



# FOREIGN POLICY RESEARCH INSTITUTE

## E-NOTES

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## THE GEOPOLITICAL TRANSFORMATION OF SOUTHEAST ASIA

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Viewed from Washington, rapid systemic change has become a constant feature of global geopolitics. Nowhere is this truer than in the long overlooked precincts of Southeast Asia. Just a decade ago U.S. foreign policy and security strategy were entirely preoccupied with the post-9/11 military operations in Southwest Asia. The Global War on Terror (GWOT) provided at least a notional global strategy under which many bilateral relationships were subsumed. The GWOT even brought the return—on a small scale—of U.S. combat forces to Southeast Asia with the deployment of Special Forces to assist the Armed Forces of the Philippines against a violent Islamist/criminal network in the Southern Philippines. But this was at most a minor side show compared to the main events in Iraq, Afghanistan, and the Persian Gulf.

During the George W. Bush Administration China was not a major focus of strategic concern once the EP-3 episode (intense but brief) of early 2001 had been resolved. Compared to Southwest Asia and the Middle East, East Asia was a picture of tranquility. China's self-styled "peaceful rise" was seen as a largely economic phenomenon that at least potentially benefitted the entire international community. China was at pains to present itself as a benign presence to its smaller Southeast Asian neighbors. China's economic success would be shared in the region; "we will all get rich together." Not surprisingly Southeast Asian governments were eager to embrace Chinese assurances.

Consequently the last two decades of the 20<sup>th</sup> century and the first of the 21<sup>st</sup> were a period of strategic quiescence in the region. Tensions over Taiwan had eased. The last incursion of foreign military forces across a Southeast Asian boundary ended with the withdrawal of the Vietnamese army from Cambodia in 1989. The general regional trajectory of economic growth and modernization that began in the 1960s continued, with only a brief disruption during the Asian Financial Crisis of the late 1990s. U.S. military forces, having withdrawn from bases in the Philippines, maintained continued visibility, but there was little regional demand for a more robust or overt presence. For the Bush Administration Southeast Asia was a region of benign neglect – out of sight and largely out of mind. As far as ASEAN governments were concerned, the President and Secretary of State Rice were conspicuous by their absence. The only senior Cabinet official to visit the region with any regularity was Secretary of Defense Gates in the second Bush term. Chinese senior leaders, by contrast, were regular and convivial attendees at ASEAN-plus events and via bilateral visits. In sum, the strategic landscape in Southeast Asia and its environs, circa 2007-8, was as close to bucolic as geopolitics allows.

And it was not hard to see the ingredients for long term stability. The ASEAN Dialogue Process had spawned a dense network of institutions and interactions that supported economic development and a growing sense of

regional cohesion and shared interest—including security cooperation. Malaysia, Indonesia, and Singapore were cooperating effectively to tamp down an endemic piracy problem in the Malacca Straits. The ASEAN Defense Ministerial Meetings and the ASEAN Regional Forum provided ASEAN-centered venues to discuss regional security concerns. The “ASEAN Way” of talking every contentious issue to death had helped create what the late political scientist, Karl Deutsch, called a “security community”—a collection of states with a history of conflict that had agreed that any disputes among them would not be resolved militarily. Meanwhile, infrastructure (railroads, air links, roadways, telecommunications networks, riverine transport) were undergoing rapid construction—much of it financed and built by Chinese state companies and effectively linking Southeast Asia to southern interior China. Add to this the happy fact that the dominant military power in the region, the U.S., had an interest in fostering regional stability, prosperity, and access—all entirely compatible with the interests of ASEAN governments.

