

Asan Report

**Southeast Asian Perspectives of  
the United States and China:  
A SWOT Analysis**

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The Asan Institute for Policy Studies

## About

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# Table of Contents

1. Introduction	06
2. Cambodian Perspectives of the US and China: A SWOT Analysis	16
3. Indonesia's Relations with the United States and China: A SWOT Analysis	28
4. Malaysia's National Interests and Threat Assessment of the United States and China	46
5. The Philippines in the China-US Cold War with 21 <sup>st</sup> Century Characteristics	64
6. Singapore's Perspective to Major Power Competition: The Lion Between the Eagle and the Dragon	84
7. Thailand's Perspective of the United States and China: A SWOT Analysis	94
8. An Analysis of Vietnam-China and Vietnam-US Relations	113
9. An ASEAN SWOT Analysis of the US and China	128
10. Conclusion: Southeast Asian Perspectives and Implications for Korea	149

## List of Tables

<b>Table 1.</b>	A SWOT Analysis of Cambodia-China Relations	19
<b>Table 2.</b>	A SWOT Analysis of Cambodia-US Relations	24
<b>Table 3.</b>	Top 5 Export and Import Partners of Indonesia	33
<b>Table 4.</b>	A SWOT Analysis of Indonesia-US Relations	37
<b>Table 5.</b>	Indonesia-China Trade Balances 2019-2021	39
<b>Table 6.</b>	A SWOT Analysis of Indonesia-China Relations	42
<b>Table 7.</b>	Elements of a Cold War	67
<b>Table 8.</b>	A SWOT Analysis of Philippines-China Relations	72
<b>Table 9.</b>	A SWOT Analysis of Philippines-US Relations	77
<b>Table 10.</b>	China and US Ranking Across Economic Indicators in the Philippines	83
<b>Table 11.</b>	Singapore-US Relations	86
<b>Table 12.</b>	Singapore-China Relations	92
<b>Table 13.</b>	A SWOT Analysis of Thai-US Relations	102
<b>Table 14.</b>	A SWOT Analysis of Thailand-China Relations	109
<b>Table 15.</b>	A SWOT Analysis of Vietnam-China Relations	117
<b>Table 16.</b>	A SWOT Analysis of Vietnam-US Relations	123
<b>Table 17.</b>	A SWOT Analysis of ASEAN-US Relations	136
<b>Table 18.</b>	China and the United States' Institutional Engagement with ASEAN	138
<b>Table 19.</b>	China's Influence and Distrust Ratings in Southeast Asia	141
<b>Table 20.</b>	A SWOT Analysis of ASEAN-China Relations	146

## List of Figures

<b>Figure 1.</b>	US Trade with Indonesia 2000-2017	34
<b>Figure 2.</b>	Top 10 FDI Trend in Indonesia over 2016-2020	38

# 1. Introduction

Lee Jaehyon

US-China strategic competition is the defining challenge for the Indo-Pacific's small and middle powers. How long has this rivalry between the two great powers been underway? At the very least, the competition has been intensifying since the Trump administration, which was unequivocal in criticizing and pressuring China in an attempt to contain its further economic and military growth. But one could go back to the early 2010s, with China's ambitious regional economic proposals such as the Belt and Road Initiative and the Obama administration's Pivot to Asia or Rebalancing Strategy. In this reading, US-China competition has been the dominant theme in the region for more than a decade now.

This competition has recently accelerated and expanded to nearly all imaginable areas. It may have first started with the United States and China competing for regional diplomatic influence. But it has evolved into a strategic competition as Chinese economic and military power have grown and now encompasses everything from trade to technology. Many in the United States have concluded that China's economic rise was only possible due to unfair trade terms and technology theft. The Biden administration, which succeeded the Trump administration's America First stance, was expected to reverse the isolationist policy of its predecessor but has so far adopted the same policy direction. The Biden administration has laid the groundwork for stronger re-shoring policies and tried to strengthen secure supply chains for batteries, semi-conductors and more.

The US-China trade war has spilled over into other fields such as security and defense competition. The Biden administration announced that it would strengthen partnerships with allies that were mistreated by the Trump administration. The United States and its close allies revived the Quadrilateral Security Dialogue with Australia, Japan, and India as well as announced the Australia, United Kingdom, and United States (AUKUS) defense partnership as a way to push back against Chinese influence in the region. The Trump administration's Indo-Pacific Strategy became the centerpiece of US strategy, and US allies and partners have pushed forward their own versions of an Indo-Pacific Strategy, including the Quad partners, European states, the Association of Southeast Asian Nations (ASEAN), and even South Korea.

Against this backdrop, China in recent years was not quite able to counter the United States. China is still sticking to its Belt and Road Initiative. It keeps modernizing its military power and exercising selective economic coercion against regional countries. Nevertheless, Chinese activities have been seriously challenged by the Covid-19 pandemic. Tight domestic control to curb Covid-19 outbreaks in China have dampened its foreign policies and activities, which were further challenged by the US' aggressive campaign against it. In 2022, however, China rediscovered a strong ally in Russia following its invasion of Ukraine. As the United States and European countries strongly condemned the invasion and imposed economic sanctions on Russia, China and Russia found themselves on the same page against the US-led strategic coalition. The development makes the lines of division clearer, putting the United States, its regional allies, and European countries on one side and China, Russia, and their supporters on the other. At the same time, it creates new confusion as some countries such as India have a foot in both camps, blurring the division.

## Goals of This Study

### *Analyzing countries in the middle*

In this flurry of tit-for-tats between the two superpowers and their allies, many countries are largely forgotten. Although the US-China competition is featured on the main stage of regional politics almost every day, it is usually framed as involving just a handful of countries: the United States, China, Australia, Japan, Russia, India, and some European countries extending their activities to the Indo-Pacific region with their own Indo-Pacific strategies. If the Indo-Pacific is defined as a wider region encompassing countries around the Pacific and Indian Oceans, it includes South Asia, East Asia, South-East Asia, Oceania and some major countries bordering or effectively participating in regional affairs. The total number of countries in the above categorization is around 60. Out of more than 60 countries, only 10 or so countries are considered the main players in the US-China strategic competition. The remaining 50 are largely cooperating and engaging with both camps without clearly aligning themselves with a particular strategic bloc.

More often than not, these countries feature as potentially important variables in the superpowers' strategic competition. ASEAN or the Southeast Asian region is often dubbed as one of the flashpoints or venues for US-China rivalry. Nevertheless, these countries and regional organizations are described as subjects influenced by the strategic

competition rather than as actors that actively shape the competition. Given the clear power asymmetry between these countries and the superpowers, they are often seen as the dependent variable rather than independent variable in how US-China relations will develop.

To fully appreciate the likely trajectory of how US-China competition will play out in the Indo-Pacific, a better understanding of the region's perceptions and calculations is crucial. More importantly, these countries have their own ways to influence the US-China equation. One cannot simply brush aside these smaller powers if one wants to understand the whole picture and dynamics of strategic competition. This report is about these smaller countries and players. These countries in the middle may be small in power but are powerful in numbers. Their collective influence, if exercised effectively, is not a small variable. The report seeks to understand the perceptions, calculations, and strategies of these countries in the context of US-China strategic competition. This is the first goal of this report: unravelling smaller powers' perceptions and strategies towards the two competing superpowers.

### *Systemic and analytical approaches: SWOT analysis*

The second goal of this report is to take a deep dive into the individual countries in a more systemic and analytical approach. There is a growing interest in these countries in the middle, particularly Southeast Asian countries. In fact, there are long and short surveys of the strategic perceptions, postures, and calculations of these countries towards the superpower competition and towards the competing two superpowers. In many cases, however, the examination is largely based on anecdotal observations by experts in single isolated cases. The countries have diverse strategic and economic interests across the fields of great power competition. A country's response to a particular issue, say maritime disputes in the South China Sea, supply chain issues, or joint military exercises, does not reveal the whole picture of a country's outlook. Their strategic calculation in one issue area may substantially differ from its response in another area. Furthermore, a country's perception of the great powers changes over time and its response to the same issue area can differ depending on the nature of the stimulus, such as demands or pressure from a superpower.

It thus requires a more systemic analysis of the country's strategic perceptions, calculations and strategy towards the superpowers and their competition. It necessarily



requires an analysis put in historical context of changing perceptions, relations, and partnerships with the superpowers over time. It also requires a higher level of abstraction in terms of the coverage. Rather than having a myopic focus on a particular issue or event, one has to cover a bigger picture over a longer time span. This approach may sacrifice a fine-grained insight on a particular event or development. However, it can reveal a pattern of behavior by these smaller powers, which can be utilized as a filter to interpret their responses towards the superpowers.

To add analytical value in this survey of individual countries' perceptions, calculations, and strategies, the contributors to this report were asked to conduct a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis. A SWOT framework offers a unique comparative lens to identify similarities and differences across the countries in terms of the key dynamics at play in their relations with the United States and China. The authors were asked to identify the strengths and weaknesses of the United States and China vis-à-vis their countries. This reflected on the historical development of the respective bilateral relationships across issue areas from diplomacy and security to trade and culture. In addition, they were asked to canvass emerging opportunities and threats from the superpowers that will inform how their countries will engage them in the years to come. Using a SWOT framework that looks back into the past and also forward into the future enables a more systemic and analytical examination of these very diverse countries.

### *Individuality of strategies*

As a scholar of Southeast Asia and ASEAN, some of the most difficult questions to answer relate to the question of individuality and collectivity in the region. Should we refer to Southeast Asia as singular, such as ASEAN, or as plural, such as its member states? When we discuss the region's place in the US-China rivalry, individual countries might be considered "small" but ASEAN as a collective is undoubtedly a major actor, not to mention Korea's second-largest trading partner. Do we have to deepen cooperation with ASEAN as a collective or with individual Southeast Asian countries? For example, what is the preferred format for trade cooperation? Similarly, is it possible to speak of a single ASEAN position on security crises like wars and military crises given the creation of an ASEAN Political-Security Community?

Of course, my answer is it depends on what cooperation we are talking about. Depending

on the nature and areas of cooperation, there are areas we can cooperate with ASEAN as a collective Southeast Asian entity and there are areas where we have to cooperate individually with Southeast Asian countries. While that may be an unsatisfactory answer, that is because of the nature of ASEAN as a collective regional organization of Southeast Asian countries. There are areas that Southeast Asian countries have enough consensus among themselves. For example, they can agree on a single ASEAN view on free trade agreements. In many non-traditional security issues, Southeast Asian countries also have similar interests and outlooks. But there are also areas in which individual Southeast Asian countries have diverse, perhaps even competing or conflicting, interests within the centrality of ASEAN. When it comes to defense and security cooperation, which are quint essential subjects of national sovereignty, Southeast Asian countries are not quite prepared to advance a single idea towards outside powers.

Largely because of the complex nature of ASEAN, which is not quite a solid organization of regional integration but still has a semblance of regional integration in some areas that go beyond simple regional cooperation, the debate over strategic perceptions, calculations and postures often does not make a clear distinction between national and ASEAN views. In many existing research works, experts move freely between discussing ASEAN and individual Southeast Asian countries at the expense of accuracy. An individual country's perception and strategy are often extrapolated as covering all 10 ASEAN countries in general. On the contrary, sometimes, subtle differences among Southeast Asian countries are ignored by a broad brush of ASEAN. Both approaches do not give us a clear picture about either ASEAN or individual Southeast Asian countries.

This study examines the strategic perceptions and activities of seven of these countries in Southeast Asia: Cambodia, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. Also, a chapter focuses specifically on ASEAN as a distinct entity. Out of 10 ASEAN countries, seven countries along with ASEAN as a regional organization were carefully selected. Three countries were omitted: Myanmar, Laos, and Brunei. Practically, it was not easy to find authors from these countries with a deep foreign policy insight into the countries' relations with the superpowers. Second, these countries are among the smallest of the ASEAN member states and whose foreign policy choices have been of the lowest priority to both the United States and China in their competition for influence, notwithstanding the current domestic turmoil in Myanmar.

Before I move on to individual chapter outlines, a few words should be added on why this volume still keeps 'ASEAN's SWOT on China and the US' as a separate chapter since this volume's intention is more an analysis of individual countries' strategy. ASEAN does not have a mechanism of foreign policy decision-making. The regional organization has neither instruments to enforce collective decisions to its members nor rules by which ASEAN can punish its members that do not keep up with the collective decisions. ASEAN is not European Union which has more consolidated institutions and rules. Nevertheless, this does not mean that the ASEAN is not a variable in regional international dynamics. ASEAN may not have its own foreign policy, but still ASEAN has a stance in major issues of regional affairs.

Within ASEAN, leaders, foreign ministers, other government agencies and officials have frequent meetings and workshops that they can share their views on many issues. Within those, they can develop a loose consensus. This loose consensus sets the boundary of one member states can move around and maneuver. The consequence is a collective stance rather than a policy among ASEAN member countries. Of course, a member can be so much self-interest oriented and can go beyond the loose boundary or ASEAN stance. This act of breaching ASEAN consensus would not put the member under collective sanctions by ASEAN. The embodied norms, rules, or expected pattern of behavior in member countries, however, substantially reduce the chance for such an opportunistic action by members. In general, conforming to the loose consensus would bring more benefit to individual members than breaching it in ASEAN context. So much so, still dealing ASEAN as a unit has a merit.

## Chapter Outline

Each of the following chapters is organized according to the same structure based around three topics: bilateral relations with China, bilateral relations with the United States, and evolving strategies towards both in the context of US-China strategic competition. More specifically, the contributors first briefly introduce the historical context of the two bilateral relationships and focus on the strengths and weaknesses of the superpowers from the perspective of individual countries' interests. They then discuss the opportunities and threats in their bilateral relations with the superpowers. This format will enable readers to compare trends across individual countries in their relations with the superpowers and their strategies towards them.

First, Vannarith Chheang of the Asian Vision Institute discusses the case of Cambodia. The countries featured in this volume are generally taking a middle ground between China and the US whereas Cambodia is widely seen to be aligned with China in many ways. However, Chheang does not accept this view, noting that “Cambodian ruling elites are fully aware of the risk of overreliance on a single major power.” His analysis of the Cambodian case starts with unravelling the complicated historical experience both superpowers as Cambodia was deeply involved in the Cold War dynamics in Indochina.

In the next chapter on Indonesia, Andrew Wiguna Mantong of the Centre for Strategic and International Studies (CSIS) Jakarta, investigates Indonesia’s posture and perspective towards the US and China. As the biggest country in Southeast Asia and one of the founding members of ASEAN in 1967, Indonesia has always been pro-active in regional strategic dynamics as its diplomatic tradition of *aktif dan bebas* (a doctrine of free and active foreign policy) denotes. Jakarta’s bilateral relations with major powers have been tumultuous over the past few decades, depending on Indonesia’s leadership and strategic circumstances. Nevertheless, Mantong argues that the country has not been dogmatic between competing superpowers, prioritizing “equal distance and a balanced level of engagement between major poles in the world” to maximize its national interests through its relations with them.

Malaysia offers another interesting case of a country reaping benefits from its superpower relations largely thanks to a hedging strategy. Hoo Chiew Ping of the National University of Malaysia (UKM) focuses on the leadership factor. Rather than putting all of Malaysian history in a single box, she unpacks it into distinct periods. Starting with Tunku Abdul Rahman, the first Prime Minister of Malaysia, Hoo has a closer look at recent leaders such as Abdullah Badawi, Najib Razak and Mahathir Mohamad. Hoo concludes that “plenty of opportunities are externally presenting themselves to Malaysia, be it political or economic inducements.” Malaysian leadership will be crucial to capitalizing on these opportunities.

The Philippines has enjoyed a long military alliance with the US. In recent years, since the leadership of former President Rodrigo Duterte to incumbent President Ferdinand “Bongbong” Marcos, the Philippines is a swing state between the US and China depending on the country’s interests. Aaron Jed Rabena from Asia Pacific Pathways to Progress examines the country’s relations with the US and China from the Cold War period. He juxtaposes current Philippine perceptions and strategies, dubbing the

current strategic circumstance a Cold War II. He further explores the current setting of the regional order and superpower rivalry from various angles and puts the Philippines' strategy and perception in that context. An important theme in Rabena's chapter is the interactive effects that Philippine-US and Philippine-China relations have on each other.

Singapore, along with Brunei, is a small country in Southeast Asia. Given the geographical, geopolitical and geoeconomic circumstances in which Singapore was founded, the country has developed its own sense of survivalism, which was elevated into a sort of national ideology. Benjamin Ho of S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU), describes the US and China as the Eagle and Dragon. At the same time, he dubs Singapore, a Lion which is often identified with Singapore - the name, Singapore, itself means a lion city. A small country squeezed between competing powers often describes itself as a shrimp, but Ho describes Singapore as a lion between an eagle and a dragon. Ho emphasizes the strong realist tradition that guides Singapore's perspective and strategy towards superpowers.

Thailand is a longstanding US treaty ally but at the same time showing an increasingly pro-China foreign policy orientation in recent years. Pongphisoot Busbarat from Chulalongkorn University tries to reconcile this seemingly contradictory tradition and current status in his chapter. Thailand, especially after the military coup in 2014, is believed to be increasingly aligned with China and facing US criticism about Thai democracy. Busbarat admits that the superpower competition and their pressure on Thailand narrows the room for strategic maneuvering, recalling the Thai proverb that, "when elephants fight, the grass suffers." But at the same time, he insists that choosing one side over the other is not an optimal option for Thailand, the only country in Southeast Asia that maintained its independence during the period of colonial powers.

Vietnam has arguably the most checkered relations with China and the US in Southeast Asia. The whole history of Vietnam is about its cooperation, competition and conflict with China. The historical relations with China have shaped Vietnamese national identity. In the post-colonial period from 1950 to the 1980s, Vietnam again had to fight against France, a force attempted to maintain influence over Vietnam, the US, a force that tried to contain communism, and China, a force competing over the hegemonic position in the communist bloc in Southeast Asia. Today, Vietnam's relations with China and the US are as complicated as it always has been, but without military clashes. Nguyen

Thi Bích Ngọc of the Diplomatic Academy of Vietnam (DAV) analyses in what areas Vietnam has cooperative or contrasting views and converging and diverging interests with China and the US to figure out Vietnamese strategy towards the superpowers.

Last but not least, Hoang Thi Ha of ISEAS-Yusof Ishak Institute discusses the case of ASEAN. It is a daunting task to analyze ASEAN's perception and strategy towards the US and China. ASEAN is a loose organization that does not have a common foreign policy and makes decisions based on consensus, which means the lowest common denominator view is often the basis of the ASEAN position. Ha moves freely up and down among ASEAN's collective perspective, ASEAN's institutional interests and individual countries to explain ASEAN's collective perspective and strategy towards the superpowers. After examining the case, Ha argues that describing a country tilting towards a certain power is misleading and at the same time impractical since dependence always generates vulnerability.

The conclusion summarizes the key discussions of the individual chapters and draws a larger picture of strategic perception and strategies of ASEAN countries towards the superpowers. The chapter attempts to find some themes in Southeast Asian countries' perceptions and strategies towards the superpowers and US-China competition. This might add some value to existing discussions since this volume comes to the conclusion via a different path, which starts from the details of individual countries.

The conclusion also seeks to develop a strategy for Korea. This has two different directions. The first is to identify optimal Korean approaches and strategies towards individual Southeast Asian countries in the context of superpower rivalry. US-China competition and bloc competition will shape Korea's bilateral relations with individual Southeast Asian countries. These relations do not exist in a vacuum. Understanding the circumstances and concerns of partners is necessary for Korea to find an ideal format for strengthening bilateral and collective cooperation with Southeast Asia.

The second direction is to find a way to put the hands of Korea and Southeast Asian countries together to cope with strategic uncertainty and pressure coming from the superpower rivalry. Many argue that Southeast Asian countries and Korea share similar strategic positions being squeezed by the superpowers. It is almost impossible for a country, be it Korea or individual Southeast Asian countries, to overcome the bipolarity and to navigate through the troubled environment of their rivalry. A joint effort is

essential for Korea and Southeast Asian countries. This study intends to outline how cooperation should be pursued.

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## 2. Cambodian Perspectives of the US and China: A SWOT Analysis

Vannarith Chheang

### Introduction

The US-China rivalry is getting more complex and volatile. Cambodian policy makers share the view that the structural competition between these two major powers is a key external systemic threat and challenge to regional peace and stability. Maintaining independence and strategic autonomy is an uphill task for Cambodia. Speaking at the World Economic Forum in Davos in May 2022, Prime Minister Hun Sen confidently asserted that Cambodia is not interested in taking sides regardless of mounting pressures from all sides. This chapter aims to shed light on the Cambodian perspective on China and the United States by applying a SWOT analytical framework.

### Cambodia-China Relations

China is the most important strategic and economic partner of Cambodia. Political trust and personal relationships between the top leaders are the foundations of the bilateral ties. Cambodia perceives the rise of China as a great opportunity for Cambodia to develop its economy and to strengthen its autonomy against the pressures from the West which keeps demanding political and governance reforms in Cambodia.<sup>1</sup> Diplomatic relations between Cambodia and China were established in 1958 and grew extensively in the 1960s.<sup>2</sup> However, the relationship was affected by the Indo-China Wars. China supported the Khmer Rouge and Prince Norodom Sihanouk in the ensuing fight against the Lon Nol regime formed after the coup in 1970. After gaining power in 1975, the Khmer Rouge sidelined Prince Sihanouk and executed a brutal

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1. Chheang Vannarith, "Cambodia embraces China-proposed Belt and Road Initiative," ISEAS Perspective no. 48, July 6, 2017, [https://www.iseas.edu.sg/images/pdf/ISEAS\\_Perspective\\_2017\\_48.pdf](https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2017_48.pdf).
  2. Julio A. Jeldres, "Cross-Currents: East Asian History and Culture Review," *E-Journal* no. 4 (2012): 52-63.



regime. Although the Khmer Rouge regime received tremendous support from China, it maintained its strategic autonomy.<sup>3</sup>

China continued to support the Khmer Rouge regime even after it was ousted in January 1979 by Vietnam's intervention. China shifted from aligning with forces against the US in the 1970s to aligning with forces against the Soviet Union in the 1980s. Following Vietnam's intervention and occupation of Cambodia in January 1979 and the rapprochement between China and the US after the visit of President Richard Nixon to China in 1972, China waged a brief border war with Vietnam in February and March 1979 to exert pressure on Vietnam to withdraw its troops from Cambodia (some called it China's punitive war against Vietnam).

After the Paris Peace Accords in 1991 and the establishment of the coalition government following the UN-organized election in 1993, a new chapter in Sino-Cambodian relations took shape. Hun Sen's visit to Beijing in 1999 marked the first milestone in the bilateral relationship in the post-Cold War era. During his trip, China offered an interest-free loan of US\$200 million and a pledge of \$118.3 million in grants (the largest package that China had ever provided until then). For the 1997-2005 period, China provided Cambodia with a \$10 million loan and \$600 million in development assistance. The second milestone was in 2010 when Cambodia and China signed a "Comprehensive Strategic Partnership," making China the first strategic partner of Cambodia. Economic interest is the prime motive behind Cambodia's China policy. The third milestone was in 2019 when the two countries signed agreement on "Community of Shared Future" for the period of 2019 to 2023. Cambodia and Laos are the first two Southeast Asian countries that registered their full support for the initiative.

The growing convergence between Cambodia and China has thus led to increasingly closer and stronger relations between the two countries, culminating in the third milestone of Hun Sen's China policy in 2019, when both sides signed the agreement on "Community of Shared Future" (2019-2023). The "Community of Shared Future" action plan focuses on policy coordination, infrastructure connectivity, trade facilitation, financial integration and people-to-people ties. In addition, both countries signed an FTA in October 2020, which took effect in January 2021. The two-way trade amounted

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3. Ciorciari, Jonh D., "China and the Pol Pot Regime," *Cold War History* 14, no. 2 (2014): 215-235.

to \$11.19 billion in 2021, of which Cambodia exported \$1.51 billion to China.

## SWOT Analysis of China

Political trust, economic ties, convergence of strategic interests, and cultural cooperation are the strengths of the bilateral relationship. Speaking at the opening ceremony of the Morodok Techo National Stadium in September 2021, Prime Minister Hun Sen asserted that the ironclad friendship with China is firm and resilient. He said, “It is the unwavering political trust between the two countries, no matter how much pressure has been applied by this person or from that person. We are not swinging according to anyone else’s threats or persuasions. We must trust and be honest with each other.”<sup>4</sup>

China is Cambodia’s top trading partner, foreign investor, and development partner. In 2021, the bilateral trade volume hit \$11.9 billion, of which Cambodia exported \$1.51 billion to China, mainly agricultural products. Moreover, China’s investment capital was \$4.35 billion, accounting for 53.4 percent of the total foreign direct investment. Notably, the Chinese Community in Cambodia also plays a critical role in connecting the two countries, especially in promoting economic and cultural ties. Some Chinese corporations and tycoons have strong political ties with the ruling elites, which influence political perceptions and relations between the two countries.

The crimes and bad behavior conducted by some New Chinese in Cambodia have caused negative perceptions among the local Cambodians towards China. Social and cultural tensions between Cambodians and the New Chinese, those Chinese who have come to work and/or settled down in Cambodia since the 1990s, remain a matter of concern.<sup>5</sup> Moreover, the lack of transparency and the question of quality of some Chinese infrastructure projects have caused certain discontent among the local people.

Political trust and economic opportunities are the binding factors in the bilateral relationships. China is the second largest world economy and the top trading partner of many countries. China’s Global Development Initiative mainly driven by the Belt and

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4. Ry Sochan, “China’s Wang open stadium, renew vows,” Phnom Penh Post, September 12, 2021, <https://www.phnompenhpost.com/national-politics/pm-chinas-wang-open-stadium-renew-vows>.

5. Chheang Vannarith, “Cambodian perception towards the New Chinese,” ISEAS Perspective no. 42 (2022), [https://www.iseas.edu.sg/wp-content/uploads/2022/03/ISEAS\\_Perspective\\_2022\\_42.pdf](https://www.iseas.edu.sg/wp-content/uploads/2022/03/ISEAS_Perspective_2022_42.pdf).

Road Initiative provides new economic opportunities for Cambodia and the region. In addition, China’s Global Security Initiative is compatible with Cambodia’s security and defense concept which focuses on security connectivity and cooperative security. In 2012, Cambodia proposed the concept of security connectivity within ASEAN to further enhance regional cooperation based on the idea that my security is yours and your security is mine. It is expected that there will be an influx of Chinese tourists and investors to Cambodia after China opens its country in the post-COVID-19 era. Cambodia is one of the key destinations for Chinese tourists and investors.

The main risk or threat to the bilateral relationship stems from Cambodia’s domestic political changes. The opposition parties in Cambodia do not trust China. Cambodia’s foreign policy will be shifted towards the US and the West if the opposition parties come to power. Anti-China rhetoric has been used to challenge the legitimacy of the ruling party, Cambodian People’s Party (CPP). The US and some of its allies will continue to put pressure on Cambodia over the increasing Chinese influence. The Ream Naval base is the thorny issue that the US uses to manufacture threat perceptions against China’s ambition in Cambodia and the region.

Another threat might come from the pressures from China on Cambodia on certain international issues. The heightening geopolitical rivalry between China and the US and some of its allies poses significant challenges for Cambodia. Cambodia’s strategic autonomy and independence might be compromised if Cambodia continues to over-rely on China for survival in the form of a patron-client relationship.<sup>6</sup>

**Table 1. A SWOT Analysis of Cambodia-China Relations**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>- Political trust</li> <li>- Economic ties</li> <li>- Convergence of strategic interest</li> <li>- Cultural cooperation</li> </ul>	<ul style="list-style-type: none"> <li>- Social and cultural tensions between Cambodians and the New Chinese</li> <li>- Lack of transparency</li> <li>- Quality of some Chinese infrastructure projects</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>- Political trust</li> <li>- Economic opportunities</li> <li>- China’s Global Security Initiative</li> </ul>	<ul style="list-style-type: none"> <li>- Cambodia’s domestic political change</li> <li>- The Ream Naval base</li> <li>- Pressures from China on Cambodia</li> </ul>

## Cambodia-US Relations

Cambodia-US diplomatic ties were established in 1950, three years before Cambodia gained independence from France in 1953. Upon independence, Prince Sihanouk adopted a neutral foreign policy and became an active member of the non-aligned movement in the mid-1950s, which signified Cambodia's balancing act of engaging all major powers or a strategic hedging. Cambodia refused to join the US-led Southeast Asia Treaty Organization (SEATO) because it viewed it as an integral part of the US's containment strategy. The US tried to convince and persuade Cambodia to join hands with the anti-communist governments in South Vietnam and Thailand to contain the spread of communism. However, Prince Sihanouk refused to do so and insisted on maintaining Cambodia's neutrality. Due to divergent strategic interests, diplomatic ties were severed in 1965. The US took a punitive measure against Sihanouk.

The 1970 military coup that ousted Prince Sihanouk was a critical turning point in Cambodia's policy toward the United States. The Coup was widely perceived among the Cambodian elites as the US's strategy to topple down Sihanouk's regime. The new government under General Lon Nol changed the political system from a constitutional monarchy to a Khmer Republic, and abandoned Sihanouk's policy of neutrality for alignment with the US.<sup>7</sup> The exiled Norodom Sihanouk joined forces with the Khmer Rouge in a joint struggle against the US-backed Lon Nol regime. The Khmer Rouge took power in 1975 and carried out a brutal regime.

The Khmer Rouge regime was overthrown by Vietnamese forces in early 1979. The Khmer Rouge forces retreated to the Cambodia-Thailand border to resist the Vietnam-backed Phnom Penh regime. The US sided with ASEAN and China to oppose Vietnam's military presence in Cambodia and thereby contain the Soviet Union. To deny and challenge the legitimacy of the Vietnam-backed Phnom Penh regime, the US even voted in favor of the Khmer Rouge to maintain Cambodia's seat in United Nations from 1980 to 1982.

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6. Ciorciari, John D., "A Chinese model for patron-client relations? The Sino-Cambodian partnership," *International Relations of the Asia-Pacific* 15, no. 2 (2015): 245-278.

7. David Chandler. *The Tragedy of Cambodian History : Politics, War, and Revolution since 1945*. New Haven :Yale University Press, 1991.

