

Stuck Between A Rock And A Hard Place: Managing Great Power Competition

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Although historically no stranger to major power interactions given its geographical place of privilege, in recent decades, Southeast Asian countries have found themselves at the confluence of shifting regional tides as the strategic environment post-Cold War continued to evolve. The proximity of a rising China challenging the status quo of power dynamics long dominated by the United States means that smaller Southeast Asian states have sometimes been pulled in different directions as a result of interactions with, and between, the two giants. The region has sought to hold its center through the Association of Southeast Asian Nations, but this is inevitably fraught with difficulty as its membership consists of ten very different countries juggling national interests that are not always compatible. This has proven a particular challenge with regards to political and security issues, notably on the South China Sea maritime disputes.

A courtship of interests

The gaping power differential between the United States and China, on the one hand, and Southeast Asian states, on the other, as well as within Southeast Asia albeit to a lesser extent, has inevitably drawn countless discussions in policy circles about the trajectory of these tripartite relations. Despite repeated Southeast Asian protestations against not wanting to choose between either the United States or China, analysts – particularly from outside Southeast Asia – have argued one of at least three strands of conviction. First, that countries in the region will increasingly have little choice but to bandwagon with China as the neighbourhood’s emergent power fast changes facts on the ground and at sea. This implies limited will on the part of the Southeast Asian states, which is shaped largely by external factors beyond their control. Second, that countries will come into the fold of China’s orbit as a result of both China’s charm offensive as well as an interest on the part of the Southeast Asian states themselves to align more closely with Beijing to support their economic growth. This suggests a demand-and-supply paradigm where Southeast Asian countries want to be included in –rather than excluded from– an area of economic prosperity that, in the absence of alternatives, will be powered by Chinese strategic programs such as the Belt and Road Initiative (BRI) and the Asian Infrastructure Investment Bank (AIIB). Third, that countries will rely on the United States’ for security and on China for economic development. This infers that security and economics are invariably distinct and that Southeast Asian states view their interests in narrow terms.

The reality is a combination of all three scenarios above with fifty shades of nuance in between. As part of the promise of Asia, Southeast Asia has in recent years attracted a number of grand schemes from external players. The region’s major powers have pivoted, rebalanced, sketched out infrastructural belts and roads across it, and committed to “Act

East”. None of these have been borne out of pure charity and goodwill; rather, it is the hard-nosed recognition of Southeast Asia’s location at the crossroads of the world’s major shipping and trading routes, its market of over 625 million people (nearly two-thirds comprising youth), as well as its untapped resources, specifically in the South China Sea, that drives outsiders’ interest in the region. Southeast Asian countries have largely welcomed these overtures, keenly aware that they risk being entangled in major power jostling, but hopeful as well that by engaging these powers, a symbiotic relationship with each, and a network with all, will spare them from the worst aspects of great power dynamics.

Crouching Dragon, Hidden Eagle

In the last few years, China’s policies towards Southeast Asia have drawn increased attention as the awakening dragon assumes greater confidence and a more muscular approach in its external engagements. The charm offensive that China embarked on in the early years of its international debut has seemed to some, in the last decade, less charming and more offensive. Singapore has recently borne the brunt of this treatment in a series of high-profile public controversies. For instance, in September 2016, Singapore’s ambassador to China and a Chinese state-owned media outlet were embroiled in a spat over what was (or not) advocated at a Non-Aligned Movement meeting in Venezuela.⁸³ In addition, towards the end of 2016, Singapore had armored vehicles seized in Hong Kong on the way back from a military exercise in Taiwan. And in May this year, it emerged that Singapore’s Prime Minister Lee Hsien Loong had deliberately been sidelined by not being invited by China to attend its Belt and Road Forum for International Cooperation even though the island nation-state is China’s second largest investor.⁸⁴ Seven other Southeast Asian leaders attended the summit, with only Thailand and Brunei missing the event.⁸⁵

Managing the changing nature of these ties has been a challenge for Southeast Asian countries, especially in the glare of the media. This trend has been further exacerbated by the reductionism of social media. Much ado was made, for example, about an agreement for Malaysia to purchase four littoral mission ships from China signed during Prime Minister Najib Razak’s visit to China in November 2016. This was seen as further indication of

⁸³ Viola Zhou, “Blow-by-blow account of the China-Singapore spat over Global Times’ South China Sea report.” *South China Morning Post* (28 September 2016), <http://www.scmp.com/news/china/diplomacy-defence/article/2023364/blow-blow-account-china-singapore-spat-over-global> Accessed 11 August 2017.

⁸⁴ “China Frictions May See Singapore Miss Out on Belt-Road Billions.” *Bloomberg News* (18 May 2017), <http://www.scmp.com/news/china/diplomacy-defence/article/2023364/blow-blow-account-china-singapore-spat-over-global>. Accessed 11 August 2017.