The pervasive calm was deceptive, however, because it obscured the implications of China’s growing power and strategic ambition. The warning signs, the grounds for doubt and even fear, were there for those willing to look. By its geographic centrality, its population size, and its cultural strength and sophistication, Imperial China often exerted a natural primacy vis-à-vis Southeast Asia through three millennia of history. After the humiliation of Western colonial penetration and Japanese military occupation, China has sought to reassert its historical prominence. Mao Zedong’s first words on leading his victorious army into Beijing were: “China has stood up.” Nevertheless, for most of the following four decades China was preoccupied with domestic difficulties and disasters (largely self-inflicted) and the daunting demands of economic development. But with the consolidation of the economic reforms of paramount leader Deng Xiaoping in the late 1970’s, China finally began its long delayed ascent as a modern, powerful state.

China’s growth in power coincides with the contemporary disappearance of strategic threats—from Russia (and the Mongols) in the north and west and Japan in the east—that have historically constrained the Middle Kingdom. This has left Beijing with the latitude to assert its strategic ambition, and that ambition has a natural focus southward. From China’s perspective, Southeast Asia is attractive, vulnerable and nearby. There are many phrases in Chinese that characterize the “Nanyang” (“South Seas”) as golden lands of opportunity. For five decades Southeast Asia has been a region of rapidly growing wealth, much of it generated and owned by large Chinese populations in major urban centers. Even after wholesale despoliation of tropical forests and other natural endowments, the physical resources of Southeast Asia remain impressive. Moreover, the world’s busiest sea-lanes traverse the Malacca Straits and the South China Sea. With the exception of Indonesia, individual states that comprise the political map of Southeast Asia are only a fraction the size of China. The southern border of China abuts Southeast Asia along the northern borders of Burma/Myanmar, Laos, and Vietnam.

It is an axiom of realpolitik that capabilities are at the heart of strategy. While any precise measure of China’s power will be elusive, the trend and potential are quite clear. China’s capabilities are multi-dimensional: economic, technological, diplomatic/political, and increasingly military. Over more than three decades China’s GDP has grown at annual rates of around nine percent with a large swath of the coast from Hainan to Shanghai producing rates even higher. This in turn has supported annual double-digit increases in military expenditures. Growing armed forces budgets have been broadly committed to a program of military modernization with a heavy emphasis on weapons systems designed to project power into maritime domains—missiles, stealth aircraft, submarines, drones, and surface combatants including China’s first aircraft carrier. Chinese military analysts write expansively of China’s need to adopt a “maritime mentality” and extend its naval presence into the “Near Seas” and beyond to the “Far Seas.”

Capabilities are one thing; intentions are another. Here the crystal ball becomes cloudy. As noted, Chinese officials have been very insistent that China’s intentions toward Southeast Asia are entirely benign—nothing other than to join with the region in a common endeavor of economic development and regional peace and security. Nevertheless, doubts arise—on several grounds. In 1992 a PLA civilian analyst with close ties to China’s most senior leaders held an extended discussion with a handful of US security analysts. After some time in a moment of refreshing candor he made the following comment. “You keep asking about China’s strategic intent. I will tell you how the PLA views Southeast Asia and the Western Pacific Rim. The PLA is determined to build sufficient capability to accomplish two things: first, solve the Taiwan problem by force *if necessary* and second, expel the U.S. military from this region. You Americans have playgrounds all over the world where you can play—in the Atlantic, in the Caribbean, and in the central and eastern Pacific. But this playground (Southeast Asia and its environs) is ours. You have no business being here and we are determined to move you out.” Nothing that has happened in the

subsequent two decades invalidates that formulation; quite the contrary. Chinese scholars writing with official sanction a few years later characterized U.S. strategic intentions toward China as “encirclement” and “strangulation.” They identified Southeast Asia as the weak link in this chain and the point where China could break through and defeat America’s attempted “containment.” In private Chinese diplomats have been known to use the Churchillian phrase “soft underbelly” to refer to Southeast Asia in relation to the rest of the region.