Full diplomatic ties were established in 1993 after the formation of the coalition government following the UN-supervised general election. A bilateral textile agreement was signed in 1996, paving the way for the United States to become a key market for Cambodian exports in subsequent years<sup>8</sup>. Since 2010, the United States has emerged as a key market for Cambodian exports. The US is Cambodia's largest export market, accounting about 40 percent of Cambodia's total exports, thanks to the US Generalized System of Preferences (GSP). Cambodia exported \$8.7 billion of goods to the US, mainly garment, footwear, and travel goods.<sup>9</sup>

Political trust between the two countries has been elusive. The China factor, issues around human rights and democracy, and the debt problem have hampered the trust building process. Washington is concerned, for example, that Beijing would use Cambodian territory to jeopardize US strategic and security interests in Southeast Asia. On multiple occasions, the United States has accused Cambodia of hosting Chinese naval bases, despite a lack of credible evidence to prove the case.<sup>10</sup>

## SWOT Analysis of the US

The strengths of Cambodia-US relations are cultural and educational cooperation and the fact that the US is the biggest export market for Cambodia. The US has granted a Generalized System of Preferences (GSP) to Cambodia to facilitate the export of Cambodian products mainly garment, footwear and travel goods. Many Cambodians have personal ties to the United States; some are dual US-Cambodian citizens, have relatives among the 300,000 Cambodian Americans in the United States, or have a US education. Moreover, the US-funded English language fellows and Peace Corps volunteers have provided English language skills for thousands of young Cambodians.<sup>11</sup>

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8. Thomas Lum, "US-Cambodia Relations: Issues for the 113th Congress," *CRS Report for Congress*, 2013, <https://fas.org/sgp/crs/row/R43113.pdf>.

9. US State Department, "The US-Cambodia Relationship Factsheet," August 2, 2022, <https://www.state.gov/the-united-states-cambodia-relationship/>.

10. Turton, Shaun, "U.S. Flags 'Serious Concerns' over Cambodia's China-Backed Navy Base," *Nikkei Asia*, June 1, 2021, <https://asia.nikkei.com/Politics/International-relations/Indo-Pacific/US-flags-serious-concerns-over-Cambodia-s-China-backed-navy-base>.

As of August 2022, over 3,500 Cambodians have participated in US-funded exchange programs. The Young Southeast Asian Leadership Initiative (YSEALI), International Visitor Leadership Program, and Fulbright Programs provide an opportunity to engage with US students and professionals and provide emerging Cambodian leaders with knowledge of US foreign policy, rule of law, global security, and American culture.

The US is also one of the key development partners, providing \$3 billion in foreign assistance over the past three decades for health, education, food security, protection and preservation of cultural heritage, economic growth, national reconciliation, the environment, and clearance of unexploded ordinance and landmines.<sup>12</sup>

Through a bilateral cultural property MOU in effect since 2003, the US has facilitated the return of scores of priceless Khmer artifacts looted from Cambodia. Through the State Department's US Ambassadors Fund for Cultural Preservation, the US has provided \$4.5 million in the preservation of Cambodia's cultural sites and collections, including at Angkor Archaeological Park and other iconic monuments.<sup>13</sup>

Political trust and the lack of a clear US strategy towards Cambodia are the main weaknesses and gaps in Cambodia-US relations. Some US scholars argue that "the US policy toward Cambodia is conflicted, contradictory, and unsustainable."<sup>14</sup> The legacy of the Indochina wars remains unresolved. Cambodia's debt to the US incurred during the war remains a stumbling block in the bilateral relationship. The current Cambodian ruling elites perceive US's interventionism as a threat to Cambodia's security and political stability.

Democracy, human rights, and growing Chinese influence in Cambodia are the main

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11. US State Department, "The US-Cambodia Relationship Factsheet," August 2, 2022, <https://www.state.gov/the-united-states-cambodia-relationship/>.

12. US State Department, "The US-Cambodia Relationship Factsheet," August 2, 2022, <https://www.state.gov/the-united-states-cambodia-relationship/>.

13. US State Department, "The US-Cambodia Relationship Factsheet," August 2, 2022, <https://www.state.gov/the-united-states-cambodia-relationship/>.

14. Poling, G.B., Dunst, Charles, and Hudes, S.T., "Pariah or Partner? Clarifying the U.S. approach toward Cambodia," 2022, [https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/220614\\_Poling\\_Pariah\\_Partner.pdf?KmbIe\\_11bKt42yaWwkrvRaw82a0Iwdn](https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/220614_Poling_Pariah_Partner.pdf?KmbIe_11bKt42yaWwkrvRaw82a0Iwdn).

constraints in the bilateral relationship.<sup>15</sup> At the bilateral meeting between Prime Minister Hun Sen and the Secretary of State Antony Blinken in Phnom Penh on August 4, 2022, the US pressured Cambodia to ‘reopen civic and political space ahead of 2023 elections and make progress on democracy and respecting human rights.’ The US also pressed Cambodia to release political activists and urged Cambodia to be fully transparent about China’s activities at Ream Naval Base. He added that China’s ‘exclusive presence’ would undermine Cambodia’s sovereignty, regional security, and ASEAN unity.<sup>16</sup>

The opportunities that the US has in cultivating more solid bilateral relations with Cambodia include enhancing cultural and educational cooperation, economic ties, and cooperation at the multilateral platforms to address common global issues and challenges such as climate change and food security. The Cambodian people’s perception towards the US is positive. The US is the preferred destination of education for Cambodian students.

During his trip to attend ASEAN related meetings in Phnom Penh in August 2022, Secretary of State Blinken pledged an additional \$25 million to support Cambodia’s food security and agriculture sector under the “Feed the Future Cambodia Harvest III” program. Feed the Future Cambodia Harvest III is a five-year project managed by the US Agency for International Development (USAID). It aims to work with Cambodian agriculture cooperatives, technology providers, financial institutions, and other private sector stakeholders to develop a skilled workforce, create jobs, and capture market opportunities for farmers. It is projected that the program will generate \$38 million in new private sector investments, creating more than 3,000 new jobs, help Cambodian agriculture businesses and producers get access to \$15 million in financing, and generate \$100 million in sales.<sup>17</sup>

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15. Leng Thearith and Chheang Vannarith, “Are Cambodia-U.S. Relations Mendable?,” *Asia Policy* 16, no. 4 (2021):124-133.

16. US Embassy to Phnom Penh, “U.S. Secretary of State Blinken Unveils Food Security Initiative for Cambodia,” August 4, 2022, <https://kh.usembassy.gov/u-s-secretary-of-state-blinken-unveils-food-security-initiative-for-cambodia/>.

17. US Embassy to Phnom Penh, “U.S. Secretary of State Blinken Unveils Food Security Initiative for Cambodia,” August 4, 2022, <https://kh.usembassy.gov/u-s-secretary-of-state-blinken-unveils-food-security-initiative-for-cambodia/>.

Pragmatism informs Cambodia's foreign policy. Its hedging strategy has been carefully crafted and implemented. Improved bilateral relations with the US would help Cambodia to expand its strategic space to maneuver. Economic diversification is prioritized. The US remains Cambodia's main export market. Cambodia needs to improve its democratic governance and the respect of human rights to improve its relationship with the US. The general elections in 2023 will be an important indicator illustrating Cambodia's commitment to multi-party democratic system.

The main threats to Cambodia-US relations derive from the US's misperception that Cambodia is a vassal or client state of China. The US perceives growing Chinese influence in Cambodia, especially the alleged China's plan to build a naval base in Cambodia, even though Cambodian authorities have explained to the US many times with regard to Ream Naval Base development. The US will likely continue to put pressure on Cambodia on issues pertaining to Chinese influence, democracy and human rights. Cambodia will not submit to US pressure. Political distrust is the main threat to the bilateral relationship.

**Table 2. A SWOT Analysis of Cambodia-US Relations**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>- Cultural and educational cooperation</li> <li>- US is the biggest export market for Cambodia</li> </ul>	<ul style="list-style-type: none"> <li>- Political trust and the lack of a clear US strategy towards Cambodia</li> <li>- Democracy, human rights</li> <li>- Growing Chinese influence in Cambodia</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>- Enhancing cultural and educational cooperation</li> <li>- Economic ties</li> <li>- Cooperation at the multilateral platforms</li> </ul>	<ul style="list-style-type: none"> <li>- US's misperception that Cambodia is a vassal or client state of China</li> </ul>

## **Cambodia's Strategies**

To navigate geopolitical storms caused by major power competition and rivalries, Cambodia has carefully crafted and implemented a hedging strategy. Here are some facts illustrating Cambodia's hedging behavior. Firstly, Cambodia is the first country from Southeast Asia that openly registered its support for the Japan-proposed Free and Open Indo-Pacific (FOIP) because it believes that the initiative complements



ASEAN-led regional mechanisms. During the visit of Lt. Gen. Hun Manet to Japan in February 2022, both sides agreed to strengthen defense and security cooperation under the framework of the FOIP. Furthermore, during the visit of the Japanese Chief of Staff in April 2022, both sides emphasized specific areas of cooperation, including peacekeeping operations, humanitarian assistance and disaster relief, and educational exchange. Japanese Self Defence Forces and the Royal Cambodian Armed Forces will work more closely together to address challenges in the region to realize a “Free and Open Indo-Pacific.”

Secondly, economic diversification is in full swing. A year after signing the Free Trade Agreement (FTA) with China in October 2020, Cambodia reached another FTA with the Republic of Korea in October 2021. In addition, the country is exploring opportunities to negotiate bilateral FTAs with other potential partners such as Japan, India, and the Eurasian Economic Commission. The United States and the European Union remain the two main export markets for Cambodian products, especially textile products. Against this backdrop, Cambodia is trying to maintain preferential market access to these two markets without compromising its sovereignty.

Thirdly, Cambodia intriguingly co-sponsored the UN resolution to condemn Russia’s invasion of Ukraine although it knew that its action would anger Russia, which could take measures to punish Cambodia in response. The decision was made based on the principle of international law. Cambodia used to be a victim of invasions and bullies by bigger neighbors. Hence, it views the violation of any independent state’s sovereignty and territorial integrity as unacceptable. Cambodia had bitter experiences with superpowers, as it used to be the victim of great power politics during the Indochina Wars and the Cold War. Learning from past experiences, the country will not give in to foreign intervention and pressure.

To Prime Minister Hun Sen, nothing is more valuable than independence and self-determination. As a pragmatist, he works with all international friends and partners based on mutual respect and common interests. There are no ideological constraints or limitations. He maximizes opportunities stemming from international cooperation and partnership, guided by the slogan: “Reforming at Home, Making Friends Abroad Based on Independence.” In the context of rising fluidity and multiplicity of the international system, Cambodia has certain strategic space to maneuver, as it is continuously adjusting its foreign policy posture to adapt to and navigate the fast-changing geopolitical

landscape and trend.

Maintaining independence and strategic autonomy will be an uphill struggle for this small state. Indeed, Cambodia is navigating uncharted waters, as the world is entering a new era of volatility. Therefore, national unity and visionary, transformative leadership are of utmost critical for the survival and progress of the Kingdom. Cambodia wishes to have a stable relationship with the US while maintaining close comprehensive strategic ties with China. The key message that Cambodia keeps sending to the US and other countries is that Cambodia's close ties with China are not at the expense of Cambodia's relations with the US. In the aftermath of the controversial and provocative Taiwan visit of US House Speaker Nancy Pelosi, Cambodia issued a statement to support the One-China policy and reiterate that issues related to Taiwan, Tibet, Xinjiang, and Hong Kong are China's internal affairs and under China's sovereign rights.<sup>18</sup>

## Conclusion

Over the next five years, Cambodia-China relations will continue to be nurtured under the framework of 'comprehensive strategic partnership' and 'ironclad friendship,' China will remain the most important economic and strategic partner of Cambodia. However, it does not mean that Cambodia put all its eggs in China's basket. Cambodian ruling elites are fully aware of the risk of overreliance on a single major power. Therefore, Cambodia has carefully crafted and implemented a hedging strategy to expand its strategic space and choices.

Cambodia-US relations on the other hand remain a "love-hate" relationship or a 'troubled' relationship. Strategic distrust and the differences over human rights and democracy will continue to be stumbling blocks in the bilateral relationship. The US does not have a clear and sustainable engagement with Cambodia. The China factor is the key factor defining the US' policy towards the Kingdom.

It is impossible for Cambodia to have an equidistant relationship with China and the US. Cambodia is obviously leaning towards China for obvious reasons, economic and

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18. Ministry of Foreign Affairs and International Cooperation of Cambodia, "Statement," August 3, 2022, MFA-IC\_English.pdf (mfaic.gov.kh).

strategic interests. Meanwhile, Cambodia tries to maintain a stable and healthy relationship with the US. China-US confrontation poses significant threat to regional peace and stability. Cambodia's security is increasingly interconnected with regional and international security. Therefore, Cambodia has urged these competing powers to have a healthy competition, not confrontation.

### 3. Indonesia's Relations with the United States and China: A SWOT Analysis

Andrew Wiguna Mantong

#### Introduction

Indonesia tends to engage any superpower, or even competing power, equally as the country struggles to realize security capacity as well as to reach a development vision that requires accelerated economic growth. As the United States-China competition has become more intensive in the past few years, Jakarta maintains such an outlook and continues to reap the benefit of different sources of influence that both sides offer to the country. This essay discusses how Jakarta has done this, from a perspective of management policy, especially by looking at strengths, weaknesses, opportunities and challenges identified from Indonesia's existing relations with both the United States and China.

#### Indonesia's Perspective on US-China Rivalry

The way Indonesia perceives the ongoing and ever-increasing rivalry between the United States and China is mainly influenced by both ideas and interest. In terms of ideas, Indonesia's foreign policy establishment, including leaders, agencies, as well as public opinion makers, has obtained, throughout history, a doctrine of free and active foreign policy.<sup>1</sup> The doctrine basically sets the discursive parameter of Indonesian foreign policy between what is possible and what is not possible. By being "free," Indonesia generally maintains equal distance and a balanced level of engagement between major poles in the world since the Cold War until now. Both in an economic and military sense, Indonesians will feel anxious if the country gets too dependent on any power. In history, any government will risk being criticized, or even delegitimized, by opposition forces if it moves closer towards one side of any ongoing power rivalry. At a practical

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1. The doctrine was introduced by the first Indonesian Vice President, Mohammad Hatta. See Mohammad Hatta, "Indonesia's Foreign Policy," *Foreign Affairs* 31 (1952-1953): 442-452; and Mohammad Hatta, "Indonesia between the Power Blocs," *Foreign Affairs* 36, no. 3 (1958): 480-490.

level, it means that Indonesia will never seek to establish formal security alliance with any country in the world. Ties with other countries may become deeply cooperative or even strategic, but it can never be an alliance if alliance means that a strike to one territory means a common threat to the entire members of the alliance.

By being active, Indonesia seeks to contribute to any efforts in maintain global peace and stability. In the past decades, the policy means at least some major contribution of Indonesia's force to international peacekeeping missions under the banner of the United Nations. However, it should also be noted that Indonesia's capacity and influence in such efforts are associated with Indonesia's activism in maintaining the establishment and relevance of ASEAN. ASEAN has reflected a great deal of belief on how international peace and stability must be achieved and maintained, thus a priority from which Indonesia channels its aspiration in promoting multilateralism and cooperative security.<sup>2</sup> This includes a belief that economic and developmental purposes should be prioritized on the top of traditional security matters. Jakarta also believes that any effort should stem from ultimate respect for sovereignty, that any peace-making and peacebuilding efforts should be associated not only with boosting the power of civil society, but also strengthening state capacity. Consequentially, Indonesia always believes that a "resilient" region constitutes the most important agent in such efforts at the global level, given local context, proximities, as well as similarities to countries of interests.

Indonesia has always been ambivalent about its relations with great powers. Fears of intervention intertwines with public opinion sentiment that Indonesia shall become itself a great power to avoid being too dependent on great powers.<sup>3</sup> At the same time, Indonesia has always realized that each power can be source of opportunities as it also dreams about realizing immense potentials to become a future global power.<sup>4</sup> However, the current essence of US power and China power is complementary to each other. Their influence serves different purposes for Indonesians needs. The US has always

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2. Daniel Novotny, *Torn between America and China: Elite Perceptions and Indonesian Foreign Policy* (Singapore: Institute of Southeast Asian Studies, 2010), 19-20.

3. For the political meaning, especially on the sense of vulnerabilities, of foreign policy in Indonesian politics, see Franklin B. Weinstein, "The Uses of Foreign Policy in Indonesia: An Approach to the Analysis of Foreign Policy in the Less Developed Countries," *World Politics* 24, no. 3 (1972): 356-381.

4. Novotny, *Torn between America and China*, 304-306.

been an important security umbrella to the region, from which Indonesia enjoys a great deal of positive externalities, while China's influence has been instrumental for national economic priorities, such as sources of investment and possible market destinations as well as supply for domestic needs.

Indonesia started bilateral relations with the US with some relatively good terms. The US did contribute in the past to convince the Dutch to hand over its ruling power to a newly declared Indonesian State. The US has been an important security supporter for Soeharto's effort to deny Communist influence in the past, to help occupying East Timor in the past before they declared their will by a referendum of self-determination in the early era of *Reformasi*, and to boost up national capacities in dealing with threats of radicalism and terrorism in the era of the War on Terror. During the Cold War, the US believed that some aspects of Modernization Theory will apply to Indonesia, that the country will modernize and eventually become a good, legitimate, and well-functioning democracy.<sup>5</sup> This belief now persists as Indonesia becomes an example where democracy and Islam could live together in a post-authoritarian society.

However, it also means that Washington from time to time maintains some ideological lenses in dealing with Jakarta, which in the eyes of many Indonesians may also look ambivalent. Indonesia has experienced sanctions due to human rights abuses against Jakarta's annexation and occupation of East Timor. Today's talk of human rights from the US may also become hypocritical for current Indonesian citizens since support that Washington provided to Soeharto's New Order had some unimpressive records of human rights abuses and corruption. Being a capitalist country, Americans, including their companies, tend to be associated with natural-resource exploitation in the eyes of most Indonesians who perceive that the country should be at best their own master of their own land.<sup>6</sup>

China has also been seen in similar lights albeit for different reasons. Indonesia was the first Southeast Asian country that officially opened diplomatic relations with

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5. See Bradley R. Simpsons, *Economists with Guns: Authoritarian Development and U.S. - Indonesian Relations, 1960-1968* (Stanford: Stanford University Press, 2008).

6. Y.H. Shin, "The Role of Elits in Creating Capitalist Hegemony in Post-Oil Boom Indonesia," *Indonesia Special Issues: The Role of the Indonesian Chinese in Shaoing Modern Indonesian Life* (1991): 128.

China in 1950. Disappointed with a lack of support from the US in the 1960s for Indonesia's efforts in reintegrating Papua back to Indonesia, Soekarno moved closer to Beijing after declaring that Indonesia with Asians, Africans, and a few of European countries were united in a Non-Aligned Movement. Relations with China were frozen when Indonesia under Soeharto withered Communist influence from 1967 to 1990. Diplomatic relations were reinstated after both countries signed an MoU on Resumption of Diplomatic Relations. Since then, China has become an important economic partner for Indonesia.

However, the memory of communism is inscribed in Indonesian political discourse and continues to be a baggage of Indonesia-China relations.<sup>7</sup> Today's discussion on China's influence in Indonesia is deeply associated with trade imbalances of Indonesia with China and possible dependency that Indonesia suffers from its economic ties in China.<sup>8</sup> Indonesia's security actors are increasingly questioning the truth behind China's rise since Beijing has performed some provocative actions around Indonesia's exclusive economic zone (EEZ) in the North Natuna Sea. The Indonesian military has also now started discussion about how to anticipate a war between China and Taiwan that can lead to a major clash with the US. Meanwhile, the public is increasingly worried about the number of Chinese workers working in big infrastructure and industrial estate projects in Indonesian territory.

## SWOT Analysis of US-Indonesia Relations

The United States is Indonesia's largest defense partner. With a recent approval of 36 units of F-15 fighter jets, the US has maintained US\$1.88 billion active sales cases with Indonesia under the Foreign Military Sales (FMS) system in 2021.<sup>9</sup> The US is

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7. See Rizal Sukma, *Indonesia and China: The Politics of Troubled Relationship* (London: Routledge, 1999).

8. As China's economic influence grows steadily in Indonesia, opposition starts taking up stance against China's capital image, virtually replacing the United States as the evil capitalist. See Andrew W. Mantong, "Why There Is No Serious Opposition to Trump in Indonesia," *Indonesia At Melbourne*, April 4, 2017, <https://indonesiatmelbourne.unimelb.edu.au/why-is-there-no-serious-opposition-to-trump-in-indonesia/>.

9. U.S. Department of State, "Fact Sheet: U.S. Security Cooperation with Indonesia (Bureau of Political-Military Affairs)," March 23, 2021, <https://www.state.gov/u-s-security-cooperation-with-indonesia/>.

also a country to which Indonesia conducts the greatest number of annual exercises and events. From 2011 to 2016, there have been 998 joint defense and security activities performed by the military officials of Indonesia and the United States.<sup>10</sup> Thanks to the American decision in lifting military sanctions on Indonesia in the era of the War on Terror, Indonesia has received \$14 million in Foreign Military Financing.<sup>11</sup> Since 2015, the two countries have established an annual Ministerial Strategic Dialogue. The US International Military and Education Training (IMET) program has resumed after being suspended from 1993 to 2005, which already recorded credentials for many Indonesian top elites who graduated from the Program including President Susilo Bambang Yudhoyono, the current Chief of Indonesian Force Andika Perkasa and President Joko Widodo's most important hand, Gen. Luhut Binsar Pandjaitan.<sup>12</sup> Both Foreign Military Financing (FMF) and IMET funds continue to foster Indonesian Force professionalism and technical expertise.

The US-Indonesia security relationship has also expanded to non-conventional and contemporary issues that involve other agencies beyond the Indonesian force. Since 2018, bilateral cooperation against transnational cyber and financial crime between Indonesian National Police and the United States Attorney-General's Office has begun.<sup>13</sup> The US support has been essential in establishing an Indonesian police unit of counterterrorism, namely the Special Detachment of 88. Following 9/11, the US Department of Defense also allocated around \$4.2 million to support education about counterterrorism strategies and practices for the Indonesian Army and the intelligence department. Since 2006, the US government invested another \$6 million to support the ongoing Anti-Terrorism Assistance Program's applicability to Indonesia. The US has also supported Indonesia's role in leading ASEAN regional efforts to cooperate in

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10. Kementerian Luar Negeri Republik Indonesia, "Hubungan Bilateral Indonesia-Amerika Serikat," [https://kemlu.go.id/washington/en/pages/hubungan\\_bilateral\\_indonesia-amerika\\_serikat/554/etc-menu](https://kemlu.go.id/washington/en/pages/hubungan_bilateral_indonesia-amerika_serikat/554/etc-menu).

11. U.S. Department of State, "Fact Sheet: U.S. Security Cooperation ..."

12. Rizky Darmawan, "3 Jenderal TNI Ini Pernah Kuliah di Luar Negeri, Ini Nama-namanya," *Sindonews.com*, May 13, 2022, <https://edukasi.sindonews.com/read/767839/211/3-jenderal-tni-ini-pernah-kuliah-di-luar-negeri-ini-nama-namanya-1652375142?showpage=all>.

13. Francis Chan, "Indonesia and US Reach Agreement to Cooperate on Cyber Security, On Sidelines of Interpol General Assembly," *The Strait Times*, November 20, 2018, <https://www.straitstimes.com/asia/se-asia/indonesia-and-us-sign-pact-to-cooperate-on-cyber-security-on-sidelines-of-interpol>.



dealing with terrorism and violent extremism by co-hosting the US-ASEAN workshop on Countering Violent Extremism and supporting Indonesia’s lead shepherd role via Indonesian Counter Terrorism National Agency in establishing the 2019 Bali Work Plan to Counter Violent Extremism. Along with FMF and IMET, the US has also maintained Non-proliferation, Anti-Terrorism, Demining, and Related (NADR) program, and the International Narcotics Control and Law Enforcement (INCLE) program.

In 2019, the US was Indonesia’s second largest market after China and the top 5 of Indonesia’s exporter after China, Singapore, Japan, and Thailand. See image below for comparisons.

**Table 3. Top 5 Export and Import Partners of Indonesia**

<b>Market</b>	<b>Trade (US\$ Mil)</b>	<b>Partner share (%)</b>
<b>China</b>	27,962	16.68
<b>United States</b>	17,874	10.66
<b>Japan</b>	16,003	9.54
<b>Singapore</b>	12,917	7.70
<b>India</b>	11,823	7.05
<b>Exporter</b>	<b>Trade (US\$ Mil)</b>	<b>Partner share (%)</b>
<b>China</b>	44,931	26.23
<b>Singapore</b>	17,590	10.27
<b>Japan</b>	15,662	9.14
<b>Thailand</b>	9,469	5.53
<b>United States</b>	9,319	5.44

*Source:* World Integrated Trade Solution, <https://wits.worldbank.org>.

American goods and services trade with Indonesia totaled an estimated \$30.0 billion in 2020.<sup>14</sup> Exports were \$9.3 billion; imports were \$20.7 billion.<sup>15</sup> Indonesia and

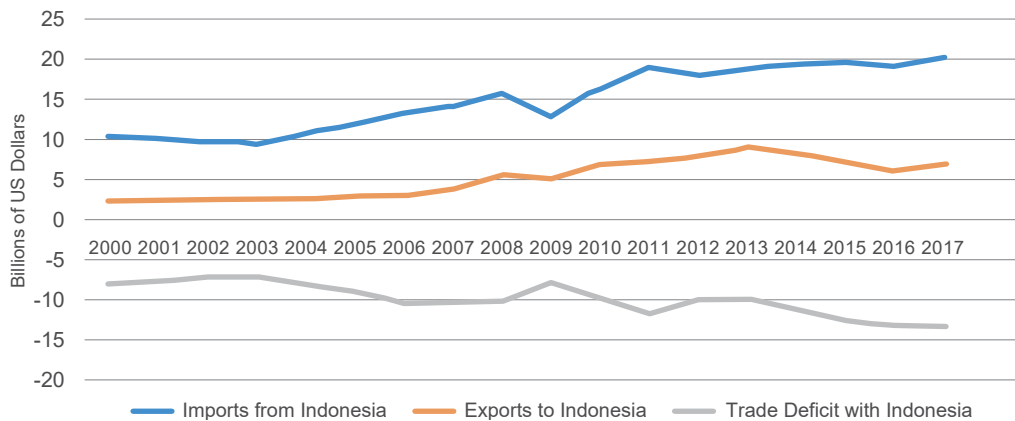
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14. Office of the United States Trade Representative, “Indonesia,” <https://ustr.gov/countries-regions/southeast-asia-pacific/indonesia>.

15. Ibid.

the United States regularly engage on trade and investment issues through the US-Indonesia Trade and Investment Framework Agreement (TIFA). Albeit experiencing an issue with President Donald Trump, Indonesia continues to be a top beneficiary of US trade preferences extended under the Generalized System of Preferences. With such numbers, Indonesia has maintained a trade level surplus balance with the United States.

**Figure 1. US Trade with Indonesia 2000-2017**



Source: United States Census Bureau, <https://www.census.gov/foreign-trade/balance/c5600.html>.

From 2013 to 2018, the US Millennium Challenge Corporation (MCC) provided \$474 million compacts with the Indonesian government, which aimed to advance renewable energy, improve nutrition to reduce widespread stunting, and modernize Indonesia's public procurement system.<sup>16</sup> The US and Indonesia signed a Cooperation Framework to Strengthen Infrastructure Finance and Market Building in 2020. The United States Agency for International Development (USAID) has been active in covering development programs on education, government and democracy, economic development, health, and environment.

The US has also enjoyed a perception as one of the most reputable sources of education and knowledge. As of 2022, approximately 14,700 Indonesians are alumni American government sponsored exchange programs.<sup>17</sup> The US tends to believe in extending

16. U.S. Department of State, "Bilateral Relations Fact Sheet: U.S. Relations With Indonesia (Bureau of EastAsianandPacificAffairs)," April 19, 2022, <https://www.state.gov/u-s-relations-with-indonesia/>.

17. Ibid.

networks of American-educated alumni and professionals since 1952 when 2,800 Indonesians and 1,200 Americans have received Fulbright scholarships. Its soft power missions are now extended into creating young leaders' network after nearly 40,000 Indonesians have become members of the Young Southeast Asian Leaders Initiative (YSEALI) Network, the largest number from any ASEAN young leaders sent for a training in the US has reached 200 persons per year, while 7,500 Indonesians are enrolled in the US education institutions.<sup>18</sup>

Functional cooperation has now included environment and climate change issues, after the US pledged its commitment to provide more than \$450 million in funds for Indonesia. The US is also providing \$6.9 million along with Norwegian funds to support the new Indonesia Climate Change Center (ICCC). Specifically, in the maritime sector, the US has committed \$63 million to deal with overfishing, destructive fishing practices, and climate change problems in the Coral Triangle.<sup>19</sup> Some portion of the funds will be addressed to support protecting and sustainably managing 20 million hectares of ocean and coastal resources.<sup>20</sup>

With these figures, the strength of US-Indonesia relations primarily lies in defense, security, and political areas. The US has also remained as one of the most important of Indonesia's trading partners. Socio-cultural ties are expansive given a huge number of education and training attended by the Indonesian military, officials, students, and professionals in American institutions. However, it also comes with a weakness. China remains Indonesia's most important trading partner and the top 2 of Indonesia's source of foreign direct investment. While the US continues to provide a security umbrella, China has risen to become Indonesia's source of economic growth. As national discourses in Indonesia have been dominated by the idea of making the most benefit of the bonus of demography enjoyed by Indonesia, Indonesian officials are also worried that an inability to do so will make Indonesia suffer someday from liabilities of less productive labors. Accelerating growth has made Indonesia torn between the US security umbrella and Chinese money.

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18. Ibid.

19. U.S. Embassy and Consulates in Indonesia, "Fact Sheet: United States Partners with Indonesia to Protect the Coral Triangle," <https://id.usembassy.gov/our-relationship/policy-history/embassy-fact-sheets/fact-sheet-united-states-partners-with-indonesia-to-protect-the-coral-triangle/>.

20. Ibid.

Thus, such policy issues present both challenges and opportunities for US-Indonesia relations. For Indonesia, national interests as well as regional interests should drive the relations with the US. The US needs to see Indonesia and the region on their own, not in the virtue of great power competition, especially since national priorities may not go along with areas of competition between the US and China. Maritime areas may be the cases where Indonesian and American priorities diverge. Securing sustainable resource and fishing practices are the most important Indonesian priorities, while for the United States, freedom of navigation remains as top priorities.<sup>21</sup> US alliance practice may also become a challenge for Indonesia's security policy that puts ASEAN and ASEAN centrality in a pivotal role of managing power relations in the Indo-Pacific region. US priorities in the Middle East, especially its close relations with Israel, continues to undermine the US image as hypocritical in the eyes of Indonesians who see that Israel continues to oppress Palestinians, despite democracy and human rights agenda embedded in US foreign policy.

American capitalism has also been criticized since US business in Indonesia is heavily involved in extractive industries. Many Indonesians expect that Americans are directly involved in opening factories as well as building megaprojects of infrastructure. However, the nature of US business and ventures constrains Americans from realizing such expectations at the inter-governmental level. Americans can only be involved in the scheme at the business-to-business level, which then requires Indonesia to catch up with high standards of labor and environment practices as well as better good governance practices, low economic costs, and more transparency between central and local government in Indonesia.

