

U.S. Perspectives on Southeast Asia: Opportunities for a Rethink

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Summary

Over the past decade, it has become received wisdom that the U.S. is neglecting its relationships in Southeast Asia, and the prime beneficiary is an increasingly attentive and aggressive China. In Southeast Asian capitals and in the corners of the Washington foreign policy community that look at the region, there's a palpable sense of angst. Beijing, the argument goes, is maneuvering deftly to deepen its presence in its backyard, and the U.S. just isn't showing up.

It is true that in recent years, Beijing's growing use of diplomacy and "soft power" in Southeast Asia – including non-military inducements such as foreign aid, active engagement with regional bodies, and dramatically increased trade and investment – has created a perception that China is moving to compete with the U.S. as a regional power. China has promoted initiatives including an ASEAN-China Free Trade Agreement, the East Asia Summit, the Mekong Sub-Region Summit, and increasingly active sets of ASEAN+1 and ASEAN+3 discussions, and perhaps equally effectively, outreach to business and cultural networks in the parts of Southeast Asia with substantial Chinese business communities.

At the same time, the U.S.'s occupation with countering terrorism and pursuing the war in Iraq has created a sense that Washington places little priority on the region – a perception that's only fed by a considerable record of neglect of multilateral fora. Twice in the past three years, Secretary of State Rice has skipped the ASEAN Regional Forum, the region's primary multilateral security meeting. Last year, President Bush postponed a U.S.-ASEAN Summit

scheduled for September in Singapore. Efforts to find initiatives to fill out the skeleton of a U.S.-ASEAN Enhanced Partnership have produced relatively little, and moves to designate a U.S. Ambassador to ASEAN have been swamped by other priorities.

Both mass and elite perceptions of the U.S. and China have changed dramatically. In Indonesia, for instance, a 2007 Pew Research poll found that only 29% of Indonesians had a favorable view of the United States, compared with 65% who had a favorable view of China. And the U.S. figure was an *improvement* from the shocking 16% approval rating the Pew poll found in 2003.

China is still only the 10th largest source of FDI into the region, but Chinese investment is rising – and perceptions are rising even faster. Chinese investment and aid is particularly important in ASEAN’s smaller economies – Laos, Cambodia and Burma – but Chinese investors are increasingly active in the region’s larger economies too. Prominent political leaders in the Philippines, Thailand and Indonesia have styled themselves as champions of Chinese investment in their economies, and China has cast itself as a flexible, eager partner. Indonesian government officials, troubled by tepid reactions to their calls for infrastructure investment in recent years, have turned to Chinese investors, one Cabinet minister told me last year, because “they don’t need government guarantees.”

It’s a fairly broad list. But how big – and how deeply entrenched – is the true problem in Southeast Asia for the U.S. and its allies? And how could the U.S. actively restart efforts to leverage its assets in the region?

American security assets in the region are still enormous. The U.S. has cordial or better bilateral ties with every country in the region, save the increasingly isolated Burmese junta. Its engagement with its two treaty allies, Thailand and the Philippines, has strengthened in the wake

of the War on Terror. Singapore continues to be an extremely strong partner as well. In Indonesia and Vietnam, two populous nations that will be important lynchpins of the security balance over the coming decade, U.S. security ties are improving greatly – military-military ties with Indonesia restarted in 2005, and a U.S.-Vietnam dialogue has genuinely begun.

Moreover, public perceptions of the U.S. aren't cast in stone. Many believe that a new U.S. President could dramatically shift the miserable public perception numbers in Indonesia and elsewhere. So while it appears that the U.S. today is punching well below its weight in Southeast Asia, there is a clear opportunity for a recalibration of how the U.S. and its allies engage the region. The coming year, with the entry in January 2009 of a new U.S. Administration, presents a strong chance for a corrective recalibration of U.S. foreign policy priorities. "Neglected" regions like Southeast Asia should figure in that rethink.

