing that because China and the United States remain in a “soft,” not (yet) “hard,” acute rivalry, their competition can be managed and direct conflict can be avoided.
The Importance of Southeast Asia

Southeast Asia is a dynamic and sprawling region, spanning 1.7 million square miles between Australasia to the southeast, South Asia to the west, and northeast Asia. The region is composed of eleven nation-states, ten of which are members of ASEAN. With a combined population of 636 million people, Southeast Asia is one of the most heavily and densely populated regions of the world. Indonesia alone has the fourth-largest national population in the world (255 million), and the largest Muslim population worldwide (205 million). The Asian Development Bank projects a combined regional population of 700 million by 2030. Demographic size is matched by religious diversity, as Southeast Asia has 240 million Muslims, 140 million Buddhists, 130 million Christians, and 7 million Hindus.

Diversity defines everything about Southeast Asia—ethnicity, cultures, religion, geography, economies, politics, and external influences—and it is one reason why ASEAN has such difficulty acting with coherence and common purpose. The region’s diversity has historical roots. As Kishore Mahbubani and Jeffrey Sng describe well, Southeast Asia was forged by four successive “waves” of immigrants: Indian, Chinese, Muslim, and Western. The Western wave spanned the sixteenth to twentieth centuries, with different European maritime powers establishing a trading presence and series of colonies (Dutch, Portuguese, British, and French). Following World War II, Southeast Asian societies broke free of colonialism and established independent nation-states. These nationalist struggles against colonialism, and the prized autonomy that accompanied independence, did much to define the region’s collective identity, and this history remains vitally important to understanding international relations in the region to this day. Southeast Asians chafe against all forms of external intervention and manipulation—a mind-set that intrinsically makes them wary of both China and the United States.

Geographically, Southeast Asia is of vital strategic importance, particularly the South China Sea and the Strait of Malacca. The Strait, which runs between Malaysia, Indonesia, and Singapore, is one of the busiest shipping lanes and trade routes in the world, with approximately 50,000 vessels ferrying 40 percent of the world’s merchandise trade and 25 percent of all oil shipments carried...
ried by sea annually. At its narrowest point, near Singapore, the Strait is only 1.5 miles wide, making it a strategic chokepoint in times of conflict. Given their dependence on imported energy supplies, all Asian states—particularly those in Northeast Asia—would be profoundly affected if a blockade or naval conflict shut down this strategic passageway. China is particularly vulnerable, as 80 percent of its crude oil imports pass through the Strait (and subsequently the South China Sea). This is one reason the South China Sea is so strategically sensitive; another is its substantial oil and natural gas reserves in the seabed.

In economic terms, Southeast Asia has become the fastest growing region in the world since the global financial crisis of 2008–09. According to the Asian Development Bank, in 2016 ASEAN collectively averaged 4.6 percent growth, with Vietnam leading the way at 6.7 percent, while no country averaged less than 3 percent growth. The ASEAN economies collectively constitute the sixth-largest economy in the world (behind the United States, China, Japan, Germany, and the United Kingdom, and just ahead of France), with an aggregate nominal gross domestic product of $2.6 trillion ($7.92 trillion purchasing power parity) in 2017. As China’s economy begins to slow, and in response to rising operating costs, many Western multinational companies have begun to relocate their investments and production facilities from China to ASEAN countries.

Southeast Asia is also politically diverse. The region is home to five distinct types of political systems. Communist Vietnam and Laos are classic Leninist-type party states. Cambodia, Malaysia, and Singapore may all best be described as “authoritarian democracies,” where the government permits multiple parties to exist and contest elections; but in reality, a single ruling party dominates all politics (respectively, the Cambodian People’s Party, the United Malays National Organization, and the People’s Action Party in Singapore). All three are centralized, patronage-based, hegemonic ruling parties that operate in ostensibly pluralistic polities. Singapore’s world-class technocratic civil service is an important element that (among many other differences) distinguishes it from Cambodia and Malaysia. Indonesia and the Philippines are full-fledged democracies, with multiparty parliamentary systems. Both, however, are marred by weak civic institutions, patronage politics, and corruption.

Brunei and Thailand are monarchical states, led, respectively, by a sultan and a king. Brunei is a complete patrimonial sultanate, whereas Thailand has a long tradition of democracy and praetorian military politics. Myanmar is an emerging democracy after decades of military rule.

In the diplomatic realm, the Association of Southeast Asian Nations celebrated its fiftieth anniversary on August 8, 2017. Although frequently and rightly criticized for its shortcomings, ASEAN has much to be proud of in its half-century of existence, not least has been the absence of interstate war since the end of the Cambodia-Vietnam conflict in the mid-1990s.

The organization also prides itself on what it describes as the “ASEAN Way”—a descriptor for the priority placed on decisions reached by consensus, non-interference in each other’s internal affairs, and voluntary cooperation. These norms have bonded the group together but, at the same time, have severely impeded the organization’s ability to tackle tough issues and take action when needed. ASEAN has, however, been quite successful in addressing transnational non-traditional security challenges such as piracy, human trafficking, smuggling, organized crime, public health pandemics, and transboundary environmental pollution. Still, its inability to mediate the South China Sea territorial disputes or to stop China’s island-building has been a glaring weakness. Nonetheless, after several years of negotiation, the conclusion of a Framework Agreement on a Code of Conduct in August 2017 was an encouraging step in the right direction. The proclamation in 2009 of “three pillar communities”—the ASEAN Economic Community, the Political-Security Community, and the Socio-Cultural Community—remains a laudable goal and blueprint for further regional integration.

ASEAN has also spawned a wide variety of multilateral mechanisms with other countries in Asia, the Americas, and Europe. To the extent that regional institutionalism exists in the Asia-Pacific region, it is the organization’s signature contribution. These dialogue groupings and multilateral mechanisms have been major contributors to regional integration; extra-regional engagement; and peace, security, and economic development.

Finally, regionwide military modernization is increasing Southeast Asia’s strategic importance. All ASEAN states—except Cambodia and Laos—have been spending growing amounts on defense and procuring new equipment. In 2016, Singapore led the region in defense spending with a budget of $9.7 billion, followed by Indonesia ($6.9 billion), Thailand ($5.3 billion), Malaysia ($4.7 billion), Vietnam ($3.3 billion), the Philippines ($3 billion), Myanmar

16. See Mahbubani and Sng, The ASEAN Miracle.
($2.4 billion), Cambodia ($192 million), and Laos ($18.5 million). See Figure 1 for changes in the region’s military spending from 2005 to 2014. Although these are not enormous amounts when viewed globally, they are indicative of the region’s increasing economic resources, as well as the growing list of nontraditional security threats and territorial disputes in the South China Sea. These security challenges have placed a premium on procuring littoral coast guard and naval capacities, as well as ground force and air force capacities. Counterinsurgency operations require the acquisition of helicopters and other special operation forces capabilities. Attack fighters are also in particular demand, and the appetite for submarines is growing. Drones, radars, and other reconnaissance systems are also on regional states’ shopping lists.

Because Southeast Asian countries possess minimal indigenous defense production capacities, they must purchase the vast majority of their equipment

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from foreign suppliers. The United States and Europe have long dominated
the market, but China, Japan, and Russia are all gradually beginning to estab-
lish a foothold (particularly in Malaysia, the Philippines, and Thailand.18

For all of these reasons, Southeast Asia is no backwater. It possesses
significant strategic attributes and opportunities coveted by major powers.

Navigating among the Powers

Southeast Asia is no stranger to great power competition.19 The region en-
dured a lengthy colonial encounter with European powers from the fifteenth
through the mid-nineteenth centuries, as well as the invasion and occupation
by Japan from 1941 to 1945. Following Japan’s surrender and the end of the
Pacific War, one Southeast Asian country after another gained independence:
the Philippines (1946), Burma (1948), Indonesia (1949), North and South
Vietnam (1954), Laos (1954), Cambodia (1954), Malaysia (1957), Brunei (1959),
and Singapore (1965). Thereafter, as a product of their colonial histories, the
new Southeast Asian states fashioned a neutralist, independent tradition that
began at the 1955 Bandung Conference. The Non-Aligned Movement, estab-
lished in 1956, grew out of that conference; today it counts all Southeast Asian
states among its 120 members. ASEAN itself was founded in 1967, in consid-
erable part to more effectively stave off intervention and manipulation by
external powers. Since its founding, ASEAN has wrestled with different strat-
egies and tactics for how best to manage the roles of external powers in
Southeast Asia. In 1971, ASEAN proclaimed the “Zone of Peace, Freedom, and
Neutrality” (ZOPFAN), which was an explicit attempt to achieve regional se-
curity by excluding external powers from the region. ZOPFAN was never real-
istic given the Cold War, although it symbolized the sentiment of neutralism.
In 1994, ASEAN created the ASEAN Regional Forum, which in many ways
took the opposite approach of ZOPFAN by trying to bind external powers into
a multilateral security framework.