Despite such challenges, there have been some opportunities opened in the current US-Indonesia relations. If negotiations go well with the Indo-Pacific Economic Framework, some expected role of the Americans in supporting economic growth in the region may be fulfilled. US maritime focus may also become important for Indonesia to boost up capacity and professionalism of Indonesia's maritime law enforcement agencies. On top of that, US normative stances in ensuring that regional states should

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21. Indonesian media often portrays US argument on FONOP in negative ways. See, for example, CNN Indonesia, "Inflasi Menggila, AS Tetap Ngotot Tantang China di Laut China Selatan," July 17, 2022, <https://www.cnnindonesia.com/internasional/20220717081347-134-822506/inflasi-menggila-as-tetap-ngotot-tantang-china-di-laut-china-selatan>.

not be cornered to choose between the US and China under Washington’s Indo-Pacific strategy may ensure Indonesia’s confidence to maintain and improve relations with the United States. Post-Covid 19 recoveries as well as transition to digital and greener economy may also provide new arrays of cooperation.

**Table 4. A SWOT Analysis of Indonesia-US Relations**

<b>Strengths</b>	<b>Weaknesses</b>
- Defense, security, political and Socio-cultural ties	- China’s strong presence in economic field
<b>Opportunities</b>	<b>Threats</b>
- Indo-Pacific Economic Framework - US normative stances under Washington’s Indo-Pacific strategy - Post-Covid 19 recoveries as well as transition to digital and greener economy	- Maritime areas - US alliance practice - US priorities in the Middle East, especially its close relations with Israel

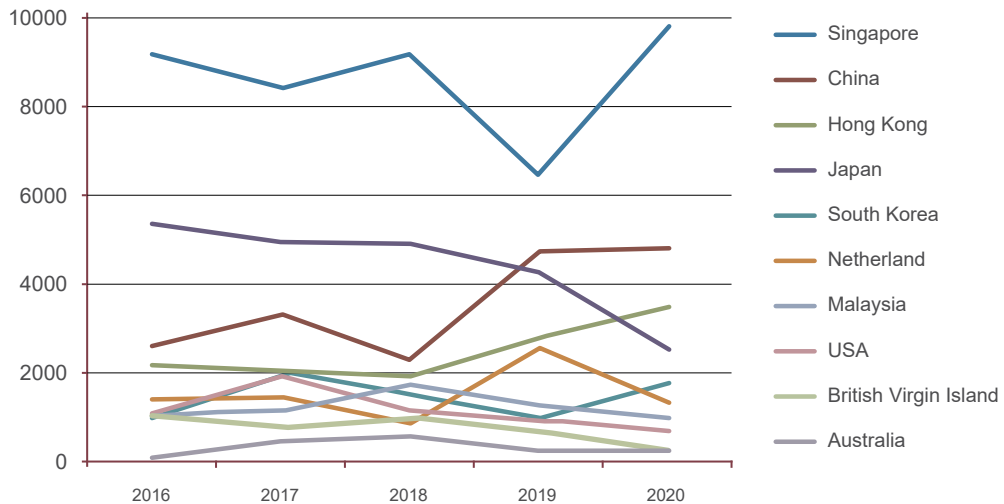
### SWOT Analysis of China-Indonesia Relations

China is the most important source of investment for Indonesia. When President Joko Widodo took office in 2014, Indonesia’s government started to boost ties with China to realize more Chinese investment in Indonesia. Chinese government guarantees to invest in Indonesia, different from the American way of doing business which primarily relies on business-to-business ties, make China’s money more attractive to boost up infrastructure projects in the country.

Chinese’s charm could sometimes be apparent in economic sectors in Southeast Asia, especially on connectivity and infrastructure projects. In Indonesia, the Jakarta-Bandung highspeed railway project has often illustrated the Chinese presence in the country. The project is considered both a National Strategic Project for Indonesia and a flagship project of the Comprehensive Strategic Partnership between Indonesia and China.<sup>22</sup>

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22. Djauhari Oratmangun, “Indonesia-China Strategic Partnership Transformation: Building Cooperation, Synergy and Solidarity,” in *China and The World in a Changing Context*, ed. Huiyao Wang and Lu Miao (Singapore: Springer, 2022), 169.

**Figure 2. Top 10 FDI Trend in Indonesia over 2016-2020 (\$US Million)**

Source: CEIC, <https://www.ceicdata.com/id/indicator/indonesia/foreign-direct-investment>.

Indonesia and China are attempting to translate each geoeconomics outlook by officially synergizing the Belt and Road Initiative (BRI) with Indonesia's Global Maritime Fulcrum (GMF) through a document of Memorandum of Understanding on Jointly Promoting Cooperation within the Framework of the Global Maritime Fulcrum Vision and the Silk Road Economic Belt and the twenty-first-Century Maritime Silk Road Initiative in 2018.<sup>23</sup> The document sets a plan of building four economic corridors which are intended as an "Economic and Business Hub for ASEAN," North Kalimantan as an "Energy and Mineral Hub," Bali as a "High-tech and Creative Economy Hub," and North Sulawesi as a "Pacific Rim Economic Hub."<sup>24</sup>

Cooperation in cyber connectivity complements projects in physical infrastructure of connectivity, including the establishment of the Turtle Island Project (Pulau Kura-Kura Bali) under the cooperation between Bandung Institute and Tsinghua University as a center for information technology research and development, collaboration in coding education, and training at the Wekode School, launching of InaMall, virtual payment, IT education, vocational training, building e-commerce, fintech, and

23. Ibid.

24. Ibid.

digital infrastructure.<sup>25</sup> Big companies of China, including ByteDance, Meituan Inc, Alibaba Ant Financial, Jumore, JD.com, Baidu Inc, and Tencent Holdings Ltd. have reportedly been involved in Indonesia’s development of e-commerce, fintech, and digital infrastructure.<sup>26</sup> However, it should also be noted that Indonesia continues to suffer a trade deficit with China.

**Table 5. Indonesia-China Trade Balances 2019-2021 (\$US 1,000)**

	Indonesia-China		
	2019	2020	2021
<b>Export</b>	27,961,887.1	31,781,826.0	53,781,905.7
<b>Import</b>	44,930,620.7	39,634,710.0	56,227,209.1
<b>Trade Balance</b>	-16,968,733.6	-7,852,884.0	-2,445,303.4
<b>FDI</b>	4,744,508.6	4,842,405.8	3,160,380.1

*Source:* Ministry of Trade of the Republic of Indonesia and Indonesia Investment Coordinating Agency.

While economists and technocrats argue that deficits are normal in foreign economic investment, such issues are too sensitive for Indonesian politicians and public opinion that always favors a trade surplus and less dependencies with great powers. The way Indonesian media and social media cover issues about Chinese migrant labor inflows to Indonesia, especially to mega-infrastructure and industrial estates projects, often reflect such sentiments.

In military sectors, the China-Indonesia relationship has only recorded some low-profile engagement. Indonesia and China had conducted joint military exercises, such as in 2013 and 2021. In 2013, the exercises featured anti-terrorism joint training<sup>27</sup> and maritime exercise<sup>28</sup> between the Indonesian Force and the Chinese People’s Liberation

25. Ibid, 170, 172.

26. Ibid., 172.

27. China Daily USA, “China, Indonesia Complete Anti-Terror Exercise,” November 12, 2013, [http://usa.chinadaily.com.cn/china/2013-11/12/content\\_17097501.htm](http://usa.chinadaily.com.cn/china/2013-11/12/content_17097501.htm).

28. Julkifli Marbun, “RI, China’s Navy to Hold Joint Military Exercise,” *Republika.co.id*, December 16, 2013, <https://www.republika.co.id/berita/mxw9w4/ri-chinas-navy-to-hold-joint-military-exercise>.

Army (PLA). In 2021, the Indonesian Navy and PLA Navy also conducted exercises near Jakarta, when each navy from the two countries sent two ships respectively.<sup>29</sup> China's security influence has become slightly improved after China's military helped Indonesians with the recovery effort after KRI *Nanggala* 402 which sunk near Bali in 2021.<sup>30</sup>

Recently, in November 2021, Chinese and Indonesian defense ministers agreed to promote the two countries' military-to-military ties and improve cooperation mechanisms.<sup>31</sup> From the China side, as expressed by Chinese State Councilor and Minister of National Defense Wei Fenghe, the ties shall illustrate the obsolescence of "Cold War Mentality" where countries in the region should better handle conflicts and safeguard peace and stability.<sup>32</sup> Improved cooperation mechanisms will include high-level exchanges between the two countries' military officials as well as more cooperation and multilateral coordination in fields of joint military drills and personnel training.

To elevate its soft power standing, the Chinese government has offered more scholarships for Indonesians to pursue education and training in China. In 2019, there were 15,780 Indonesian students studying in China. This figure, however, was disrupted due to the Covid-19 pandemic when the Indonesian Ministry of Education's Directorate of Higher Education stated that there were only 3,900 students remaining in China by the end of 2021 after around 6,800 went back to Indonesia because of the Pandemic.<sup>33</sup> According

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29. Petir Garda Bhwana, "Indonesia, China Hold Joint Military Exercise Near Jakarta," *Tempo.co English Version*, May 11, 2021, <https://en.tempo.co/read/1461426/indonesia-china-hold-joint-military-exercise-near-jakarta>.

30. The Jakarta Post, "Chinese Navy to Help Salvage Sunken KRI Nanggala 402 Submarine," May 4, 2021, <https://www.thejakartapost.com/news/2021/05/04/chinese-navy-to-help-salvage-sunken-kri-nanggala-402-submarine-.html>.

31. Zheng Yibing, "Chinese, Indonesian Defense Ministers Agree to Promote Military Ties," *CGTN*, November 30, 2021, <https://news.cgtn.com/news/2021-11-30/Chinese-Indonesian-defense-ministers-agree-to-promote-military-ties-15CjPPRqGB2/index.html>.

32. Ibid.

33. M. Irfan Ilmie, "KBRI Beijing Data Kembali Pelajar Indonesia," *Antara*, December 31, 2021, <https://www.antaranews.com/berita/2617501/kbri-beijing-data-kembali-pelajar-indonesia#:~:text=Ia%20menyebutkan%203.984%20pelajar%20Indonesia,Tanah%20Air%20sebanyak%206.842%20orang>.



to China Daily, the number of Indonesian students made the 10<sup>th</sup> top foreign students enrolled China, while China became the fifth top countries favored by Indonesians to study.<sup>34</sup> At the same time, Chinese students have also been reportedly studying at Indonesian universities to learn Indonesian language and teach it back home or work in media outlets.

Such figures in the education sector have also been complemented with Chinese efforts to establish cultural centers in Indonesia. Socio-cultural ties have gradually improved in the past few years. For example, China has established several Confucius Institutes, mediated by Badan Koordinasi Pendidikan Bahasa Mandarin (Coordinating Agency for Mandarin Language Education), which mainly promote and teach Chinese language, conduct exchanges and activities to promote Chinese culture.<sup>35</sup> These institutes have been established in Hasanuddin University, Maranatha Christian Universitas Kristen, Al-Azhar University of Indonesia, University of Tanjungpura, National University of Surabaya, and Muhamadiyah University of Malang.<sup>36</sup> China is also expanding its presence in the technology sector by setting up joint laboratories including Biotechnology and High Temperature Gas-cooled Reactor (HTGR) and the Indonesia China Transfer Technology Center (ICTTC) while conducting scientific exchange programs.<sup>37</sup> During the Covid-19 pandemic, China provided access to vaccines for Indonesians which include conducting clinical trials of CoronaVac, joint manufacturing, and possible extension to developing other vaccines.<sup>38</sup>

With these figures, the strength of China-Indonesia relations is mainly constituted by attractiveness of Chinese capital and markets. China is both the top exporter and importer for Indonesia, while China's figure in the inflow of Foreign Direct Investment has significantly improved in the past few years. Military ties remain the weakest

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34. Leonardus Jegho, "Reputation of China's Universities Draws Thousands of Indonesian Students," *China Daily*, May 6, 2021, <https://www.chinadaily.com.cn/a/202105/06/WS60934f20a31024ad0babc299.html>.

35. Muhammad Zulfikar Rakhmat, "China's Educational Expansion in Indonesia," *The Diplomat*, February 15, 2019, <https://thediplomat.com/2019/02/chinas-educational-expansion-in-indonesia/>.

36. Ibid.

37. Ibid.

38. ASEAN-China Centre, "Indonesia Vaccine Deal with China Viewed as Vital for Region," June 25, 2021, <http://www.asean-china-center.org/english/2021-06/7928.html>.

link of Indonesia's relations with China, making Indonesian elites torn between the American security umbrella and Chinese money. The history of Chinese communism still lingers in stigma against Chinese nationalities, especially when politicians are trying to manufacture issues of opposition to government policy over trade, investment and infrastructure projects. Cheap product and labor from China also make points of weakness in China-Indonesia relations.

Opportunities for Indonesia have already opened since China provides the Belt and Road Initiative program. This is especially relevant given President Joko Widodo's priorities to boost up national infrastructure capacities. For the President, Indonesia needs to tackle the problem of uneven development between Java and non-Java islands, while Chinese funds as well as its relative ease of doing business seem lucrative to accelerate national priorities. China's role in realizing its peaceful rise image is most desired for Indonesia to see Beijing's expanding role in ASEAN, especially in providing support for post-Covid 19 economic recovery and to continue relying on regional mechanisms to settle disputes, namely the South China Sea dispute.

However, recent trends of expanding Chinese presence in the disputed waters have made Indonesian security actors more worried about China's rise. Recent incidents include Chinese provocative actions against exploration projects and fishing practice in waters of Exclusive Economic Zones of North Natuna Sea. Albeit remaining as a non-claimant state, Indonesian waters around that particular area intersects with China's Nine-Dash Line claim. China's recent provocation against Taiwan, especially by flying Chinese war jets into Taiwan's airspace, is also worrying for Indonesia which does not want to see war like in Ukraine happen in its backyard. Indonesia worries that

**Table 6. A SWOT Analysis of Indonesia-China Relations**

<b>Strengths</b>	<b>Weaknesses</b>
- Attractiveness of Chinese capital and markets	- Military ties - History of Chinese communism - Cheap product and labor from China
<b>Opportunities</b>	<b>Threats</b>
- Belt and Road Initiative - China's role in realizing its peaceful rise image	- Recent trends of expanding Chinese presence in the disputed waters - China's recent provocation against Taiwan

should the war happen, blockage against Taiwan territory may hurt regional supply chain lanes and in turn damage economic growth, which then may become sources of de-legitimacy against any ruling administration. Security and military dimensions thus present the most pressing challenges for China-Indonesia relations.

## Indonesian Strategy

In terms of interests, Indonesia's perception of the ongoing rivalry stems from a deep-seated geopolitical outlook that the nature of an archipelagic countries like Indonesia means that its territory has only been encapsulated by porous borders, making the state prone to any possible international interference.<sup>39</sup> Such sense of vulnerability goes hand in hand with constant efforts to integrate Indonesian territory into a single market and economies which challenge mainly comes from uneven and to some extent unequal level of development between center and outer regions, crosscutting with difference across culture, religion, and ethnicities. Maintaining national unity as well as territorial integrity by accelerating economic development tend to fixate Jakarta's strategic outlook.

Albeit experiencing changes of regimes from authoritarian to democratic ones, Indonesia's governments tend to maintain such goals as the top priority. They are only differed by the way they approach and prioritize policy to attain such goals and convince the public to support their foreign policies. The ongoing US-China rivalry is challenging, if not dangerous, for some reasons. First, it may shake the ground of Indonesia's belief that prioritizing economy and development is increasingly not likely in the time where economic statecraft is used for strategic purposes and strategic competition takes place in various geoeconomics policies. This includes high-tech competition in digitalization of economy, geopolitics competition behind international support for infrastructure development, or possible reshoring and friend-shoring behind any talks of global supply chain.

Second, it may endanger ASEAN's regional resilience. Indonesia worries that ASEAN member states are divided and might eventually put less relevance on ASEAN to

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39. Evan A. Laksmana, "The Enduring Strategic Trinity: Explaining Indonesia's Geopolitical Architecture," *Journal of the Indian Ocean Region* 7, no. 1 (2011): 95-116.

resolve both security and economic development issues in the region. Jakarta worries that both Belt and Road Initiatives as well as AUKUS and the Quad, albeit both can be instrumental to the achievement of national priorities, can make the region more fragmented or less relevant since great powers tend to rely more on mini-lateral and bilateral frameworks in their effort to engage the region.<sup>40</sup>

Third, ultimately, Indonesia is increasingly nervous about possibility of open war between the US and China or any alliance war that may begin with proxy war. South China Sea disputes and cross-strait relations between China and Taiwan are two possible flash points that will marshal strategic talks in the country in figuring out how to deny access as well as close Indonesia's territory as well as surroundings from becoming a theatre of war. In so doing, Jakarta will need far better military and technological equipment. Given more urgent priorities such as today's post Covid-19 recovery, acceleration of growth, as well as transition to digital and greener economy, Jakarta's ability to mobilize resource for defense purposes is heavily constrained.

Indonesia is likely to continue reassuring ASEAN Centrality while diversifying security ties beyond the US and China to ensure internal balancing from within. In so doing, Jakarta will tend to use existing multilateral platforms in order to continue relying on multilateralism and cooperative security. Recent examples of President Joko Widodo visiting both Russia and Ukraine are associated with the Indonesian government agenda in responding to commodity price shocks and a possible global food crisis while saving the G20 summit agenda to which Indonesia plays a role of presidency. Experts have also suggested to intensify some ASEAN Plus mechanisms such as ASEAN+3 or East Asia Summit to help manage stability and foster tangible, mostly economic and recovery agendas, cooperation.<sup>41</sup> Jakarta will likely employ such a range of actions since Indonesia is bounded not to make alliance while building up military and economy

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40. See, for example, Andrew W. Mantong, "AUKUS and Kunming-172: An Alert for Indonesia," *Hindustan Times*, October 13, 2021, <https://www.hindustantimes.com/ht-insight/international-affairs/aukus-and-kunming-172-an-alert-for-indonesia-101634140374975.html>; and Rizal Sukma, "Is AUKUS a Problem or Blessing for ASEAN?" October 1, 2021, <https://www.thejakartapost.com/academia/2021/09/30/is-aukus-a-problem-or-blessing-for-asean.html>.

41. See for example Jusuf Wanandi, "The G20 Summit, ASEAN and Indonesia," *The Jakarta Post*, July 26, 2021, <https://www.thejakartapost.com/opinion/2022/07/25/the-g20-summit-asean-and-indonesia.html>.

remain somewhat insurmountable tasks. Such room for maneuver reflects both structural and political constraints for any Indonesian government.

Jakarta's strategy is mainly reflected in its proposal of the ASEAN Outlook on Indo-Pacific. However, as the country lacks habits in formalizing strategy, the regional document launched by leaders of ASEAN has also lacked operational translation. Indonesian strategy relies more on normative frameworks as well as moderate defense building with limited resources. Indonesia may seek to develop an anti-access capability to deny Indonesian territory from being used as theatre of war. At the same time, Jakarta believes that continuing engagement in various economic frameworks will alter regional focus from antagonizing security priorities towards more cooperative and non-zero-sum economic and socio-cultural priorities.

## Conclusion

Indonesia's foreign policy is primarily set by its non-alliance outlook which puts international peace and stability at the heart of Indonesia's contribution in multilateral and regional process. Within such a framework, Indonesia will continue to engage both China and the US equally, albeit both sides serve Indonesia with different aspects of its needs. While the US will continue to be a top security partner, China will persist as an important economic partner that Jakarta can never resist in accomplishing many development and growth-related agenda at home. Having both sides maintain stable relations will be Indonesia's top priority.

In so doing, Indonesia may continue to rely on ASEAN. Alternatively, if ASEAN makes only small progress in providing reliable instruments for great power relations, Indonesia may choose to run some bilateral or minilateral initiatives. However, both initiatives require some rather new expertise and resources, especially as Indonesian foreign policy is frequently fixated under habits of multilateral diplomacy. By relying on ASEAN, Indonesia continues to promote a belief that focus on economics and common problems will alter traditional and military security outlook. A tendency by major powers to use economic agendas for security purposes may become another challenge for the existing Indonesian strategy.

## 4. Malaysia's National Interests and Threat Assessment of the United States and China

Hoo Chiew Ping

### Introduction and Overview of Malaysia's Strategic Outlook

Malaya gained its independence in 1957 and enlarged to include Sabah, Sarawak and Singapore to become Malaysia in 1963 (Singapore left the Federation in 1965). Indonesia's *Ganyang Malaysia*<sup>1</sup> campaign was launched by Sukarno in strong opposition to the formation of Malaysia (which was perceived as pro-Western) and posed an immediate external threat until Sukarno was ousted in the 1965-66 coup. To have both independence from Great Britain and the formation of a new country challenged by armed conflicts, Malaysia's first Prime Minister Tunku Abdul Rahman's posture at the time was crucial to underpin Malaya and Malaysia's foreign policy in Southeast Asia, one that does not shy away from confronting the *realpolitik* and the need for a pragmatic balance of power.<sup>2</sup> The subsequent founding of ASEAN in 1967 saw the founding members pledge not to interfere in each other's internal affairs and focus on nation-building and a renewed attempt at regional integration.

These were the years in which Cold War was still in full swing in Asia, where communist insurgencies were launching armed struggles in many countries, including in Malaysia. Malaysia is a constitutional monarchy with a British-trained political and bureaucratic elite and its ideological leaning was firmly with the West. Tunku Abdul Rahman adopted a pro-Western foreign policy. Its defense was strongly anchored around the Anglo-Malaysian Defense Agreement (AMDA). The insurgency of the Communist Party of Malaya was the main internal threat. Under this context, it was natural for Malaysia to view the People's Republic of China as the most potent and

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1. Literally means "shaking Malaysia," it was a military campaign short-of-war (some characterized the confrontation as "undeclared war") along the Sarawak-Kalimantan borders on the Bornean Island.
  2. Liow, Joseph Chinyong. "Tunku Abdul Rahman and Malaya's Relations with Indonesia, 1957-1960." *Journal of Southeast Asian Studies* 36, no. 1 (2005): 87-109.

disruptive external threat in the region and saw the United States (hereafter the US) as a security guarantor against this communist threat. However, it should be pointed out that even though Tunku was staunchly pro-Western, he refrained from joining Western military blocs such as the Southeast Asian Treaty Organization (SEATO).<sup>3</sup>

The second Prime Minister of Malaysia, Tun Abdul Razak, came into power in 1971. Both internally and externally he faced a very different environment from the founding years. Domestically, the 1969 racial riots signaled the imperative of having policies that could produce robust economic growth with balanced distribution among the different ethnic groups, which required proactive government action. The establishment of the National Movement Council (which later became the National Security Council or MKN) and the introduction of the New Economy Policy showed Tun Razak as a decisive leader who was not afraid of change and leading the new generation of political and policy elites that cemented Malaysia's priority in ensuring national security via developmental approaches and prioritizing economic interests.

The same pragmatism could be observed in Tun Razak's intervention leading to a dramatic shift in Malaysia's foreign policy direction. The US-China detente had begun with Kissinger's secret visit to China (and later followed up by Nixon's visit to China) and the British decision to withdraw its defense commitment from "East of Suez" necessitated a strategic reassessment. As the AMDA was resolved and replaced by the Five Power Defence Arrangement (FPDA), Malaysia under Razak embarked on a neutralist, non-aligned re-orientation which saw it reaching out to all countries regardless of their political orientation, including the country that used to be seen as its greatest potential threat, the People's Republic of China. The 1974 establishment of diplomatic ties with China was the culmination of this neutralist foreign policy. The neutralist, non-aligned foreign policy also helped Malaysia's domestic economic interest by promoting trade diversification.

The foreign policy paradigm shift engineered by Razak was maintained by all his successors, and broadly speaking, until today. During the time of the third Prime

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3. The SEATO was an idea initiated by George F. Kennan, planned to be the equivalent of NATO, for collective defense in Southeast Asia. It was designed to be anti-communist in general, and anti-PRC in particular. See Acharya, Amitav. *The Making of Southeast Asia: International Relations of a Region*. Cornell University Press, 2013.

Minister, Tun Hussein Onn, Malaysia was deeply disturbed by the Vietnamese invasion and occupation of Cambodia in the late 1970s. China, the US and ASEAN (including Malaysia) were on the same page at that time against the “Soviet-Vietnam” bloc in Indochina. but the strategic common interests between Malaysia and China did not create a stronger relationship, mainly due to Malaysia’s ongoing concerns regarding its domestic communist insurgency.

The fourth Prime Minister, Mahathir Mohammad, oversaw the end of communist insurgency in 1989. With this issue removed, he approved of a stronger engagement with China, now also completely transformed from its early Maoist days to the ‘reform and opening up’ under Deng Xiaoping. He also was, and still is, a strong nationalist, much less Anglophile than any of his predecessors. While continuing Razak’s neutralist foreign policy, Mahathir added a few elements of his own. First, he championed the “Third World” or developing countries much stronger than before. This occasionally led him to become a powerful critic of the West (in particular the US, Britain, and Australia). Second, he augmented the neutralist foreign policy with a lot more attention to the economic matters. Fundamentally he was committed to economic development, industrialization and modernization of his country, and he needed the foreign policy of the country to serve economic interests.

Mahathir during his first tenure (lasting 22 years from 1981 to 2003, the longest of any prime minister of Malaysia) arguably played a vital role in improving Malaysia-China relations. Mahathir first visited China in 1985 and he would undertake more throughout his tenure. In contrast, Mahathir’s relations with the West (including the US) were more tenuous. Rhetorically he could be highly critical of the West, but ultimately he was still a pragmatist. He played a key role in upgraded and institutionalized US-Malaysia defense cooperation, beginning with the 1984 Bilateral Training and Consultation Agreement and the 1994 Acquisition and Cross Servicing Agreement.

Although China’s claims in the South China Sea were a concern, Mahathir primarily saw China more as an opportunity rather than a threat. Mahathir and China also shared a common ideological outlook in terms of ‘Asian Values’ compared to the US insistence on freedom and democracy. The Asian Financial Crisis in 1997 further consolidated his belief that China was a trustworthy partner. Malaysia signed a comprehensive “Framework of Future Bilateral Cooperation” with China in 1999.<sup>4</sup>



## Malaysia's Relations with the United States and China under Abdullah Badawi (2003-2009)

Malaysia's fifth Prime Minister, Tun Abdullah Badawi, came to power amidst the US Global War on Terror campaign while China began its charm offensive in the ASEAN region in the early 2000s. Overall, the relationship between the Abdullah administration with the US was one of professional cooperation, and with China was one of hopeful optimism and rapidly gaining ground.

A major difference between the foreign policies of Abdullah Badawi and Mahathir was the attitude towards the West. Unlike Mahathir, Abdullah removed much of the anti-Western sentiments and narratives from Malaysia's foreign policy. *Islam Hadhari*, a concept prompted by the Abdullah administration, which emphasized a progressive, tolerant, and a just Islamic approach, was appreciated by the US government as the common foundation in the relationship between the West and the Islamic world. Abdullah repaired the relationship with the West and the US and continued to work with the US on its War on Terror, although Malaysia continued to oppose the Iraq War.<sup>5</sup>

China was the first country that Abdullah visited as prime minister outside of the ASEAN region, signifying its elevated status in Malaysia's foreign policy horizon. China and ASEAN had concluded many agreements in the early 2000s, including the China-ASEAN Free Trade Agreement (2001), the Declaration on the Conduct in the South China Sea (2002), China's accession to the Treaty of Amity and Cooperation (2003), and the China-ASEAN Strategic Partnership (2004). Malaysia was part of the collective efforts of ASEAN to forge a partnership with China and thus contributing to improvement in Malaysia-China relations. Malaysia signed two Joint Communiqués with China in 2004 and 2005 that established a stronger ground for the relationship to grow in more sectors. China during this period was expounding its 'peaceful rise' concept of which Malaysia believed and supported the idea. Malaysia also supported

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4. Ngeow, Chow Bing. "Have Friendly China-Malaysia Relations Gone Awry?" *Carnegie Endowment for International Peace*, July 16, 2021. <https://carnegieendowment.org/2021/07/16/have-friendly-malaysia-china-relations-gone-awry-pub-84981>.

5. Sodhy, Pamela. *Malaysia-US Relations 2000-2011*. Institute of Strategic and International Studies (ISIS) Malaysia, 2012.

both China and the US in the efforts to deal with the North Korean nuclear issue through the Six-Party Talks, and Kuala Lumpur had served as the third-party platform to convene several secret meetings and negotiations.

Although Malaysia cooperated well with the US on the War on Terror, the almost singular focus by the Bush administration of the US on the War on Terror meant that the US was not very interested in expanding cooperation with Malaysia in different sectors and dimensions, much to Malaysia's frustration. The Iraq War was strongly opposed by Malaysia at both the government and popular levels, and was a damaging factor in US-Malaysia relations. Popular perceptions of the US declined due to the perceived Islamophobia in the US, the military attack by the US on two Muslim countries, and continued US support for Israel against the Palestinians.

Other than the cooperation on the War on Terror, Malaysia wished to explore more economic cooperation with the United States. In fact, in the middle of the 2000s, the US was still Malaysia's largest trading partner, and Malaysia sought to upgrade and institutionalize the economic ties into a Free Trade Agreement. The Free Trade Agreement negotiation began in 2005, although it was never concluded. On the other hand, China's rapid economic development signaled a big emerging market. Following China's accession to the WTO in 2001 and the conclusion of CAFTA, bilateral trade between Malaysia and China increased substantially. Moreover, both countries also sought new areas of cooperation. Most notably, Malaysia and China signed an MOU on defense cooperation in 2005, signifying a potential new area of cooperation in the sensitive defense sector.

Although Malaysia did not see the US as a direct security threat, the US rhetoric on the War on Terror and the Bush government's impulse in "exporting democracy" were not particularly welcomed by Malaysia and could even be seen as political threat that would undermine Malaysian sovereignty or internal security. Rising anti-American sentiment after the US launched the Iraq War certainly also did not help. China, on the other hand, was not seen as much of a threat. After the signing of the Declaration on the Conduct in the South China Sea in 2002, a sense of optimism prevailed in the region. Even though Malaysia missed out of the Joint Seismic Survey undertaken by China, the Philippines and Vietnam, it was comfortable with the general stability in the South China Sea and was not much concerned that China would manifest as an actual threat to the security of Malaysia in the South China Sea.

## Malaysia's Relations with the United States and China under Najib Abdul Razak, Phase 1 (2009-2015)

After a poor showing of results of the coalition he led in the 2008 general election, Abdullah Badawi stepped down as prime minister in April 2009, paving the way for his deputy, Najib Abdul Razak, to become the sixth prime minister of Malaysia. In this first phase (2009-2015), Najib maintained largely an equidistance foreign policy between the US and China. The geopolitical context of the Global Financial Crisis 2008 had been frequently cited as the main catalyst for the changing US-China dynamics with China becoming more confident in its rising power, relatively unscathed by the financial crisis. This had ramifications for how Malaysia under Najib responded to the changed power dynamics in the region.