A proviso: It's important not to expect too much too quickly. A new Administration's first thoughts will be about Iraq. Its second thoughts will likely be about Iraq as well. By the time a new foreign-policy team is in place and the emergency priorities thought through – the role of troops in Iraq and Afghanistan, concerns about Iran, Pakistan and North Korea, a strategy for the Middle East, crucial decisions on stances for engagement with China and Russia, plus whatever unexpected emergencies are thrown up – one might understand if a new administration exhaled wearily and thought... ARF?

But there are a series of clear, quick steps that a new Administration could undertake to foster a sense that the U.S. is shifting priorities back to the region, and addressing the new realities of the region's security architecture.

Among the "quick hit" measures a new Administration could undertake, to begin building a sense that things are changing:

- Naming an Ambassador to ASEAN, with enough seniority to send the message that the U.S. is taking the position seriously
- Signing the Treaty of Amity and Cooperation with ASEAN, thereby eliminating one of the major irritants to U.S. relations with the region
- Working, preferably with its allies, on “soft power” issues of active Southeast Asian interest in the immediate term, such as public health, climate change initiatives, and investment promotion

These should be followed by longer-term strategies that ensure that the above aren’t seen as promises that don’t lead anywhere:

- Clearly raising the priority given to regional and multilateral engagement. Consistently participating in regional fora, to ensure that the structures that don’t include the U.S., including the East Asia Summit, don’t gain pre-eminence in the regional architecture. That means being an active partner at the ARF
- Reaching out to allies, including Japan, India and Australia, and pushing for broader regional groupings, as a means of broadening the power structure rather than narrowing it. This needs to be cast as inclusive, lest the U.S. and its allies be seen as overly opposed to positive aspects of China’s engagement
- Working to deepen military cooperation with Indonesia and Vietnam, as well as reinforce ties with Thailand, the Philippines and Singapore
- Increasing foreign assistance funding to the region

The U.S. has myriad challenges in the region, and bandwidth isn't the only one. The Global War on Terror and the invasion of Iraq led to genuine anger among Muslim populations, including those in Southeast Asia. Latent resentment from the U.S.'s role in the Asian Financial Crisis continues.

Burma's ASEAN membership, meanwhile, has brought deep frustration with the group's tepid pressure on the Burmese regime to change its abysmal human rights record, and has served as a block to several potential U.S. initiatives, including signing the TAC. Burma's presence has complicated diplomatic formulas for numerous meetings and initiatives, at a time when the U.S. had little time to devote to working out complications. The imposition of a new series of "smart sanctions" targeting Burma's leaders directly may compel the junta to take diplomacy more seriously.

But a set of concerted measures, both quick and longer-term, could help the U.S. and its allies shift perceptions relatively quickly and begin leveraging the assets they do have in the region. With a new Administration in Washington in 2009 – and with new governments already in place in key allies Japan, South Korea and Australia – the opportunity for a rethink is clear.

The Question of China

The fundamental question that underpins strategy for the U.S. and its allies is how to cast China's role in the region. Is Beijing playing a zero sum game in which its self-styled "peaceful rise" actually displaces the U.S. and its allies? Or is a rising, engaged China beneficial for the region and for stability – interconnected with its neighbors and the world, and therefore better understood and more stable?

As noted, Beijing has moved skillfully to create diplomatic openings in Southeast Asia, through both attentive economic diplomacy and the creation of myriad new regional groupings. In 2006, China and ASEAN had 27 diplomatic bodies and initiatives working on substantive issues, ranging from the head-of-state summits to regular meetings of director-general level officials. The corresponding number of U.S.-ASEAN initiatives was just seven. (Japan, by contrast, had 33 such initiatives. India had 14.)

To be sure, some of China's initiatives won't ultimately amount to much. But some will, and China's energy working on them is likely to be remembered, just as Beijing earned credit for pledging \$1 billion to the IMF bailout of Thailand in 1998 (which it never used), while the U.S. opted not to take part.