Since the mid-1990s, ASEAN has thus adopted a proactive and inclusive ap-
proach of engaging external powers—by tying Australia, Canada, China, the
European Union, India, Japan, and the United States into a plethora of multi-
lateral dialogue arrangements and groupings. It holds lots of meetings and is-

www.sipri.org/databases/armstransfers. See also Jonathan D. Caverly and Ethan B. Kapstein,
00396338.2016.1161911.
19. Donald E. Weatherbee, International Relations in Southeast Asia: The Struggle for Autonomy, 2nd
sues numerous communiqués; insofar as these mechanisms are intended to be confidence-building measures that bind the powers into the region, they must be deemed at least formally successful. At the same time, however, the meetings are criticized for being “talk shops” that accomplish little of substance and whose agreements are largely nonbinding.

Over time, Southeast Asian states have become masters of hedging and shifting alignments. These are not the same phenomena, however. Hedging behavior is more neutralist, ambiguous, and flexible. The whole purpose of hedging is to avoid becoming too close—and hence too dependent—on any external power. Alignment behavior, by contrast, willingly accepts some degree of dependency and seeks to align a smaller country with a larger power.

Scholars—most notably, Cheng-Chwee Kuik and Evelyn Goh—have written much about Southeast Asian hedging behavior over the years. Kuik defines hedging as “insurance-seeking behavior under high-stakes and uncertain situations, where a sovereign actor pursues a bundle of opposite and deliberately ambiguous policies vis-à-vis competing powers to prepare a fallback position should circumstances change. The aim of these contradictory acts is to acquire as many returns from different powers as possible when relations are positive, while simultaneously seeking to offset longer-term risks that might arise.”

Whereas Kuik describes hedging as a conscious, proactive, and deliberate choice that Southeast Asian states make, Goh describes hedging as more of an unconscious, reactive, and default option given the inability of ASEAN states to make concerted strategic decisions. She writes, “Hedging is a set of strategies aimed at avoiding (or planning for) contingencies in a situation in which states cannot decide upon more straightforward alternatives such as balancing, bandwagoning, or neutrality. Instead they cultivate a middle position that forestalls or avoids having to choose one side at the obvious expense of another.”

Whatever the motivation, hedging behavior buys Southeast Asian states flexibility, and it plays to the neutralist impulses of the post-colonial era.

In contrast, John Ciorciari argues that Southeast Asian states have long


demonstrated shifting alignments toward the major powers over the past half-century. He views Southeast Asian states as demonstrating alignment behavior by decisively tilting toward external powers, and he thus rejects the neutralist assumptions of the hedging literature. Ciorciari demonstrates how, with few exceptions, Southeast Asian states have all consistently opted for “limited alignments” with external powers—the exceptions being Vietnam’s alliance with the Soviet Union (1978–85) and the long-standing alliances that the Philippines and Thailand have had with the United States.\(^{22}\)

What has not been apparent in Southeast Asia since the Cold War is any explicit balancing behavior against either Beijing or Washington. Balancing occurs when states view another state as a potential adversary and coordinate their policies and actions against that country. No ASEAN state has sought to explicitly balance against either China or the United States, except perhaps the Philippines before Rodrigo Duterte came to power in 2016. Even Vietnam, the nation most suspicious of China, has consistently maintained ongoing relations with Beijing in a wide variety of areas.

**Shifting Sands in Southeast Asia**

Although the nascent strategic competition between China and the United States has been brewing for some time in Southeast Asia,\(^{23}\) the maneuvering between Beijing and Washington intensified significantly after President Obama launched his “pivot” policy toward Asia in 2012.\(^ {24}\) The pivot (or “rebalance”) included many functional components, but Southeast Asia was a central geographic focus of the policy. The U.S. initiative was initially welcomed across the region. Over time, however, it came to be viewed as more rhetoric than reality. Nonetheless, by the time Obama left office in January 2017, the United States’ position in Southeast Asia had never been stronger.\(^ {25}\)

The pivot surprised Beijing and stimulated it to increase China’s own presence across multiple spheres and countries in the region. This new priority

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was first noticeable when the Chinese Communist Party (CCP) Central Committee convened the “Peripheral Diplomacy Work Conference” on October 24–25, 2013. It is highly unusual that such a topic should be considered at the Central Committee level, thus indicating its importance. China’s President and CCP General Secretary Xi Jinping chaired the conference and gave an important speech to the conclave. To be sure, this was not the first time China’s leaders had decided to emphasize the country’s Asian periphery in its diplomacy—such was the case following the start of the 1997 Asian financial crisis. This decade-long period (1998–2008) of Chinese cultivation of Southeast Asia has been described as the “golden decade” of China-ASEAN ties. Thereafter, however, Beijing severely undermined its successful efforts with its heavy-handed behavior during the “year of assertiveness” (2009–10), when it began to bully some of its neighbors, before attempting to improve regional relations in 2011–12. The Peripheral Diplomacy Work Conference signaled a renewed prioritization of the region. Since the conference, China has undertaken a wide-ranging set of regional initiatives not only in the diplomatic domain, but also in the security, cultural, and especially economic spheres.

The “One Belt, One Road” (OBOR) initiative is, by far, the most noteworthy of these proactive steps. OBOR (rebranded the “Belt and Road Initiative,” or BRI) is a gargantuan project unprecedented in history. Although Xi Jinping first signaled his intent to create BRI in twin speeches in Kazakhstan and Indonesia in September and October 2013, respectively, he formally launched the initiative by inviting twenty-nine heads of state and other officials from 130 countries and seventy international organizations to Beijing for the inaugural Belt and Road Forum on May 14–15, 2017.


The plan envisions an expansive array of infrastructure projects that will connect Asia to Europe through an overland route across Eurasia (the “Silk Road Economic Belt”), and a second route spanning the South China Sea through the Indian Ocean and Red Sea to the Mediterranean (the “21st Century Maritime Silk Road”). Numerous commercial projects—including construction of ports, power plants, electricity grids, railroads, highways, industrial parks, commercial and financial centers, telecommunications facilities, and residential housing—are already under way, with many more on the drawing board. Given the pressing need for this kind of infrastructure in countries along these twin tracks, the BRI has been generally welcomed by most countries. At present, China claims that more than sixty countries are involved in the $1 trillion multiyear initiative. Southeast Asia figures prominently in it, with every ASEAN country involved to some extent.

Despite the grandiosity of the initiative, it will be at least five years before analysts can assess the degree of its success or failure. Some Southeast Asians are skeptical. As one Vietnamese scholar-official described it, “China intends to use OBOR to expand its influence—but these other countries don’t trust China.” India is also noticeably cool to the idea. Although the initiative will likely encounter significant challenges and some failures along the way, there will surely be successes.

The BRI is indicative of the new activeness of China on its Asian periphery. By 2017, there was thus an unmistakable push by most Southeast Asian states, as well as the pull by Beijing, to bring these countries more into China’s geoeconomic, geopolitical, and increasingly geostrategic orbit. To be sure, this shift did not occur overnight, but has been building incrementally as Southeast Asians began to judge the Obama pivot as more hype than reality. As Singaporean Ambassador-at-Large Chan Heng Chee observed, “In reality some ASEAN states have been realigning toward China in differing degrees for quite some time. Cambodia, Laos, and to some extent Thailand, Brunei, and Malaysia have all moved into the Chinese orbit without fanfare.”

Leading Thai scholar Thitinan Pongsudhirak echoes this perspective: “China has been gaining ground in Southeast Asia by picking off ASEAN member

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states one-by-one. No Southeast Asian state can now afford to stand up to Beijing on its own.”33

Most Southeast Asian states see practical utility in moving closer to China, and thus far they have experienced no counter-consequences from Washington for doing so. As one senior official in Malaysia’s ministry of foreign affairs observed, “We do not have an ideological approach to China, just pragmatic and transactional. China needs friends and we are in a position to be friends. What are the costs for us of getting close to China? What can America do about it?”34 Another senior Malaysian foreign ministry official elaborated, “On the question of why ASEAN and Malaysia are tilting towards China, the crude and simple answer is money. Money talks. China offers huge investment and markets.”35

NOT SO FAST
Although several Southeast Asian states appear to be bandwagoning and establishing closer alignments with Beijing, and many officials in the region describe a shift in the balance of influence between China and the United States, observers should not overstate this trend or expect it to continue indefinitely. Several factors could contribute to a distancing of Southeast Asian states from China in the future.

One key consideration is the United States. While many observers see U.S. power and influence to be diminishing in the region, I argue this is a misperception. Even under President Trump, after a slow start, the United States is continuing to strengthen its ties with states and societies in Southeast Asia. As detailed in the next section, the cultural, diplomatic, economic, and security footprint of the United States across Southeast Asia remains substantial. In most dimensions it is, in fact, greater than China’s. In addition, public opinion surveys reveal a reservoir of positive perceptions of the United States among many Southeast Asian publics, although there has been a significant drop-off since Trump became president (paralleling a global trend).36

A second factor is China. Beijing is quite capable of overplaying its hand, becoming too demanding and even dictatorial toward Southeast Asian states. Evidence of this behavior already can be found in Chinese interactions with

34. Author interview with senior official, Malaysian ministry of foreign affairs, April 20, 2017.
35. Ibid.
Laos, Malaysia, Myanmar, and Thailand. As noted earlier, Southeast Asians have deeply ingrained postcolonial identities, and they are quick to react to larger powers seeking to establish asymmetrical relationships and acting with arrogance. Southeast Asians also still have fresh memories of China’s subversive policies and actions in the region during the 1960s and 1970s, when Beijing actively supported communist party insurgencies in every single country throughout the region. This wariness of China is especially apparent in Indonesia, the Philippines, and Vietnam, although it remains in the subconscious of most Southeast Asians. Thus, their challenge is to navigate increasingly close relations with China while not becoming overly dependent. As a senior Thai diplomat described it to me, “It is too late for us Thais to escape China’s embrace—we are just trying to keep from being smothered by it.”

