

# SINO-U.S. RIVALRY IN SOUTHEAST ASIA

*The rise of China as a regional and global power has been unprecedented in world history. It has elevated itself from an utterly impoverished agrarian society to one of the most powerful economies, advancing the world towards a multipolar system. On one hand, the United States continues to see China as an opportunity for economic cooperation to resuscitate its hard-hit economy; on the other hand, it pursues an “anti-China Containment” policy to counter any efforts on part of China to challenge its supremacy in world affairs. Whether China can gradually erode the foundations of U.S. influence in Southeast Asia without the actual display of force will test the pragmatism of the Chinese mind-set. This article aims to analyze the Sino-U.S. rivalry for the domination in Southeast Asia and its implications.*

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**C**hina's rise represents a remarkable event in modern history, which has left the world in a state of awe. Its rise has not only been precipitous but also unpredictable. Ancient China has re-emerged, as it was at the core of the East Asian world order, surrounded by vassal states that vowed allegiance in return for protection against external threats. In much of modern history, China has been a critical economy and still accounts for 30 percent of the world GDP.<sup>1</sup>

Today, China stands as the second largest economy after the United States with foreign reserves estimated to be over 3.2 trillion dollars,<sup>2</sup> and a GDP of over nine percent.<sup>3</sup> China has not only displayed a remarkable growth rate over the past few decades, but also drives economies around the world. Historian Arnold Toynbee marveled at China's record as a force for stability, commenting that it brought to its world, "long-lasting unity and peace." Mark Borthwick cites China's enormity as significant in its own right. The Middle Kingdom has traditionally been a center for gravity in world affairs: "The largest political unit of Asia has been, and remains China."<sup>4</sup>

China's rise as a formidable power presents serious challenges to America's global dominance. Indeed, China's role during the Cold War was one of balance in a strategic triangle. In contrast to the United States' goal to maintain the *status quo* and retain its position as the sole super power, China advocates for a multilateral approach in the international system whereby a number of powers are engaged in preserving the international order, with none in a position to defy collective interests and shared values. China further legitimizes its approach by employing soft power versus the United States' hard power.

China has been rather successful in proving to the world that its economic growth would not hurt the interests of others, but benefit them. In the last two decades, China acted as a substitute of the U.S. modernization model of liberal democracy by incorporating capitalism into a socialist polity. According to economic experts, China is set to overtake the U.S. as the largest economy in the world by 2027.<sup>5</sup> Not only is China improving its economy by leaps and bounds, it has also

1 "A Survey of the World Economy - The Dragon and the Eagle," *The Economist* (2 October 2004), p. 4.

2 "Total reserves including gold as current U.S. dollars," *Chinability Blog*, 2 November 2012, <http://www.chinability.com/Reserves.htm>

3 *World Bank*, 22 November 2011, <http://www.worldbank.org/en/country/china>

4 *Ibid.*

5 Joe McDonald, "China's Economic Growth Slows," *Guardian*, 18 October 2011, <http://www.guardian.co.uk/business/2011/oct/18/china-economic-growth-slows>

been successful in building a soft image for itself under the philosophy of Confucius. It has established 322 Confucius institutes and 369 Confucius classrooms across the world, spanning in 96 countries and regions.<sup>6</sup>

China is steadily closing its technological gap with modernization of its armed forces. Chinese growing military and economic weight is “beginning to produce a more assertive posture, particularly in the maritime domain.”<sup>7</sup> According to the Pentagon, the Chinese military buildup has been faster than expected. It developed an aircraft carrier-DF-21D and J-20 a new stealth fighter.<sup>8</sup> For China, the aircraft carrier is significant because, “It helps China with its maritime territorial disputes in the South and East China Seas.”<sup>9</sup> Nevertheless, compared to the 553 billion dollar U.S. defense budget for 2012, the Chinese defense budget remained at 91.5 billion dollars.<sup>10</sup>

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### ***China-ASEAN Cooperation***

Following an era of strained relations during the Cold War, China established and developed its relationship with Association of Southeast Asian Nations (ASEAN) in 1990s and became a full dialogue partner of ASEAN in 1996. As such, the nature of China–ASEAN relations evolved from one based largely on bilateral relations to a multilateral relationship built on expanded areas of cooperation. In the spheres of security and military relations, China signed the Declaration on the Code of Conduct of Parties in the South China Sea and became the first non-ASEAN country to accede to the Treaty of Amity and Cooperation in Southeast Asia. In 2002, China and ASEAN also released a Joint Declaration on Cooperation in the Field of Non-Traditional Security Issues.<sup>11</sup>

6 Hu Ming Te and Tony Tai-Ting, “Sino-U.S. Strategic Competition in Southeast Asia: China’s rise and U.S. Foreign Policy Transformation since 9/11,” *Political Perspective*, Vol.5, No.3 (2011), p. 102.