The U.S. thinks too little about diplomatic architecture. Actively shaping regional security architectures has improved Beijing's position elsewhere in the region: When China worked to create the Shanghai Cooperation Organization, bringing together Russia and the former Soviet republics of Central Asia, the U.S. largely ignored the development. Today, that group is a serious one, having undertaken military exercises and taken active stances counter to U.S. security and democracy initiatives.

The East Asian Summit, whatever it becomes, could evolve into a body that shuts Washington out of regional economic and security initiatives. Already, it has presented communiqués talking of cooperation to push alternative energy sources from renewable energy to nuclear power. It's not hard to see the EAS developing technical working groups through which Beijing pushes economic initiatives, from the adoption of technical standards to the building of infrastructure.

Meanwhile, ASEAN+3 has become a vibrant Asia-only forum, while some in the region feel U.S. neglect of the broader ARF has hurt that broader body's credibility. APEC, the broadest body that was supposed to tie the U.S. – as well as Australia – into the region's multilateral diplomacy, appears to be floundering.

These trends don't have to push the U.S. towards isolation, but it does need to think hard about how to engage this shifting regional architecture. It will be important not to denigrate or be seen as trying to derail the progress Beijing is making. The idea that China is being "contained" will draw little enthusiasm in a region that has welcomed China's efforts to engage in a more open manner. The U.S. and its allies should not be seen as trying to counter the more positive aspects of China's diplomacy, lest they seem "one-note" competitors, without the region's best interests at heart. Already, proposals for a Quadrilateral partnership between the U.S., Japan, India and Australia – one that Beijing reacted poorly to – have been shelved.

Interestingly, the U.S. has invited China to take part in this year's Cobra Gold military exercises in Thailand. U.S. Adm. Tim Keating extended the invitation in January, at a time of considerable disquiet over a series of aggressive Chinese moves, including denying the USS Kitty Hawk the right to dock in Hong Kong over Thanksgiving, and calling on BP to refrain from exploration in Vietnamese waters claimed by China. This points to the fundamental question for the U.S. about China: In moving to include Chinese forces in the Cobra Gold exercises, one of America's most important in the region, Washington appears in this instance to be playing an inclusive hand rather than an isolationist one.

Despite China's rapid growth, the U.S. and Japan still outrank it as trading partners and sources of foreign direct investment (although not necessarily for long... most economists expect China to become a larger trading partner with ASEAN by 2010.) The U.S. and its allies have

considerable “soft power” assets that can help with immediate regional needs, including expertise in public health and communicable disease, environmental protection, and investment promotion.

Meanwhile, regional uneasiness about China’s intentions remains strong. Witness the demonstrations that Vietnam’s government has allowed in recent weeks against China’s aggressiveness in the South China Sea. Nations with territory in the South China Sea, including Vietnam, the Philippines, Malaysia and Indonesia, have clear incentives to encourage U.S. presence in the region, as a counterbalance to China’s aggressive territorial claims in the South China Sea.

Regional Sensitivities and Complexities

Southeast Asia has made a remarkable resurgence over the past decade from the depths of the Asian financial crisis. But it would be a mistake to assume that political trends across ASEAN’s members will be stable, straight-line matters, or that U.S.-led initiatives won’t face strong opposition.

There are myriad tripwires in the region related to domestic developments, and the U.S. and its allies need to tread carefully and be very engaged with a wide range of Southeast Asian actors, so they’re not blindsided by political change.

In Indonesia, despite the abysmal Pew ratings, U.S. relations are relatively solid. Military-military ties were renewed in 2005 after several years’ hiatus. Washington looks to be pushing even closer ties, which could emerge from Defense Minister Juwono Sudarsono’s April

visit to Washington. But broad, high-profile initiatives led by the U.S. are deeply unpopular in Indonesia. American companies commonly face nationalistic backlashes. U.S. intransigence at the Bali Conference on climate change was perceived as a blow to U.S. prestige on Indonesian soil. Between now and 2009, it's hard to see President Susilo Bambang Yudhoyono doing anything at all that's risky to his Presidential ambitions – which will likely constrain major U.S. initiatives. In the longer run, the U.S. role in Indonesia has to be couched very carefully, particularly given the rise of political Islam, embodied in the moderate PKB and the harder-line PKS. That said, Indonesia remains an enormous, and enormously underappreciated, strategic opportunity for the U.S.