A third factor is ASEAN itself. The association and its individual member states are not without their own agency and capacity to recalibrate, to some extent, their external linkages. I say “to some extent” because the degree of their economic dependence on China is already high and is only going to grow over time. Southeast Asians can, at best, only modulate their economic relationships with China; they cannot escape their dependency. Nor is their geographic proximity to China going to change. Bilahari Kausikan, the deeply experienced, respected, and candid ambassador-at-large of Singapore, puts it this way: “China understands ASEAN better than the U.S. and knows far better how to work with ASEAN, which is a polite way of saying manipulate our weaknesses.” Nonetheless, ASEAN is not a completely passive party; it has proven itself adroit at flexible maneuvering and hedging behavior.

Fourth, other regional middle powers help ASEAN from being caught in a pincer between China and the United States. Japan, in particular, is an important player in Southeast Asia—certainly economically, but increasingly diplomatically and culturally as well. Tokyo is even stepping up its security cooperation with several ASEAN states. India is also rapidly expanding its position in Southeast Asia, commensurate with Prime Minister Narendra Modi’s “Act East” policy. For reasons of geographic proximity, security, and commerce, Australia considers itself to have a special relationship with Southeast Asia. Even Russia is attempting to play a greater role in the region. These ac-

37. Author interview with senior Thai diplomat, Thai ministry of foreign affairs, Bangkok, January 18, 2017.
tors further complicate the regional chessboard, creating a four-level set of interactions, as depicted in figure 2.

Thus, despite Southeast Asia’s apparent gravitational shift toward China, it would be wise not to view the dye as cast. The four factors, described above individually or in conjunction, could alter the region’s current gravitation toward China. Moreover, the degree of the shift and the relative closeness of each of the ten ASEAN states to China varies. As with everything concerning Southeast Asia, diversity is the norm. Figure 3 portrays the relative closeness of ASEAN’s ten member states to China in six clusters of countries.40

At one end of the spectrum are the “capitulationists”—countries that have totally aligned themselves with Beijing and have a virtual client-state relationship with China. Cambodia is the only country in this category, thus far having become a virtual Chinese client state.

Moving along the spectrum are the “chafers”—countries that are significantly dependent on China, but wish they were not so, yet have no real alternatives. Two countries, Laos and Myanmar, fall into this category. They are already locked into dependent relationships with China, although not as fully or willingly as Cambodia. Myanmar tried to extricate itself from China’s grip when it pulled out of a $3.6 billion dam project in 2011 and opened relations with the West, but Yangon has since slipped back into Beijing’s fold.41

A third category comprises the “aligned accommodationists”—Malaysia and Thailand. Both countries have extremely close and extensive relationships with China, are quite comfortable with these ties, seek to enhance them, and

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40. This spectrum reflects my own perception, but is based on a comprehensive composite set of ASEAN states’ diplomatic, commercial, and military ties to China.
41. This was a judgment offered by many analysts during my visit to Yangon in May 2017.
do not chafe under dependency to Beijing—precisely because they simultaneously maintain considerable ties with the United States (particularly in the defense realm). The European Union and Japan are also their significant economic partners. Yet, neither Malaysia nor Thailand makes efforts to conceal their preferences for China and their difficulties with the United States. They are not trying to maintain equidistant relations between Beijing and Washington—Kuala Lumpur and Bangkok have both chosen to increasingly bandwagon with Beijing and decrease their ties to the United States. This has not always been the case for either country, but in Malaysia under Prime

Figure 3. Southeast Asian States’ Closeness to China

Less Close to China

Indonesia — outlier

Vietnam

Singapore — balanced hedgers

Philippines

Brunei

Malaysia — aligned accommodationists

Thailand

Myanmar

Laos

Cambodia — capitulationist

Closer to China

U.S.-China Rivalry in Southeast Asia | 101
Minister Najib Razak and since the 2014 coup in Thailand, there has been considerable cozying up to China.\(^{42}\)

Next are the “tilters”—Brunei and the Philippines (under President Duterte). Both are tilting toward China, but not to the same extent as Malaysia and Thailand. Yet, neither are these two countries seeking an equidistant position between the two powers. In each case, elements of the regime and society remain wary of Beijing, and both countries have maritime territorial disputes with China in the South China Sea. This wariness will probably prevent them from joining Malaysia and Thailand as “aligned accommodationists.”

Next to the tilters are the “balanced hedgers”—Singapore and Vietnam. Although often perceived as being very close to the United States, both maintain extensive relationships with China. Each maintains defense ties to the United States (Singapore much more so than Vietnam), yet they also maintain simultaneously strong commercial ties to China, while having regular diplomatic exchanges with Beijing. Owing to its large ethnic Chinese citizenry, Singapore’s societal ties to China are also much stronger than those of Vietnam, where there remains a deep reservoir of suspicion toward China. That Vietnam also has acute territorial disputes with China in the South China Sea further aggravates their ties. Nonetheless, Hanoi accepts the reality of geography and maintains extensive exchanges with the Chinese government and Communist Party.\(^{43}\) What these two countries have in common is a desire not to burn bridges with Beijing, but to maintain as deep a set of commercial and political ties as possible, while anchoring their defense relations on the United States. Both are also conscious of the appearance of maintaining this balance, and they carefully calibrate their high-level exchanges with Beijing and Washington to project balance and relative equanimity.\(^{44}\)

At the end of the spectrum is Indonesia, the “outlier.” The Indonesian government does not seek close relations with either Washington or Beijing, and Jakarta goes out of its way to maintain distance from both. There is no real affection for, or domestic constituency arguing in favor of, close ties to China. Indeed, a depth of ignorance and suspicion exists in Indonesian society

\(^{42}\) In the Thai case, this shift is well documented in Benjamin Zawacki, *Thailand: Shifting Ground between the U.S. and a Rising China* (London: Zed, 2017).


about China. As senior Indonesian strategist Jusuf Wanandi observes, “We
Indonesians don’t understand China, don’t have connections there, and vice
versa. There is a huge gap in understanding and trust.” Yet, Jarkarta’s rela-
tions with China have always been wary, especially since China’s involve-
ment in the failed 1965 coup d’état. As one Indonesian scholar describes
it, “Indonesia considers Southeast Asia its natural sphere of influence—and
Indonesians see China as coming into our sphere. There is a lack of trust in
Chinese motives and their role here, because our history books are filled with
examples of China using overseas Chinese as trojan horses—seeking to subju-
gate neighbors as their tributes.” Similarly, Indonesians harbor strong suspi-
cions of the United States, which have only deepened since the terrorist attacks
of September 11, 2001, and, more recently, with President Trump’s travel ban
against Muslims from select countries (of which Indonesia is not one). In es-
sence, Indonesia is a large, profoundly insular country that exists in its own or-
bit and is deeply suspicious of foreign powers.

It is important to note that this spectrum is not static. It is a snapshot of how
I assessed these countries’ orientation toward China during 2017. The situation
remains fluid. Recall that the situation was somewhat similar in the wake of
both the 1997 Asian financial crisis and the 2008–09 global financial crisis,
when China stole a march on the West in the region, only to relinquish its gains
in 2009–10. China could easily overreach and overstep again. Moreover,
Southeast Asian countries are fickle and pride themselves in maintaining their
independence of action. Over time they could revert to their more traditional
hedging positions, with a greater balance in their orientations toward Beijing
and Washington.

The United States and Southeast Asia

The United States has a long and complicated history with Southeast Asia,
which is not necessary to recount here. Suffice to say that since the end of the
Vietnam War, Washington has largely considered the region a strategic after-

45. Statement at conference, Singapore Management University, February 6, 2017. For a study of
Indonesian perceptions of China, see Daniel Novotny, Torn between America and China: Elite Percep-
tions and Indonesian Foreign Policy (Singapore: ISEAS Publishing, 2010).
46. See Donald E. Weatherbee, “Indonesia and China: The Bumpy Path to a Wary Partnership,” in
Dittmer and Ngeow, Southeast Asia and China, pp. 131–159.
47. Author interview with Yeremiah Lalisang, Department of International Relations, University
of Indonesia, Jakarta, May 4, 2017.
48. See Shambaugh, “China Engages Asia”; and Simon S.C. Tay, Asia Alone: The Dangerous Post-
Crisis Divide from America (Singapore: John Wiley and Sons, 2010).
49. For historical background, see Evelyn Goh and Sheldon W. Simon, eds., China, the United
States, and Southeast Asia: Contending Perspectives on Politics, Security, and Economics (New York:
thought. Southeast Asia has been like the proverbial neglected stepchild or relative, crying out unsuccessfully for attention. This characterization may be too harsh, but it reflects how U.S. policy is widely perceived in the region. The United States is uniformly seen as only episodically engaged, generally disinterested, and distracted by Northeast Asia, the Middle East, and other international priorities. U.S. officials occasionally “parachute” into the region from Washington, usually on a stopover after visiting Northeast Asia or Australia. They give upbeat speeches about the depth and breadth of U.S.-ASEAN ties, then fly out in a matter of hours or days—leaving the region to wonder about the durability and credibility of American promises and commitments. This pattern is neatly captured in Singaporean scholar Joseph Chinyong Liow’s excellent book Ambivalent Engagement, which traces Washington’s episodic engagement and benign neglect over a number of administrations.