7 “China’s Military Power; Modernization in Sheep’s Clothing,” *The Economist*, 26 August 2011, <http://www.economist.com/blogs/banyan/2011/08/chinas-military-power>

8 “China’s Military Modernization on Track but Still a Way to Go,” *China Bystander*, 26 August 2011, <http://chinaby-stander.wordpress.com/2011/08/26/chinas-military-modernization-on-track-but-still-away-to-go/>

9 Jaime FlorCruz, “China’s Military Modernization a Cause for Concern?,” *CNN International*, 17 June 2011, [http://articles.cnn.com/2011-06-17/world/china.military.modernization\\_1\\_aircraft-carrier-military-modernization-chen-bingde?\\_s=PM:WORLD](http://articles.cnn.com/2011-06-17/world/china.military.modernization_1_aircraft-carrier-military-modernization-chen-bingde?_s=PM:WORLD)

10 Chris Buckley, “China Denounces U.S. Report, Defends Military Upgrade,” *Reuters*, 26 August 2011, <http://www.reuters.com/article/2011/08/26/us-china-usa-defence-idUSTRE77P0MD20110826>

11 Lai Foon Wong, “China-ASEAN and Japan-ASEAN Relations During the Post Cold War Era,” *Chinese Journal of International Politics*, Vol.1, No.3 (2007), p. 337, <http://cijp.oxfordjournals.org/content/1/3/373.full>

*“During the debt crisis in Southeast Asia, the U.S. turned its back to the region, but China came to the forefront and assisted in alleviating the economic difficulties of ASEAN.”*

China’s foreign relations with ASEAN as well as major powers during the Cold War era could be best explained as a mix of amity and animosity. During 1980s, China’s relations with ASEAN improved after it halted its support of Communist regimes.<sup>12</sup> Then, during the debt crisis in Southeast Asia, the U.S. turned its back to the region, but China came to the forefront and assisted in alleviating the economic difficulties of ASEAN, providing billions of dollars as a bailout package for beleaguered countries. These actions restored ASEAN’s confidence over China. In 2002, Chinese Minister of Foreign Affairs, Yang Jeichi, assuaged fears in a speech to the Asian Society. His comments, “The rising tide lifts all boats,”<sup>13</sup> implied if China were to succeed, so would the rest of Southeast Asia.

Economically, a close analysis of statistics clearly indicates ASEAN’s exports to China have increased by 39.1 percent, from 81.6 billion dollars in 2009 to 113.5 billion dollars in 2010, moving up to be ASEAN’s second largest export destination. ASEAN’s imports from China rose by 21.8 percent from 96.6 billion dollars in 2009 to 117.7 billion dollars in 2010. In 2011 the trade volume between China and ASEAN, reached a record high, touching “362.33 billion dollars, of which exports 169.86 billion dollars, up 22.9 percent, and imports 192.47 billion dollars, an increase of 24.7 percent.”<sup>14</sup> China maintained its position as ASEAN’s largest trading partner, accounting for 11.3 percent of ASEAN’s total trade, whereas ASEAN became China’s third largest trading partner.<sup>15</sup> An even broader analysis of the trade between China and ASEAN highlights the growing interdependence of the regions.

### ***ASEAN’s Concerns***

Despite growing economic interdependence, territorial and maritime disputes continue to aggravate relations between China and ASEAN. In the last few years, there have been glaring disputes between ASEAN countries and China

12 Narayanan Ganesan, “ASEAN’s Relations with Major External Powers,” *Contemporary Southeast Asia*, Vol.22, No.2 (August 2000), p. 264.