Thailand, one of the region's most stable countries for decades, has been in utter political turmoil since 2005. The Kingdom is a close treaty ally of the U.S. and at the same time an enthusiastic champion of links with China. That has made it a lynchpin of stability in the region, but it would be a mistake to underestimate the chance for substantial instability emerging from Thailand in the years ahead. The newly named government led by Samak Sundaravej is clearly seen as a proxy for ousted Prime Minister Thaksin Shinawatra, whose poor relations with the Palace and many Army factions probably herald more political churn. In the near term, Thaksin's likely return to Thailand this year may lead to considerable uncertainty given his rivalries with the Army and the Palace. And in the longer run, schisms within the Palace could prove extremely destabilizing should the King's health worsen.

The Philippines offers another election-cycle challenge. Several candidates are jockeying for position to replace President Gloria Macapagal Arroyo when her Presidential term ends in 2010. Arroyo herself is trying to maneuver to protect herself and her family members once she's out of office. A recent split between Arroyo and one of her closest partners, ousted House

Speaker Jose de Venecia Jr., threatens to bring more public nastiness, which will further sap the government's bandwidth for doing anything productive. All in all, this isn't a recipe for productive policy out of Manila. U.S. ties with Manila have strengthened with the War on Terror, but a Philippines consumed by domestic political battling is particularly susceptible to diplomatic unpredictability.

In Malaysia, popular revulsion at U.S. foreign policy is probably stronger than in any other Southeast Asian country. In recent years, U.S. initiatives, most notably an attempted Free Trade Agreement, have foundered in no small part because the U.S. is perceived so negatively in Kuala Lumpur. Prime Minister Abdullah Badawi's perceived weakness within the ruling UMNO has led hawkish Malay-nationalist voices to grow louder, certainly not an augur of an easy time for the U.S. in deepening engagement. But Malaysia is also probably the Southeast Asian nation least susceptible to China's "soft power" initiatives, and while there's little sense that U.S.-Malaysian relations are set to improve hugely, they're likewise not likely to fall off the table.

U.S.-Vietnam relations, now normalized, are one of the biggest opportunities for the U.S. to strengthen its network of allies. Vietnam may be the Southeast Asian nation most mistrustful of Chinese expansion – the government has recently allowed a raft of angry public protests against Beijing's territorial claims. China would be concerned with any expansion of U.S.-Vietnam military ties that it saw as too aggressive, but there is clearly room for deeper ties, for a pair of nations that has only had normalized diplomatic ties for 12 years. Vietnam has been ASEAN's fastest growing economy over the past five years, with an annual average growth rate of over 7%. During that time, it has been extremely active in welcoming advice on everything from legislative reform to economic advice, and this has presented – and continues to present – substantial opportunities for "soft power" relationship building.

Singapore politics remains extremely stable, and Singapore's military arrangements with the U.S., including substantial joint training exercises and approval for U.S. destroyers and aircraft carriers to dock at the Changi Naval Base, are strong. Singapore is deeply involved in regional military-exchange initiatives as well, including the Malabar exercises and others.

Conclusion

The U.S. retains a fundamentally solid set of bilateral relationships in Southeast Asia, but a thoroughly withered record of participation in multilateral initiatives. This needs to change. In order for the U.S. to really leverage its bilateral relationships to hedge against China's increased role and the chance of political uncertainty across the region, it must rethink the way it engages with multilateral fora.

It's not a question of trying to isolate or contain China -- the U.S. needs to ensure that multilateral initiatives and relationships don't evolve, untended, in ways that could ultimately leave Washington itself isolated. Given the depth of the U.S.'s bilateral relationships, there's plenty of clay to work with.