THE OBAMA ADMINISTRATION’S ENGAGEMENT OF SOUTHEAST ASIA

Despite this long-standing pattern, the Obama administration paid unprecedented attention to Southeast Asia and left U.S. relations with the region stronger than they had ever been. Claiming to be the United States’ first “Pacific president,” Obama elevated Southeast Asia on his list of foreign policy priorities. In its first year in office, the Obama administration signed the ASEAN Treaty of Amity and Cooperation (ASEAN’s founding treaty) and appointed its first stand-alone ambassador to ASEAN (based in Jakarta) in 2011. This prioritization was highlighted by the convening of annual Leaders Meetings, beginning in 2009. In 2016, the United States and ASEAN upgraded their relationship to a “strategic partnership” and convened the first stand-alone “Leaders’ Summit” at Sunnylands, California, in February 2016, which resulted in a comprehensive joint statement. Beginning in 2014, the U.S.-ASEAN Defense Forum (among defense ministers) was also launched.

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During Obama’s tenure, many bilateral agreements were signed, including military assistance and enhanced defense agreements with Indonesia, Malaysia, the Philippines, and Singapore. U.S.-Vietnam relations reached an all-time high, including the lifting of the arms embargo (which had been in existence since the end of the Vietnam War) and establishment of close defense ties between the two former adversaries. The long-troubled U.S.-Myanmar relationship was normalized, and Washington was instrumental in that country’s evolution from military rule to democracy. Relations with tiny Brunei were also improved, with the sultan paying a rare visit to the White House. However, ties with Thailand, a treaty partner of 184 years and ally of 60 years, were badly strained following the 2014 military coup.53 Relations with the Philippines took a similar sharp downturn after Rodrigo Duterte became president in 2016.

In the case of Thailand, one senior U.S. embassy officer and experienced Southeast Asia hand observed in 2017: “The last two years have been the lowest ebb ever in U.S.-Thai relations.”54 U.S. embassy officers also reported Thai officials telling them, “If you are not nice to us, we have alternatives” (referring to China).55 In this vein, the Thai vice foreign minister pointedly told me, “We will lean as close to China as the West pushes us. Ideally, we want a balance in our relations with the United States and China—but it is a fluid balance and depends on the U.S. attitude and policies.”56 Another Thai foreign ministry official observed, “U.S. officials also need to learn better diplomatic manners. When they talk to our top government leaders, they leave a very negative impression. Instead of creating good friends, you create antagonism.”57

In the case of the Philippines, U.S. embassy officials in Manila are more circumspect about whether the new love affair with China will endure, with the armed forces of the Philippines said to be particularly opposed to Duterte’s cozying up to Beijing.58 There also remains a deep reservoir of goodwill in Filipino society toward the United States, with very positive approval ratings.59 Even Duterte’s personally selected ambassador to China, Chito

55. Ibid.
56. Author interview with Vice Foreign Minister Virasakdi Futrakul, Bangkok, January 18, 2017.
57. Author discussion with official at the Thai ministry of foreign affairs, Bangkok, January 18, 2017.
58. Author interview official at the U.S. embassy, Manila, February 16, 2017.
Romana, acknowledged that the new approach is driven entirely by Duterte—and, therefore, is vulnerable because it is overly dependent on one individual and not necessarily strongly supported by other elements of the government or society. Nonetheless, Duterte has succeeded in recalibrating Manila’s foreign policy orientation in a more balanced manner—away from the singular alliance with the United States toward greater engagement with China, Japan, and Russia.

Trade with ASEAN soared during Obama’s presidency—with the region becoming the United States’ fourth-largest trading partner, with the total value reaching $273 billion in 2015. All fifty states export to ASEAN, supporting 550,000 jobs in the United States. The 3,000 U.S. companies that operate in ASEAN are, by far, the leading source of foreign direct investment into the region—with a total stock of $274 billion—more than China, the European Union, and Japan combined. From 2007 to 2012, U.S. flows of FDI to ASEAN countries totaled $96 billion—nearly four times China’s $23 billion. Two-way tourism is also big business; 780,000 people from ASEAN countries visited the United States while 3.5 million Americans visited ASEAN countries in 2015.

A wide variety of cultural exchange initiatives were launched during the Obama administration—most notably, the Young Southeast Asian Leaders Initiative (YSEALI) and the Fulbright U.S.-ASEAN Visiting Scholar Initiative. YSEALI alone has been particularly noteworthy—with more than 100,000 young people aged eighteen to thirty-five involved and an additional 80,000 engaged in its digital platforms. Students from ASEAN countries also come

60. Author interview with ambassador-designate Chito Romana, Manila, February 16, 2017.
63. Ibid., p. 18.
to U.S. universities in large numbers, with 54,688 Southeast Asians studying on U.S. campuses during the 2015–16 academic year.68

The Obama administration contributed $4 billion in development assistance to the region from 2010 to 2016 and launched the Lower Mekong Initiative to support sustainable development.69 New bilateral law-enforcement cooperation agreements were concluded with several ASEAN states, which have joined together in the Washington-initiated Southeast Asia Maritime Law Enforcement Initiative—aimed at strengthening the maritime capabilities of Indonesia, Malaysia, the Philippines, and Vietnam.

The intensified U.S. relationship with Southeast Asia is embodied in the ASEAN-U.S. Plan of Action 2016–2020.70 In addition to bolstering wide-ranging exchanges in the cultural and commercial spheres, the Action Plan commits the United States to deeper multilateral diplomatic and security engagement through ASEAN-sponsored dialogues: the ASEAN Regional Forum, the ASEAN Defense Ministers Meeting Plus, the ASEAN-U.S. Leaders Meeting, the East Asia Summit, and several other multilateral mechanisms.

Although many observers in the region were critical of the Obama administration’s pivot for being more rhetoric than reality,71 it is fair to say that U.S. relations with Southeast Asia may never have been better than during the Obama administration. The question in the region when Obama left office was whether the Trump administration would build upon this improved foundation or whether it would revert to the traditional pattern of episodic engagement and relative neglect.

TRUMP AND SOUTHEAST ASIA IN 2017

Trump got off to a very slow and rocky start with Southeast Asian leaders. Although he invested significant time and attention with Northeast Asian leaders—notably, Japan’s Shinzō Abe and China’s Xi Jinping—Southeast Asia was not initially on Trump’s radar screen. The first four months of his term passed without a single meeting or telephone conversation with a Southeast Asian leader, although during the same period, he had fifteen phone conversations with heads of state from the Middle East, fourteen from Europe,

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seven from Latin America, six from Northeast Asia, three from Africa, two from North America, two from Oceania, and one from South Asia.\footnote{72}

Trump’s action on his third day in office to withdraw from the Trans-Pacific Partnership (TPP), though anticipated, sent shock waves throughout Asia. TPP was viewed as the primary economic component of Obama’s pivot policy, and Trump’s withdrawal deeply damaged the United States’ reputation and credibility throughout the region. Southeast Asian countries (Brunei, Malaysia, and Vietnam) had made wrenching economic adjustments and compromises in order to join TPP. Trump’s withdrawal was seen as far more than just an economic action—it signaled to Southeast Asians, once again, that the United States was unpredictable and not to be relied upon. They also found Trump’s “America First” rhetoric deeply disturbing,\footnote{73} as it led to the widespread perception of an isolationist America that would unilaterally cede the strategic ground to China.\footnote{74} His attempted ban on Muslims entering the United States also went down very badly. Equally confusing was Trump’s early embrace of Xi Jinping and China,\footnote{75} which was particularly baffling as the ASEAN states had anticipated a considerably tougher approach to China (which made many of them nervous). Specifically, then-Secretary of State Rex Tillerson had laid down the gauntlet concerning China’s actions in the South China Sea during his confirmation hearings when he sternly warned: “We’re going to have to send China a clear signal that, first, the island-building stops—and, second, your access to those islands is also not going to be allowed.”\footnote{76} Thus, after Trump’s first four months in office, there existed considerable angst throughout Southeast Asia concerning his administration’s approach to the region.

Beginning in the second quarter of 2017, however, following an internal U.S.

\footnote{72. For a listing of Trump’s phone calls and meetings with world leaders from January 20 to April 21, 2017, see Malcolm Cook and Ian Storey, “The Trump Administration and Southeast Asia: Limited Engagement Thus Far” (Singapore: ISEAS–Yusof Ishak Institute, April 27, 2017), p. 3.}
\footnote{76. “Senate Confirmation Hearing of Rex Tillerson,” \textit{YouTube}, January 11, 2017, https://www.youtube.com/watch?v=VgrcD0hYeU0.}
government policy review, the Trump team began to focus attention on the region. A series of steps were taken to send reassuring signals. The vice president, secretaries of state and defense, and the president himself all visited the region. In addition, Trump received the leaders of Malaysia, Singapore, Thailand, and Vietnam at the White House. The visit by Thai Prime Minister Prayut Chan-o-cha was particularly noteworthy given the freeze-out he and the Thai regime had experienced since the 2014 coup. The Thai media labeled the visit the beginning of Trump’s new “non-interventionist” foreign policy.77 Malaysian Prime Minister Najib Razak’s visit was also noteworthy, given the 1MDB banking scandal and the fact that the U.S. Department of Justice still has an ongoing open investigation into it. In 2015, Najib was accused of funneling the equivalent of approximately $700 million from the 1MDB state development firm to his personal bank accounts. Najib is widely believed to be “Malaysian Official No. 1” in the Justice Department’s civil complaint.78 Some in the Malaysian government even feared that Najib might be detained when he entered the United States, but this did not occur. For his part, Najib knew what would please Trump: in the White House, the president announced a $20 billion deal in which Malaysia would buy Boeing aircraft.