⁸⁵ Pongphisoot Busbarat, “Thailand, long used to China’s carrots, now gets the stick,” *Today Online* (2 August 2017), <http://www.todayonline.com/commentary/thailand-long-used-chinas-carrots-now-gets-stick>. Accessed 11 August 2017.

Malaysia's tilt towards China⁸⁶ in a blow to the United States.⁸⁷ Despite this "landmark deal," as described by Najib himself, this purchase was simply aimed at replacing the Royal Malaysian Navy's ageing assets. It was also in furtherance of the long dormant 2005 Memorandum of Understanding on Bilateral Defence Cooperation with China and a symbolic advancement of the 2013 Malaysia-China Comprehensive Strategic Partnership. It is worth recalling that for better or worse, Malaysia has long had a history of diversifying its defence purchases so that it does not end up being dependent on only one supplier. This defence contract was simply an extension of that convention. Malaysian Minister of Transport Liow Tiong Lai was more forthright: "[...] we buy anything also [sic] from those countries who can give us the best offer and that is natural".⁸⁸

The defence deal was one of 16 government-to-government agreements signed during that November trip. And because Najib's visit took place soon after President Rodrigo Duterte's own state visit to Beijing just a fortnight prior, observers were quick to pronounce Southeast Asia's definitive turn towards China, willfully blind to the enduring pragmatism shared by many of the region's states. Duterte's warming towards China and his soft-peddalling of the South China Sea dispute has indeed garnered much criticism, primarily over the wasted leverage hard-won by the Philippines in the arbitral tribunal award of July 2016 against China. Duterte's approach is certainly in sharp contrast to his predecessor's, but he has arguably simply recalibrated the Philippines' engagement with the United States and China, thereby making the Philippines' ties with both countries more balanced. On the one hand, the US-Philippines treaty alliance still holds. On the other, Duterte successfully got China's ban on the import of bananas and pineapples from the Philippines lifted, along with US\$24 billion worth of private sector deals signed between the two countries, during his October 2016 trip.

There is, of course, the matter of the South China Sea maritime disputes, which will unlikely be wished away even with closer economic and trade ties. However, size and might really do matter in those disputes. There is little by way of options for Southeast Asia's claimants as China builds and militarizes the maritime features it controls at sea, all while holding the hands of its ASEAN counterparts in claiming slow, steady progress towards an eventual Code of Conduct (CoC). China has been especially successful in undermining regional cohesion on the matter, and observers still bitterly recall the failure of the ASEAN Foreign Ministers' Meeting to issue a joint communiqué in 2012 in Phnom Penh for the first time in its 45-year history because of Chinese interference over the intended inclusion of references to the South China Sea.

The newly-minted framework for the negotiations of a binding agreement between

⁸⁶ Agence France-Presse, "Malaysia PM signs defence deal in tilt toward China," *The Nation* (1 November 2016), <http://www.nationmultimedia.com/news/breakingnews/30298928>. Accessed 11 August 2017.

⁸⁷ Tom Allard and Joseph Sipalan, "Malaysia to buy navy vessels from China in blow to U.S.," *Reuters*, <http://www.reuters.com/article/us-malaysia-china-defence-idUSKCN12S0WA>. Accessed 11 August 2017.

⁸⁸ Joseph Sipalan, "Malaysia's Najib risks backlash at home after deals with China," *Reuters* (7 November 2016), <http://www.reuters.com/article/us-malaysia-china-idUSKBN1320EY>. Accessed 11 August 2017.

ASEAN and China may pave the way for an eventual CoC; this is a constructive step forward. That being said, it is an interim arrangement that took 15 years to be worked out since the 2002 Declaration on the Conduct of Parties in the South China Sea (DoC) was signed. In the meantime, satellite images show that the disputed seascape continues to be dramatically changed—not just by China but also by Vietnam and Taiwan, to a lesser scale—in total disregard of the spirit of the DoC and despite ASEAN’s repeated calls to respect it in its entirety. Even if a CoC is eventually agreed upon in the next few years, there is no guarantee at this stage that it will be legally enforceable.

The United States has demonstrated the will to enforce (its interpretation of) international law through its freedom of navigation operations in the South China Sea as well as through its maritime-focused capacity-building programs in the region. However, its Asia policy writ large seems suspended under further notice.

Under the new US administration, it is clear that President Donald Trump intends to “Make America Great Again”. However, it is less clear how his preference for putting America first will square with the multilateral proclivity of many states in Asia. There are signs from Cabinet-level appointments, visits to the region, exchanges, and official statements, that there will be an element of continuity in the US policy towards Asia from previous administrations. This is reassuring. The declaration early on in the Trump administration that the president is expected to attend the East Asia Summit later this year shows a keen appreciation for the importance of the region. However, in the absence of policy articulation, the lack of important senior bureaucratic appointments, pressing domestic diversions, and President Trump’s own unpredictability are all factors generating nervousness and concerns about the role the United States—a country that has traditionally been a major anchor of stability in the region—intends to play moving forward.