Any assessment of China’s strategic intent will inevitably include the South China Sea. The earliest maps published by the People’s Republic included a demarcation adopted from earlier KMT era maps—a dashed line boundary that encompassed nearly all the South China Sea. But was the “nine-dashed line” intended to mark a sovereign state border? An early indication came in 1974 when China took advantage of Saigon’s weakness (and Hanoi’s dependence on China’s military support) to attack and occupy the Paracel Archipelago destroying a South Vietnamese garrison in the process. Another straw in the wind came in the mid-1990s when Manila discovered that China had built a military outpost on a previously unoccupied atoll well within the Philippines EEZ. Nevertheless, as recently as three or four years ago the South China Sea, as a security arena, received little attention in either Washington or the region. China’s good neighbor diplomacy carefully kept the South China Sea out of the conversation. The dashed line was seldom referenced and when it was Chinese statements, official and semi-official, were often ambiguous and contradictory. And there was method to the madness: Deng had often counseled his countrymen citing an ancient Chinese aphorism that translated as, “Bide your time and conceal your capabilities until you are prepared to act.” China in the 1990s and early 2000s lacked the military capability to effectively project power and enforce territorial claims in the South China Sea. The same was true to a much greater extent for Southeast Asian countries with their own claims. This left the U.S. Pacific Fleet as the only effective maritime power and the Americans had no claims and no position on other countries’ claims.

But the dashed-line did not go away. For those who dismissed it as something less than a sovereign boundary there was a problem; the same line encompassed Taiwan which was unambiguously claimed by Beijing as part of China. China’s 1992 Territorial Law affirmed the dotted line and mandated its armed forces to defend China’s maritime territory. At a public symposium hosted by the U.S. Pacific Command in the early 1990s, two PLA senior colonels answered “no” when asked if America’s Seventh Fleet had the right to traverse the South China Sea without China’s permission. These were among many disturbing indicators, but officials and strategists in Washington were otherwise preoccupied and their counterparts in Southeast Asia badly wanted to believe their own assurances of China’s benign intent.

However, toward the end of the 2000s decade there was a discernible change in mood and perception. A regular visitor to the region could detect a growing uneasiness regarding China that had not been evident a year or two before. The principal reason seemed to be the sheer scale of China’s military buildup. Beijing’s desire to have a modern military befitting a modern power seemed natural. But a defense budget that grew 17 percent a year, heavily focused on maritime power projection, seemed ominous. China faced no credible threats—what was going on? In late 2009, U.S. and Malaysian officials met in Kuala Lumpur for their first senior level bilateral strategic dialogue. The same Malaysian security officials who a couple year earlier took a very relaxed view of China’s role in the region were now palpably worried. A few months earlier the *USS Impeccable* on a surveillance mission in international waters off the Chinese coast was harassed by a flotilla of small Chinese craft trying to force it to cease activities and depart. Meanwhile, Vietnam had protested with increasing frequency over Chinese seizures of Vietnamese fishing boats for allegedly “violating” its maritime space—waters claimed by Vietnam. International oil companies offered drilling rights off the Vietnamese coast and within Vietnam’s EEZ received not-so-veiled threats from China to back off. A few years earlier Singapore’s Prime Minister-designate made a visit to Taiwan. Instead of the expected pro forma objection, Beijing issued a blistering and threatening condemnation that included the admonition, “Know your place.”

Still, by the spring of 2010 the relationship between the ASEAN countries and China remained overtly and determinedly cordial. But in July Foreign Ministers from the 26 nations that make up the ASEAN Regional Forum (ARF) convened their annual meeting. The ARF is distinctive because it is a forum to discuss regional *security* issues. There were two aspects of this particular meeting that were additionally distinctive. It was the first ARF meeting held in Hanoi which meant Vietnam controlled the agenda and the American Secretary of State was attending for the first time. For several years Vietnam had been trying to get the South China Sea on the ARF agenda but previous ASEAN hosts had refused knowing that to do so would anger China. But now Secretary of State Clinton (clearly in consultation with Hanoi) agreed to raise the issue in her statement to the Forum. In that