13 Yang Jeichi, speech delivered on 3 December 2002, Asia Society, New York.

14 “Strong Growth of China’s Imports from ASEAN in 2011,” *Stock Market Today-Financial News*, 8 February 2012, <http://www.stockmarkettoday.cc/strong-growth-of-chinas-imports-from-asean-in-2011.html>

15 “ASEAN-China Dialogue Relations,” *ASEAN*, 22 November 2011, <http://www.asean.org/5874.htm>

over the islands, reefs, and rocks in South China Sea. Malaysia, the Philippines, Brunei, Taiwan, and Vietnam laid claims on the Spratly Islands, whereas, Vietnam and Taiwan over Paracel Island.<sup>16</sup> China based its claim to the contested islands on historical possession, continental shelf and current and future use as navigation route. However, the discovery of oil and gas in these disputed areas further complicates competing claims.<sup>17</sup>

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Despite assurances from China of the region’s security, ASEAN has taken several initiatives to ensure a balance of power in the region. The establishment of the ASEAN Regional Forum in 1994 aimed to include other players in regional stability.<sup>18</sup> Later ASEAN and China formed ASEAN + three. “By relying primarily on a strategy of balance of politics, instead of balance of power, ASEAN has helped to moderate Beijing’s assertiveness and shaped China’s behavior towards some compatibility with regional security.”<sup>19</sup> Thus, Southeast Asia’s broader regional security depends crucially on harnessing and balancing Chinese and American power.<sup>20</sup> Those who advocate a peaceful rise for China uphold ASEAN’s extensive cooperation with China as well as China’s own desire to legitimize its role as a regional power.

Notwithstanding lingering territorial disputes, China and ASEAN have made substantial headway regarding defense and diplomatic ties. There have been high-level exchanges between military officers as well as joint military exercises. In 2011, China and ASEAN held the first defense ministers meeting.<sup>21</sup> China-ASEAN defense and security issues are not merely tied to conventional

16 “East and Southeast Asia; Spratly Islands,” *CIA World Fact Book*, 20 June 2012, <https://www.cia.gov/library/publications/the-world-factbook/geos/pg.html>

17 Lin Mu, “The Aviation Dream of the Chinese People,” *Shidian (Focus)*, No.7 (8 July 1994), p. 21-28 in *Foreign Broadcast Information Service in China (FBIS-CHI)* (24 August 1994), pp. 36-7.

18 David S. G. Goodman and Gerald Segal, *China Rising: National and Interdependence* (London: Routledge, 1997), p. 164.

19 Yong Deng, “The Asianization of East Asian Security and the United States’ Role,” *East Asian Studies*, Vol.16, No.3/4 (1998), p. 100.

20 Evelyn Goh and Sheldon W. Simon, *China, the United States and Southeast Asia: Contending Perspectives on Politics, Security and Economics* (New York: Routledge, 2008), p. 4.

21 “Full Text: China-ASEAN Cooperation: 1991-2011,” *Xinhua News*, 15 November 2011, [http://news.xinhuanet.com/english2010/china/2011-11/15/c\\_131248640\\_3.htm](http://news.xinhuanet.com/english2010/china/2011-11/15/c_131248640_3.htm)

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point an ambassador to ASEAN. Beijing is also preparing for the establishment of a permanent mission to ASEAN.<sup>23</sup>

### *The U.S. Engagement with ASEAN*

During the Cold War era, the relationship between the United States and countries of Southeast Asia revolved around the security paradigm. The United States exerted its influence in an effort to restrict the expansionist designs of the Communist Soviet Union. However, with the disintegration of the Soviet Union and the eventual closure of U.S. military bases in the region, ASEAN countries became suspicious about the future regional commitment of the U.S. This gave China an opportunity to seek a long-term interest in the regional politics. After 2009, the U.S. adopted a regional approach and institutionalized its cooperation with ASEAN once again.<sup>24</sup> The ASEAN-U.S. summit held in 2009 laid the formal foundation of this renewed relationship.<sup>25</sup> Otherwise, at the bilateral level, the U.S. has relationships with ASEAN and East Asian countries like Thailand, Philippines, South Korea, and Japan (as a major non-NATO ally). In recent years, Vietnam and Indonesia have also developed stronger defense ties with U.S.<sup>26</sup>

The recent re-engagement of the U.S. with ASEAN is viewed as a response to a rising China, whose influence is increasingly felt beyond its borders, particularly in Southeast Asia. For the ASEAN, and East Asia, U.S. engagement in the regions is seen vital and as a counterweight to China; a potential stabilizer in certain areas such as the Korean Peninsula and possibly even within Southeast

22 Ibid.

23 Ibid.

24 Satu P. Limaye, “United States-ASEAN Relations on ASEAN’S Fortieth Anniversary: A Glass Half Full,” *Contemporary Southeast Asia*, Vol.29, No.3 (2007), pp. 447-64.