In 2009, a new US administration under Barack Obama was determined to repair the United States' damaged relations (perceived or real) with the Islamic world, which was very well received by most of the leaders of Muslim countries, including Malaysia. Obama's decision to have the US accede to the Treaty of Amity and Cooperation also earned much goodwill from the ASEAN Member States. Obama's Secretary of State Hillary Clinton visited Malaysia in November 2010, becoming the first US Secretary of State to do so in 15 years. Moreover, Obama paid an official visit in April 2014, becoming the first US President to do so since 1966. Najib also visited the United States in December 2014 and played golf with Obama, building a good rapport with Obama and other members of the White House. Both Malaysian and US leaders saw each other as trusted partners that could advance a common agenda. A cordial political relationship between the US and Malaysia was also enhanced by continuous improvement in functional cooperation, defense cooperation, and economic ties.

Malaysia improved relations with the US and China simultaneously. Najib also chose China (as his predecessor did) as the first foreign country he visited outside of the ASEAN region, which again signaled the importance Najib placed on the relationship with China. Economic ties were the highlight of Malaysia-China ties, as China became Malaysia's largest trade partner in 2009. Xi Jinping visited Malaysia in 2013, after China had been Malaysia's largest trade partner for four consecutive years, while Malaysia had been China's largest trade partner among ASEAN countries for five consecutive years. Under Najib, Malaysia and China also agreed upon a 'twin industrial park' project where China designated an industrial area in the southern city of Qinzhou,

while Malaysia assigned a similar status to an industrial area in Kuantan. The Qinzhou-Kuantan Industrial Park was then incepted as ‘twin industrial parks’ to facilitate mutual investment. As a result, Najib strongly endorsed China’s Belt and Road Initiative or BRI (originally called One Belt One Road), and in 2014, both countries defined their relationship as Comprehensive Strategic Partnership and issued a Joint Communiqué during the second official visit of Najib to China.

Despite the overall good relationship between the US and Malaysia, there were not many concrete agreements forged between the two countries. The US continued to be a somewhat distracted power despite its overall greater emphasis placed on Southeast Asia. Within Southeast Asia, the US paid more attention to Indonesia rather than Malaysia. A business-as-usual attitude was prevalent. The focus of the ‘Pivot’ was somewhat concentrated in building existing alliance partnerships with Japan and South Korea and with an eye towards hedging against the rise of China. Thus, the role of Malaysia (and Southeast Asia) in the US Pivot strategy was somewhat ambivalent and not clearly defined.<sup>6</sup> On the other hand, despite the strong growth of relations between Malaysia and China, China was becoming more assertive in the South China Sea which has become a concern for Malaysia. The increased Chinese investment in Malaysia had created anxieties (among the domestic and foreign actors) whether China was becoming an increasingly dominant actor in Malaysia’s economy.

The US Pivot to Asia and the Pacific under the Obama administration provided an opportunity for Malaysia to enhance its military capabilities. US Defense Secretary Robert Gates visited Malaysia in November 2010. Malaysia endorsed the US-led Proliferation Security Initiative during the Obama-Najib Summit in Putrajaya in 2014.<sup>7</sup> In the same year, Malaysia also sought US assistance in its attempt to set up a Marine Corps, although this did not eventually materialize. The other opportunity was the Trans-Pacific Partnership (TPP), where Malaysia was very much looking forward to the larger market access to the US, should the TPP negotiation be successfully concluded.<sup>8</sup> The Najib administration also participated in the other major economic

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6. Except for Kurt M. Campbell, the architect of the Pivot policy, who recognized and clearly elucidated the significance of ASEAN and Southeast Asia in his policy statements and in his book. See Campbell, Kurt M. *The pivot: The future of American statecraft in Asia*. Hachette UK, 2016.

7. Malaysia Endorses the Proliferation Security Initiative, Office of the Spokesperson, Bureau of Public Affairs, U.S. Department of State, Washington, DC, April 29, 2014.

deal, the ASEAN-proposed and China-supported Regional Comprehensive Economic Partnership (RCEP) which was incepted in 2011 and the negotiation began in 2012. The tremendous economic opportunities of China's rise were considered favorable. In the defense sector, Malaysia also began to have a bilateral exercise with China since 2014, expanding comprehensive engagement outside of the economic sector.

The US was growing concerned with the authoritarian tendencies of the Najib administration and the 1MDB scandal, which involved Najib personally.<sup>9</sup> Towards the end of 2015, the Obama administration was beginning to distance itself from the Najib administration. Although economic and defense ties remained strong, politically Malaysia-US ties were beginning to have somewhat cooled off. This was in contrast with the political relationship between Malaysia and China, which remained strong throughout the Najib years, but also came under the constant disruption of China's increasingly unfriendly actions in the South China Sea that undermined Malaysia's sovereign rights and interests. China began to dispatch coast guard ships to Malaysia's Luconia Shoals since 2014, ignoring Malaysia's protests and interests.

### **Malaysia's Relations with the United States and China under Najib Abdul Razak, Phase 2 (2015-2018)**

The Najib Government won a re-election in the general election in 2013, but with a further reduced majority. His foreign policy was not much of a continuity before the election — where he tried to maintain good relations with both the US and China — as there was a noticeable development where Najib's foreign policy was increasingly being seen as pro-China. Tipping the equidistance diplomacy off was the key Malaysian foreign policy characteristics during this period until he lost power in the 14<sup>th</sup> General Election in 2018.

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8. Originally signed by Brunei, Chile, New Zealand and Singapore in 2005 as the Trans-Pacific Strategic Economic Partnership Agreement (the P4), the U.S. joined the talks in 2008 which prompted other countries to join the formal negotiations, with Malaysia joined in 2010 and all parties signed the agreement in 2016.

9. See series of the Wall Street Journal's Special Coverage 'Malaysia Controversy' on Najib and 1MDB and also by the New York Times reporting on Najib being designated as "Malaysian Official 1" in the "Billion-Dollar Scandal."

As articulated in the previous section, Najib's good relationship with the Obama administration was strongly undermined by his involvement in the 1MDB scandal. Although bilateral relations remained robust, at the top level the Najib administration never recovered its relationship with the Obama administration. Still, the enhanced relationship in the early phase would stay on and provide a solid foundation for Malaysia-US ties. On the other hand, the Malaysia-China relationship was growing even more rapidly during these years in the second phase. China's state-owned enterprises played a crucial role in bailing out certain troubled assets of the 1MDB.<sup>10</sup> Najib visited China in 2016, and signed massive economic deals with China, including the East Coast Rail Link (ECRL), originally billed at US\$13.1 billion. Najib approved a defense contract that would see China build several patrol ships for the Malaysian navy, notwithstanding the ongoing dispute in the South China Sea between both countries.<sup>11</sup> Bilateral exercises became larger, and China sent its top military officials to visit Malaysia, indicating the higher level of trust China had in Malaysia under Najib's second term.

Since the 1MDB scandal involved US financial firms (Goldman Sachs<sup>12</sup>), the US Department of Justice was involved in the investigation of 1MDB and famously designated Najib as "Malaysian Official 1" who received stolen money in the 1MDB scandal.<sup>13</sup> Although at the economic and people-to-people level Malaysia-US ties were still good, at the governmental level, the unfortunate outcome of the 1MDB scandal would affect Malaysia-US ties. As a result, Malaysia was tilting more towards China and no longer practicing an equidistance foreign policy. However, although Malaysia-China relations improved substantially, the Malaysian public was getting wary of this close relationship. China's increasingly close relationship with the Najib

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10. Abadi, Abdul Muein. "Kleptocracy and Foreign Loan Decision-Making Process: Insights from Malaysia's Deals and Renegotiations with China." *Journal of Current Southeast Asian Affairs* 41, no. 1 (2022): 135-158.

11. Ngeow, Chow Bing. "Malaysia-China Defence Relations: Disruptions Amid Political Changes and Geopolitical Tensions." *ISEAS Perspective*, no. 57 (2021).

12. Reuters. "1MDB scandal: Ex-Goldman Malaysia boss found guilty," April 8, 2022, via BBC. <https://www.bbc.com/news/business-61043609>.

13. Richard C. Paddock, "U.S. Moves to Seize Diamonds, a Picasso and Hollywood Films in Malaysian Case," June 16, 2017. *New York Times*. <https://www.nytimes.com/2017/06/16/world/asia/1mdb-malaysia-najib-razak.html>.

administration was becoming unpopular in Malaysian domestic discourse, and this had become ironically a crucial weakness in Malaysia-China ties. The ECRL was strongly criticized by opposition parties and civil society as it was awarded without transparency and suspected to be involved in the corruption scandal of Najib.<sup>14</sup>

Given the constraints of a more distanced relationship between the Najib administration and the Obama administration, the arrival of Donald Trump in 2016 presented an opportunity for a fresh start. Trump warmly welcomed Najib's visit to the United States in September 2017. However, Trump's decision to withdraw from the TPP in 2017 would disappoint the Malaysian Government. Trump was obviously not interested in Southeast Asia, as his focus shifted to competition and waging a 'trade war' with China. The US-China trade conflict provided the opportunity for Malaysia to maximize economic gains opportunities from both the US and China (for example, the positive effect of trade and investment diversions from the two powers to regional countries including Malaysia).<sup>15</sup> Politically, Malaysia made sure that it stayed neutral in the emerging US-China rivalry.

Overall, there is the perception (real or otherwise) that Najib had leaned towards China significantly between 2015 and 2018. Such perception could sometimes lead to the questioning of whether Malaysia had become too 'pro-China,' to the extent of even losing the trust of its traditional Western partners. China's own aggressiveness in the South China Sea undermined its own reputation in Malaysia, despite the closeness of the Najib administration to China.<sup>16</sup> But more damaging to the Malaysia-China relationship were the problems associated with the major infrastructure projects contracted to China, such as ECRL. These had become a major political issue in the run up to the general election, with the opposition claiming this as exemplifying that Najib was putting his own personal interests above national interests.

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14. The mastermind behind the 1MDB scandal, Jho Low (Low Taek Jho), was believed to be in hiding in China, though China has denied in such involvement.

15. Calvin Cheng. "The US-China Trade Conflict: Overview, impacts and responses," December 2019, Kuala Lumpur: ISIS Malaysia.

16. Ngeow, Chow-Bing. "Malaysia's China Policy and the South China Sea Dispute Under the Najib Administration (2009-2018): A Domestic Policy Process Approach." *Asian Politics & Policy* 11, no. 4 (2019): 586-605.

Overall, experts and scholars generally agree that Malaysia under Najib had demonstrated a cautious hedging strategy that overall tended to acquiesce toward China, even in areas of tensions such as the South China Sea disputes. By strengthening the significance of the US in national policy, it aimed to mitigate challenges from an assertive China while attempting to ensure domestic regime legitimation and avoiding entrapment by the great power competition.<sup>17</sup>

### **Malaysia's Relations with the United States and China under Pakatan Harapan (2018-2020): A Return of Mahathirism?**

The Pakatan Harapan government, under the leadership of Mahathir Mohammad once more, would undertake a recalibration of foreign policy to reassert a more equidistant posture. The relationship with China was somewhat affected in the initial years of the Pakatan government but never damaged beyond repair. The relationship with the US was somewhat lukewarm mainly due to Mahathir's dislike of Donald Trump.

The democratic and peaceful change of government for the first time in Malaysian history was welcomed by many Western governments, and the Pakatan Harapan government reached out to some of these Western governments that had somewhat distanced themselves from the previous Najib administration. However, this was not a case of Malaysia becoming "pro-Western" again. Neutrality and non-alignment were still being adhered to, but given how Najib was seen as being excessively tilting towards China, the Pakatan Harapan government managed to restore a sense of balance and equidistance in Malaysia's foreign policy. The relationship with the US was stable but rather distant at the top-level. Though Mahathir was highly critical of Donald Trump, the strength of the bilateral relationship in multiple domains such as economics, security, education, and people-to-people engagement was unaffected. For example, the drafting and tabling of Malaysia's first ever *Defence White Paper*, a crucial policy

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17. See Abuza, Zachary. "Malaysia: Navigating between the United States and China." *Asia Policy* 27, no. 2 (2020): 115-134. doi:10.1353/asp.2020.0032 and Kuik, Cheng-Chwee. "Malaysia between the United States and China: what do weaker states hedge against?" *Asian Politics & Policy* 8, no. 1 (2016): 155-177; Kuik, Cheng-Chwee. "Malaysia's US policy under Najib: Structural and domestic sources of a small state's strategy." *Asian Security* 9, no. 3 (2013): 143-164; and Noor, Elina, and Tengku Nur Qistina. "Great power rivalries, domestic politics and Malaysian foreign policy." *Asian Security* 13, no. 3 (2017): 200-219.



document that will guide Malaysia's defense reform in the years to come, benefitted from interactive sessions with Malaysia's traditional Western partners in the defense sector, including the United States. Malaysia also received several arms supplies such as Scan Eagle unmanned aerial vehicles (UAVs) from the United States and the funding to convert Indonesia's CN-235 transport aircraft into maritime surveillance aircraft, which enhanced Malaysia's capabilities in the maritime sphere.<sup>18</sup>

Although Mahathir was a staunch critic of Najib's policy towards China, Mahathir was not a simple "anti-China" politician as he was sometimes portrayed to be. In fact, his long-standing ties with China during his first administration showed that Mahathir was always keen to have China playing a larger role in the region and for Malaysia to benefit from the rise of China. Mahathir was not happy with the way the ECRL was negotiated under the Najib Government. After renegotiating new terms that brought down its cost by one-third in April 2019, the Pakatan Harapan Government approved of the continuation of this project. Malaysia-China relations improved considerably following the success of the ECRL renegotiation.

As a new government, there was not much foreign policy experience among the cabinet members of the Pakatan Harapan (PH) government with the exception of the prime minister himself, Mahathir Mohammad. Mahathir's own views and preferences could be easily rendered as government policies without adequate consultation with his colleagues. The young and inexperienced cabinet members were eager to learn from the statesman, and some were allowed to push for policy reforms and change. Some of the agenda items that were being pursued were in contradiction to Mahathir's long-term positions, such as the issue of Uyghurs in Xinjiang by Saifuddin Ahmad, Lynas waste plant by DAP and civil society activists, were met with confusion and compromise were conceded within different parties within the PH coalition. These policy inconsistencies often sent out contradictory and mixed messages that could be quite confusing for foreign leaders and observers alike.

Malaysia did not hastily embrace the emerging 'Indo-Pacific' lexicon but agreed to the ASEAN Outlook on the Indo-Pacific. More opportunities opened to Malaysia as relations between the US and China turned more and more hostile. Malaysia's economy

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18. The author must add that the context of these assistance came amidst the West Capella standoff at the Malaysia-Vietnam-PRC dispute waters in early 2020.

benefitted from the diverted investment by foreign firms away from China, and also from China's very own firms which wanted to escape the tariffs imposed by the United States. On the other hand, Malaysia would always welcome the opportunities for more cooperation in the defense and security sector as far as such cooperation could improve the country's maritime capabilities, but such cooperation should not be misconstrued as departing from its neutralist foreign policy. On the other hand, the PH government also sought opportunities for cooperation with China. After the renegotiation of the ECRL, Mahathir came out strongly in support of China's BRI, and expected China's investment in manufacturing and technology would increase. Mahathir was a strong believer in the potential of technology and saw China as a new technological power. He supported China's embattled technology firm Huawei and welcomed the firm to participate in the construction of Malaysia's 5G communication network.

The unpopularity of Donald Trump among the Muslim public put certain limitations on how much Malaysia could openly embrace closer US-Malaysia relations. Malaysia was also wary of the incipient US-China rivalry. Although such rivalry could benefit Malaysia materially as the restructuring of regional supply chains took place, in the broader and long-term sense Malaysia felt that such rivalry would not be conducive for regional peace and stability. It was expected that the pressure of "choosing sides" would become stronger. While Malaysia certainly welcomed the continuous security cooperation with the United States, it always made sure that it would stay outside of the US coalition-based security framework in the region and would be wary of any US temptation to try to draw Malaysia into it. China, on the other hand, due to the territorial and maritime disputes in the South China Sea, would still be seen as a potential threat, at least as long as the encroachment of China's vessels in Malaysia's waters remained. Defense engagement with China during the Pakatan Harapan years slowed down, albeit this was largely due to the internal factors rather than purely because of the South China Sea dispute.

Overall, the short PH ruling years acted as a "reset" of bilateral relations between Malaysia with the US and China, clearing off the negative legacies of the 1MDB scandal associated with Najib and to set a precedent in attempting to improve governance and to restore equidistance foreign policy. However, these positive momentums were tragically short-lived.

## Malaysia's Relations with the United States and China during the Post-Pandemic and Indo-Pacific Era (2020 to the Present)

Malaysia entered a politically volatile period since late February 2020 after the PH government collapsed, hijacked by the Sheraton Move incident.<sup>19</sup> Two successive unstable governments oversaw Malaysia facing the multiple challenges of the COVID-19 pandemic, the economic recession, the constant politicking, and a tense geopolitical environment. The Covid-19 pandemic was (and still is), a global-level crisis, affecting almost all countries and communities, and should provide an excellent opportunity for regional and global cooperation. However, the pandemic not only worsened the already distressed state of US-China relations, but countries also still resorted to individual rather than collective response to the pandemic challenges. The US-China rivalry showed no sign of slowing down amidst the pandemic. Rather, the conflict and estrangement intensified, speeding up the process of “decoupling” on the high-politics front and in the low-politics areas.<sup>20</sup> In this period, Malaysia continued to tread carefully between the two powers, engaging each of them in areas of common interest but otherwise refrained from taking a clear side.<sup>21</sup>

The pandemic worsened US-China relations but for Malaysia, it also provided a new area of cooperation with both powers. Both the US and China provided medical supplies such as masks and protective gear in the early stage of the global pandemic, and later, the vaccines developed by their respective pharmaceutical companies (Sinovac by China and Pfizer by the United States) were adopted and distributed by Malaysia. Irrespective of their different rates of efficacy, all these supplies and vaccines helped save lives and Malaysia truly appreciated the assistance coming from both China<sup>22</sup> and the United States.<sup>23</sup> The Biden administration has broadened and widened the original Indo-Pacific concept to include Southeast Asia, proven by the many visits to Malaysia

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19. For details, see Tayeb, Azmil. “Malaysia in 2020: Fragile Coalitional Politics and Democratic Regression.” *Asian Survey* 61, no. 1 (2021): 99-105.

20. Kuik, Cheng-Chwee. 2021. “The twin chessboards of US-China rivalry: Impact on the geostrategic supply and demand in post-pandemic Asia.” *Asian Perspective* 45, no. 1 (2021): 157-176.

21. The Muhyiddin government contradicted Mahathir's PH government in the adoption of Huawei 5G network provider to appoint Ericsson as Malaysia's main 5G development partner, announced on July 1, 2021. See Reuter's report at <https://www.reuters.com/business/media-telecom/malaysia-appoints-ericsson-5g-development-partner-2021-07-01/>.

and ASEAN countries by top US officials and several US-ASEAN engagements.<sup>24</sup> Amidst the pandemic, Malaysia and China also signed several cooperative agreements, including on vaccine research and production and post-pandemic recovery plans.

The Biden administration's lack of commitment to return to TPP (now CPTPP) continued to be a disappointment. The Indo-Pacific Economic Framework (IPEF), the supposed "economic pillar" of the US Indo-Pacific strategy was announced in 2022, but it remains very much rudimentary. Though Malaysia (along with five other ASEAN countries) joined the negotiations, it is unclear what actual benefits Malaysia could gain out of it. The United States' economic engagement with Malaysia is strong especially in terms of private sector investment, but the US government initiatives and policies that have been announced, ranging from the Blue Dot Network to Build Back Better World, have almost never really resulted in anything substantive in Malaysia. China, on the other hand, with its "Covid-Zero" policy that shut down its global transportation hubs, is falling far behind other countries in resuming normal exchanges between people and businesses. Malaysia has been looking forward to a resumption of travel and exchanges with China since 2021 but to no avail. Although China remains Malaysia's top trading partner despite the COVID-shock, the Covid-Zero's restrictions have weakened the bilateral ties considerably.

Malaysia refuses to be drawn into a bipolar rivalry with either side but is open to issue-based alignment and cooperation based on common interests. The COVID-19 cooperation discussed above is a good case in point, where Malaysia was willing to cooperate with different and multiple stakeholders without ideological considerations. The economic downturn resulting from the COVID pandemic also meant that

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22. Lee, Chee Leong and Md Nasrudin Md Akhir. 2021. "Malaysia-China Relations During the Movement Control Order Period and Beyond: Assessment from the Mutual Trust Variable." In Peng Nian (ed.), *The Reshaping of China-ASEAN Relations in Light of the COVID-19 Pandemic*, pp. 69-94. Singapore: Springer.

23. "Malaysia-United States cooperation on Covid19 response," Ministry of Foreign Affairs, Malaysia, July 4, 2021, <https://www.kln.gov.my/web/guest/-/malaysia-united-states-cooperation-on-covid-19-response>.

24. Kuik, Cheng Chwee, Abdul Razak Ahmad, & Khor Swee Kheng. "Malaysia-U.S. Relations and the Biden Administration: Mapping Excitement, Managing Expectations" *ISEAS Perspective*, no. 46 (2021).

Malaysia had to focus on economic recovery, where both powers were seen as crucial partners in this regard. China's new initiatives branching out of the BRI, such as Health Silk Road, Digital Silk Road, and Green Silk Road, overlap with similar initiatives by other powers including South Korea's Green New Deal and Digital New Deal, providing niche areas where partnerships could be forged in the post-pandemic era. The US should also seriously invest in more of these initiatives. The US allies and partners who are part of the Quad and Quad-Plus configuration already have existing engagement platform and policy framework in ASEAN multilaterally and with each ASEAN Member State bilaterally.<sup>25</sup> Both powers should not see these initiatives through competitive and exclusivist lenses and in fact should welcome opportunities to cooperate among themselves.

Malaysia's weak governments politically since 2020 means that there is much less focus on foreign policy by the very top leadership, and hence they are not thinking strategically of the changing regional dynamics and preparing Malaysia for it. However, whoever the policymakers are in power in Malaysia, it is almost certain that Malaysia is not necessarily comfortable with the bifurcating tendencies in political, military, economic and technological spheres under the bipolar rivalry. Both powers could take actions that were deemed deeply disturbing or stabilizing to Malaysia without paying attention or caring so much about what Malaysia's concerns are. China's encroachments into Malaysia's exclusive economic zone and continental shelf in the South China Sea are certainly threatening the long-term stability of Malaysia-China relations, no matter how much both countries want to compartmentalize this issue. The US, in framing its relationship with China as one of "extreme competition" with almost a purely securitized frame, could also risk alienating regional countries such as Malaysia with actions and policies that were seen as ill-considered.

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25. For example, Australia, India, and Japan have their respective multilateral and bilateral maritime cooperation programs in Southeast Asia. Meanwhile, the New Southern Policy by South Korea towards ASEAN encompass wide range of cooperation from economy to public health, which received positive response among the ASEAN member states in 2019, and even more desperately after the pandemic outbreak.

## Conclusion: A SWOT Overview of Malaysia's Relations with the United States and China

The strength of the US-Malaysian relationship certainly lies in the long-standing defense, economic (albeit mostly driven by private sector) and people-to-people relationships. Nevertheless, the US politics that has become much more polarized, dysfunctional, and impulsive is a concern for Malaysia. A domestically distracted US administration will add to its strategic uncertainties in foreign policy. Another Trump or Trump-like presidency would be disquieting for Malaysia's policymakers. As the largest economy and the most powerful military in the world still blessed with an outstanding higher education sector and dynamic enterprises, the US still has much to offer to Malaysia. While opportunities for defense cooperation are almost certain to continue, the US should engage more seriously in "low politics" issues such as public health and climate change with Malaysia, and should not see these issues as arenas of competition with China.<sup>26</sup> The tendency of the US, whether under Democratic or Republican administrations, to see the world in "black and white" terms and to punish those countries it deems to be too friendly towards its adversaries (in this case, China) is also not welcomed by neutralist countries such as Malaysia.

As for China, its most crucial strength in terms of Malaysia-China relations is the economic sector. Politically, Malaysia has remained friendly towards China despite the ongoing concerns in the South China Sea. There is still sufficient common ground for both countries to maintain cordial ties and sufficient common understanding not to let the dispute affect the overall relations. The dispute, in turn, is a structural and long-term weakness of the bilateral relationship, which will put a ceiling on the strategic mutual trust between both countries. There is a need for more bilateral dialogues on strategic issues that concern Malaysia, such as China's new Coast Guard Law in 2021 and the contestation over Kasawari gas field off Sarawak coast. Malaysia and China could and should continue to explore opportunities for security dialogue to increase mutual understanding. Any further aggressive actions by China in the South China Sea would threaten the stability of Malaysia-China relations. Malaysia does not see

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26. The notion of geostrategic rivalry and low politics realms of competition is best contextualized as "twin chessboards" by the Malaysian scholar Kuik. See Kuik, Cheng-Chwee. "The twin chessboards of US-China rivalry: Impact on the geostrategic supply and demand in post-pandemic Asia." *Asian Perspective* 45, no. 1 (2021): 157-176.

China as an adversary, but it has to increase and augment its capabilities to better cope with the rising naval strength of China.

Internally, Malaysia has experienced throngs of domestic problems but with “very few credible options for its solutions.”<sup>27</sup> In contrast, plenty of opportunities are externally presenting themselves to Malaysia, be it political or economic inducements. As Malaysia is one of the key semiconductor manufacturers in the region (if not the world), the foremost priority is to achieve domestic political stability which will then enable the domestic institutions such as the Ministry of Foreign Affairs, security agencies, and enterprises to respond to external threats and opportunities accordingly. Malaysia will continue to assert its agency through its varying responses towards changes in the strategic environment, in a bid to optimize its respective pathways of legitimation and shaping the patterns of diversified cooperation with multiple foreign investors and security partnerships.<sup>28</sup> From Malaysia’s initial resistance to the Australia–United Kingdom–US (AUKUS) Partnership to eventual acceptance in 2022, to the decision to adopt multiple secondary 5G vendors such as Huawei, ZTE, and Nokia to the national 5G network, these cases illustrate Malaysia’s agility and elite-based legitimation response to multiple external stressors.<sup>29</sup> The strategic space may be narrowing, but the capable bureaucrats and the improved civil-military cooperation and integration would be able to take on the challenges of the post-pandemic Indo-Pacific era.

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27. Bridget Welsh. “Change without ‘change’: Malaysia after GE13,” in Greg Lopez & Bridget Welsh (eds), *Regime resilience in Malaysia and Singapore*, Kuala Lumpur: SIRD, 2018, pp. 17-45.

28. Kuik, Cheng Chwee. 2022. “Elite Legitimation and the Agency of the Host Country: Evidence from Laos, Malaysia, and Thailand’s BRI Engagement.” In Florian Schneider (ed), *Global Perspectives on China’s Belt and Road Initiative: Asserting Agency through Regional Connectivity*, pp. 217-244, Amsterdam University Press.

29. Despite already having Ericsson as the main 5G provider, the reasons for secondary 5G vendors was cited as to “mitigate the risks of a single point of failure.” See Alexander Wong, 31 January 2023, “5G Malaysia: DNB might consider Huawei, ZTE or Nokia as its second 5G vendor.” *MalayMail*. <https://www.malaymail.com/news/malaysia/2023/01/31/report-dnb-might-consider-huawei-zte-or-nokia-as-its-second-5g-vendor/52703>.

## 5. The Philippines in the China-US Cold War with 21<sup>st</sup> Century Characteristics

Aaron Jed Rabena

### Introduction

The Philippines, like South Korea and many countries all over the world, are caught in between China-US strategic competition and geopolitical rivalry which, because of its growing intensity, has taken the form of a new Cold War or Cold War 2.0.<sup>1</sup> Essentially, the conditions of Cold War I between the Soviet Union and the United States are applicable to the state of China-US relations. During Cold War I, the following elements were present: ideological conflict (socialism/communism vs. democratic capitalism) between the world's top great powers; absence of economic interdependence between the rival powers; the existence of arms and space race; and alliances, espionage, sports rivalry and nuclear weapons.<sup>2</sup>

Presently, in Cold War II, all these exist where China-US economic interdependence is lessening due to trends of decoupling. Ideological divergence is evident in the contending definitions of democracy and human rights particularly on matters such as Hong Kong, Xinjiang, Taiwan, and Tibet.<sup>3</sup> Moreover, in lieu of proxy wars and regime change in Cold War I, and given advances in modern technology, there is competition for influence in third countries (and international regimes), tech race and cyber wars.<sup>4</sup> There has also been greater securitization of economic and social relations.

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1. Agence France-Presse, "US, China nearing brink of new Cold War," *Inquirer*, May 24, 2020, <https://newsinfo.inquirer.net/1280198/us-china-nearing-brink-of-new-cold-war-chinese-foreign-minister>.
  2. The Cold War elements stated above do not mean that the US and China have no more shared interests as both are still engaged in selective cooperation (i.e., terrorism, climate change, nuclear proliferation). However, this seems to be overshadowed by political and strategic issues. There is still an arms race now given the continuous increase in the military budgets and force modernizations of China and the US. Crucially, the tech race (or tech decoupling) involving some advanced technologies have dual-use functions.



While the two great powers have been “strategic competitors” since the time of George W. Bush, Donald Trump’s trade war against China and the Covid-19 pandemic, which plunged the mistrust between the two countries to the lowest levels, arguably triggered the Cold War between the US and China. Over the years, countless scholars and analysts have predicted how US-China relations or great power competition will pan-out going forward. Two outstanding observations are on track, particularly Graham Allison’s “Thucydides Trap” and John Mearsheimer’s “Offensive Realism.”<sup>5</sup>

The former concept is relevant as power transition or the narrowing power gap between a dominant power and a rising (revisionist) power is intensifying across a range of bilateral issues-areas which puts the United States and China closer to war with one another. Concomitantly, the fact that the US had in the past worked with dictatorships, and presently maintains good relations with Vietnam and Saudi Arabia, demonstrates that a structural power shift or power struggle, more than ideology, is a crucial element in the China-US Cold War. Even China and the US ironically managed to be on the same side vis-à-vis the Soviet Union during Cold War I.

In fact, if the broad definition of war is to be considered, China and the US are already at war with one another economically, ideologically, informationally and technologically. Reports continue to emerge that China will eventually overtake the US as the world’s largest economy within a decade, which makes China a greater force to be reckoned with unlike the Soviet Union that only wielded hard power.<sup>6</sup> As China tips the balance of power in its favor, its confidence in articulating its national interests and global vision will naturally grow, which is why it is now seen as the number one national security

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3. Frank Tang, “Chinese academics claim US has started cold war as tensions simmer over South China Sea, Xinjiang, Tibet, Hong Kong,” *South China Morning Post*, July 8, 2020, <https://www.scmp.com/economy/global-economy/article/3092360/chinese-academics-claim-us-has-started-cold-war-tensions>.

4. This includes existing international regimes but also new ones such as emerging minilaterals.

5. See “Special Initiative: Thucydides’s Trap,” Harvard Belfer Center, <https://www.belfercenter.org/thucydides-trap/overview-thucydides-trap>; John Mearsheimer, *The Tragedy of Great Power Politics* (United States: WW Norton and Company, 2001).