statement the Secretary made two quite ordinary assertions: (1) the South China Sea was an arena with multiple claimants and such disputes should be addressed through a multilateral negotiation; (2) the sea lanes through the South China Sea, like major international sea lanes elsewhere, were a “global commons” and not within the territory of any state—they belonged to the world. This was pretty much standard diplomatic boilerplate and might have generated only minimal attention. But eight of the ten ASEAN Ministers in their statements endorsed Secretary Clinton’s remarks. Then things got really interesting. It was Chinese Foreign Minister Yang Jiechi’s turn to speak. Instead of a perfunctory response, his reaction was incendiary. He grew red in the face, he shouted, he sweated—and he had to leave the room to compose himself. When he returned he glared at the Singapore Foreign Minister (an ethnic Chinese) and observed that there are “big countries” and “small countries.” The message was unmistakable.

What explained the public meltdown by the suave and professional Mr. Yang? From his perspective China had been publicly confronted with a largely unified ASEAN position, aided and abetted by the U.S., challenging China’s conviction that the South China Sea belonged to China. Then a few days later China’s Defense Ministry spokesman in a public setting declared that China has “indisputable sovereignty” over the South China Sea. Until this point, official Chinese spokesmen had avoided using the word “sovereign”—knowing that it would destroy China’s carefully constructed web of ambiguity surrounding its claim. But now the era of ambiguity and disguised agendas was over.

In the nearly two years since the region has seen a steady uptick in confrontations between Chinese maritime enforcement vessels patrolling the South China Sea and Vietnamese and Philippines fishermen and patrol craft. Chinese ships have cut the cables of Vietnamese vessels towing sonar arrays mapping the sea bottom for oil exploration. Armed Chinese patrols have forced Philippines fishermen to leave their traditional fishing grounds around Scarborough Shoal and have put a cable across the entrance to a lagoon to prevent their return. Meanwhile China’s rapid buildup of maritime military forces proceeds apace—including the first test flights off a Chinese aircraft carrier last November.

For the U.S. all these developments came at significant, perhaps opportune, time. The Obama Administration has been committed to a wind down of America’s military involvement in Iraq and Afghanistan. Budget pressures will compel a reassessment of Pentagon programs and strategy. Secretary Clinton, in a November 2011 article in *Foreign Policy* magazine entitled “America’s Pacific Century,” signaled a new strategic focus with her call for a “pivot” of U.S. security assets and attention toward the Asia-Pacific. The Secretary and the President had amply demonstrated their interest in the region with multiple and lengthy trips. The President, of course, had spent some formative years of his childhood in Indonesia. But travel and sentiment aside, the “pivot” (Pentagon officials prefer “rebalance”) is based on a hard calculation that America’s future lies in the Far East. This is where global economic activity is increasingly centered and it is where the only the only prospective challenger to U.S. strategic preeminence resides.

The American response to China’s increased assertiveness has been a series of authoritative statements from the Secretary of Defense and the Joint Chiefs of Staff outlining a shift of U.S. military capabilities westward across the Pacific toward Southeast Asia. Budget-driven cutbacks of U.S. overseas deployments will not be felt in the Pacific. All this raises seminal strategic issues in Southeast Asian capitals. Virtually every American official who visits Southeast Asia these days reports an unmistakable welcome to the “pivot.” No Southeast Asian government wants to be put in a position of choosing between the U.S. and China. But they don’t want to be in a position of subservience to Beijing by default. If Washington enhances their strategic leverage and autonomy, that will be welcome. Even in Burma/Myanmar a subtext of the remarkable political reform process underway is Naypyidaw’s desire to reduce its dependence on China and create strategic space by rebuilding ties with the West, notably the U.S.

We are at the very beginning of a drama that will move Southeast Asia to the center of global geopolitics for the foreseeable future. In simplest terms, Southeast Asia and the South China Sea, more than anywhere else, are where the strategic ambitions and interests of an emerging aspirant superpower collide with those of the established global superpower.