With these moves, the Trump administration sought to reassure Southeast Asia of continued U.S. engagement. To some in the region, the signals were encouraging,79 yet others wondered if they were just the latest examples of Washington’s episodic engagement.80

The uncertainty surrounding the United States and the growing certainty about China was underscored in a discussion I had at the Bruneian foreign ministry, where a senior official said: “We see China as a neighbor and power that is here to stay—which is not so clear with the United States.”81 Singapore’s Kishore Mahbubani, a retired senior diplomat and former dean of the Lee Kuan Yew School of Public Policy, echoed this growing sentiment: “We know that China will be our neighbor in 1000 years’ time. We don’t know if the Americans will be here in 100 years’ time.”82

80. See, for example, Sutter, “Trump and China.”
81. Author interview with director-general, Brunei ministry of foreign affairs, Bandar Seri Begawan, February 13, 2017.
82. Quoted in Rachman, Easternization, p. 109.
THE U.S. TOOLBOX

The United States possesses a substantial array of tools for use in Southeast Asia. These instruments vary country by country, but they generally fit into one of three categories: diplomacy; civilian and military assistance; or commercial business. Each involves a number of elements.

Traditional diplomacy is bilateral and multilateral, presidential and cabinet level. The president can invite regional leaders to the White House and pay state visits to their countries. President Obama was exceptional in that he visited every ASEAN state except Brunei. The president and secretary of state also regularly meet their counterparts at annual multilateral forums: the Asia-Pacific Economic forum, the East Asian Summit, and the U.S.-ASEAN Leaders’ Summit. For his or her part, the secretary of state also normally attends the ASEAN Regional Forum every year, in addition to meeting ASEAN foreign ministers in Washington and in their home countries. The assistant secretary of state for East Asia and Pacific Affairs and the deputy assistant secretary responsible for Southeast Asia oversee all U.S. relations with the region. The Defense Department and Pacific Command, the Treasury and Commerce Departments, and U.S. intelligence services similarly maintain extensive interactions with their counterparts. U.S. embassies throughout the region, and ASEAN embassies in Washington, are on the front line of cooperation.

It is also worthwhile to distinguish U.S. public diplomacy from traditional diplomacy. The United States maintains a robust series of programs throughout the world, including in Southeast Asia—managed principally through the State Department’s Department of Public Diplomacy and Department of Educational and Cultural Affairs. Like all regional bureaus, East Asia and Pacific Affairs has public diplomacy officers assigned to it, who coordinate and tailor programs, policies, and messages for Southeast Asian audiences. There is a close working relationship between these departments and embassies in the region. Every three years, embassies and the aforementioned departments put together an “Integrated Country Strategy,” which establishes goals, methods, and metrics across a range of areas. These public diplomacy and education and cultural affairs strategies target different sectors of Southeast Asian societies, institutions, and media; they also employ a wide variety of mechanisms both in-country and in the United States.

Through all of these public diplomacy programs, the United States maintains a robust—but underappreciated—cultural presence throughout Southeast Asia. They contribute to America’s reservoir of soft power in the region.

83. Having recently interacted with the public affairs officers in each U.S. Embassy, I can personally attest to the high quality and dedication of their work.
Civilian and military assistance programs are a second key element in the U.S. toolbox in Southeast Asia. Civilian aid and overseas development assistance involve a wide range of programs, including the U.S. Agency for International Development; the Human Rights and Democracy Fund; the HIV/AIDS Initiative; the Counter-Narcotics and Law Enforcement Initiative; the Peace Corps; and the Child Survival and Health Initiative. From 2010 to 2016, the Obama administration allocated $4 billion in development assistance to ASEAN countries.84

On the military side, U.S. assistance includes three main components: the International Military Education and Training (IMET) program, the Foreign Military Sales and Financing (FMS/FMF) program, and the Excess Defense Articles (EDA) program. IMET, a flagship U.S. military program, is a principal mechanism for training foreign officers in the United States. This occurs at any number of U.S. military bases, staff and service colleges, the National Defense University, and the Asia-Pacific Center for Security Studies in Honolulu. The State Department determines which countries qualify for the IMET program, but the Defense Department implements it. Since U.S. restrictions on Indonesia and Vietnam were lifted, every Southeast Asian country except Myanmar now participates in IMET.85 The FMS/FMF programs now also operate in every ASEAN country except Cambodia, Laos, and Myanmar. In addition to sales of new military equipment and weapons, the Excess Defense Articles program transfers used equipment to regional militaries. For example, the Philippines recently received several decommissioned U.S. Coast Guard cutters. The U.S. military also maintains bilateral training programs and undertakes joint exercises with several Southeast Asian militaries every year.86 Another important Department of Defense–led effort is the Southeast Asia Maritime Law Enforcement Initiative, launched in 2012. The U.S. military and civilian intelligence agencies also maintain close ties with their counterparts in many Southeast Asian states.

Through all of these military assistance programs, the United States provides tangible support for Southeast Asian militaries. These programs are not well known in the region; indeed Southeast Asian governments are quite reluctant to allow them to be publicized. Being perceived as close to the United States, particularly in the defense and intelligence domains, is considered a lia-

84. White House, “Factsheet,” p. 3.
85. In Myanmar’s case, congressional staff members adamantly oppose inclusion in IMET and have been successful in blocking it and other forms of normal military-to-military exchanges.
86. In 2015, the U.S. military held three joint exercises with Brunei, four with Cambodia, seven with Indonesia, eight with Malaysia, seven with the Philippines, seven with Singapore, six with Thailand, and three with Vietnam. See East-West Center, U.S.-ASEAN Business Council, and ISEAS–Yusof Ishak Institute, “ASEAN Matters for America, America Matters for ASEAN,” p. 12.
bility in several countries—most notably, in Muslim-majority Indonesia and Malaysia. Even ship visits and routine exercises are rarely reported by the governments concerned or in local media, although U.S. Navy vessels make regular port calls throughout the region.

The third category of U.S. engagement in Southeast Asia is commercial business. American companies have deep roots throughout the region. As noted above, the U.S. trade in goods with ASEAN reached $273 billion in 2015 (tripling since the 1990s), and the United States’ cumulative direct investment is $226 billion (more than China, Japan, and the European Union combined). Annual FDI from U.S. entities reached $13.64 billion in 2015.87 The U.S. Commerce Department estimates that 550,000 American jobs are supported by exports of goods and services to ASEAN.88 Although the United States has only one bilateral free-trade agreement in the region (with Singapore), various government agreements help facilitate commerce—including the 2006 ASEAN-U.S. Trade and Investment Framework Arrangement, the 2012 ASEAN-U.S. Expanded Economic Engagement, and ASEAN Connect.

The Washington-based U.S.-ASEAN Business Council and the American Chambers of Commerce (AMCHAM) in each Southeast Asia country do much to facilitate two-way trade and investment.89 AMCHAM Singapore, a hub for regional business, has 401 U.S. corporate members (although the Singapore government reports 3,700 registered U.S. business entities in the city-state). The 2017 AMCHAM regional business outlook, based on the annual survey of companies, was quite bullish about opportunities for U.S. businesses in the region; the vast majority of respondents (87 percent) expect their companies’ level of trade and investment in ASEAN to increase over the next five years. Vietnam, Indonesia, and Myanmar were identified as the three fastest-growing markets for American business expansion.90

The composition of U.S. business in Southeast Asia is also shifting. For example, ten years ago U.S. infrastructure and real estate companies such as Bechtel were present across the region, but no longer. They have ceded that space to Chinese companies. While some major corporate multinationals such as Boeing, Cisco Systems, Dow Chemical, Ford, General Electric, Lockheed, "Foreign Direct Investment Statistics" (Jakarta: ASEAN Secretariat, 2016), table 27, http://asean.org/storage/2015/09/Table-27_oct2016.pdf.
89. See https://www.usasean.org.
3M, and United Technologies, which largely make and sell “hardware” products or extract oil and gas, remain significant players in the region, continue to do well, increasingly, U.S. business in Southeast Asia has shifted toward “soft” industries, including financial services, multimedia, information technologies, consumer retail, e-commerce, pharmaceuticals, insurance, health-care services, consulting services, legal services, accounting services, tourism facilitation, and transportation. This shift is evident in the composition of AMCHAM and the U.S.-ASEAN Business Council member companies, which are increasingly populated by firms such as Adobe, Airbnb, Albright Stonebridge Group, Amazon, Apple, The Asia Group, Booz Allen Hamilton, Citi, Cigna, eBay, Expedia, Facebook, FedEx, Google, Johnson & Johnson, Medtronic, Merck, Oracle, PricewaterhouseCoopers, Time Warner, Twitter, Uber, United Parcel Service, Visa, and a range of financial services and consulting companies.