6. Reuters Staff, “China to leapfrog US as world’s biggest economy by 2028: think tank,” *Reuters*, December 26, 2020, <https://www.reuters.com/article/us-health-coronavirus-china-economy-idUSKBN29000C>.

threat to the US.<sup>7</sup>

Mearsheimer's theory is germane in that the established power will go to great lengths to preserve its dominance and hegemony, and stall the rise of the rising power. And this can be done through containment or greater enhancement of national competitiveness vis-à-vis the rival state.<sup>8</sup> The US' leaked Wolfowitz Doctrine in the 1990s was clear in stating that it is a US objective to "prevent the re-emergence of a new rival, either on the territory of the former Soviet Union or elsewhere."<sup>9</sup> Beijing subscribes to this in that regardless of whichever political party is in power in the US, there is a bipartisan desire to contain China's rise.

Given China's view of the US as condescending and abusive of its military (unilateral bombings of Syria, Libya, Iraq, Afghanistan, Somalia, Pakistan) and financial power, which shares a strategic resemblance with its tragic past of being subjugated by colonial powers during the Qing Dynasty, China is driven to increase its ranking in all elements of Comprehensive National Power (CNP) so as to be able to resist all kinds of pressures from the US and buy time to eventually overtake them and achieve their strategic objectives. Because so long as there is peace and stability, China will become stronger.

If during Cold War I, the US was said to have applied George Kennan's containment policy towards the Soviet Union; now, the US arguably has the Indo-Pacific policy towards China which the Biden Administration carried on from the Trump Administration. And if Cold War I had the Cuban Missile Crisis that brought the US and the Soviet Union on the brink of a nuclear war, the global spillover effect of Cold War II is already being felt in the South China Sea (SCS), Taiwan, North Korea and the East China Sea (ECS) as geopolitical flashpoints. It can be argued that the new Cold War is not only between the US and China, but also between the US camp (allies and partners)

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7. Julian E. Barnes, "China Poses Biggest Threat to US," *New York Times*, April 13, 2021, <https://www.nytimes.com/2021/04/13/us/politics/china-national-security-intelligence-report.html>.

8. On enhancing US national competitiveness, examples include the Strategic Competition Act of 2021, the Innovation and Competition Act of 2021, and Ensuring American Global Leadership and Engagement Act or EAGLE Act.

9. Patrick E. Tyler, "Excerpts from Pentagon's Plan: Prevent the Re-Emergence of a New Rival," *New York Times*, October 13, 2013, <https://www.nytimes.com/1992/03/08/world/excerpts-from-pentagon-s-plan-prevent-the-re-emergence-of-a-new-rival.html>.

and China (and Russia). For example, the United Kingdom and Canada have called for a united front against China and there is now greater policy coordination among the Western powers and West-allied international regimes (i.e., G7, Quad, EU, NATO, AUKUS) on the SCS, Taiwan, Hong Kong, and Xinjiang.<sup>10</sup>

The Philippines is in a complex position in the China-US Cold War. First, the Philippines is a US ally which makes it vulnerable to strategic pressures from Washington to play a role in the US alliance structure. Second, the Philippines has territorial and maritime disputes with China which creates a trust issue that complicates bilateral relations. There are mainstream narratives in the Philippines about China and the US. For China, by way of path dependence, it is that China has historically been an economic partner of the Philippines since ancient times and therefore needs to be so as well in the present. Another is that China is a preeminent economic power that the Philippines must

**Table 7. Elements of a Cold War**

Element	Cold War I (US vs. Soviet Union)	Cold War II (US vs. China)
<b>Ideological Competition</b>	Democratic Capitalism vs. Socialism/Communism	Democratic Capitalism vs. Socialism with Chinese Characteristics
<b>Economic Interdependence</b>	X	√ - Decoupling
<b>Arms Race</b>	√	√
<b>Nuclear Weapons</b>	√	√
<b>Space Race</b>	√	√
<b>Allegiances/Alliances/Blocs</b>	√	√
<b>Cyber War</b>	X	√
<b>Tech Race</b>	X	√
<b>Espionage</b>	√	√
<b>Sports Rivalry</b>	√	√

10. This was also seen in the US call to diplomatically boycott the Winter Olympics and was met with positive reception by other Western countries such as the UK, Canada, Australia, which is similar to when said countries also denounced China on the South China Sea. Also, more military exercises excluding China are emerging, namely, ANNUALEX, French La Perouse, among others.

engage in order to maximize the advantages of China's economic rise. As to the US, it is the Philippines' highly influential traditional ally with whom the Philippines shares a great deal of political affinity and strategic interest. Between the US and China, the US enjoys much higher public approval ratings than China to Filipinos.<sup>11</sup>

## Philippines-China Relations and the US Factor

China has consistently been a major economic partner of the Philippines, especially in trade. China was the Philippines' largest trade partner in 2021 (largest import source; second largest import market), second largest tourist market (pre-pandemic; 2019), seventh largest investor (2021), and third largest ODA source (2020). In 2021, trade between the Philippines and China reached \$38.3 billion, with exports to China reaching an all-time high of \$12 billion.<sup>12</sup> This amount is said to be twice the amount of exports of the Philippines to China in 2015 (\$6 billion) during the Aquino III Administration. Notably, from 2010 to 2015, under President Aquino, foreign direct investment (FDI) from China only amounted to \$8 million but increased to \$47 million in 2017 and then ballooned to \$1.7 billion in 2019, accounting for 32 percent of total FDIs where Chinese private investment became very bullish during the Duterte Administration.<sup>13</sup>

Socially, there is an active ethnic Chinese community and various interest groups that push for stronger Philippines-China relations.<sup>14</sup> China's people-to-people efforts with the Philippines have increased under the framework of the Belt and Road Initiative (BRI).<sup>15</sup> Filipinos also find cultural affinity with the Chinese through food and various traditional Chinese customs. Leaders and bureaucrats from both countries often cite long-standing historical and commercial ties, particularly the Sulu Sultan (Paduka Pahala) that was buried in China's Shandong province during the Ming Dynasty, which serves as a diplomatic cornerstone between the two countries.

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11. Neil Arwin Mercado, "Filipinos believe PH should trust US the most; China, Russia the least - survey," *Philippine Daily Inquirer*, July 29, 2022, <https://globalnation.inquirer.net/205616/filipinos-believe-ph-should-trust-us-the-most-china-russia-the-least-survey>.

12. Data provided by the Philippine Trade and Investment Center (PTIC) in Shanghai.

13. Ibid.

14. Mauro Gia Samonte, "Philippines-China relations photographed for posterity," *Manila Times*, April 24, 2022, <https://www.manilatimes.net/2022/04/24/opinion/columns/philippine-china-relations-photographed-for-posterity/1841053>.

The economy is the main opening where China plays a niche in the Philippines. China has supported the Philippines' development agenda such as the 'Build Build Build' Program through the BRI and various projects have commenced and have been completed.<sup>16</sup> Moreover, human rights issues or souring relations with the US can be an entry point for China to have closer engagement with the Philippines. For example, then US President Barack Obama's tirades against President Duterte on alleged human rights violations, brought about by his war on drugs, prompted Duterte to closely engage with China.<sup>17</sup> Similarly, when then President Gloria Arroyo opted to withdraw Philippine troops from the War in Iraq in 2003, which frustrated the George W. Bush Administration, she chose to engage with China, paving the way for the signing of major economic agreements and upgrading of bilateral ties.

These factors bring to the fore domestic political regimes, particularly domestic political leaders, as a key variable in managing the course of relations with the US and China. Because of their policies towards the US and China, both Arroyo and Duterte have been widely considered as "China-friendly" presidents. Under Arroyo, Philippine relations with China were called the "Golden Age of Friendship," and under Duterte, bilateral relations reached "Comprehensive Strategic Cooperation." Arroyo was also the one who declared a Filipino-Chinese Friendship Day in 2002.

However, difficulty and limitations of the relations with China have often been caused by the disputes in the SCS. In fact, the territorial and maritime disputes can escalate and become a major power issue.<sup>18</sup> This is because tensions in the SCS have often prompted calls in the Philippines to align closer or balance with the US. And other major powers (Western powers, Japan, India) have also started to condemn China's

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15. "80 Filipinos received Chinese government scholarship," Chinese Embassy in the Philippines, August 14, 2019, [http://ph.china-embassy.gov.cn/eng/sgdt/201908/t20190814\\_1182403.htm](http://ph.china-embassy.gov.cn/eng/sgdt/201908/t20190814_1182403.htm); "Philippines-China overseas students virtual gathering held online," *Philippine Star*, December 10, 2021, <https://www.philstar.com/other-sections/supplements/2021/12/10/2146784/philippines-china-overseas-students-virtual-gathering-held-online>.

16. Chinese Embassy in the Philippines, *Statement by Spokesperson of the Chinese Embassy in the Philippines on the Future of Government-to-Government Infrastructure Cooperation*, July 17, 2022, [http://ph.china-embassy.gov.cn/eng/sgdt/202207/t20220717\\_10722549.htm](http://ph.china-embassy.gov.cn/eng/sgdt/202207/t20220717_10722549.htm).

17. Aaron Jed Rabena, "Rebalancing Philippine foreign policy," *East Asia Forum*, November 14, 2016, <https://www.eastasiaforum.org/2016/11/24/rebalancing-philippine-foreign-policy/>.

actions at sea which is an implicit support for Philippine SCS claims.<sup>19</sup>

Economically, many critics have pointed out the slow pace of materialization of Chinese investments in the Philippines and the public has a lack of awareness about Chinese projects that have been completed.<sup>20</sup> Due to the disputes in the SCS, China remains a national security challenge for the Philippines. This is why there has been greater politicization and securitization of China-related economic and sociocultural issues in the Philippines, where Chinese projects have been branded as “debt traps” and Confucius Institutes (CI) have been seen as “Trojan horses.”<sup>21</sup> There have also been times that the ethnic Chinese community or Filipino-Chinese have been tagged as traitors whose loyalty is with China.<sup>22</sup> Against this backdrop, while the Philippines and China continue to maintain pragmatic and functional relations, the SCS disputes hound the overall bilateral relations, which sometimes arrests the full advancement of economic and sociocultural relations.

Like the US Congress, the Philippine Congress also plays a role in the Philippines’ foreign policy process. From time to time, either the Senate or the House of Representatives launches resolutions or hearings into matters involving China. Examples include the condemnation of Chinese activities in the SCS, calls for investigations into “controversial” Chinese projects, and perceived Chinese threats to Philippine national security.<sup>23</sup>

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18. See Jerry E. Esplanada, “Philippines to seek US help in dealing with China over Spratlys issue,” *Inquirer*, April 26, 2021, <https://globalnation.inquirer.net/34857/philippines-to-seek-us-help-in-dealing-with-china-over-spratlys-issue-dfa>.

19. See Malcolm Cook, “Australia’s South China Sea Challenges,” Lowy Institute, June 15, 2022, <https://www.lowyinstitute.org/publications/australia-s-south-china-sea-challenges>.

20. See for example, Terry Ridon, “Unfulfilled promises,” *BusinessWorld*, May 25, 2021, <https://www.bworldonline.com/opinion/2021/05/25/370951/unfulfilled-promises/>.

21. See Aaron Jed Rabena, “Has the securitization of Confucius Institutes in Western Liberal Democracies spilled over to the Philippines?” *PACS Viewpoints*, October 12, 2021, <https://www.pacs.ph/has-the-securitization-of-confucius-institutes-in-western-liberal-democracies-spilled-over-to-the-philippines/>.

22. Aaron Jed Rabena, “The Social Implications of Philippines-China Security Competition in the South China Sea,” *AsiaGlobal Online*, September 3, 2021, <https://www.pacs.ph/has-the-securitization-of-confucius-institutes-in-western-liberal-democracies-spilled-over-to-the-philippines/>.

Sino-Philippine relations are greatly impacted by the China-US strategic rivalry. China often views that enhanced Philippines-US defense relations are part of US designs to contain them which amplifies their “containment mentality” where the Philippines is being used by the US as an offshore balancer and an enabler of US force projection capabilities. This is the reason why China is always vigilant and alarmed by the prepositioning of US forces in the Philippines, and why they perceived the US-friendly Aquino III Administration as an American lackey.<sup>24</sup>

In the case of the Terminal High Altitude Area Defense (THAAD) missile system deployment in South Korea in 2016, the type of military hardware deployment from the US can impair relations with China. The disputes with China, compounded by Western narratives and news about China, create a double-whammy that influences Philippines-China relations. The tensions regarding the visit of House Speaker Nancy Pelosi to Taiwan in August 2022 could also create a friction between Manila and Beijing because Washington can make use of the Philippines, which is a defense treaty ally, as a base for its operations in the event of a conflict over Taiwan.

As with South Korea, the Philippines had already been sanctioned by China due to the Scarborough Shoal standoff in 2012 which exposes the Philippines’ economic vulnerability to China in the event of inauspicious political relations. Furthermore, in the broader context of Cold War II, it can be noticed that the SCS issue used to just be an issue between China and SCS claimant-states. In recent months, however, the SCS issue has apparently transcended geography and is no longer just an issue between the SCS claimant-states and China. Major powers, including non-Southeast Asian state actors (Western powers), have started to intensify their diplomatic coordination on the SCS.

For example, the Australia-UK-US (AUKUS) and the Quad arrangements show that major powers can come together vis-à-vis China without involving small powers or ASEAN, thus demonstrating that major powers can take matters into their own hands by harmonizing their regional security policies. These developments connote three

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23. Lucio Blanco Pitlo and Aaron Jed Rabena, “Philippine Perspectives on the Belt and Road Initiative,” in *The Belt and Road Initiative: ASEAN Countries’ Perspectives*, eds. Yangyue and Li Fujian (World Scientific, Singapore: 2019), 171-175.

24. *Ibid.*

things. First, tensions could escalate in the SCS even without claimants having tensions with China themselves as the actions of the non-claimant states can precede the actions of SCS claimant-states.

Second, the political disputes on the SCS, and also on Taiwan, have been elevated from that between China and SCS claimant-states — and China and Taiwan — to between China and the major powers. Third, the more active role being played by external powers, the more it spells patterns of an anti-China bloc and exposes the limits of ASEAN's normative and agenda-setting power. These situations make it harder for third countries like the Philippines to manage the potential escalation of regional tensions.

**Table 8. A SWOT Analysis of Philippines-China Relations<sup>25</sup>**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>- Long history of engagement; historical ties</li> <li>- Complementary economic relations</li> <li>- China's global activism and desire as provider of public goods</li> </ul>	<ul style="list-style-type: none"> <li>- South China Sea</li> <li>- Speedy implementation of projects</li> <li>- Lack of Philippine public awareness of Chinese projects</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>- China-friendly president</li> <li>- Belt and Road Initiative and Philippine economic agenda</li> <li>- Deteriorating Philippines-US relations</li> <li>- China-US rivalry</li> </ul>	<ul style="list-style-type: none"> <li>- Externalities (great power dynamics and Western media reports)</li> <li>- China-US dispute over Taiwan</li> <li>- Philippine domestic politics</li> <li>- Use of economic sanctions by China</li> <li>- Status and reputation of Chinese projects</li> <li>- Image of negative Chinese activities in the Philippines</li> </ul>

## **Philippines-US Relations and the Chinese Connection**

As a former colony of the US, the legacy and influence of the US in the Philippines are very palpable in the Philippine political and educational system, and pop cultural

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25. The author also tackled China's weaknesses and threats in Aaron Jed Rabena, "The COVID-19 Pandemic and Philippines-China Relations," in *The Reshaping of China-Southeast Asia Relations in Light of the COVID-19 Pandemic*, ed. Nian Peng (Singapore: Springer, 2021), 40-41.



preferences and lifestyle of Filipinos. Three things make the US exceptionally popular in the Philippines: its status as a defense treaty ally, the attractiveness of its soft power (political system, media, educational institutions, entertainment industry, food culture), and strong people-to-people ties.<sup>26</sup> One could even argue that CNN, given the extent of its mileage across Philippine domestic households, has been instrumental in raising consciousness about American liberal democratic values among Filipinos.

The Philippines-US alliance has gone through significant stages in history — from World War II to the Cold War (Korean War and Vietnam War) to the War on Terror.<sup>27</sup> Ever since, the two countries always fought and trained side-by-side. For the longest time, the US as an ally provided the Philippines with various kinds of military support and grants, from the provision of military assets to education and training meant for the internal and external security operations of the Philippine armed forces.<sup>28</sup> In fact, despite then President Duterte’s perceived “pro-China” stance, military-to-military relations remained robust and the US continued to be the preferred security partner of choice for Filipinos.<sup>29</sup> This is in large part because of the strong institutional linkages between the two countries. Economically, as of 2021, the US is the Philippines’ largest source of remittance, second largest trade partner (largest export market; fifth largest import source), fifth largest investor, third largest tourist market (pre-pandemic; 2019)

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26. For the latest highlights of Philippines-US relations, see “The Philippines Matters for America, America Matters for the Philippines,” East West Center, 2022, <https://www.eastwestcenter.org/system/tdf/private/2022-philippines-matters-for-america.pdf?file=1&type=node&id=42916>; “Joint Vision for a 21st Century United States-Philippines Partnership,” US Department of State, November 16, 2021, <https://www.state.gov/joint-vision-for-a-21st-century-united-states-philippines-partnership/>.

27. On the development on Philippines-US relations, see “Philippine Perspectives on the 75<sup>th</sup> Anniversary of Philippines-US Bilateral Relations,” Asia-Pacific Bulletin, June 13, 2022, <https://www.eastwestcenter.org/publications/philippine-perspectives-the-75th-anniversary-us-philippines-bilateral-relations>.

28. On the latest details of Philippine-US security cooperation, see “US Security Cooperation with the Philippines,” US Department of State, October 7, 2022, <https://www.state.gov/u-s-security-cooperation-with-the-philippines/>.

29. Julio Amador III, “Mind the Gaps, Feel the Needs: A Strategic Outlook for Philippines-US Alliance,” ISEAS Perspective, December 10, 2021, [https://www.iseas.edu.sg/wp-content/uploads/2021/11/ISEAS\\_Perspective\\_2021\\_162.pdf](https://www.iseas.edu.sg/wp-content/uploads/2021/11/ISEAS_Perspective_2021_162.pdf).

and seventh largest ODA source (2020).<sup>30</sup>

The shared political values of both countries greatly shape their mutual security outlook and interests. For example, the allied countries are one in restraining China's behavior and dominance in the SCS, and in taking China to international arbitration. The Philippines' tensions with China serve as a strategic opportunity for both the Philippines and the US to intensify strategic cooperation. Significantly, when the Scarborough Shoal broke out in 2012, the Benigno Aquino Administration quickly turned to Washington for assistance.<sup>31</sup>

In other words, the China-Philippines asymmetric rivalry could also be one of China-US great power rivalry as the Philippines looks for balancers against China. Apart from training, exercises and provision of military assets, the US diplomatically and politically aids the Philippines when tensions escalate in the SCS through the issuance of public statements, and militarily, by conducting freedom of navigation operations (FONOPS) which bolster Philippine claims and the 2016 SCS Arbitral Award. These things make the US look good before the Philippine public and add-up to American soft power.

The Philippines also benefits from more American largesse whenever there are regional strategies (e.g., Pivot/Rebalance to Asia, Indo-Pacific Strategy) aimed at countering China because it means that more resources will be devoted to allies. The Philippines' disputes with China are a major factor for Philippine political and security alignment with Washington. This is complemented by the China-US strategic rivalry where US geopolitical pushback against China manifests in the enhancement of relations with allies and partners especially the need for access to their territories and opportunities for joint military exercises. For instance, in the heat of China-US tensions during the Trump Administration, then US Secretary Mike Pompeo, once and for all, clarified the US commitment to defend the Philippines in the event of an armed conflict with China.<sup>32</sup>

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30. The US has the Generalized System of Preference (GSP) which gives broader market access for the Philippines.

31. Jerry E. Esplanada, "Philippines to seek US help."

32. Karen Lema and Neil Jerome Morales, "Pompeo assures Philippines of US protection in event of sea conflict," *Reuters*, March 1, 2019, <https://www.reuters.com/article/us-philippines-usa-idUSKCN1QI3NM>.

However, there have been concerns about the extent of US security guarantees to the Philippines vis-à-vis China. Some argue that the US did not do anything during the Scarborough Shoal Standoff with China in 2012 and when China started to reclaim and militarize artificial islands in the SCS. As a consequence, talks in both the US and the Philippines have surfaced as to how to neutralize China's so-called gray zone operations by revisiting the 1951 Mutual Defense Treaty (MDT).<sup>33</sup> There have also been issues about alliance management where Manila has to do more because it has been highly dependent on or has somehow outsourced its defense build-up to the US for years.<sup>34</sup> This concern resonates with the American electorate in that American allies have allegedly been taking advantage of American generosity which made the alliance appear one-sided.<sup>35</sup>

Additionally, the Philippine alliance with the US can be a double-edged sword where an alliance may be an asset due to a security insurance policy, but it also comes with some liabilities, particularly the risk of entrapment in a great power conflict that an ally does not seek and want.<sup>36</sup> Essentially, in all US wars in Asia after World War II (Korea, Vietnam), the US mainland has never been attacked and the battleground has always been Asian countries. Given the strategic utility of the Philippines' geographic proximity to China, there have been reports that the US intends to deploy missiles to the Philippines as a force multiplier in an apparent posturing to China.<sup>37</sup>

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33. Renato Cruz De Castro and Paul Wesley Chambers, "The Philippines' responses to Chinese gray zone operations triggered by the 2021 passage of China's New Coast Guard Law and the Whitsun Reef Standoff," *Asian Affairs: An American Review* (2022), doi: <https://doi.org/10.1080/00927678.2022.2121584>.

34. Aaron Jed Rabena and Elliott Silverberg, "Is the Philippines-US Alliance Obsolete?" i, April 22, 2020, <https://thediplomat.com/2020/04/is-the-us-philippines-alliance-obsolete/>.

35. Doug Bandow, "The Philippines: America's Perpetually Useless Ally," *Cato Institute*, April 28, 2021, <https://www.cato.org/commentary/philippines-americas-perpetually-useless-ally>.

36. Associated Press, "US more likely than the Philippines to end up in 'shooting war' in South China Sea, says defense chief Delfin Lorenzana," *South China Morning Post*, March 5, 2019, <https://www.scmp.com/news/asia/southeast-asia/article/2188681/us-more-likely-philippines-end-shooting-war-south-china-sea>.

37. Mark Valencia, "US deployment of missiles to Philippines would be dangerous," *Asia Times*, April 4, 2022, <https://asiatimes.com/2022/04/us-deployment-of-missiles-to-philippines-would-be-dangerous/>.

Crucially, some American reconnaissance flights in the SCS have taken off from air bases in the Philippines.<sup>38</sup> This is because the Philippines is a vital area where US military assets can refuel and replenish supplies in conducting important missions. This also means that the Philippines can be a target of potential military retaliation by China should the US conduct military operations against China in the SCS or in Taiwan. Weaknesses in Philippines-US relations can likewise be seen in the much-publicized emphasis on alliance and security, and the seeming lack of economic let alone infrastructure cooperation.<sup>39</sup>

In addition, there is a lingering anti-US sentiment in the Philippines, albeit on a small scale. This is partly because of the commission of crimes by US soldiers in the Philippines, which in turn, has given rise to other policy issues about Philippines-US relations in that there is special preference (privileged criminal jurisdiction and consular treatment) given to Americans at the expense of Philippine sovereignty.<sup>40</sup> Consequently, this strengthens both Philippine nationalism and the cause of leftist activism in the Philippines, and sparks discourses about an “unequal alliance” and “sovereign inequality.” Incidentally, whenever these things occur, it sends a signal to China that the Philippines is not in full control of its sovereignty which affirms their impression that the Philippines is a pawn of the US.

The anti-American sentiment was arguably at its peak when, during the time of President Cory Aquino, an anti-US Philippine Senate voted for the ejection of US bases in 1991. Although, under Duterte, it was the reverse and it was the Senate that was resistant to his calls to abrogate the Visiting Forces Agreement (VFA) with the US.<sup>41</sup> These incidents underscore the role of the Philippine legislature in the Philippines-US alliance. Duterte’s presidency has shown how human rights issues can

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38. Benjamin Stratton, “PACAF, A-10s, HH-60s fly first air Contingent missions in Philippines,” Pacific Air Forces, April 21, 2016, <https://www.pacaf.af.mil/News/Article-Display/Article/739674/pacaf-a-10s-hh-60s-fly-first-air-contingent-missions-in-philippines/>.

39. See for example, Ayman Falak Medina, “Why Does the US-ASEAN Special Summit Lack Substantial Value?” ASEAN Briefing, May 19, 2022, <https://www.aseanbriefing.com/news/why-does-the-us-asean-special-summit-lack-substantial-value/>.

40. Aaron Jed Rabena, “Philippines-US Alliance Under Duterte: Unravelling?” *RSIS Commentaries*, February 12, 2020, <https://www.rsis.edu.sg/rsis-publication/rsis/philippines-us-alliance-under-duterte-unravelling/>.

be a source of political tension between the US and the Philippines where he felt the US was intruding into the Philippine political process by denouncing him on the same. The US Congress can also impact Philippines-US relations and alliance by way of threats to withhold arms sales/donations to the Philippines, and impose sanctions on the grounds of human rights violations.<sup>42</sup>

At times, while US and Philippine interests on the SCS might converge, it is important to note that Sino-Philippine disputes are not exactly the same as Sino-US disputes. That is, Philippine concerns on China might merely be stability and moderated Chinese behavior in the SCS, but the US is intent on competing with China across all elements of national power and has been openly vocal about maintaining its global predominance. In relation, US presidents or leaders like Trump pose a challenge to the Philippines-US alliance as he has repeatedly exhibited isolationist tendencies and reservations about maintaining US alliances around the world.

**Table 9. A SWOT Analysis of Philippines-US Relations**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>- Shared political values and political system</li> <li>- Mutual Defense Treaty</li> <li>- Strong mil-to-mil ties</li> <li>- Strong people-to-people ties</li> <li>- American soft power</li> </ul>	<ul style="list-style-type: none"> <li>- Violation of Philippine laws by US soldiers</li> <li>- Apparent emphasis on alliance and security in bilateral relations</li> <li>- Alliance management / overdependence on US (burden sharing, buckpassing)</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>- SCS disputes</li> <li>- Indo-Pacific strategy/Indo-Pacific Economic Framework</li> <li>- US military aid and development assistance</li> <li>- China-US rivalry</li> </ul>	<ul style="list-style-type: none"> <li>- Externalities (SCS disputes, great power dynamics)</li> <li>- Alliance entrapment</li> <li>- Souring relations with China</li> <li>- US isolationism</li> <li>- Human rights issues</li> <li>- Anti-US sentiment</li> </ul>

41. Lian Buan, “Senate asks Supreme Court: Order Duterte to seek our concurrence on VFA scrapping,” Rappler, March 9, 2020, <https://www.rappler.com/nation/253848-senators-petition-supreme-court-duterte-scrapping-vfa/>.

42. Ven Marcelo, “US Senators file bill to block arms export to PH,” *CNN Philippines*, May 5, 2017, <https://www.cnnphilippines.com/news/2017/05/05/us-senators-bill-to-block-arms-export-to-PH.html>.

## Philippine Strategy on China-US Cold War

The Philippines, as with other national governments, wants to maximize the opportunities and minimize potential risks, threats and losses, arising from the China-US strategic competition. And the Philippines as much as possible seeks to remain neutral in the new Cold War. Policy wise, the Philippines is mandated by its constitution to maintain an “independent foreign policy.” However, given the varying circumstances, threat perceptions and policy approaches of each Philippine administration, there is not one policy that can characterize Philippine policy towards the US and China through the years.

As easy as it may sound, the maintenance of an independent foreign policy and neutrality is challenged by the Philippines’ maritime disputes with China, defense treaty with the US, and the push and pull factors caused by the China-US Cold War. For example, the Benigno Aquino Administration saw the SCS disputes as an issue between the Philippines and China and not one between the US and China. There is some logic to this view because critics often point out that the SCS is merely a side effect of the China-US great power rivalry; however, it is important to note that certain events have taken place in the absence of China-US great power competition such as the China-Vietnam Skirmish in the 1970s and 80s and the 1994 Mischief Reef Incident in the SCS.

Therefore, then President Benigno Aquino believed that Philippine national interests would be best served by balancing China with the US and by internationalizing and legalizing the SCS disputes. While the Aquino Administration joined various economic initiatives of China to capitalize on the commercial benefits, the resonant policy rhetoric on China as a hostile state overshadowed achievements in practical areas of cooperation which prescribed the political atmosphere between the two countries.<sup>43</sup>

President Duterte, on the other hand, is the reverse of the Aquino III Administration. He believed that Philippine national interests would be best upheld by being friendly

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43. See Aaron Jed Rabena, “How the Philippines presidential election will shape its love-hate relationship with China,” *South China Morning Post*, January 31, 2022, [https://www.scmp.com/comment/opinion/article/3165087/how-philippines-presidential-election-will-shape-its-love-hate?module=perpetual\\_scroll\\_0&pgtype=article&campaign=3165087](https://www.scmp.com/comment/opinion/article/3165087/how-philippines-presidential-election-will-shape-its-love-hate?module=perpetual_scroll_0&pgtype=article&campaign=3165087).

and by compartmentalizing relations with China. Duterte knew how to court China: through a combination of flattery remarks, openness to broad economic and bilateral engagement, occasional pronouncements of submissiveness, and critical statements of the US which made it appear that he was deviating from strategic cooperation with Washington. This resulted in a welcoming political environment for China and Duterte being seen as a highly respected decisive leader by the Chinese.

Meanwhile, contrary to how it appears at face value, the alliance with the US and the assertion of Philippine rights and interests in the SCS at the bureaucratic level remained intact given continued strategic cooperation with the US.<sup>44</sup> Duterte had to be assertive at times and denounce China because apart from making a principled stand, he needed to appease the domestic stakeholders and audience, particularly the defense and foreign affairs establishment and segments of the opposition, so as to safeguard his political base.

President Duterte was very clear about not wanting the Philippines get dragged into a great power conflict and that he did not want nuclear weapons on Philippine soil and foreign troops on Pag-Asa island in the Spratlys.<sup>45</sup> There is a great incentive to not be confrontational with China because the Philippines, given its proximity to China, is well-within range of a potential Chinese military/missile strike. As far as strategy is concerned, several Philippine public officials (i.e., former National Security Adviser and then Philippine Ambassador to China) had both made statements of the Duterte Administration applying the strategy of “hedging.”<sup>46</sup> It may be recalled that even if

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44. Aaron Jed Rabena, “Philippine foreign policy: A Levelled Analysis,” RUSI, October 7, 2021, <https://rusi.org/explore-our-research/publications/commentary/philippine-foreign-policy-levelled-analysis>; see also Joseph Pedrajas, “DFA supports Senate move to institutionalize ‘West Philippine Sea,’” *Manila Bulletin*, August 11, 2022, <https://mb.com.ph/2022/08/11/dfa-supports-senate-move-to-institutionalize-west-philippine-sea/>.