25 Kavi Chongkittavorn, “Bangkok, Future of ASEAN-U.S. Summit,” *The Brunei Times*, 3 November 2009.

26 “The 2010 U.S. Quadrennial Defense Review: Implications for Southeast Asia,” 17 February 2010.

Asia itself.<sup>27</sup> The U.S. interest in ASEAN is best explained by referring to a trough pattern: a high-end note during the Cold War period was followed by a low-end note during the immediate post-Cold War era, and by a renewed but limited interest during the course of the ongoing war against terrorism, which is named as, “Long War” by Pentagon.<sup>28</sup>

During the Bush era, the region gained importance for the U.S. as a “second front” in the war on terror. Currently the U.S. is the fourth largest trading partner of ASEAN, whereas, collectively, ASEAN remained the fifth largest goods trading partner of the U.S. In 2011, ASEAN-U.S. trade increased by 9.2 percent, growing from 178 billion dollars to 194 billion dollars. ASEAN imports from the U.S. increased by 8.6 percent, to 76.4 billion dollars; while exports grew 9.8 percent, to 118.2 billion dollars.<sup>29</sup> The U.S. revised its engagement with Myanmar (Burma) after a visit by Hillary Clinton in 2011 and Aung San Suu Kyi visiting Washington in October 2012.<sup>30</sup> Here again the U.S. is trying to dislodge China from Myanmar.

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Since 2010, the U.S. government has taken a range of initiatives that point to a policy of both increased pressure on China as well as a firmer American engagement in Southeast Asia. These initiatives include new arms sales to Taiwan, a meeting by U.S. President Obama with the Dalai Lama, and responding to the Chenonan incident, in which South Korea accused North Korea of sinking one of its vessels with large-scale naval exercises in East Asian waters.<sup>31</sup> The U.S. Secretary of State, while attending the 2010 ASEAN Regional Forum (ARF)

27 Limaye (2007).

28 “(...) ‘arc of instability’ caused by insurgent groups from Europe to South Asia that will last between 50 and 80 years.” “The ‘Long War’ Quagmire,” *Los Angeles Times*, 28 March 2010.

29 “ASEAN-U.S. Agree to Broaden Economic Cooperation,” *China Daily*, 8 August 2012, [http://www.chinadaily.com.cn/world/2012-08/30/content\\_15721340.htm](http://www.chinadaily.com.cn/world/2012-08/30/content_15721340.htm)

30 Akbar Ahmed, “Aung San Suu Kyi, the Rohingya of Burma and the Challenge of Faith,” *The Washington Post*, 24 October 2012, [http://www.washingtonpost.com/blogs/guest-voices/post/aung-san-suu-kyi-the-rohingya-of-burma-and-the-challenge-of-faith/2012/10/24/31901eda-1e11-11e2-9cd5-b55c38388962\\_blog.html](http://www.washingtonpost.com/blogs/guest-voices/post/aung-san-suu-kyi-the-rohingya-of-burma-and-the-challenge-of-faith/2012/10/24/31901eda-1e11-11e2-9cd5-b55c38388962_blog.html)

31 Fenna Egberink and Frans-Paul Vander Putten, “ASEAN, China’s Rise and Geopolitical Stability in Asia,” *Clingendael Paper* (April 2011).

meeting in Hanoi, stated the U.S. has an interest in solving the South China Sea disputes. The aircraft carrier USS George Washington's visit to Vietnam and a joint *communiqué* after the second ASEAN-US summit calling for freedom of navigation in the South China Sea, also indicates an intensity and urge on part of the U.S. establishment to pose itself as the main power in the region.<sup>32</sup>

*“China recognizes the supremacy of the U.S. military and its strong naval presence in the Pacific and, as such, would not undergo any act which would allow the U.S. to retaliate with force.”*

### *Future Prospects*

At the bilateral level, the U.S. and ASEAN countries developed strong ties during the first decade of 21st century. While the U.S. and Vietnam are cooperating on multiple aspects, including defense and security, the U.S. and the Philippines are carrying out joint military exercises. In November 2011, during his Australian visit, President Obama declared the U.S. to be an Asia-Pacific power. He announced

deployment of 2,500 U.S. Marines in Australia as part of its Asia-Pacific security plan. He categorically said, “As a Pacific nation, the United States will play a larger and long-term role in shaping this region and its future by upholding core principles and in close partnership with our allies and friends. Let there be no doubt: in the Asia-Pacific in the 21st century, the United States of America is all in.”<sup>33</sup>