These companies that provide services rather than make products or build infrastructure represent the United States’ comparative commercial advantage in the twenty-first century in Southeast Asia and elsewhere. By contrast, China’s business niches are almost entirely in extractive industries and infrastructure construction.

Thus, U.S.-Chinese commercial competition in Southeast Asia is somewhat of an “apples versus oranges” false comparison. Each country does business in different sectors, and each reflects the economic sophistication of its national economy. That is, China remains largely a low-end export economy, although one that also excels at building infrastructure. In contrast, the United States is primarily a services- and technology-intensive economy. Moreover, one of the greatest advantages for U.S. businesses in the region is that they are perceived as uncorrupt. The U.S. Foreign Corrupt Practices Act, which American companies are very careful to adhere to, is seen as an asset and a strength. By contrast, Chinese firms operate under no such constraints and frequently line the pockets of their regional partners. In Malaysia, for example, one government official indicated that Chinese investments in the country are costed in thirds: one-third for central government kickbacks, one-third for payoffs to the local government and Malaysian business partner, and one-third for the actual cost of the project.

Taken together, these instruments in the U.S. toolbox—traditional and pub-

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92. Ibid.
93. Author interview with senior Malaysian official, Putrajaya, Malaysia, April 20, 2017.
lic diplomacy, civilian and military assistance, and commercial business—give the United States a strong foothold across Southeast Asia. These elements are broad, deep, and long-standing, even if they do not make headlines.

**China and Southeast Asia**

Compared with the United States, China’s regional presence is more recent and primarily single-dimensional: economic. China possesses little soft power in the region, and its public diplomacy programs are few. Its diplomacy is often heavy-handed, and it offers minimal military assistance (with poor “after sales service”); and its commercial footprint, though growing rapidly—is not multidimensional.

To an extent much greater than the United States, China’s relationship with Southeast Asia is framed by history. The history of China’s “tribute system” lurks in the minds of many Southeast Asians, a history reinforced by China’s close geographic proximity. Many observers in the region see signs that Beijing is trying to re-create at least the practices of the ancient tribute system. Recall that the tribute system was hierarchical, essentially peaceful and noncoercive, highly ritualistic, deferential, and filled with symbols of China’s supposed cultural superiority. But this is the twenty-first century—not the Song or Ming dynasty. The problem for China is that most countries in the region do not wish to slide back into such a dependent and subservient relationship. Yet, it is important to recall this psychological backdrop—and the more China maneuvers in Southeast Asia, the more one see echoes of this traditional system today.

Southeast Asia’s reluctance to acquiesce to Beijing’s revived tributary approach takes a variety of forms, but deference is one key element. As seasoned Singaporean diplomat Bilahari Kausikan describes it, “China does not merely want consideration of its interests—it expects deference to its interests to be internalized by ASEAN members as a mode of thought. It wants the relationship to be defined not just by a calculation of ASEAN interests vis-à-vis China, but ‘correct thinking’ which leads to ‘correct behavior.’” Although they may not like it, ASEAN states are already conditioned not to criticize China publicly or directly. Thus, a deafening silence can be heard throughout the region when China says or does something that Southeast Asians do not like; much hand-wringing and complaining takes place privately, but Beijing has so success-


fully co-opted and intimidated the ASEAN states that they quickly and quietly yield. The Thai scholar Thitinan Pongsudhirak observes, “On its own, no Southeast Asian state can afford to stand up to Beijing.”

This reluctance is particularly evident in the realm of diplomacy, where statements and communiqués issued at ASEAN meetings are regularly devoid of any mention of China, particularly its island-building in the South China Sea. In 2012, China succeeded in blocking a joint ASEAN statement for the first time ever when the grouping met for its annual summit in Phnom Penh. China almost succeeded again during the 2017 summit in Manila, before a bland pro forma summit communiqué was issued several days after the meeting adjourned.

Despite this diplomatic kowtowing to Beijing, under the surface Southeast Asians remain deeply ambivalent about their countries’ coziness with China. Many in the older generation still recall China’s decades of support for regional communist insurgencies and support for ethnic Chinese as a “fifth column” in several countries. Such memories were stirred again in 2015 when, in response to communal tensions between Malays and ethnic Chinese, China’s ambassador in Kuala Lumpur, Huang Huikang, spoke out publicly in defense of ethnic Chinese as part of “one big family.” His message reverberated across the region. Leo Suryadinata, an international authority on Chinese in Southeast Asia, argues that Beijing has become much more assertive in its defense of the 32 million ethnic Chinese residing in the region. The ethnic Chinese issue is particularly sensitive and acute in Indonesia, where anti-Chinese riots broke out in 1965 and 1998. A leading Indonesian scholar describes the current situation this way: “Anti-Chinese sentiment in Indonesia is still very strong. One nudge and it will ignite. When combined with bigotry, it is the ugliest manifestation.” China’s growing “united front” activities among ethnic Chinese communities increasingly concern a number of intelligence officials in the region.

There is also growing concern in Southeast Asia about China’s real estate acquisitions, the unfavorable financial terms of many infrastructure projects, and the growing indebtedness that countries face. Such sentiments are particularly apparent in Cambodia, Malaysia, Myanmar, and Thailand.

For China’s part, though, there is little official recognition of Southeast Asians’ ambivalence. Chinese officials, think tanks, and media all remain on message about “good neighborliness” and “win-win cooperation.” As President Xi put it in a speech in Singapore during his 2015 tour of the region: “Together we can achieve open, inclusive, and win-win cooperation among neighbors that is based on mutual respect and mutual trust, expanding common ground and narrowing differences.”\textsuperscript{100} Xu Bu, China’s current ambassador to ASEAN, similarly asserts: “Through the past 25 years of continued dialogue and deepening reform, China and ASEAN have built solid foundations for political mutual trust. China, as always, upholds the neighborhood diplomacy principles of amity, security and prosperity. The ASEAN countries follow the one-China policy, support China’s peaceful reunification, and accommodate China’s concerns on major issues of principle involving China’s sovereignty.”\textsuperscript{101} These kinds of diplomatic statements are regular and ritualistic, though occasionally one finds awareness of Southeast Asian states’ suspicions of China and their hedging strategies in Chinese analyses.\textsuperscript{102}

\textbf{CHINA’S TOOLBOX}

Despite Southeast Asian ambivalence, China has been steadily extending and deepening its presence throughout the region in recent years. In doing so, it has used diplomatic, cultural, economic, and security instruments.

Diplomatically, China and ASEAN interact multilaterally at their annual summit (also known as ASEAN Plus One). The twentieth such summit, held in Manila in November 2017, launched the formal process for drafting a new Code of Conduct for the South China Sea (which will build on the Code’s Framework document agreed at the China-ASEAN Post-Ministerial in May 2017).

Every year, a number of Southeast Asian leaders are invited to Beijing for lavish state visits. Malaysia’s Najib Razak and Cambodia’s Hun Sen have been

\textsuperscript{100} Xi Jinping, “Forging a Strong Partnership to Enhance Prosperity of Asia,” speech at ISEAS–Yusof Ishak Institute, November 7, 2015, p. 13.
regular visitors. Najib has become beholden to Beijing since China bailed out the 1MDB state development fund by buying $4 billion of the fund’s balloon- ing debt and signing $34 billion in commercial deals with Malaysia. In addi- tion, Xi Jinping has made concerted efforts to court Aung San Suu Kyi and Joko Widodo since they became Myanmar’s and Indonesia’s heads of state, re- spectively, and they too have realized the imperative of dealing with China. In Myanmar’s case, one Yangon-based expert observed: “Aung San Suu Kyi has made her peace with China. She knows she cannot afford to alienate China. But she doesn’t have any kind of China strategy or policy, and there are zero China experts in the government.” The greatest diplomatic triumph for China, however, came with the much-ballyhooed visit of Philippines President Duterte to Beijing in November 2016, when he announced his country’s “sepa- ration” from the United States and beginning of a “special relationship” with China. Bilateral meetings with President Xi Jinping or Premier Li Keqiang are also often piggybacked onto multilateral ASEAN gatherings. Seven ASEAN heads of state were among the twenty-nine leaders and 1,500 dele- gates to participate in the 2017 Belt and Road Forum in Beijing in May 2017. The Chinese Communist Party’s International Department also engages in ex- changes with some ASEAN countries (notably, Laos, Malaysia, Myanmar, and Vietnam). China’s Foreign Minister Wang Yi and State Councilor Yang Jiechi also regularly interact with their counterparts, usually in multilateral settings.