45. Oleg Burunov, “Don’t bring nukes to our soil, Duterte says as he threatens to US-Philippines military deal,” *Sputnik*, March 1, 2021, <https://sputniknews.com/20210301/dont-bring-nukes-to-our-soil-duterte-says-as-he-threatens-to-scrap-washington-manila-military-deal-1082218732.html>.

46. Jonathan L. Mayuga, “Sta. Romana explains Duterte’s ‘hedging strategy,’” *Business Mirror*, November 17, 2016, <https://businessmirror.com.ph/2016/11/17/sta-romana-explains-dutertes-hedging-strategy/>; see Mico Galang, “US-China Rivalry and the Philippines’ National Security Strategy,” APPFI, January 3, 2019, <https://appfi.ph/resources/commentaries/2501-us-china->

former President Ramos signed the VFA with the US in 1998, he was also among the founders of China's Boao Forum for Asia (BFA).

Then President Duterte has shown that even if the Philippines has been allied with the US since 1951, the Philippines can decide how it wants to engage China which dispelled the notion of the Chinese that Manila always acts at the behest of Washington. In fact, the Philippines-US alliance preceded the rise of China and is actually an aftermath of Imperial Japan's invasion of the Philippines in World War II. It can also be observed that during the Duterte Administration, China and the US competed in the Philippines through vaccine diplomacy.<sup>47</sup> Significantly, President Duterte has pursued a policy of diversification by not only engaging the US and China, but also other traditional and non-traditional partners such as Japan, South Korea, India, Australia, and India, among others.<sup>48</sup> This redistributes the risk of being overly dependent on any single country.

With the present Marcos Administration, it is becoming clearer how Philippine foreign policy is taking its course. In his first State of the Nation Address (SONA), President Ferdinand "Bongbong" Marcos said that: "We will stand firm in our independent foreign policy, with the national interest as our primordial guide."<sup>49</sup> Additionally, his National Security Adviser Clarita Carlos has said that the Philippines should not choose sides between the US and China.<sup>50</sup> Marcos is very open to bilateral negotiations with China on the SCS and, like Duterte, is open to joint exploration with China on the same, although this would also depend on the sustainability of his political capital.<sup>51</sup>

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rivalry-and-the-philippines-national-security-strategy.

47. Lucio Blanco Pitlo III, "Chinese Vaccine Diplomacy in the Philippines and Its Impacts," ISEAS Perspective, November 15, 2021, <https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/2021-145-chinese-vaccine-diplomacy-in-the-philippines-and-its-impacts-by-lucio-blanco-pitlo-iii/>.

48. Aaron Jed Rabena, "Philippine foreign policy."

49. Alec Go, "President Marcos firm on independent foreign policy," *PTV News*, July 25, 2022, <https://ptvnews.ph/president-marcos-firm-on-ph-independent-foreign-policy/>.

50. Ted Cordero, "The Philippines can't choose between US and China," *Manila Times*, August 6, 2022, <https://www.gmanetwork.com/news/topstories/nation/840715/the-philippines-can-t-choose-between-us-and-china-nsa-carlos/story/>.



At the same time, Marcos does not look as pro-China as he first seemed. In fact, it appears that he wants to cultivate strong ties with the US. For example, his Secretary of Foreign Affairs Enrique Manalo is considering joint patrols with the US in the SCS and he also made an early visit to New York where he had a bilateral side meeting with US President Joe Biden which paved the way for an opportunity to reaffirm the importance of Philippines-US alliance. He even saw nothing wrong with the Taiwan visit of US House Speaker Nancy Pelosi. Unlike Duterte, Marcos has less anti-US rhetoric which can make him look pro-US. Notably, maintaining strong ties with the US also drives a wedge between liberal critics at home and Washington, which plays into Marcos' favor as it cushions domestic risk factors to his presidency.

## Conclusion

The current state of China-US relations reveals that bilateral policy issue-areas are becoming heavily securitized, making them harder to disaggregate. A non-confrontational US-China policy bought China time to be the world's second richest economy and, by extension, the most immediate security threat to US interests. The Philippines' strategic environment is greatly impacted by this great power dynamic as both China and the US outpace and outbid each other to win allies and partners, which bifurcates the global and regional architectures.

Relatedly, Philippine relations with China impact Philippine relations with the US and Philippine relations with the US affect its relations with China. Moreover, Philippines-China ties could impact the dynamics of US-China relations. For example, Manila's strategic alignment with the US due to maritime tensions in the SCS and Washington's desire to strengthen defense cooperation with Manila — to manage great power competition with China — upset Beijing. Likewise, Philippine economic cooperation with China startles the US as it has discouraged cooperation with China as it allegedly does not play by the economic rules of the road. Arguably, the Obama Administration's Pivot to Asia strategy was caused by Philippines-China maritime tensions in early 2011.<sup>52</sup>

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51. See Aaron Jed Rabena, "The Challenges Facing Philippines-China Joint Development in the South China Sea," CSIS AMTI, October 16, 2020, <https://amti.csis.org/the-challenges-facing-philippines-china-joint-development-in-the-south-china-sea/>.

Overall, there are pros and cons in the Philippines' relations with both China and the US. On the positive side, the China-US Cold War has translated into increased prioritization and more overtures for third countries like the Philippines. There is also trade and investment diversion as the US and China decouple from each other, and other countries shift their supply chains away from the two great powers. On the negative side, however, the risk of war is increasing as China and the US ramp up their military posturing in Taiwan and the SCS.

Within the Philippines, there are prevalent debates about Manila being “pro-China” or “pro-US.” Great power politics and the Philippines' disputes with China in the SCS are the two prime external factors that will impact Philippine foreign policy going forward. Concomitantly, how the Marcos's political leadership perceives these events will also shape domestic developments and Philippine foreign policy decision-making. Should disputes in the SCS worsen, Marcos, coupled with pressure from the public, could be critical of China and lean towards the US. Absent this, Manila will strive to strike a balance in its foreign policy. That said, it is easier for third countries to balance relations with China and the US if they have no disputes with the former and if they are not allied with the latter.

Beyond China and the US, the Philippine external environment will also be determined by the emergence of minilaterals like the Quad and AUKUS, and the decoupling and realignment of supply chains between the US/West and China. Even if China continues to rise and becomes the global economic leader, the US will still be influential just as Russia remains a consequential geopolitical player. Whether China can rise peacefully also depends on whether the US can decline peacefully. Among the worst-case scenarios for the region is for the US and its allies/partners to treat Taiwan formally or informally as an independent state and conduct a large-scale military exercise in the SCS. It may be recalled that the US recognized China — at the expense of Taiwan — to contain the Soviet Union during the Cold War. And as it is a new Cold War, someone will win and outlive (or outrace) the other and this would depend on which country has a more durable and sustainable political and economic system, and more allies or partners to its side.

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52. See Carlyle A. Thayer, “Chinese Assertiveness in the South China Sea,” *Journal of Current Southeast Asian Affairs* 2 (2011): 77-104, <https://journals.sagepub.com/doi/pdf/10.1177/186810341103000205>.

Third countries such as the Philippines need to be aware about non-military actions that could constitute “acts of war” between the US and China — apart from armed attack — such as blockade of supply lines (e.g., Japan in WWII) and cyber-attack on critical infrastructures. It also needs to be cognizant that the world or the international system does not just center on China and the US which makes it crucial to optimize and diversify cooperation with middle powers and other development and security partners such as Japan, India, Australia, Canada, France, UK, South Korea, Germany, New Zealand and the EU, among others. This is more so that these actors are now pivoting towards the Indo-Pacific and are putting more premium on ASEAN as they see the regional bloc’s collective economic power.

**Table 10. China and US Ranking Across Economic Indicators in the Philippines**

China	Economic Measure	US
1 (1 in imports; 2 in exports) (2021)	Trade	2 (1 in export; 5 in import) (2021)
7 (2021)	Investment	5 (2021)
2 (2019)	Tourism	3 (2019)
3 (2020)	Aid/ODA <sup>53</sup>	7 (2020)
\$17 million (2022)	Military Grants <sup>54</sup>	\$100 million (2022)

53. Beatrice M. Laforga, “Philippines’ ODA portfolio hits \$30 billion,” *BusinessWorld*, September 2, 2022, <https://www.bworldonline.com/top-stories/2021/09/02/393270/philippines-oda-portfolio-hits-30b/>.

54. As of November 2022.

## 6. Singapore's Perspective to Major Power Competition: The Lion Between the Eagle and the Dragon

Benjamin Tze Ern Ho

### Introduction

Eighteen months into the Biden administration (June 2022), geopolitical competition between the United States and China has gone on unabated, marking one of the few areas of continuity from the Trump administration. There is almost bipartisan consensus that China represents the biggest threat to the United States' interests and more broadly, a challenge to the existing rules-based order.<sup>1</sup> As Defence Secretary Lloyd Austin put it at the 19<sup>th</sup> Shangri-La Dialogue held in Singapore (June 2022), "the PRC's moves threaten to undermine security, and stability, and prosperity in the Indo-Pacific. And that's crucial for this region, and it's crucial for the wider world."<sup>2</sup> In response, Chinese general Wei Fenghe made it clear that China would not compromise its interests concerning Taiwan and the South China Sea, thus putting Beijing's position at odds with Washington, and raising the specter of conflict.<sup>3</sup> Given this tense dynamic, what are the possible responses from countries in the region, particularly Southeast Asia, which is now viewed by many observers as a theater of great power competition, and where US-China relations are placed in sharp focus.<sup>4</sup>

Over the years, Singapore has attempted to position itself as a friend to both the United

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1. Pottinger, M. "U.S. Strategic Framework for the Indo-Pacific." *National Security Council* (declassified), January 5, 2021.
  2. Austin, L. "Remarks at the Shangri-La Dialogue by Secretary of Defense Lloyd J. Austin III." *U.S. Department of Defense*, June 11, 2022, <https://www.defense.gov/News/Speeches/Speech/Article/3059852/remarks-at-the-shangri-la-dialogue-by-secretary-of-defense-lloyd-j-austin-iii-a/> (retrieved June 17, 2022).
  3. Wei, F. "China's Vision for Regional Order." *19th Shangri-La Dialogue*, June 12, 2022, <https://www.iiss.org/events/shangri-la-dialogue/shangri-la-dialogue-2022> (retrieved June 17, 2022).

States and China and has tried to find middle ground in navigating the unpredictable relationship over the years between both major powers. Ever since Singapore's independence in August 1965, the presence of the United States in Asia has been a constant refrain that Singapore's leaders and policymakers have advocated. The United States was viewed as being a benign power and its military presence ensured that Southeast Asian states could focus on developing their own fledgling economies without having to worry about external threats (particularly communism). Economically, the United States has an outsized influence in Singapore's domestic development. Despite American citizens comprising about 1.2 percent (or 30,000 Americans) of foreign citizens in Singapore, investments from the United States to Singapore totaled US\$287 billion in 2019, almost 30 percent of all American investments in the Asia-Pacific region. As a point of contrast, US investment in Australia is \$162 billion, Japan \$131 billion and China \$116 billion.<sup>5</sup>

## SWOT Analysis of US-Singapore Relations

To be certain Singapore's affinity towards the United States was not a historical given. In the early years, founding Prime Minister Lee Kuan Yew expressed disdain for the United States given his perception that the United States was more interested in events in the European theatre than in Asia. Furthermore, an awkward attempt by the Central Intelligence Agency (CIA) to cultivate one of Singapore's special branch officers in the early 60s was discovered, adding to Lee's overall skepticism towards Washington. The Nixon doctrine after the 1968 elections and détente with China in 1972 generated anxiety in Singapore that the United States had little appetite to remain in Asia which would have grave implications for Singapore, particularly if the threat of communism was not curtailed.<sup>6</sup> Fortunately, that did not happen and since then, the American presence in the region has provided Singapore with a large measure of assurance and contributed to regional stability. The reputation of the Singapore Armed Forces as one of the best trained and well-equipped militaries in Asia is also in part due to the close

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4. See, Shambaugh, D. *Where Great Powers Meet: America and China in Southeast Asia*. New York: Oxford University Press, 2020; Strangio, S. *In the Dragon's Shadow: Southeast Asia in the Chinese Century*. CT: Yale University Press, 2020.

5. Office of United States Trade Representative (n.d.). "Singapore." <https://ustr.gov/countries-regions/southeast-asia-pacific/singapore> (retrieved Jan 20, 2021).

6. Chua, D. *US-Singapore Relations, 1965-1975*. Singapore: NUS Press, 2017.

relationship between Singapore and the United States military forces.<sup>7</sup> Both countries signed a Strategic Framework Agreement in 2005 to cooperate closer in defense and security, and this agreement was further extended for another 15 years in 2019.

From the above, it is evident that Singapore sees the American presence in the region as being indispensable to preserving the peace and prosperity of the region. This is not to say that Singapore always agrees with America nor does it mean that whatever Washington says is being embraced enthusiastically by Singaporean policymakers. Events such as the Hendrickson affair in 1988 and the Michael Fay caning incident in 1994 showed that Singapore would stand up to Washington if it perceives the United States as encroaching on its domestic politics.<sup>8</sup> These issues aside, what unites both Singapore and the United States is the strategic worldview that they hold, particularly towards international order, the rules that ought to underpin such an order, and with it, the rise of China.

**Table 11. Singapore-US Relations**

Sources of Attraction	Sources of Tensions	Areas of Opportunities
<ul style="list-style-type: none"> <li>- American military/security presence provides security guarantee against external threats.</li> <li>- American FDI to Singapore</li> <li>- American soft power (especially in terms of higher education)</li> </ul>	<ul style="list-style-type: none"> <li>- American insistence on human rights have sometimes come into sharp conflict with elements of Singapore's more conservative wing.</li> <li>- Perceived American containment/hostility towards China have been a source of consternation for some of the more pro-Chinese Singaporean citizens.</li> <li>- Uncertainty towards future of American staying power in the region given American domestic problems.</li> </ul>	<ul style="list-style-type: none"> <li>- Digital technology, cyber security, military-military cooperation.</li> <li>- Share a common vision towards preserving the existing rules-based order.</li> <li>- Further collaboration in higher education, particularly in STEM subjects.</li> </ul>

7. Huxley, T. *Defending the Lion City: The Armed Forces of Singapore*. New South Wales: Allen & Unwin, 2000, 208-212.

8. Chong, A. "Singapore foreign policy and the Asian Values Debate, 1992- 2000: reflections on an experiment in soft power." *The Pacific Review*, Vol 17, No.1 (2004): 95-133.

This is especially so after the end of the Cold War in which regional fears of Communist revolution had abated and Singapore was undeniably far more secure and prepared towards its own domestic survival. Nevertheless, given the pervasiveness of realist thinking among Singapore's founding leaders (particularly Lee), the possibility that China might well then choose to throw its weight around was also anticipated, particularly given Chinese growing assertion in the region. Hence, Washington's presence in the region continues to provide Singapore with assurance and acts as the ultimate deterrent to potential Chinese aggression. Thus, Singapore continues to reiterate its support towards engaging Beijing without fears of having its own autonomy and sovereignty being compromised. Such a line of reasoning represents a fallback position of sorts should China not play in accordance with the rules as a good global citizen. From this, it can be said that in Singapore's mind, the United States remains an essential power insofar as its presence helps to curtail the ambitions of other rising powers — both within and outside Asia — to dominate the region and thus proffering Singapore the regional security with which to pursue its own economic development and prosperity. As Singapore's former top diplomat Bilahari Kausikan puts it, in reference to the role of the United States in the region, “everybody needs a good relationship with Beijing, but the necessary condition for that is to have Americans around... [countries in the region] have agency and the US presence gives us the agency because if there is no balance, there is no agency for small countries.”<sup>9</sup>

### **Singapore as a Convening Power, Not an American Stooge nor China's Western Translator**

Seen this way, what can we then say then about the role of Singapore in the current Sino-American competition? Singaporean leaders and policymakers have always maintained the official line that as a small island-state, its role remains limited and that it is mostly a price-taker, rather than a price-setter in global politics. Such modest introspection however should not obscure us from the considerable soft-power resources and international credibility Singapore enjoys, not least because of it being perceived as a country with a highly effective government which is corrupt-free and sharply

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9. Tham, Y.C. “US presence in Asia gives countries more room to move in China dealings: Bloomberg forum panelists.” *The Straits Times*, November 19, 2021, <https://www.straitstimes.com/singapore/politics/us-presence-in-asia-will-give-countries-more-room-to-manoeuvre-in-dealing-with> (retrieved June 22, 2022).

attuned to geopolitical developments backed by a public service that is professional and well-educated. These characteristics have allowed Singapore to generally “punch above its weight” in international politics and to make its voice — however small — not inconsequential as far as its views are seen to reflect the collective wisdom of the broader international community. For instance, in July 2020, Singapore’s Prime Minister penned an article entitled “The Endangered Asian Century” in the highly influential *Foreign Affairs* journal arguing on the perils of confrontation between Washington and Beijing and urging both countries to carefully consider their choices towards one another if the prospect of an “Asian century” is not to unravel.<sup>10</sup> Likewise, the annual Shangri-La Dialogue held each year in Singapore sees high-level participation from members of the defense and diplomatic community all over the world. In 2019, China’s Minister of Defence Wei Fenghe attended the event thus providing the opportunity to put forth Chinese views on issues of international concerns.

From the above, I argue that Singapore — cognizant of its limited ability to influence the choices of major powers — has wisely elected to peruse its influence in a different way, which is that of being a convening power and to be seen as a country which can be trusted to act impartially when it comes to engaging with both the United States and China. Indeed, the past five years have witnessed both countries agreeing to hold high-level summits in Singapore as seen by the Trump-Kim meeting of June 2018 as well as the meeting between China’s Xi Jinping and Taiwan’s Ma Ying-jeou in November 2015. These suggest some amount of long-term goodwill and trust both countries have towards Singapore as a reliable partner and one that can be generally counted upon to act in a neutral and consistent manner in terms of its foreign policy choices.

A common misconception both American and Chinese policymakers have towards Singapore is that the country was moving closer to China in recent years or that it was staunchly pro-American. Such a view can be attributed in part to Singapore’s historical relations with the United States (as enumerated earlier) or that its majority ethnic Chinese population are inherently attracted to China due to cultural reasons. While anecdotal evidence does at times support such a hypothesis (particularly within the business communities which may express overt sympathies to Beijing), this is

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10. Lee, H.L. (2020). “The Endangered Asian Century: America, China and the Perils of Confrontation.” *Foreign Affairs* Vol. 99(4): 52-57.



emphatically not the case as far as the making of Singapore's foreign policy is concerned. Singaporean leaders, particularly those involved in the making of its foreign policy have emphasized that, at its core, Singapore's foreign policy is about safeguarding Singapore's own national interests and allowing it to maximize its policy space in a global arena whereby one's existence and relevance cannot be assumed or taken for granted given its inherent vulnerability.<sup>11</sup> As Singapore's erstwhile top diplomat Bilahari Kausikan puts it, "[The] world will probably get along fine without Singapore as a sovereign and independent country. After all, it has only had to put up with us for 50 years. For small states, relevance is not something to be taken for granted. The creation and maintenance of relevance must be the overarching strategic objective of small states."<sup>12</sup>

Seen this way, I argue that perceptions that Singapore blindly follows American leadership or that it needs to speak up for China is to confuse the root and the fruit. The root of Singapore's foreign policy is about the pursuit of Singapore's own national interests and this is borne out of Singapore's subsequent foreign policy decisions (or fruits) which at times have seemed to align more with American interests while at other times have swung towards China.

## SWOT Analysis of China-Singapore Relations

In dealing with China, Singapore takes a somewhat more sophisticated and highly calibrated approach compared to its relationship with the United States. As observed by one analyst, Singapore's complex relationship with Beijing means that it adopts a "pragmatic foreign policy" that at times can appear "oxymoronic" in that it "impels Singapore to hedge against China even as the city-state engages deeply with the latter in all dimensions of bilateral ties — economic, cultural, and political."<sup>13</sup> While traditional accounts of Singapore's relationship with Beijing tend to conclude that it bandwagons with China in the economic sphere but balances against China in the security sphere, a closer scrutiny of Sino-Singapore relations suggest a more "ambivalent and

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11. Leifer, M. *Singapore's Foreign Policy: Coping with Vulnerability*. London: Routledge, 2000.

12. Kausikan, B. *Singapore is not an Island: Views on Singapore Foreign Policy*, Singapore: Straits Times Press, 2017, 39-40.

13. Tan, S.S. (2012). "Faced with the Dragon: Perils and Prospects in Singapore's Ambivalent Relationship with China." *The Chinese Journal of International Politics*, Vol.5 (3), 245-265, see 247.

nuanced execution of its complex policy with China.”<sup>14</sup> Seen this way, I argue that how Singapore’s relations with Beijing can be fundamentally understood from the worldview and political beliefs of its leaders and how these beliefs circumscribe the manner in which Singapore perceives China as being exceptional from the West.<sup>15</sup>

Given the deep influence of its founding prime minister Lee Kuan Yew on Singapore’s foreign policy, the blueprint of Sino-Singapore relations bear out Lee’s worldview, one which recognizes Singapore’s inherent vulnerability and the need to guard against bigger powers encroaching on its sovereignty. That said, Lee viewed Beijing not as a threat but rather as a rising power (particularly in the late 80s and early 90s) whose time would eventually come and that it would challenge the United States for influence both in the region and beyond. To that end, Lee saw the need for Singapore to engage China in order to socialize and persuade Beijing that it would be preferable for the latter to work within the existing system of a liberal international order rather to see it attempt to challenge or even revise the norms of the present global order. As Lee himself puts it, “How could [China] not aspire to be the number one in Asia, and in time the world? Unlike other emergent countries, China wants to be China and accepted as such, not as an honorary member of the West. The Chinese will want to share this century as co-equals with the United States.”<sup>16</sup>

Such a blueprint has largely characterized Singapore’s foreign policy towards Beijing in that it hopes for China to be integrated into the international community and to accept the norms and rules underpinning such an order. Why is this so? Unlike the United States which sees the rise of China as a challenge to its primacy and being the number one power in the world, Singapore — as a small country — does not view China’s ascendancy in the same manner (i.e., as posing a direct challenge to Singapore). Instead, it takes a more calibrated manner to engage China, seeking ways to cooperate where possible, but also actively resisting Beijing’s political overtures if they present a risk to its own governing autonomy and interferes with its domestic politics. This

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14. *Ibid.*, 265.

15. Ho, B.T.E. *Chinese Political Worldview and Chinese Exceptionalism: International Order and Global Leadership*. Amsterdam: Amsterdam University Press, 2021, see chapter 7.

16. Allison, G. & Blackwill, R. (2013). “Interview: Lee Kuan Yew on the Future of U.S.- China Relations.” *The Atlantic*, March 5, 2013, <https://www.theatlantic.com/china/archive/2013/03/interview-lee-kuan-yew-on-the-future-of-us-china-relations/273657/> (retrieved Jan 20, 2021).

was most vividly seen in August 2017 when Huang Jing, a China born professor at the Lee Kuan Yew School of Public Policy, had his permanent residence pass revoked and subsequently told to leave Singapore due to him being suspected as an “agent of influence.” While the Singapore government had not explicitly said who Huang was working for, it was widely suspected that Huang had worked with China in attempting to influence Singapore’s foreign policy and local public opinion.

That said, there are members of the Singapore elite who view China’s rise as largely a good thing and are generally enthused about how Singapore can benefit from this. This is particularly so given that Singapore has been frequently touted as a model for Chinese governance, and President Xi Jinping himself being a strong admirer of.<sup>17</sup> Two of the more outspoken individuals are Kishore Mahbubani, a former diplomat who headed the Lee Kuan Yew School of Public Policy, and George Yeo, who was formerly Singapore’s foreign minister. As Yeo puts it, “Is their intention to dominate, to conquer, the way the European powers did in the past? I don’t think so. I don’t think there is any desire to colonise or to turn non-Chinese into Chinese.”<sup>18</sup> Likewise, Mahbubani views Chinese strategic culture that advises against fighting unnecessary wars in distant places and that Beijing would not behave as an aggressive and belligerent power.<sup>19</sup>

From these, I argue that Singapore — in dealing with China — is under no illusions that as China’s strength and influence grows, it would attempt to sway Singapore’s foreign policy in its favor (not unlike how most countries would behave). At the same time, the fact that foreign policy elites like Yeo and Mahbubani perceive China as being culturally unique means that conflict is not predetermined and that there exists room for diplomacy, including persuading China that its interests are best preserved through working within the existing liberal international order. As I have observed elsewhere, the contestation of geopolitical, cultural and economic spheres — and their competing levels of influence — will shape Sino-Singapore relations. Consequently, Singapore’s relations with China can be seen as a complex relationship in which the leaders of each

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17. Ho, B.T.E. (2018). “Power and Populism: What the Singapore Model Means for the Chinese Dream.” *The China Quarterly* 236 (2018): 968-987.

18. Latif, A.I & Lee, H.L. *George Yeo on Bonsai, Banyan and the Tao*. Singapore: World Scientific, 2015, p.541.

19. Mahbubani, Kishore. *Has China Won? The Chinese Challenge to American Primacy*. New York: Public Affairs, 2020.

country attempt to “attract and resist” one another simultaneously to meet their own political objectives. However, given Singapore’s historical alignment with the United States, particularly for meeting its security needs, it is difficult to foresee its leaders altering their worldviews to accommodate, let alone embrace Chinese preferences without question.<sup>20</sup>

**Table 12. Singapore-China Relations**

Sources of Attraction	Sources of Tensions	Areas of Opportunities
<ul style="list-style-type: none"> <li>- Chinese economic market as an engine for growth for Singapore.</li> <li>- Chinese cultural power highly attractive to segments of Singapore’s population who do not like Western liberalism.</li> </ul>	<ul style="list-style-type: none"> <li>- Given Singapore’s ethnic Chinese majority, it is also susceptible to Beijing’s political influence.</li> <li>- Chinese concerns over Singapore’s strong security relationship with the United States.</li> <li>- Concerns over Chinese influence operations among Singaporean elite to skew its policies towards Beijing.</li> </ul>	<ul style="list-style-type: none"> <li>- More people-people ties to create understanding of the difference between Singapore and China.</li> <li>- Ongoing viability of Singapore model as a template for Chinese domestic governance.</li> </ul>

## Conclusion and Future Challenges

From the above discussion, I argue that Singapore’s reading of Washington and Beijing’s diplomatic outreach will ultimately be circumscribed by its own national interests, and the extent to which both major powers are able to contribute towards. Given its small-size and inherent vulnerability — two major motifs of its foreign policy tenets — it is particularly sensitive to geopolitical shifts and economic conditions and how their impact upon its policy choices. In this, neither are the United States and China viewed monolithically within Singapore, nor are the two — in their basic interests — are seen as fundamentally incongruous with one another for all time. While rapprochement between both superpowers under the political climate (circa 2022) might not be possible, the dictum that “there are no permanent friends only permanent interests”

20. Ho, B.T.E. *Chinese Political Worldview and Chinese Exceptionalism: International Order and Global Leadership*. Amsterdam: Amsterdam University Press, 2021, p.201.

may yet also mean that Washington and Beijing are not inherently destined for conflict. Notwithstanding the current political malaise, Singaporean leaders have always maintained the position that it is in everybody's interests (including both the US and China) to see Washington and Beijing get along well, as it serves Singapore's interests well. As shown in Tables 1 and 2, both superpowers are vital players to Singapore's ongoing prosperity and development, even though there are areas of ongoing concerns.

As a country with an ethnic majority Chinese population that does not come under Chinese sovereign claim, China's diaspora politics will be a key factor influencing China-Singapore relations. This is particularly seen by the growing emphasis by Beijing on United Front Work which seeks to obtain support from overseas Chinese towards China, and by extension the Chinese Communist Party. At the same time the fact that Singapore's foreign policy has traditionally adopted a highly realist reading of the world means that future diplomatic activities with China will be largely conducted within predictable parameters and framed by Singapore's understanding of its place in the world (as being highly vulnerable).

Finally, one would expect that while China — given its stature — would continue to be a central occupation of Singapore's leaders, ultimately it is Singapore's long-term national interests that would inform the foreign policy decisions of its leaders. As observed by one analyst towards Lee Kuan Yew, "from the time in the late 1970s when he accurately saw and foretold China's rise, Lee knew that Singapore could not afford to miss the Chinese growth train that was about to take off."<sup>21</sup> In other words, it is the dogged pursuit of Singapore's long-term interests that underpins the decisions of its leaders and the extent to which China, or the United States, can fulfil that objective, they will be trusted.

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21. Hoo, T.B. "Lee Kuan Yew's China Wisdom" in Y.R. Kassim and M. Ali eds., *Reflections: The Legacy of Lee Kuan Yew*. Singapore: World Scientific, 2016, 62-66, see p.65.

## 7. Thailand's Perspective of the United States and China: A SWOT Analysis

Pongphisoot Busbarat

### Introduction

Thailand has long cherished its pride in the ability to manage great power relations in order to preserve its independence. This foreign policy posture is coined bamboo diplomacy, which features flexibility and pragmatism. Therefore, the ability to choose and diversify its foreign policy following the changing external environment that suits Thailand's national interest is deemed necessary. However, the ongoing US-China power competition poses a new challenge to Thailand to adjust its foreign and security policy. On the one hand, both great powers have been important to Thailand in many aspects, so choosing one power over the other is not the optimal policy choice. On the other hand, the power competition may narrow the room for maneuvering for Thailand and, in certain situations, may have to show its preference for one over the other. However, many factors influence how each great power may be seen in the perception of Thai policy elites. Indeed, the United States and China command strengths and weaknesses to exercise their charms to win over Thailand. This chapter examines these aspects through the SWOT analysis. This is to demonstrate what leverages and liabilities each great power has in their relations with Thailand.

### An Analysis of Thai-US Relations

The United States generally holds a positive image in Thailand based on its long-standing ties with the kingdom. The two countries signed the Treaty of Amity and Commerce in 1833, making Thailand the first country in the Far East with which Washington established its official relations. Notably, America's presence was not threatening in the eyes of the Thai elites due to the latter's lack of colonial ambition in the region. Bilateral contacts, therefore, focused on commerce, proselytizing the Christian faith, and modernizing Thai healthcare and education sectors.<sup>1</sup>

Various individual Americans also played an important role as foreign advisors to the Siamese government in modernization projects and reforms such as foreign policy,

legal matters, finance, military, and bureaucratic reform. American advisors were the key to Siam's success in renegotiating unequal treaties with other European powers. This achievement enabled Siam to regain its legal and fiscal autonomy from the West.<sup>2</sup>

World War II marked another milestone in Thai-US relations. Although Thailand sided with Japan and declared war against the Allies, Washington did not treat it as an enemy. In contrast, it recognized the underground Free Thai Movement against Japan as a justification to regard Thailand as a country to be liberated from the enemy. Consequently, Thailand was free from paying enormous reparations. Additionally, Washington helped facilitate a peace agreement between Britain and Thailand and assisted Thailand in becoming a member of the United Nations in 1946.<sup>3</sup> These unthreatening historical ties, therefore, add to America's trustworthy image among the Thai elites and the public.