For great power competition to exist in the region, there must be great power competitors. Right now, the United States does not seem to be playing its best game. Absent is a coherent trade engagement policy that will speak to the economic and developmental needs of Southeast Asia and that will further the strategic priorities of the United States in the region. In this context, there is only one real player with the ability, capability, and willingness to fulfil that leadership role in the foreseeable future: China. There is an important qualifier to this competition game, however. Even in a climate of competition, there is always cooperation. The US-China Strategic Economic Dialogue (SED), which began in 2006 and was upgraded in 2009 to become the Strategic and Economic Dialogue, is an excellent example. It did not only nominally add an ampersand to its acronym (S&ED) but, over the seven years throughout the Obama administration, substantively widened (to some criticism) its agenda to discuss previously thorny issues between the two powers, such as cybersecurity and climate change.

A gentle reminder

In this respect, three concluding reflections may be worth bearing in mind when evaluating the regional security landscape in Southeast Asia. The first may be obvious.

Countries' relationships with the United States and China are not premised exclusively on one or the other. A binary view of a country's foreign policy risks the trap of assessing that single issues trump more comprehensive ties for that country. It also risks overlooking the importance of regional frameworks for that country. For example, Malaysia's foreign policy is premised on ASEAN as its cornerstone. Yet, it has maintained close ties with the United States on many levels for decades, instituted a "Look East" policy focused on Japan in the 1980s, and is seeking to expand relations with China, India, and others in West Asia. This pattern is common throughout Southeast Asia, especially among the founding member states of ASEAN⁸⁹, and even with treaty allies of the United States.

Second, a country's priorities are always more accurately viewed from the inside rather than the outside. While it may be tempting to cast Southeast Asian states in a grand strategic context, the conduct of each state's foreign policy is often driven by domestic political imperatives and goals, not unlike in many larger states elsewhere. After all, foreign policy is usually an extension of domestic policy. Overlaying regional dynamics with a great power filter ignores the important domestic drivers of why states or leaders act the way they do. The fact that Najib's trip to China followed shortly after Duterte's encouraged the perception that one-by-one, Southeast Asian states were pivoting towards China in a way that recalled the fears of the 1960s that the region would fall to Communism in a domino effect. The region did not, in fact, fall like dominos, and Southeast Asia proved adept at surfing the evolving geopolitical landscape in its neighbourhood as it altered and changed over the years. That same resilience is echoed today.

Finally, as changes inevitably continue to unfold in the region, especially against a backdrop of uncertainty in and with the United States, ASEAN and the other multilateral frameworks it underpins will assume greater importance for dialogue and stability. ASEAN's credibility depends not only on the unity and centrality that it accords itself, but also on the worth and support entrusted to it by its partners. A commitment to engage, in policy and in action, by the region's great and major powers and equally importantly, by other partners including Canada on a range of issues will help to fulfil the grouping's own ambitious goals that it has set out for the region.

Implications for Canada

The twin tyrannies of distance and resource optimization mean that Canada and Southeast Asian countries have not always been the closest of friends despite efforts in the past. Three proposals are suggested for consideration to advance Canada's role in the regional security agenda: (1) Regular appearances at the ASEAN Regional Forum (ARF). Despite frustrations with the pace of what may sometimes feel like a bloated framework that spends more time on process than substance, the ARF remains the only multilateral political and security forum for engagement while the moratorium on additional EAS membership remains. In Asia, too, showing up is half the battle and is arguably as important as the substantive discussions that take place. Being engaged at the ARF ensures Canada's voice counts in agenda-setting and indicates continued interest in the multilateral process

⁸⁹ Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

so dear to ASEAN. (2) Active membership of the ARF's track-II mechanisms, including the Council for Security Cooperation in the Asia-Pacific (CSCAP). Canada's absence from CSCAP, either from lack of resources or under-prioritization, diverges from the official indication of wanting to be more engaged in the region. In the past, CSCAP has been well-served by considered and insightful participation from Canadian experts of the region who have contributed in important areas such as preventive diplomacy, energy security, and the responsibility to protect. It would be a shame for CSCAP Canada to remain out of discussions at a time when regional challenges are increasingly complex and the candid assessments of Track Two are correspondingly growing more warranted. (3) If resources permit, Canada –either singly or with others– could also take a leading role in reviving serious discussions for a Trans-Pacific Partnership-11 given sustained interest in the arrangement despite the withdrawal of the United States.

Canada's commitment of strengthening engagement with ASEAN through the 2016-2020 ASEAN-Canada Plan of Action and the 2016 launch of an annual Canada-ASEAN trade policy direction is a welcome step in the right direction for long-awaited renewed ties between the two. It would be in Canada's interest to remain engaged in the region through existing multilateral forums at both Track 1 and Track 2 as developments in Asia and major power dynamics in Southeast Asia assume greater significance for the Asia-Pacific, writ large.