In terms of public diplomacy and soft power, China’s regional influence re- mains modest, but its activities are expanding. People-to-people exchanges in- clude the Action Plan of China-ASEAN Cultural Cooperation (2014–18); the China-ASEAN Education Cooperation Year (2016); the China-ASEAN Cultural Exchange Year (2014); the Double 100,000 Students Plan (which intends to send 100,000 students in each direction by 2020); the China-ASEAN Disability Forum; the China-ASEAN Youth Association and China-ASEAN Youth Camp; the China-ASEAN Expo; the China-ASEAN Information Harbor; and the China-ASEAN Public Health Cooperation Fund. China has also established twenty-nine Confucius Institutes, fifteen Confucius Classrooms, and a number of Chinese Cultural Centers across the region. Taking a leaf out of the United States’ public diplomacy playbook, the Chinese government also

105. See Baviera, “Duterte’s China Policy Shift.”
106. These activities are listed in Xu and Yang, “A New Journey for China-ASEAN Relations.”
brings significant numbers of influential “opinion shapers” and local officials to China on all-expense-paid “soft power tours.” China’s chambers of commerce are also active in all ASEAN countries. Aside from these government-initiated efforts, Chinese films and television series are gaining increased viewership across the region—particularly in Myanmar, the Philippines, Singapore, Thailand, Vietnam, and increasingly in Malaysia. Finally, Chinese provincial organs—particularly in Fujian, Guangxi, and Yunnan—are extremely active in their own exchanges with Southeast Asian countries.

Meanwhile, Southeast Asia has become a priority destination for Chinese tourists. In 2016, 19.8 million Chinese tourists visited the region—accounting for roughly one-fifth of all foreign visitors. They come to golf, shop, gamble, and visit historical sites. They also have been buying property all across the region. Given their relatively inexpensive real estate, Thailand and the Philippines have become increasingly popular for buyers; Singapore, however, has become too expensive for many Chinese to afford.

The country that has enjoyed the biggest boom in Chinese real estate acquisitions is Malaysia. One novel initiative—Forrest City in the southern state of Johor (just across the border from Singapore)—offers Shanghai residents a unique “buy one” (flat in Shanghai), “get one free” (in Forrest City). This ambitious mixed-development “eco-city” project of homes, schools, recreation, and businesses was intended to house 700,000 people—until the Chinese government suddenly slapped stricter capital controls on its citizens moving money out of the country in 2017, thus throwing the project’s future into uncertainty. At the same time, with Prime Minister Najib’s embrace of Beijing following the 1MDB banking scandal, Chinese expanded their buying beyond condominiums to include huge rubber and palm oil plantations, beachfront properties and hotels, and industrial parks.

This surge of Chinese real estate investment has sparked concern in

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Malaysian society and the media, including from senior statesman and former Prime Minister Mahathir Mohamad. In January 2017, in a public speech, Mahathir railed against “foreigners being given large tracts of land to build property that will be occupied by them. . . . Singapore was our territory, but not now. If we think a little bit, this is happening again. Our heritage is being sold, our grandchildren won’t have anything in the future.” Former senior Malaysian diplomat Redzuan Kushairi echoes these concerns: “The fear is that Malaysia would very soon be saddled with huge amounts of debt, which will make us heavily indebted to China and end up compromising our sovereignty and render us unable to conduct an independent foreign policy.” “When a country is so dependent on a single country, especially when that country aspires to dominate the world and treat ASEAN as its sphere of influence, Malaysians have every reason to be wary and extra careful,” Kushairi told a Malaysian newspaper.

China is also increasingly active in military-to-military exchanges—but these come nowhere near those of the United States in terms of weapons sales, “after sales service,” officer training, joint exercises, intelligence collection and sharing, and military education programs.

China’s weapons transfers/sales have been edging up in recent years, now accounting for 6.8 percent of global totals, and making China the third-largest weapons exporter in the world, following the United States and Russia. The quality of Chinese arms has improved considerably, and they are no longer mere Soviet/Russian knockoffs. Also, their prices are about 20 percent lower than those of Western nations. Most Chinese transfers go to Pakistan (two-thirds of its arms imports), Bangladesh, and several African states. Recipients in Southeast Asia remain few—Cambodia, Myanmar, and Thailand primarily, with Malaysia becoming a new market. Transfers amounted to $2.1 billion in 2016, according to the Stockholm International Peace Research Institute. Myanmar receives the lion’s share, importing a range of equipment (armored personnel carriers, tanks, helicopters, jet trainers, trucks, and light


In addition, China trains officers from these four countries at installations both in China and in-country. The Malaysian and Thai armed forces engage in annual military exercises. The China-Thai naval and marine exercise Blue Strike was launched in 2010, with joint air exercises commencing in 2015. Recently, Malaysia and China entered into a defense intelligence-sharing arrangement that includes secure communication links, and Thailand is reported to have done the same.\footnote{Yang Razali Kassim, “Is Malaysia Tilting Towards China?” (Singapore: S. Rajaratnam School of International Studies, December 30, 2016).} Further, China has given the Philippines a $14 million line of credit to purchase military equipment.\footnote{Author interview with Philippines official, Manila, February 16, 2017.} All Southeast Asian militaries have regularized bilateral defense exchanges with their counterparts from the People’s Liberation Army, and beginning in 2015 they inaugurated an annual China-ASEAN Defense Ministers Special Meeting. At the 2017 meeting, the two sides agreed to their first-ever joint maritime exercise, to be held in 2018.\footnote{Sarah Zheng, “China and ASEAN to Go Ahead with First Joint Naval Exercise,” \textit{South China Morning Post}, October 24, 2017.} China, Laos, Myanmar, and Thailand have also engaged in joint patrols of the Mekong River since 2012.\footnote{“63rd Joint Patrol Starts on Mekong River,” \textit{China Daily}, October 27, 2017.} Other confidence-building measures—notably, ship visits—and exchanges among different services also occur with some frequency.

Despite all of these activities, China’s military relationships in Southeast Asia remain rather shallow. With the exceptions of Cambodia and Myanmar,
they come nowhere near the breadth and depth of the U.S. military presence or assistance programs in the region.

Meanwhile, trade and investment far and away dominate China’s regional footprint in Southeast Asia. China has been ASEAN’s largest trading partner since 2009, accounting for $345.7 billion in 2015 (excluding trade via Hong Kong), according to data from the ASEAN Secretariat.124

The trade relationship received a big boost in 2010, when the China-ASEAN Free Trade Area (CAFTA) came into effect. CAFTA includes a population of 1.9 billion and $4.5 trillion in trade volume. Under CAFTA, China and ASEAN agreed to zero tariffs on 90 percent of each other’s goods. China and ASEAN are now engaged in “upgrade” negotiations, commenced in 2015,125 and both sides have established a goal of $1 trillion in total trade by 2020. ASEAN has become China’s third-largest trading partner (after the European Union and the United States). Malaysia is China’s largest, followed by Singapore, Thailand, Indonesia, Vietnam, the Philippines, Myanmar, Cambodia, Laos, and Brunei.126 China’s trade with Cambodia, Laos, Myanmar, and Vietnam—though not large in volume—has grown the fastest: 24 percent, 37 percent, 33 percent, and 30 percent, on average, from 2001 to 2014.127

Among its ASEAN trading partners, China runs large surpluses with Indonesia, Singapore, and Vietnam—while Malaysia and Thailand have traditionally run surpluses vis-à-vis China. Southeast Asian countries are also increasingly settling commercial transactions in renminbi. Currency exchange swaps are already in practice for the Indonesian rupiah, Malaysian ringgit, Philippines peso, Singaporean dollar, Thai baht, and Vietnamese dong—while China and ASEAN have agreed to moving further toward “de-dollarization” by expanding local currency settlement.128 In addition, China has established a series of preferential loans for ASEAN countries: the China Development Bank has recently committed $10 billion in preferential loans, the China-ASEAN Investment Cooperation Fund $3 billion, the China-ASEAN Maritime Cooperation Fund $10 billion, and the Silk Road Fund $50 billion.129 Finally, with the United States’ withdrawal from TPP, ASEAN and China are pushing ahead

129. Ibid.
with the Regional Comprehensive Economic Partnership initiative, essentially an Asian regionwide free trade agreement between the ten members of ASEAN and six other regional countries.

Chinese investment into ASEAN has also been spiking upward, reaching $8.2 billion in 2015, with total cumulative stock of $123 billion by the end of 2014. China is already the largest foreign investor in Cambodia, Laos, Malaysia, and Myanmar, and the second largest in Singapore and Vietnam. Chinese investment is expected to grow severalfold in coming years, stimulated in particular by China’s 21st Century Maritime Silk Road initiative (half of One Belt, One Road). The Maritime Silk Road includes a number of separate country “corridors” and economic cooperation zones—such as the Bangladesh-China-India-Myanmar Corridor, China-Indochina Peninsula Economic Corridor, Nanning-Singapore Economic Corridor, Guangxi Beibu-Brunei Economic Corridor, Pan-Beibu Gulf Economic Cooperation Zone, Lancang-Mekong Cooperation Zone, and the China-Vietnam Two Corridor and One Circle Cooperation Zone. Some of the more ambitious projects include an 1,800-kilometer highway from Kunming, the capital of Yunnan Province, to Bangkok (already completed); five separate rail lines from Yunnan down into Thailand, including a proposed 3,900-kilometer high-speed line from Kunming to Singapore (which will traverse Laos, Thailand, and Malaysia); major port developments at Kuantan, Malaysia, and Kyaukphyu, Myanmar; and a 150-kilometer high-speed rail line from Jakarta to Bandung in Indonesia. In September 2017, the Indonesian government announced that OBOR projects in that country will be concentrated in four locales—North Kalimantan, North Sulawesi, North Sumatra, and Bali—with a whopping $45.98 billion in total investment.