Another US strength is the Thai-US security alliance since the Cold War. Regional and domestic politics at the beginning of the Cold War helped crystallize Thailand's position in favor of the American leadership. Washington saw Thailand as a vital supporter against the expansion of communism. At the same time, different Thai political factions also took an opportunity to court Washington against their domestic rivals. Thailand's support started in the early 1950s when it sent troops to the Korean War. The security ties deepened through their cooperation in the US-led regional collective security arrangement, Southeast Asian Treaty Organization (SEATO), in 1954.

Thai politics in the late 1950s deepened bilateral engagements. Marshall Sarit Thanarat used anti-communism to legitimize his authoritarian rule and attracted American support. The relationship improved in every area when Thailand received a large amount of American military and economic assistance. Thailand reciprocated

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1. Thamsook Numnonda, "The First American Advisors in Thai History," *Journal of the Siam Society*, 62(2), 1974, 121-148. Randolph, R. S., "The United States and Thailand: Alliance Dynamics, 1950-1985," Institute of East Asian Studies, University of California, 1986.
  2. Frank C. Darling, "America and Thailand," *Asian Survey*, 7(4), 1976, 213-225; Thamsook Numnonda, "The American Foreign Affairs Advisers in Thailand, 1917-1940," *Journal of the Siam Society*, 64(1), 1976, 75-96.
  3. James V. Martin, "Thai-American Relations in World War II," *The Journal of Asian Studies*, 22(4), 1963, 451-467.

by assisting the American military operation throughout the Indochina conflicts since the early 1960s. This support included participating in a covert operation in Laos and offering American forces to utilize Thai military bases for its mission in the Vietnam War. Upon SEATO's ineffective role, Washington signed another security document in 1962, the Rusk-Thanat Joint Communique, to reassure Thailand of its continuing security commitment.

Upon the end of the Vietnam War, although US troops withdrew from Thailand in the mid-1970s, the military alliance remained a key pillar in the relationship. After that, the US navy and armed forces could access Thailand's U-Tapao naval airfield on its eastern seaboard. Both also started the annual joint military exercise, Cobra Gold, which has become the Asia-Pacific's largest overseas military exercise today. The exercise has expanded to be multinational, including other US security partners in different programs.

Due to the long-standing relations, the United States has had an uninterrupted engagement with Thailand in the economic arena. As a security ally, Thailand received enormous economic assistance from the US during the Cold War decades, especially in the context of the Vietnam War.<sup>4</sup> American business has long invested in Thailand.<sup>5</sup> In 2021, the US ranked fourth after Japan, the Netherlands, and Hong Kong in terms of FDI stock.<sup>6</sup> The United States remains a top export destination for Thailand, ranking first, followed by China and Japan in 2021, which accounted for 15 percent of the total export.<sup>7</sup> Two-way goods trade amounts to more than \$ 41 billion, and Thailand also had a trade surplus of \$ 31 billion with the United States in 2021.<sup>8</sup>

Recently, Thailand and the United States have also deepened their economic relations.

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4. George J. Viksnins, "United States Military Spending and the Economy of Thailand, 1967-1972," *Asian Survey* 13, no. 5 (1973): 441-57, <https://doi.org/10.2307/2642794>.

5. OECD, *OECD Investment Policy Reviews: Thailand 2020*, OECD Investment Policy Reviews (OECD, 2021), <https://doi.org/10.1787/c4e4ee1c-en>.

6. "Bank of Thailand (Statistical Data) Foreign Direct Investment (Netflow) Classified by Country/Economic territories," accessed February, 2022, [https://www.bot.or.th/App/BTWS\\_STAT/statistics/ReportPage.aspx?reportID=654&language=eng](https://www.bot.or.th/App/BTWS_STAT/statistics/ReportPage.aspx?reportID=654&language=eng).

7. "Thailand's Top 25 Trading Partners 2021," accessed June 29, 2022, <https://www.worldstopexports.com/thailands-top-import-partners/>.



Thailand and the United States signed the US-Thailand Trade and Investment Framework Agreement (TIFA) in 2002. TIFA provides the strategic framework and principles for bilateral trade and investment issues such as intellectual property, customs, agriculture, and other issues.<sup>9</sup> Despite the COVID-19 pandemic, trade and investment between the two countries were not disrupted. Thailand is the United States' strong and reliable partner in the American supply chain network. In recent years, Thailand vowed to become a regional hub for logistics, transportation, and connectivity, as it wanted to gain an advantage in the global market competition. With assistance and support from the Thai government, US companies were able to utilize Thailand as a gateway to the region.<sup>10</sup>

The United States also enjoys its soft power in Thai society. Based on its long historical ties, people-to-people contact has been uninterrupted. Thai people are familiar with the Americans and, to a certain extent, appreciate some of its values, such as freedom and democracy. American soft power is also reflected in its continuation as the primary destination for Thai students to further their education. America is regarded highly as a source of advanced technology and knowledge that Thailand can tap into and bring back to develop the country. The Thai government's scholarship allocation mirrors this continuing trend. The percentage of funding for those who went to American universities rose from 29 to 34 percent in 2005 and 2022, respectively.<sup>11</sup> Therefore, studying in the United States is a top choice. These figures are still much higher than the funding allocated to studying in China, which accounted for less than two percent in 2022. Considering the projection of China's rise and its increasing influence in Thailand, American soft power, at least through education and training, remained superior.

Thailand wants to maintain the US presence in the region. However, US foreign policy

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8. "U.S.-Thai Trade Report for January 2022 (Infographic, PDF) - The Office of Commercial Affairs, Royal Thai Embassy," accessed June 29, 2022, <https://www.commercethaiusa.org/oca/u-s-thai-trade-report-for-december-2022-infographic-pdf/>.

9. USTR, "Thailand," Office of the United States Trade Representative, (n.d), Retrieved July 14, 2021, <https://ustr.gov/countries-regions/southeast-asia-pacific/thailand>.

10. US Embassy Bangkok, "Remarks by U.S. Ambassador to Thailand Michael George De Sombre for Indo-Pacific Business Forum Panel Discussion," Retrieved 2020, October 28, <https://th.usembassy.gov/ambassador-desombre-remarks-ipbf-2020/>.

11. "Sathiti Nakrianthun [Statistics of Government Scholarship Students]," accessed June 29, 2022, <https://www.ocsc.go.th/education/สถิตินักเรียนทุน>.

fluctuates, adding uncertainties to the kingdom's strategic calculation. Despite the Thai-US alliance, the US interests in Thailand change along with its other foreign policy priorities. In the post-Cold War period, the mutual security concern over the communist threat disappeared. Washington is more concerned with China's rise, but Thailand sees China as an opportunity. Confronting China is not a good option for Thailand. At the same time, Washington's other concerns, such as human rights, democracy, intellectual property rights, and trade deficits, have caused more bilateral tensions with Thailand. Therefore, Thailand's significance to US strategy has declined to a certain extent, and its security alliance with Washington has become outdated in this context. Thai policy elites have constantly experienced situations whereby US policies toward Thailand were seen as unhelpful or antagonizing, whereas China's policies were more accommodating or beneficial to Thailand.

The 1997 Asian Financial Crisis (AFC) is one of the turning points in the post-Cold War bilateral ties. It made the Thai elites question the alliance's utility and Washington's intentions as a trustworthy friend. America did not offer substantial assistance to Thailand but acted against Thailand's interest amidst this economic turmoil by strictly enforcing it to undergo structural adjustments and reforms under the IMF.<sup>12</sup> This is contrary to US assistance to other allies facing financial difficulties, such as Mexico and South Korea, which made the Thais feel betrayed.<sup>13</sup> In 1999, Washington also blocked the Thai candidate Suppachai Panitchapakdi for the World Trade Organization Director-General position while supporting the New Zealand candidate Mike Moore.<sup>14</sup> Many Thai policy elites concluded that the ally status was worthless. Thailand's disappointment over the US role and policy during the AFC bore a backlash coalition in the kingdom in which anti-globalization and anti-American sentiments were significant components.<sup>15</sup>

The American responses to Thailand's recent military coup in 2014 were dramatic and increased disillusionment in the United States. The US pressure against the junta

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12. "Recovery from the Asian Crisis and the Role of the IMF," IMF Issues Briefs, 2000, <https://www.imf.org/external/np/exr/ib/2000/062300.htm>.

13. Timothy Geithner, "Stress Test: Reflections on Financial Crises," 2014, (Epub), Crown.

14. BBC News, "WTO close to paralysis," *BBC News*, accessed May 3, 1999, <http://news.bbc.co.uk/2/hi/business/334298.stm>.

15. Pongphisoot Busbarat, "Thai-US relations in the Post-Cold War era: Untying the special relationship," *Asian Security*, 13(3), 2017, 256-274.

government came with the limitation of official contacts. Bilateral military cooperation was canceled or reduced, including the International Military Education and Training (IMET), its participation in the Rim of the Pacific naval exercise (RIMPAC), and the downscaling of the Cobra Gold exercise.<sup>16</sup> Washington also strongly criticized the coup and pressured Thailand to respect human rights and restore democracy quickly.<sup>17</sup> The American reaction was rebutted by the junta leaders and the pro-military public. They believed that, as a friend, Washington should have understood the situation and respected Thailand's course of democratic development.<sup>18</sup>

The military coup in Thailand may have been just business as usual had it not taken place within the context of US-China strategic competition. Significantly, in response to America's cold shoulder, Thailand turned to China for international endorsement. Thai-US military ties were resumed after Thailand's general election in 2019, but the damage of the sanctions may have already been done.

If managed well, the US Free and Open Indo-Pacific (FOIP) Strategy could be an opportunity for US foreign policy in the region and Thailand. The FOIP has recently improved bilateral contact between the two sides since the Trump administration. For instance, in November 2019, General Prayut and US Defense Secretary Mark Esper signed the Joint Vision Statement 2020 for the US-Thai Defense Alliance. It reiterated the alliance's shared commitment to promote peace and stability in the Indo-Pacific region.<sup>19</sup> In the following year, both countries' army chiefs signed a strategic vision statement outlining their plan to enhance military cooperation, especially on

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16. Kittisilpa, J., & Lefevre, A. S., "Thai-U.S. security ties still feel chill of 2014 coup," *Reuters*, February 9, 2016, <https://www.reuters.com/article/uk-thailand-us-security-idUKKCN0VI099>.

17. Chanlett-Avery et al., "Thailand: Background and U.S. Relations," (In Focus), *Congressional Research Service*, 2018; Chanlett-Avery et al., "Thailand: Background and U.S. Relations," (In Focus), *Congressional Research Service*, 2020; US House of Representative, "Thailand: A Democracy in Peril," 2014, 113-191, <https://www.govinfo.gov/content/pkg/CHRG-113hhrg88457/html/CHRG-113hhrg88457.htm>.

18. Pongphisoot Busbarat, "Thai-US relations in the Post-Cold War era: Untying the special relationship," 256-274.

19. "Joint Vision Statement 2020 for the U.S. - Thai Defense Alliance," U.S. Embassy & Consulate in Thailand, November 17, 2019, <https://th.usembassy.gov/joint-vision-statement-2020-for-the-thai-u-s-defense-alliance/>.

the issue of military modernization, interoperability, joint training, and doctrine.<sup>20</sup> In 2019, US arms sales to the kingdom resumed as Thailand purchased \$140.7 million in defense items, including firearms, aircraft and associated equipment, ammunition, and ordnance equipment.<sup>21</sup>

US foreign policy under the Biden administration continues this trend, and Thailand could be a strategic advantage for Washington, especially in mainland Southeast Asia.<sup>22</sup> Many of Biden's high-level officials visited the kingdom, including the recent visits of Secretary of Defense Lloyd Austin in mid-June 2022<sup>23</sup> and Secretary of State Anthony Blinken in mid-July.<sup>24</sup> If Washington can keep up this momentum with Thailand, it will significantly improve bilateral ties.

On the economic side, attempts to revitalize US-Thai economic cooperation have also been discussed and agreed as mentioned earlier. The prospect of the US economic role came with Biden's Indo-Pacific Economic Framework for Prosperity, announced in May 2022. As a long-term economic partner of Thailand, the United States could encourage American businesses to invest more in Thailand and play a role in the post-pandemic recovery. An active US role in infrastructure development in the Mekong

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20. US Embassy Bangkok. (2019, November 17). *Joint Vision Statement 2020 for the U.S. - Thai Defense Alliance*. U.S. Embassy & Consulate in Thailand. <https://th.usembassy.gov/joint-vision-statement-2020-for-the-thai-u-s-defense-alliance/>; US Embassy Bangkok, "Historic Thai-U.S. Alliance Plans for 21st Century Challenges." *U.S. Embassy & Consulate in Thailand*, 2020, July 10, <https://th.usembassy.gov/historic-thai-u-s-alliance-plans-for-21st-century-challenges/>.

21. US State Department, "U.S. Security Cooperation with Thailand" *United States Department of State*, (2021, April 22), Retrieved June 29, 2021, <https://www.state.gov/u-s-security-cooperation-with-thailand/>.

22. Kavi Chongkittavorn, "Biden win a boon or bane for Thailand?" *Bangkok Post*, 2020, September 8, <https://www.bangkokpost.com/opinion/opinion/1981503/biden-win-a-boon-or-bane-for-thailand->.

23. "Readout of Secretary of Defense Lloyd J. Austin III Meeting with Thailand Prime Minister a," U.S. Department of Defense, accessed July 3, 2022, <https://www.defense.gov/News/Releases/Release/Article/3060226/readout-of-secretary-of-defense-lloyd-j-austin-iii-meeting-with-thailand-prime/>.

24. "Blinken Due in Town for Security Talks," *Bangkok Post*, accessed July 21, 2022, <https://www.bangkokpost.com/thailand/general/2341237/blinken-due-in-town-for-security-talks>.

subregion could also be an excellent venue to make a constructive contribution to and deepen trust in Thailand and the region

The United States is perceived as a leading democracy by a progressive segment of Thai society. Therefore, this American soft power based on liberal values can build a strong connection with Thailand's younger population. The youth movement has been rising and is a driving force for future change in the Thai political landscape.<sup>25</sup> The image of America as a free and open society will help the United States to maintain and expand its attractiveness to future leadership. However, Washington should be careful and formulate more delicate strategies to promote democracy and human rights in the kingdom. Overly active promotion of these values can be perceived by the conservative group who dominates Thai politics as political interference and may harm its relations with this group.

The FOIP can also be seen as a threat regarding its security dimension. Thailand's active participation in the FOIP framework may be seen as bandwagoning with Washington to encircle China by the policymakers in Beijing. This security focus makes Thailand's policymakers uncomfortable as they do not want to be understood as choosing sides. This negative effect could threaten the US strategy to make a more substantial outcome from deepening ties with Thailand. China plays a significant role in the Thai economy, and closer ties with America may trigger Beijing's reaction.

In early April 2022, for instance, the meeting between Chinese Foreign Minister Wang Yi and Thai Foreign Minister Don Pramudwinai was seen as Beijing's summon to warn against Thailand's closer ties with the United States. The rumor spread within the foreign diplomatic community and media in Thailand. The Thai Foreign Ministry later issued a press release explaining the purpose of Don's visit and refused the rumor.<sup>26</sup> This instance suggests that Thailand's tightening cooperation with one great power has increasingly been viewed through a zero-sum lens.

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25. "Thai Youth Movements in Comparison: White Ribbons in 2020 and Din Daeng in 2021," *New Mandala* (blog), December 15, 2021, <https://www.newmandala.org/thai-youth-movements-in-comparison-white-ribbons-in-2020-and-din-daeng-in-2021/>.

26. "Kor.tor. chaeng pat 'thai' don chin riaktuean sanit saharat [MFA declines Thailand was summoned by China as it gets closer to the US]," *Bangkokbiznews*, April 5, 2022, <https://www.bangkokbiznews.com/world/997569>.

Table 13. A SWOT Analysis of Thai-US Relations

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Historical ties</li> <li>- Security alliance</li> <li>- American economic power</li> <li>- American soft power</li> </ul>	<ul style="list-style-type: none"> <li>- Different visions of regional order</li> <li>- Limited assistance during the Financial Crisis</li> <li>- US pressures against Thailand's democracy and human rights</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- The renewed interest in Southeast Asia through the Indo-Pacific Strategy</li> <li>- US support for democracy and human rights</li> </ul>	<ul style="list-style-type: none"> <li>- Increasing security-focused strategy</li> </ul>

## An Analysis of Thailand-China Relations

The Sino-Thai relations also share a long-standing history. Both countries often refer to their early contact under the Chinese tribute system in ancient times. Although modern Thai-Chinese relations suffered from structural constraints during the peak of the Cold War, the ties substantially improved since the mid-1970s after their diplomatic normalization. In the 1980s, China played a significant role as Thailand's security guarantor against the perceived Vietnamese threat during the Cambodian Conflict. Based on such close cooperation, the relationship is always referred to by both parties as 'brothers.'

This claim of the brotherly relationship is buttressed by Thailand hosting the second largest overseas Chinese population in the world.<sup>27</sup> Due to fewer societal barriers, the Chinese have long been able to assimilate into mainstream Thai society. They have played a vital role in the Thai economy. Currently, most of the top businesses in Thailand belong to the Sino-Thai families, some of which have close ties with both Thai elites and the Chinese government. For example, the largest Thai conglomerate, CP Group, was the first company that invested in China in 1979. The company is a key player in linking Chinese companies to invest in Thailand.<sup>28</sup> This relationship is also harnessed

27. Dudley L Poston and Juyin Helen Wong, "The Chinese Diaspora: The Current Distribution of the Overseas Chinese Population," *Chinese Journal of Sociology* 2, no. 3 (July 1, 2016): 348-373,

28. "Chinese Link with CP on EEC Fund," *nationthailand*, December 6, 2017, <https://www.nationthailand.com/business/30333352>.

by frequent contact between the two countries at every level, especially the Thai royal family. Also, without territorial disputes, Thailand is regarded as the closest nation to China in Southeast Asia and was praised as a good model for China to strengthen relations with other ASEAN countries by Chinese leaders.<sup>29</sup>

China's primary strength is its strong and sizeable economy for Thai export and tourism industries. Therefore, Thai policymakers see China as a good asset for its economic development and growth. Bilateral economic cooperation has considerably expanded since the early years of the post-Cold War era. China's rising economic influence in Thailand was the reverse side of Thailand's disappointment with the US's minimal assistance during the AFC in 1997. Thai policymakers and the public appreciated China's decision to maintain its Renminbi value and add \$1 billion to the International Monetary Fund (IMF) rescue fund.<sup>30</sup> China also actively cooperated with ASEAN under the Plus Three framework to spearhead building the currency swap mechanism under the Chiang Mai Initiative (CMI) in 2000. China's role in this situation reinforced the confidence among the Thai elites that China could be a reliable partner. China also participated in economic development projects in mainland Southeast Asia in the 1990s. These include the Quadrangle Economic Cooperation (QEC),<sup>31</sup> the broader Greater Mekong Subregion (GMS) under the Asian Development Bank (ADB), and ASEAN frameworks. Beijing continued to support Thailand's regional initiatives after the AFC, notably the Asian Cooperation Dialogue (ACD). With such close ties, both countries developed a strategic partnership in 2005<sup>32</sup> and elevated it to a comprehensive strategic cooperative partnership in 2012.

Regarding trade, since the 2000s, trade between Thailand and China has increased substantially. Thailand advanced other ASEAN countries by signing an early harvest free trade agreement with China on agricultural items in 2003, seven years before the whole group started in 2010. China surpassed Japan as Thailand's number one overall

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29. "Li Praises Strong Sino-Thai Relations," *The Nation*, October 11, 2013.

30. Chuan Leekpai, "Speech of He Prime Minister Chuan Leekpai to Businessmen of Guanzhou City, 3 May (in Thai)," ed. Government House (Bangkok: Thai government, 1999).

31. Pongphisoot Busbarat, "A Review of Thailand's Foreign Policy in Mainland Southeast Asia: Exploring an Ideational Approach," *European Journal of East Asian Studies* 11, no. 1 (2012): 141.

32. China Radio International, "Weaving Sino-Thai Relationship," China Radio International, <http://thai.cri.cn/1/2005/12/31/21@59776.htm>.

trading partner in 2013, accounting for 14 percent of Thailand's foreign trade or around \$64.9 billion.<sup>33</sup> China was Thailand's third largest export destination in 2004, but by 2010, it had climbed up to the first position while the American market dropped to third.<sup>34</sup> China remained Thailand's top export destination during the Covid-19 pandemic, accounting for around 14 percent of total export in 2021, only second to the United States at 15 percent.<sup>35</sup> These simple trade statistics make it clear why China is a good option for Thailand to diversify its economic relations.

Chinese tourists are also significant to Thailand's economy. From 2014 to 2019, Chinese visitors increased from less than 5 million to 12 million,<sup>36</sup> accounting for almost 28 percent of foreign visitors to Thailand.<sup>37</sup> Indeed, this generated massive revenue for Thailand, accounting for 543.70 million Thai baht (THB) in 2019.<sup>38</sup> In terms of FDI, although Japanese firms remain the top FDI contributor, Chinese investment has been rising. In 2020, China's annual FDI in Thailand was THB 51 billion, while Japan's stayed at THB 47 billion.<sup>39</sup> Deputy Prime Minister and Energy Minister Supattanapong Panmeechao pointed out that Chinese investors wanted to avoid the impacts of the US-China trade war, and Thailand benefited from this investment opportunity.<sup>40</sup>

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33. Ministry of Commerce of Thailand, "Trade Statistics," <http://www2.ops3.moc.go.th/>.

34. "Thailand Trade Balance, Exports, Imports by Country and Region 2010 | WITS Data," accessed July 3, 2022, <https://wits.worldbank.org/CountryProfile/en/Country/THA/Year/2010/TradeFlow/EXPIMP>.

35. "Bank of Thailand (Statistical Data) EC\_XT\_003\_S2 Trade Classified by Country/Economic Territories (US\$)," accessed July 3, 2022, [https://www.bot.or.th/App/BTWS\\_STAT/statistics/ReportPage.aspx?reportID=744&language=eng](https://www.bot.or.th/App/BTWS_STAT/statistics/ReportPage.aspx?reportID=744&language=eng).

36. "Thailand Tourism Statistics for 2019. Arrivals by Countries and Regions of Origin.," accessed July 3, 2022, <https://www.thaiwebsites.com/tourists-nationalities-Thailand.asp>.

37. "Thailand Tourism Statistics for 2019. Arrivals by Countries and Regions of Origin."

38. Xiao-Chuan Wang, Chun-Yan Wang, and Hyung-Ho Kim, "Research on the Characteristics of Chinese Tourists Flow to Thailand: Application of the Social Network Analysis (SNA) Method," *The Journal of Asian Finance, Economics and Business* 8, no. 11 (November 30, 2021): 243.

39. Board of Investment, "Foreign Direct Investment Statistics and Summary," Bangkok, Thailand: Thailand's Board of Investment, 2020, <https://www.boi.go.th/upload/content/Q3%202020.pdf>.

40. Bangkok Biznews, "Suphatthanaphong yuenyan lui EEC fokat dueng longthun ut paiyannoi paomai [Supattanapong insists the push for EEC focusing on target industries]," *Bangkok Biznews*, accessed September 28, 2020, <https://www.bangkokbiznews.com/news/detail/899603>.



Although bilateral relations are cordial and China is important to the Thai economy, its negative image is also felt. First, it is a flipside of the Thai-Chinese cordial ties, which resulted in a Foreign Ministry's assessment in the 1990s that, in the long run, China could be able to manipulate Thai policy elites and business sectors for its benefit.<sup>41</sup> Concerns about losing out to China also loom large. The bilateral FTA on agricultural products in 2003 was under public scrutiny. Farmers and rights groups argued that the trade deal would hurt Thai farmers as Chinese produce could compete directly with Thai products.<sup>42</sup> Chinese garlic, for example, swamped the domestic market after the FTA was activated.<sup>43</sup> Although increasing trade volume is celebratory at the macro level, Thailand has a trade deficit with China, and the gap has widened for decades.<sup>44</sup> In the tourism industry, the image of Chinese tourists is not always positive, as complaints about their mannerisms are widespread.<sup>45</sup> Also, Chinese zero-dollar tour operations were rampant, resulting in smaller gains for Thailand.<sup>46</sup>

Thailand also experienced China's wolf warrior diplomacy in recent years. It has been more frequent that the Chinese Embassy in Thailand would release public statements against China's criticisms. In 2019, the Chinese Ambassador to Thailand accused a Thai opposition leader of supporting the anti-China movement in Hong Kong, claiming he met with Joshua Wong and violated the One China principle. Thailand's Deputy Prime Minister General Prawit Wongsuwan reacted quickly to show the government's

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41. Pongphisoot Busbarat, "A Review of Thailand's Foreign Policy in Mainland Southeast Asia: Exploring an Ideational Approach," *European Journal of East Asian Studies* 11 (2012): 147-48, [https://brill.com/view/journals/ejea/11/1/article-p127\\_8.xml](https://brill.com/view/journals/ejea/11/1/article-p127_8.xml).

42. "FTA Fathang Anakhot Phakphonlamai Thai ... Naikammuea Chin [FTA's Side Effects on Thai Fruits and Vegetables, Dominated by the Chinese]," FTA Watch, accessed July 4, 2022, <http://www.ftawatch.org/node/17956>.

43. "Thai Garlic Farmers Suffer as Cheaper Chinese Bulbs Flood the Market," Nationthailand, December 17, 2019, <https://www.nationthailand.com/in-focus/30379532>.

44. "Thailand Trade Balance, Exports, Imports by Country and Region 2019 | WITS Data," accessed July 4, 2022, <https://wits.worldbank.org/CountryProfile/en/Country/THA/Year/2019/TradeFlow/EXPIMP>.

45. "Thais Smile through Gritted Teeth for China's Tourists," *Reuters*, March 26, 2015, sec. Lifestyle, <https://www.reuters.com/article/us-thailand-china-tourism-idUSKBN0MM0FK20150326>.

46. "Zero-Dollar Quash to Dent Initial Arrivals," *Bangkok Post*, accessed July 4, 2022, <https://www.bangkokpost.com/business/1174701/zero-dollar-quash-to-dent-initial-arrivals>.

adherence to the One China policy, warning that “the politicians involved in the Hong Kong rallies must face the consequences.”<sup>47</sup> Another example occurred in 2020 when the US Ambassador to Thailand wrote an op-ed article regarding the impacts of China’s dam-building in the upper Mekong river on the lower riparian states.<sup>48</sup> The Chinese Embassy responded on its website and social media against the damaging claims.<sup>49</sup>

China’s policy assertiveness is also intertwined with Thailand’s political polarization. Many young generations who advocate for democracy see China as the patron of the military and the establishment. The phenomenon of the Milk Tea Alliance can point to such a tendency during the peak of the pandemic. It points to the fact that the young generation in Thailand shared common liberal values with those in Hong Kong, Taiwan, and even India. This is opposite to a pro-government stance among Chinese netizens. Certainly, Thai youth disliked China’s aggressive stance on the One China Policy and its heavy-handed approach to Hong Kong’s democracy movement.<sup>50</sup>

China still exhibits considerable opportunities to strengthen ties with Thailand in general. Its economic power is considered the primary factor in alluring Thailand and other Southeast Asian nations. With the prospect that the current Thai elites and establishment will remain in power for quite some time, China’s influence will remain intact.

One of China’s opportunities is its involvement in mega infrastructure projects to revive the Thai economy under the Twenty-Year Strategy. Within this strategy, the Eastern Economic Corridor (EEC) is set as a special economic zone to attract foreign

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47. Bangkok Post Public Company Limited, “Prawit Warns Thanathorn: ‘No Protests,’” *Bangkok Post*, accessed July 30, 2022, <https://www.bangkokpost.com/thailand/politics/1799294/prawit-warns-thanathorn-no-protests>.

48. “Saving the Mekong, the Economic Lifeblood of an Entire Region,” U.S. Embassy & Consulate in Thailand, April 25, 2020, <https://th.usembassy.gov/saving-the-mekong-the-economic-lifeblood-of-an-entire-region/>.

49. “7 Khamtham Khamtop Samrap Kanphattana Lae Chaiprayot Sapphayakon Nam Nai Maenam Khong [Seven Question and Answers for the Development and Utilization of Water in the Mekong River],” accessed July 4, 2022, <https://www.mfa.gov.cn/ce/ceth//th/sgxw/t1772371.htm>.

50. “How the Milk Tea Alliance Is Uniting Pro-Democracy Activists,” *Time*, accessed July 5, 2022, <https://time.com/5904114/milk-tea-alliance/>.

investment, especially in bioindustry, medical industries and services, and digital and Artificial Intelligence.<sup>51</sup> China's investment in this zone can add enormous leverage. In recent years, Chinese companies have already been prevalent in the EEC, including Alibaba, Huawei, and SAIC Motor Group.<sup>52</sup> The role of China's state-owned enterprises is also seen, such as Sino Hydro Corporation, China State Construction Engineering Corporation, China Harbour Engineering Company, and China Railway Construction Corporation. They have been involved in several projects such as high-speed railways and deep-sea ports.<sup>53</sup> The government also plans to develop an aviation hub modeled on Zhengzhou Airport Economy Zone (ZAEZ) in this area.<sup>54</sup> The examples of this economic planning clearly show that Thai policymakers have seen China as an important option and model to guide their strategy.

The main threat to China's strategy toward Thailand is its aggressive role in foreign affairs. While Beijing aims to assert its global influence, China shows less tolerance for the small kingdom. Despite cozy relations on the surface, Beijing has started to use pressure on Thailand in recent years. One example can be observed in China's response to the delay of the Thai-Chinese high-speed railway project. China was frustrated with the lengthy negotiation process, roughly from 2011 to 2017, involving issues such as co-investment percentage, lending rates, and the facilitation of Chinese workers.

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51. ONESDB, "National Strategy 2018-2037" (Bangkok, Thailand: Office of the National Economic and Social Development Board, 2018), <http://nscr.nesdb.go.th/wp-content/uploads/2019/10/National-Strategy-Eng-Final-25-OCT-2019.pdf>.

52. Bloomberg, "Richest Family in Thailand Gets Richer by Helping China," Bloomberg, April 24, 2019, <https://webcache.googleusercontent.com/search?q=cache:oILObK4Zo4cJ:https://www.bloomberg.com/news/articles/2019-04-23/richest-family-in-thailand-is-getting-richer-by-helping-china+&cd=1&hl=en&ct=clnk&gl=th>.

53. "Sai nai phonngan chin bo daeng rop chut khosocho pramun meka porachek 7 saen lo -' thun chin ' yuet kraduksanlang ' i isi ' ? [The red ribbon achievements of the coup government, the bid of 7 thousands of million Baht megaproject. Chinese capitals taking over as a backbone of the EEC?]," *Isranews*, January 8, 2019, sec. จัดซื้อจัดจ้าง, <https://www.isranews.org/investigative/investigate-procure/72700-inves00-72700.html>.