Beijing claims that it stands for “peaceful development and cooperation.”<sup>34</sup> In this respect, it desires that foreign policies of regional countries should also be based on peaceful coexistence. Indeed, over the years, China's growing influence in Southeast Asia and East Asia was viewed seriously by U.S. and this renewed engagement is a reaction to that. The U.S. desires that, apart from its strategic partners (Japan, South Korea and Taiwan), it becomes a security guarantor of ASEAN countries, as well. On its part, China has made reasonable headway with regards to promoting cooperation with ASEAN member states. Through its engagement, U.S. intends to check the growing Chinese influence in the region.

<sup>32</sup> Ibid.

<sup>33</sup> Caren Bohan and James Grubel, “Obama boosts U.S. Military in Australia, reassures China,” *Reuters*, 16 November 2011.

<sup>34</sup> Ibid.



China's "Charm Offensive" is much more appreciated than the United States' terms of engagement, which lay conditions on its support to the region.

While China still has a number of unresolved territorial disputes with several ASEAN members, it does not intend to pursue an aggressive policy, and desires all disputes including issues over South China Sea to be resolved through consultation with ASEAN in a peaceful manner. Any aggressive act of China towards ASEAN would induce ASEAN to anxiously turn to U.S. as a balancing factor in the region. Nonetheless, ASEAN countries perceive that, the brisk intimacy of U.S. in the region is to pursue its own strategic interests rather for ASEAN. Moreover, any conflict between U.S. and China would bring devastation for the region, rather than to U.S. Washington's tacit policy (followed by ASEAN) to tie China up with economic ropes seems to have been reversed. We now see the United States and ASEAN's own economies are relying to a greater degree on their trade with China.

China would not allow itself to be embroiled in a military conflict with ASEAN or for that matter, with U.S. owing to a number of reasons. Firstly, China would not undergo the risk of losing all the progress that it has made over years of constant struggle and dedication. Secondly, it is part of China's grand strategy to develop its economy peacefully, at least until the middle of the 21st century, after which it will be in a position to have its "core interests" such as Taiwan, Tibet, Xinjiang, and the South China Sea resolved on its own terms, and in accordance with its national interests.

China recognizes the supremacy of the U.S. military and its strong naval presence in the Pacific and, as such, would not undergo any act which would allow the U.S. to retaliate with force. Furthermore, China realizes that if a military conflict between itself and the United States were to take place, the battleground would be Asia; thus, China's position would be weaker since it would directly bear the brunt of a military fallout. Finally, China would not want to provide an opportunity to the U.S. to revive its economy by activating its war industry.

## **Conclusion**

Nevertheless, despite the general positive attitude towards China, it would be wrong to assume that all ASEAN members have an equally good relationship with China. Therefore, "It is important to note that different ASEAN countries

have so far held different positions on China, which complicates ASEAN's common position towards it."<sup>35</sup> Over the years, ASEAN has been constantly seeking to create a balance in its relations with the current superpower and the emerging great power. It cannot afford a deterioration of relations between the two, which would leave ASEAN with the difficult choice of sides. While it definitely needs the trade with China to continue improving, it also realizes the importance of the United States as a security balancer for the region. As such, Southeast Asia is becoming a region of major powers' rivalry, and may well serve as a case for other challenges between the two, on the global front. Following the ASEAN Regional Forum meeting in Bali, Indonesia, in July 2011, a commentary highlighted a stark reality under the title: "In 1986 Reagan was a VIP in Bali, now China is the VIP."<sup>36</sup>

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35 Joseph Y.S. Cheng, "Sino-ASEAN Relation in the Early Twenty-First Century," *Contemporary Southeast Asia*, Vol.23, No.3 (2001), p. 420.

36 Meidyatama Suryodiningrat, "ASEAN Regional Forum 2011: China and the United States," *Asia Pacific Bulletin*, 4 August 2011, [http://www.eastwestcenter.org/sites/default/files/private/apb127\\_0.pdf](http://www.eastwestcenter.org/sites/default/files/private/apb127_0.pdf)