Malaysia has been a particular beneficiary of OBOR, with FDI from China increasing sixfold just since 2015, now accounting for nearly half of all foreign investment in the country.\footnote{CLSA Ltd., One Belt, One Road: Summit Preview (Hong Kong, CLSA Ltd., May 2017), p. 44.} This includes the Melaka Gateway ($10 billion), Bandar Malaysia ($8 billion), Kuala Linggi International Port ($2.92 billion), Robotic Future City in Johor ($3.46 billion), Kuantan industrial park and port expansion ($900 million), Samalaju Industrial Park and Steel Complex ($3 billion), Penang waterfront land reclamation project ($540 million), Pahang Green Technology Park ($740 million), Forrest City mixed-development project ($100 billion), and the East Coast Rail Link ($13 billion).\footnote{U.S. dollar amounts for each of these projects come from Bhavan Jaipragas, “11 Projects That Show China’s Influence over Malaysia—and Could Influence Its Election,” South China Morning Post, October 11, 2017.} The East Coast Rail Link, running across the Malay Peninsula and linking Port Kuantan in the east to Port Klang in the west, will cut substantial time and cost for shippers.\footnote{Leslie Lopez, “Malaysia’s East Coast Rail Line Touted as a Game Changer,” Straits Times, December 22, 2016, http://www.straitstimes.com/asia/se-asia/malaysias-east-coast-rail-line-touted-as-a-game-changer.}

When I visited the Melaka Gateway project in April 2017, I was stunned by its potential scale. Sitting directly adjacent to the strategically sensitive Malacca Strait, the Melaka Gateway spans 750 acres and will encompass four distinct islands (mainly reclaimed land). The project includes a large residential district with hotels and condominiums, hospitals and schools, a Ferris wheel, a marina for 600 private yachts, and a major terminal that can berth up to four Royal Caribbean cruise ships at once. Next door will be a high-rise financial center and free trade zone. The Melaka Gateway, which is due for completion in 2025, also includes a mammoth deep-water port (construction is already under way). The port will be 30 meters deep with a 3-kilometer-long wharf that can accommodate huge container vessels and tankers carrying oil and liquefied natural gas, and is projected to accommodate 2.5 times the shipping traffic of Singapore. An adjacent pier will berth up to three large cruise ships. Next to the port will be a storage facility with capacity for 5 million containers. Finally, the Melaka Gateway will include a Maritime Natural Park.

For these reasons, one Malaysian academic described his country as “ground zero for OBOR.”\footnote{Author discussion with Malaysian scholar, Kuala Lumpur, April 21, 2017.} Malaysia and China clearly have big plans for commercial cooperation, which were enshrined in a $33.6 billion package of investments and loans during Najib’s November 2016 visit to Beijing. No won-
der that during the visit he pronounced China-Malaysian relations as the “best ever.”

Between 2010 and 2016, China invested $35.6 billion in construction projects in Malaysia, according to the Malaysian Department of Statistics. Despite this optimistic atmosphere, several of the ambitious projects hit a major hurdle in May 2017, when Chinese funders withdrew their financing. These funders included China Railway Engineering Corporation, which was to cover 60 percent of the Bandar Malaysia project. In many of these projects, Malaysians fear that the terms of indebtedness and ceding of sovereign access to China will be far too great a burden for the country to bear.

This pattern of unrealized Chinese investment promises, coupled with burdensome debts, corrupt business practices, and concerns about compromised economic sovereignty, may well play out in other Southeast Asian societies in the years to come—stimulating a backlash against China, as has occurred in some African countries and Sri Lanka in recent years. The implications have not been lost on Malaysians. One Malaysian scholar observes, “The Chinese come across as pushy and arrogant to many Southeast Asians, and they are tough businessmen.” Similarly, Singapore’s ambassador-at-large, Chan Heng Chee, observes: “I don’t know if China knows how to be magnanimous.”

China’s economic toughness is reinforced by its sometimes demanding diplomatic posture. As a senior Singaporean official pointedly described it, “The Chinese will tell you to stand, then they tell you to sit. After you do both, they will next tell you to kneel. It will never stop.” Similarly, a senior Thai official described it this way: “Thirty-five years ago when Chinese ministers came here, they were quite humble—nowadays it’s no longer so. China now has power, and they are acting like it—they come here and tell us to do this and do

144. Author discussion with Malaysian scholar, Malacca, Malaysia, April 29, 2017.
145. Author interview with Ambassador Chan Heng Chee, Singapore, April 22, 2017.
146. Author discussion with senior Singaporean official, Singapore, January 25, 2017.
that. The Chinese have a saying: ‘The sky is high and the emperor is far away.’ But the emperor is not so far away now. The emperor now has both the will and capability to enforce its desires.”

Thus, despite the apparent diplomatic bandwagoning with Beijing by a number of Southeast Asian states during 2016–17, China has a number of apparent vulnerabilities and weaknesses in its interactions with the region. As in other parts of the world, perhaps China’s greatest drawback is its inability to view itself as others view it. Unfortunately for China, Chinese tend to believe their government’s propaganda about its benign intentions and behavior; Beijing is not self-critical, never admits fault or error, and routinely blames others when strains emerge in its foreign relations. If China is to become a successful great power, it will need to recognize and rectify these deficits.

Conclusion

The United States and China are involved in an increasingly comprehensive competition (strategic and otherwise) in Southeast Asia. I would define this competition as soft rather than hard, and indirect rather than direct. It is not (yet) an acute action-reaction, tit-for-tat, zero-sum competition. Both Beijing and Washington pursue policies and activities in the region to advance their interests rather than to directly counter the other, and both bring certain comparative advantages and disadvantages to their interactions with different Southeast Asian countries.

Although all Southeast Asian nations engage with the United States and China, there has been a noticeable gravitational shift on their part toward China recently. While recognizing that China’s position and influence is growing in the region, neither should it be overstated. China primarily remains a single-dimensional power—economic—whereas the United States brings multiple assets to bear in its relations with Southeast Asian states and societies. The United States is truly a multidimensional actor, but the breadth and depth of U.S. engagement is not well appreciated by observers in the region. Recognizing this, the United States needs to develop a comprehensive plan to effectively compete with China in the region and undertake a major public diplomacy effort to educate Southeast Asians about what it has to offer. One major challenge is to correct the pervasive perception that the United States has repeatedly proven itself to be episodically engaged and is not dependable.

As senior Singaporean diplomat and Ambassador-at-Large Tommy Koh de-

147. Author interview, Thailand ministry of foreign affairs, Bangkok, January 18, 2017.
scribes the current situation: “In the contest for influence in ASEAN between China and the U.S., the Chinese are winning the competition. The U.S. has to work harder to strengthen its economic, cultural, political, and security ties with ASEAN.” Washington should substantially raise Southeast Asia as a strategic priority in its Asian and global foreign policy—it is too important a region to cede to China.

The United States’ greatest strengths remain its hard power—its forward naval presence and deep military assistance programs across the region and its investments and commercial presence—and its soft power appeal through media, movies, sports, higher education, technology, and investment, which is second to none. Even U.S. aid programs in the region outstrip China’s by a factor of about 4 to 1. Nevertheless, the United States’ weaknesses in its competition with China are many: its geographic distance from the region; its emphasis on democracy, human rights, and good governance (which is not bad, but does not generally go down well with Southeast Asian governments); Washington’s impatience with the “ASEAN Way” of diplomatic consensus building; and a lack of government funds to match China in investment and infrastructure projects.

For its part, China’s strengths are primarily its geographic proximity and vast sums of money. Beijing’s lack of criticism concerning human rights and governance is also appreciated by regional states. China’s weaknesses are, ironically, its geographical proximity (too near and overbearing); its South China Sea claims; its occasional diplomatic manipulation of ASEAN; its inability to provide security/defense for the region; and the historical suspicions that Beijing uses ethnic Chinese communities as “fifth columns” in several Southeast Asian societies.

Because the Sino-American competition in Southeast Asia is not (yet) a direct tit-for-tat, zero-sum, Cold War–type of struggle, I argue that a kind of “competitive coexistence” between the two powers is achievable. Thus, the U.S.-China strategic competition can be successfully kept from becoming adversarial or kinetic. Southeast Asian states have a vital role to play in this regard, by maintaining their traditional, neutralist hedging strategies. Their recent gravitation toward China is thus not helping them, and it puts pressure on Washington to fashion counter-China strategies. The Trump administration’s “free and open Indo-Pacific” doctrine is clear evidence of this dynamic.

For its part, Washington should be adroit in how it plays its hand in Southeast Asia. It should avoid any temptation to mount a coordinated containment strategy against China in the region, as no single Southeast Asian

state would go along with such an effort. Any such effort would, in fact, be
counterproductive—as several states may actively resist Washington and thus
align more closely with Beijing. At the same time, many Southeast Asian states
look to the United States as an offshore balancer, a role that the U.S. can and
should play. This role should not be confined only to the security realm,
but should be comprehensive in scope—including the diplomatic, cultural,
public diplomacy, and economic instruments discussed above. When China
overreaches and becomes too assertive in the region, which I think is quite
likely (and there are already nascent signs), then the United States needs to be
physically present and be perceived to be a reliable partner for Southeast
Asians. It is time for Washington to overcome its history of episodic engage-
ment with Southeast Asia, to realize the strategic significance of the region,
and to make it a priority among U.S. global commitments.