54. Post Today, "I-i-Si Phanuek Mahanakhon Kan Bin Choeng Chwo Wang Chueam Khonsong Phonlamai Pai Talat Chin [EEC Cooperates with Zhengzhou Aerotropolis to Link the Export of Thai Fruits into Chinese Market]," Post Today, August 29, 2019, <https://www.posttoday.com/economy/news/599125>.

Beijing showed irritation by not inviting the Thai leader to the inaugural Belt and Road Initiative (BRI) Summit in 2017. After this diplomatic shaming, the Thai government speedily cleared the legal obstacles, but the construction progressed slowly. China's consistent push is reflected in the recent joint statement between the two foreign ministers in Anhui, China, in April 2022. It reiterated the significance of regional connectivity in which the Thai-Chinese high-speed railway was its main element.<sup>55</sup>

Therefore, China's increasing pressure on Thailand in the future can derail Thailand's strategic posture toward China. The recent move by Thai policymakers to get closer to Washington may signify Thailand's attempt to rebalance Beijing's political influence in the kingdom. Bangkok's strategic tilt away from Beijing may be slow as long as China poses no security threat to Thailand's sovereignty. As both nations lack territorial conflicts, that threat should hardly occur. However, Thai policy leaders started to be silently concerned with the Chinese military presence in Cambodia regarding its development of Ream Naval Base in the Gulf of Thailand.

Observers also speculated that China may be behind the idea of resurrecting the Kra or Thai Canal Project in the south of Thailand. Although the Thai government officially rejected the idea, many politicians, ex-military, and private companies, in collaboration with Chinese private firms, continued to promote it in recent years. A parliamentary committee was set up to conduct studies of the projects of the Thai Canal and the Southern Economic Corridor. The committee's spokesman opined that Thailand would benefit from the canal as an essential way to revive the Thai economy.<sup>56</sup> Although China is not officially pushing for the canal, many suspected it may have supported its private companies to play a role on the front stage. In such a case, China is increasingly seen as a security threat by many Thai policymakers and the public because China is likely to be the primary investor and benefactor in the canal project.<sup>57</sup> That will also come with

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55. "Wang Yi Holds Talks with Thai Deputy Prime Minister and Foreign Minister Don Pramudwinai," accessed July 5, 2022, [https://www.fmprc.gov.cn/mfa\\_eng/wjzb\\_663304/wjzbz\\_663308/activities\\_663312/202204/t20220403\\_10664402.html](https://www.fmprc.gov.cn/mfa_eng/wjzb_663304/wjzbz_663308/activities_663312/202204/t20220403_10664402.html).

56. 1One.Asia. 2020. "Longnam borisat chin sueksa khut khlong thai lan cha yai lae kwang thisut nai lok [Signing with a Chinese company to study the excavation of Thai Canal to be the biggest and widest in the world]," 1One.Asia, 22 December 2020. <http://www.1one.asia/featured/สนามบริษัทจีนศึกษาชุด/>; Naewna. 2020. "MOU klong thai nana chat [MOU for international Thai Canal]," Naewna December 13, 2020. <https://www.naewna.com/politic/columnist/46208>.

its more substantial military presence to protect its commercial and strategic interests in the Andaman Sea and the Gulf of Thailand, similar to its justification to have a military presence in Djibouti.<sup>58</sup>

**Table 14. A SWOT Analysis of Thailand-China Relations**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>- Close ties</li> <li>- Chinese economic power</li> </ul>	<ul style="list-style-type: none"> <li>- Concerns about China's influences</li> <li>- China's policy aggressiveness</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>- China's role in Thailand's economic development</li> </ul>	<ul style="list-style-type: none"> <li>- China's pressure on Thailand</li> <li>- China's military outpost in the region</li> </ul>

### **Thailand's National Strategies**

Thai policymakers tend to use different hedging strategies to minimize the impacts of US-China power competition. Indirect balancing based on the US-Thai security alliance remains the critical policy option. However, Thai policy elites always reiterate that strengthening ties with Washington is not to contain China. Therefore, Bangkok was quite reluctant to accept American requests that would create an inadvertent offense to China. Such instances include the denials of the US military to access the U-Tapao Navy Airfield for military and scientific purposes or Thailand's ambivalence to support the US War on Terror.<sup>59</sup>

At the same time, Thailand attempts to create a situation where no single power dominates its military domain. For example, Thailand has engaged in many joint military

57. "China, Other Powers May Support 'Kra Canal' Project," *Khaosod English* (blog), September 15, 2020, <https://www.khaosodenglish.com/politics/2020/09/15/china-other-powers-may-support-kra-canal-project/>.

58. "Djibouti: Chinese Military's First Overseas Support Base - Ministry of National Defense," accessed July 31, 2022, [http://eng.mod.gov.cn/news/2019-04/23/content\\_4840097.htm](http://eng.mod.gov.cn/news/2019-04/23/content_4840097.htm).

59. Pongphisoot Busbarat, "Bamboo Swirling in the Wind': Thailand's Foreign Policy Imbalance between China and the United States," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 38, no. 2 (2016): 233-257.

exercises and patrols with other foreign counterparts despite the Thai-US Cobra Gold Exercise being the most important one. Thai-Chinese joint drills have expanded even before the 2014 coup and now have regularized in all armed forces: “Strike” between the armies, “Blue Strike” between the navies, and “Falcon Strike” between the air forces.<sup>60</sup> Thailand’s arms procurements are also diversified. Besides the American weapons and equipment, Thailand also buys them from Sweden, Ukraine, China, South Korea, Germany, Italy, Singapore, the United Kingdom, and France.<sup>61</sup> As a result, this policy direction helps Thailand maintain balanced foreign and security policies.

Pragmatism and diversification are also essential strategies to manage relations with great powers. This can be seen in Thailand’s trade ratio to GDP of roughly 140 percent in the 2010s,<sup>62</sup> with more than 220 trading partners.<sup>63</sup> At the same time, Thailand actively supports ASEAN in institutionalizing its political and economic engagement with different partners. This regional institutionalization helps socialize interaction between ASEAN countries and external powers, and often among the latter through ASEAN platforms. These can be seen from the pushes from the early post-Cold War period, such as the ASEAN Regional Forum (ARF), ASEAN Plus Three processes, East Asia Summit, ASEAN free trade agreements with major trade partners, as well as the recent conclusion of the Regional Comprehensive Economic Partnership (RCEP).

Thailand also actively builds subregional initiatives in mainland Southeast Asia to augment ASEAN’s institutionalization. Thailand’s initiated schemes can be seen throughout the post-Cold War era, including the Quadrilateral Economic Cooperation, BIMSTEC, ACD, ACMECS, etc. Many of which invite external stakeholders to join. For example, ACMECS encourages external powers to synchronize different development plans and search for concrete cooperation between ACMECS and

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60. Ian Storey, “Thailand’s Military Relations with China: Moving from Strength to Strength,” *Perspective* 2019, no. 43 (2019).

61. Siemon T Wezeman, *Arms Flows to South East Asia* (Stockholm: Stockholm International Peace Research Institute, 2019), 39–41.

62. World Bank, “Trade (% of GDP) - Thailand | Data,” The World Bank Data, accessed April 2, 2022, <https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS?end=2020&locations=TH&start=1960&view=chart>.

63. World Integrated Trade Solution, “Thailand Trade,” World Integrated Trade Solution, 2019, <https://wits.worldbank.org/countrysnapshot/en/THA>.

Development Partners. These partners include Japan, South Korea, the United States, Australia, China, and India.<sup>64</sup>

## Conclusion

Both the United States and China are undeniably the most important great powers to Thailand. However, when elephants fight, the grass suffers. Therefore, Thailand's national interests are based on how the kingdom can manage its balanced and constructive relations with them. The power competition poses a significant policy challenge to Thailand's foreign policy. Great power rivalry is increasingly driving regional states, including Thailand, to choose one over the other.

However, choosing sides is not easy. Each great power possesses different strengths and weaknesses. The United States and China certainly have a long and cordial relationship history with Thailand. Both also command structural and soft power within Thai society and policy circles. Thai policymakers understand that under various uncertainties, Thailand will have to maximize benefits and minimize impacts from this power competition. Therefore, hedging is a key to operationalizing Thailand's national strategy. Indeed, maintaining ties with Washington offers interest to Thailand's balancing strategy. However, putting so much bet on the America basket is not wise as it could end up disappointing Thailand as it experienced in the past. Thus, expanding security and economic relations with China can neutralize such risks. However, the dilemma appears when deepening ties with China in the past three decades gradually leads to the increasing dependence on China. The return of the Thai military to politics in the past decades even exacerbates such a trend.

Therefore, the future may also rely on which direction Thai domestic politics is heading. Currently, simple observations may be drawn. That is, while Beijing has successfully connected well with the Thai policy echelon and establishment, Washington seems to have gained more trust and a positive image within the Thai public, especially among the pro-democracy and young generation. Undeniably, this is the result of Thailand's

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64. "ACMECS Inaugural Senior Officials' Meeting with Development Partners," Ministry of Foreign Affairs of Thailand, accessed April 9, 2022, <https://www.mfa.go.th/en/content/107938-acmecs-inaugural-senior-officials%E2%80%99-meeting-with-development-partners?cate=5d5bcb4e15e39c306000683e>.

domestic and external affairs. That is, Thailand's interaction with both powers is situated in different major turning points in domestic development, notably the Asian Financial Crisis and the political struggle between Thai conservative and progressive groups. Therefore, Thailand's domestic politics is a key determinant in the future course of the relations between Thailand and China and the United States.



## 8. An Analysis of Vietnam-China and Vietnam-US Relations

Nguyen Thi Bich Ngoc<sup>1</sup>

### Introduction

In contemporary history since the Second World War, the Chinese and American factors always have profound impacts on Vietnam's national security and territorial integrity. Therefore, Vietnam attaches great importance to the relationship with the two major powers. The analysis of opportunities and challenges derived from relations with China and the United States has always been an important part of Vietnam's foreign policy planning.

### Vietnam-China Relations

Thousands of years of interactions and geographical proximity make China the most unique partner of Vietnam. Being the biggest neighbor, and also an assertively rising power over the last two decades, China presents major opportunities, as well as the most pressing challenges to Vietnam. Historical and geostrategic factors give China many advantages in promoting extensive relations with Vietnam. China is the external partner that Vietnam maintains the biggest number of channels for bilateral communication. Politically, the history of coordination between the Vietnamese Communist party and its Chinese counterpart since the early 20<sup>th</sup> century as well as the similarity in ideology and political systems of the two countries provide a solid foundation for party-to-party relations. The latter constitutes an indispensable part of Vietnam-China relations and plays an important role in charting the key directions of the bilateral relationship. Furthermore, the party-to-party channel also serves as the main mechanism for deescalating tensions in case of emerging crises such as the HD-981 oil-rig incident in 2014.

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1. The chapter reflects the opinions of the author, not the viewpoints of the Diplomatic Academy of Vietnam.

Apart from the party channel, political exchanges between Vietnam and China are carried out through a large network of mechanisms between ministries, central and local agencies, as well as people-to-people friendship associations. Such a diverse network of interaction allows the two countries to activate the most appropriate mechanism for dealing with the emerging issues in their relations and for promoting bilateral cooperation. From a security perspective, a stable and prosperous China is more conducive to Vietnam's development and stability. In addition, Vietnam needs China's collaboration in maintaining security of the 1,065-kilometer land border and in tackling the transboundary issues.

Economically, China has been Vietnam's largest trade partner since 2004. Despite the circumstances of the Covid-19 pandemic, bilateral trade in 2021 continued to increase and amounted to more than \$165.8 billion at a 24.6% year-on-year rate.<sup>2</sup> Vietnam has become China's sixth largest trade partner, while China continued to be Vietnam's second largest export market. China consumes a huge quantity of Vietnamese food and agricultural products which is estimated to be more than \$1 billion annually. Meanwhile China supplies the input materials and semi-finished goods for many manufacturing industries in Vietnam. In terms of investment, until March 2022 China's foreign direct investment (FDI) reached almost \$22 billion, which was ranked the seventh biggest source of foreign investment in Vietnam.<sup>3</sup>

China's strength can also be seen through the long-standing socio-cultural relations with Vietnam. Confucianism and Mahayana Buddhism, adopted from China to the Northern and Central provinces of Vietnam, have major influence in forming the fundamentals of Vietnamese culture, religion and philosophy. Trade and tourism activities provide a good environment for people-to-people exchanges, especially in the Northern border provinces where Mandarin and Cantonese are widely used. Most Vietnamese people are familiar with Chinese traditional sports, arts and cultural products.

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2. According to the statistics of the Chinese Customs Authority, Vietnam - China bilateral trade achieved \$230.2 billion in 2021. Trường Sơn, Hữu Hưng, and Vi Sa, "Thương mại Việt-Trung: Một năm nhìn lại [Vietnam-China Trade: A Year Looking Back]," *Nhan Dan*, January 29, 2022, [https://special.nhandan.vn/thuongmai\\_Vietnam\\_TrungQuoc/](https://special.nhandan.vn/thuongmai_Vietnam_TrungQuoc/).

3. Statistics of the Ministry for Planning and Investment of Vietnam.

From a Vietnamese perspective, the weakest point of China is the low level of trust caused by China's historical aggression and its coercion in recent years. Although bilateral relations have been quite stable since the normalization of relations in 1991, China's policy regarding key security issues, particularly in the South China Sea and the Mekong Delta, continues to be the most pressing challenges for Vietnam. Consequently, Hanoi remains constantly cautious with any moves taken by Beijing that can undermine Vietnam's sovereignty and interests.

In economic relations, China's weakness is exposed by a huge trade deficit which has increased progressively year by year since 2004. Over the last two years, there was a growing concern about this tendency because Vietnam's trade deficit with China reached \$32.5 billion and \$54 billion respectively in 2020 and 2021. During the first half of 2022 the trade deficit already amounted to \$34.95 billion which is a 20% year-on-year increase.<sup>4</sup>

Another concern in bilateral economic relations is related to the problems arising in low-quality Chinese projects. Most of the biggest Chinese projects in Vietnam are coal power plants which create significant carbon emissions and have a detrimental impact on the environment and the health of local communities. Specifically, the Cat Linh-Hà Dong city rail project was completed almost six years later than the initial plan and the cost increased by \$7.8 million.<sup>5</sup> This telling example of a delayed construction project further undermined Vietnam's willingness to receive Chinese official development assistance (ODA) for infrastructure projects.

The socio-cultural relations are also affected by China's policy and Vietnam's public perception. Having coped with China's invasions and imposition many times in history, the Vietnamese nation maintains a strong sense of identity and never receives Chinese culture in a passive manner. Recently the evidence can be seen in the case that Vietnamese boycotted Chinese actors and films which promoted illegal territorial

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4. Ng. Nga, "Thâm hụt thương mại với Trung Quốc tăng [Trade Deficit with China Increases]," *Thanh Nien*, accessed August 23, 2022, <https://thanhnien.vn/tham-hut-thuong-mai-voi-trung-quoc-tang-post1477277.html>.

5. Viet Nam News, "Cát Linh-Hà Đông Railway Needs Extra \$7.8m for Supervision and Consulting," September 14, 2021, <https://vietnamnews.vn/politics-laws/1031610/cat-linh-ha-dong-railway-needs-extra-7-8m-for-supervision-and-consulting.html>.

claims and the U-shape line in Vietnam's East Sea, also known as the South China Sea. These counterproductive steps taken by China continue to deteriorate the understanding between Vietnamese and Chinese people.

In the upcoming years, Vietnam's economic growth will open up more opportunities for China, as well as for bilateral trade relations, since Vietnam has become China's largest trade partner among ASEAN countries. While striving to become one of the major production bases in the world, Vietnam's demand for input materials for manufacturing industries will be increasing considerably. Even though Vietnamese producers are taking measures to reduce their dependence on Chinese suppliers, it will take them a long time to diversify the sources of materials, taking into consideration the current inflation and the needs to reduce production costs.

In the political area, there will be opportunities for collaboration between the two Communist parties. Unless an extreme scenario happens, Vietnam will continue to support the so-called "socialism with Chinese characteristics" and recognize China as a successful role model of economic reform. By doing so, Vietnam will help strengthen the legitimacy of China's Communist party which is imperative for China in accomplishing the second centenary goal by 2049. Besides, despite the existing divergence of interests between the two countries, Vietnam will still support China's strategic initiatives such as the Belt and Road Initiative (BRI) and Global Development Initiative (GDI).

The scale of threats caused by China will depend on whether China wants to achieve the second centenary goal in a peaceful strategic environment or a chaotic one. In both cases China will seek to expand its sphere of influence as large as possible, which will exacerbate the pressure on Southeast Asian countries. Vietnam and other claimant-states will encounter more challenges in protecting territorial integrity as China takes measures to materialize its illegal claims over the South China Sea, using grey-zone and salami-slicing tactics. After the completion of reclamation activities in the South China Sea, China has carried out large-scale militarization and frequent drills in the region. While continuing to ignore the Permanent Court Award of 2016, China is trying to gain the upper hand in the COC negotiation to impose its rules on smaller countries.

There are signs that China will adopt a similar strategy in the Mekong sub-region. Since December 2011, China, Laos, Myanmar and Thailand have conducted 119 joint law-

enforcement patrols along the Mekong river. There are some concerns about China’s intention to use this mechanism to legalize its control over the whole Mekong delta or even to militarize the sub-region through deployment of vessels. China’s growing influence in the Mekong sub-region and in the South China Sea will lead to long-term consequences for Vietnam’s security and development.

Additionally, risks also exist in the economic area. Since Vietnam’s manufacturing industries still depend on China’s materials, China often increases pressure on Vietnam by taking measures such as restriction of imported Vietnamese agricultural products. China’s reactions to Vietnam’s cooperation with the US and the regional mid-powers will likely be more dangerous as the major powers’ rivalry becomes more complex and intensive in the upcoming decade. In specific cases and issues, China will force Vietnam and other Southeast Asian countries to make a decision which is favorable for China.

**Table 15. A SWOT Analysis of Vietnam-China Relations**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Channels for bilateral communication between parties, ministries and central and local agencies etc.</li> <li>- Vietnam’s largest trade partner</li> <li>- Long-standing socio-cultural relations</li> </ul>	<ul style="list-style-type: none"> <li>- Low level of trust caused by China’s historical aggression and its coercion</li> <li>- Huge trade deficit</li> <li>- Low-quality Chinese projects</li> <li>- The socio-cultural relations affected by China’s policy and Vietnam’s public perception</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Vietnam’s economic growth</li> <li>- Collaboration between the two Communist parties</li> </ul>	<ul style="list-style-type: none"> <li>- Expansion of its sphere of influence</li> <li>- Growing influence in the Mekong sub-region and in the South China Sea</li> <li>- Increasing pressure (such as restriction of imported Vietnamese agricultural products)</li> <li>- China’s reactions to Vietnam’s cooperation with the US and the regional mid-powers</li> </ul>

## Vietnam-US Relations

Vietnam-US relations are often described as the reconciliation between the two former enemies. However, with a deeper look into the history of bilateral relations, in 1946 President Ho Chi Minh wrote several letters to US President Truman to ask

for cooperation in ending the war in Indochina. So, at the starting point, Vietnam considered the US an opportunity, rather than a threat, and sought to work with the US for building peace. This fact explained the rapid development of Vietnam-US relations since their normalization in 1995.

Like many other countries, Vietnam understood the US' leading role and capacity in most of the key areas, including security, economy, education, science and technology. Overall, a successful partnership with the US will provide Vietnam with access to enormous and advanced resources for development. 27 years after the normalization of bilateral relations, the US has become the biggest export market and the second trade partner of Vietnam. Between 1995 and 2021, the value of bilateral trade has increased by almost 250 times and set a new record at \$111 billion last year. Regarding the investment in Vietnam, the US ranked number 11<sup>th</sup> among the foreign investors. Until the end of the first quarter of 2022, American companies registered 1,160 projects which accumulated to \$10.47 billion of investment in Vietnam. Although the US has not entered the ranks of the top 10 biggest foreign investors in Vietnam, most American projects are innovative, sustainable and well-implemented under the world-class brands such as Apple, Google, Intel, Amazon, among others.

Besides the economic factors, the two countries' shared interests in the security realm make the US a strong partner of Vietnam. Deepening cooperation with the US is an effective way to enhance Vietnam's capacity in coping with a wide range of security challenges. In addition, successful Vietnam-US collaboration helped to bolster Vietnam's partnership with the middle powers, particularly with the EU, India, Japan, Australia, Republic of Korea and New Zealand. As a result, Vietnam can garner support of the like-minded partners in addressing numerous conventional and non-conventional security issues. Since the beginning of Vietnam's Renovation policy, one of the highest priorities of Vietnam is to preserve a peaceful and stable strategic environment for development. Therefore, Vietnam attached great importance to the support of partners in promoting peaceful solution of disputes in the South China Sea, freedom and safety of navigation and overflight, the adherence to international law and existing legal instruments, in particular the UNCLOS 1982. The US and the middle powers are critical partners of Vietnam in strengthening the capacity of the coast guard, law enforcement and maritime domain awareness.

The former also provides Vietnam and other small countries in the Mekong sub-region

with many mechanisms for cooperation as alternative options beside the Lancang-Mekong Cooperation (LMC) led by China. Being the lowest downstream country in the Mekong, Vietnam is the most seriously affected by shortages of water, drought, saltwater intrusion, biodiversity loss and many other consequences. By launching various initiatives, the US and like-minded partners help to reduce the overwhelming influence of China over the Mekong sub-region and to diversify resources and solutions for the issues emerging in the delta. The initiatives offered by the US as a part of the Mekong-US Partnership are vital for Vietnam in tackling climate change, food security and other issues facing more than 17.3 million local habitants.

The US is Vietnam's key partner in addressing the legacies of war which constitutes a specific part of their bilateral relations. The US and Vietnam continue to make significant strides on many issues, including accounting for US and Vietnamese military personnel missing in action, the remediation of Agent Orange, and finding and destroying explosive remnants of war. The US is the largest funder of explosive ordnance removal programs in Vietnam. Since 1994 the US has provided more than \$185 million to support explosive ordnance removal, explosive ordnance risk education, capacity development, and survivor assistance.<sup>6</sup> Vietnamese agencies have worked closely with the US government and non-government organizations to return safe land to communities in central Vietnam. Cooperation in this area is extremely important for not only healing the wounds left by the war but also for building mutual trust and understanding between the two nations.

In the socio-cultural area, education is a big advantage of the US. Bilateral educational cooperation dates back to the 1990s when the Harvard Vietnam Program was launched for the training of senior Vietnamese officials. In 2016 the establishment of Fulbright University Vietnam was another remarkable milestone in the Vietnam-US partnership. For many years American universities and colleges are often the first choice of the Vietnamese young generation. According to the Vietnam Government portal, Vietnam remains the sixth leading country of origin for all international higher education students in the US, with 21,631 students studying at American institutions in the

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6. Carlie Stowe, "U.S. - Vietnam Relations, the Legacy of War, and the Role of NGOs," *Global Washington*, July 11, 2022, <https://globalwa.org/2022/07/u-s-vietnam-relations-the-legacy-of-war-and-the-role-of-ngos/>.

academic year 2020-2021. Among community college enrollment, Vietnamese students continue to constitute the second largest group of foreign students, accounting for almost 11 percent of all international enrollments.<sup>7</sup> The US also provided a number of training programs for Vietnamese experts and policy-makers which contributed to capacity building and development of human resources.

In parallel with the abovementioned strengths, there are several weaknesses which still prevents Vietnam and the US from tapping the full potential of their bilateral relations. First, the differences between the two countries' political systems, ideologies and values remain an obstacle to both sides. Despite the deepening of bilateral political exchanges in recent years, the US continues to criticize Vietnam for issues related to democracy and human rights due to the pressure from a part of the American-Vietnamese diaspora. In several cases, the criticism led to unfavorable decisions of the US Congress towards Vietnam.

Second, in the economic area, the US still has not recognized Vietnam as a market economy. Consequently, Vietnam is subject to restrictions in trade and investment cooperation with the US. From time to time, Vietnam also faces accusations from US government agencies which are followed by investigations and unfavorable decisions. Specifically, on December 16, 2020, the US Department of Treasury labeled Vietnam as a currency manipulator, a move that could potentially lead to the US finding sufficient cause to introduce countervailing duties.<sup>8</sup> In October 2020, the US Trade Representative initiated an investigation into Vietnam's import and use of timber based on Section 301.<sup>9</sup> It took the two sides one year to negotiate and reach an agreement to resolve this issue. Recently in August 2022, the US Department of Commerce

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7. Vietnam News Agency, "Vietnam Ranks Sixth among Int'l Students Studying in US," November 17, 2021, <https://en.vietnamplus.vn/vietnam-ranks-sixth-among-intl-students-studying-in-us/215684.vnp>.

8. Atharva Deshmukh, "What the US' Currency Manipulator Label Means for Vietnam," *Vietnam Briefing News*, January 4, 2021, <https://www.vietnam-briefing.com/news/what-the-us-currency-manipulator-label-means-for-vietnam.html/>.

9. "Agreement between the Government of the Socialist Republic of Viet Nam and the Government of the United States of America on Illegal Logging and Timber Trade," accessed August 20, 2022, [https://ustr.gov/sites/default/files/files/Vietnam%20Timber/VN%20Timber%20Agreement%20Text%20\(9-30-21\).pdf](https://ustr.gov/sites/default/files/files/Vietnam%20Timber/VN%20Timber%20Agreement%20Text%20(9-30-21).pdf).



launched another anti-tax evasion investigation into a number of steel pipe products imported from Vietnam.<sup>10</sup>

In the post-Covid period, Vietnam presents plenty of opportunities for economic recovery of many countries, including the US. According to a World Bank report in August 2022, Vietnam's economy expanded 5.1% in the first quarter and 7.7% in the second quarter, while inflation is projected to average 3.8% over the year. As a result, GDP growth is expected to reach 7.5% in 2022.<sup>11</sup> Vietnam has emerged as one of the best destinations for foreign investors to cope with the disruptive impacts of the major powers' competition and China's Covid lockdowns. Besides Vietnam's recovery momentum, convergence of Vietnam and US economic interests, and Vietnam's proactive policy of FDI attraction also open up opportunities for US investors to establish or expand their business in Vietnam. The survey on business environment carried out by the American Chamber of Commerce (AmCham) in Vietnam in 2021 showed that nearly 80% of AmCham members rate very positively or positively about the medium and long-term prospects of the Vietnamese market. At the Vietnam-US Business Summit held in March 2022, the US Deputy Secretary of Commerce Marisa Lago said that US companies were interested in various sectors in Vietnam, particularly healthcare, digital commerce, energy and climate change. At the same time these sectors are Vietnam's development priorities in the post-Covid recovery time, as well as in the long-term strategy.

Recently the Vietnamese government has made many efforts to attract FDI from developed countries and to engage US investors in Vietnam. During his meeting with the leaders of US companies in May 2022, Prime Minister Pham Minh Chinh reaffirmed Vietnam's determination in providing a conducive business environment for foreign investors. In early June 2022, the Vietnamese government approved the Strategy on cooperation with foreign investors for the period 2021-2030 which aims to increase the proportion of FDI from a dozen key partners, including the US. Investment from

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10. Vietnam News Agency, "US Launches Anti-Tax Evasion Investigation into Steel Pipe Imported from Vietnam," August 8, 2022, <https://en.vietnamplus.vn/us-launches-antitax-evasion-investigation-into-steel-pipe-imported-from-vietnam/235157.vnp>.

11. World Bank, "Vietnam's Economy Forecast to Grow 7.5% in 2022, New World Bank Report Says," August 8, 2022, <https://www.worldbank.org/en/news/press-release/2022/08/08/vietnam-s-economy-forecast-to-grow-7-5-in-2022-new-world-bank-report-says>.

the key partners is expected to reach 70% of total foreign investment in 2021-2025 and 75% in 2026-2030. Vietnam also prioritizes high-tech corporations and investment for sustainable development which are the advantages of US investors. With a priority on high-tech and green finance, Vietnam can be a suitable partner of the US in advancing the agenda on energy transition, green growth and climate change. Cooperation with Vietnam in these sectors can help promote the US' leading role in coping with global issues.

Along with the economy and development, education is one of the most promising areas in the Vietnam-US partnership. In addition to the existing mechanisms, several bold steps have been taken by both sides to deepen bilateral educational cooperation. Since May 2022 the US-Vietnam Cooperation Center located at the Diplomatic Academy of Vietnam has operated as a platform for bilateral educational and cultural exchange and studies. The Partnership for Higher Education Reform (PHER) was launched in August 2022 with a view to improving the academic quality, governance and market relevance of Vietnam's higher education institutions. Vietnam and the US are also working on a Memorandum of Understanding on developing and improving higher education institutions which are expected to give a new impetus for bilateral cooperation in this area.

At the regional level, an effective partnership with Vietnam can help the US to engage deeper with the Indo-Pacific. Although the US has a network of alliances, cooperation with like-minded partners, including Vietnam, is imperative for substantial implementation of the US' initiatives in the region. In particular the Mekong-US partnership has provided a good framework for increasing the US' presence in the sub-region through improving the quality of life of the riparian communities who depend on the Mekong river. In relations with ASEAN, the establishment of the ASEAN-US Comprehensive Strategic Partnership in November 2022 will be another success of the Biden administration. In order to make it a meaningful, substantive and mutually beneficial partnership, the Joint Vision Statement of the Special ASEAN-US Summit in February 2022 should be followed up with a Plan of Action and concrete projects which will open up new opportunities for ASEAN-US cooperation. Vietnam can play a proactive role in the drafting process of the plan of action and in the implementation of projects within the Mekong and ASEAN frameworks.

From the Vietnamese perspective, the threats derived from the partnership with the

US are related to the existing weaknesses of the bilateral relationship. First, being Vietnam’s biggest export market, the US will continue the measures to reduce the trade deficit with Vietnam which has increased from \$63.37 billion in 2020 to \$81 billion in 2021.<sup>12</sup> Vietnam will have to face more challenges from investigations and other measures against Vietnam’s commodities, as well as the monetary policy.

Second, the differences in Vietnam’s and US’ approaches to several security and political issues can become reasons for the US’s unfavorable policies towards Vietnam. For instance, the differences in the cyber-security policies of the two countries are still hindering the potential bilateral cooperation in digital transformation. The disagreement between the two sides over human rights and democracy issues can be raised by the anti-Vietnamese groups in the US to trigger punishment or acts against Vietnam. In general challenges remains but will not change the overall upward trajectory of the bilateral relations, because the achievements of the Vietnam-US partnership have been the result of decades of hard work from both sides.<sup>13</sup>

**Table 16. A SWOT Analysis of Vietnam-US Relations**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Access to enormous and advanced resources for development</li> <li>- Shared interests in the security realm</li> <li>- Key partner in addressing the legacies of war</li> <li>- Bilateral educational cooperation</li> </ul>	<ul style="list-style-type: none"> <li>- Differences between the two countries’ political systems, ideologies and values</li> <li>- Restrictions in trade and investment cooperation with the US</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Vietnam’s recovery momentum</li> <li>- Convergence of Vietnam and US economic interests</li> <li>- Vietnam’s proactive policy of FDI attraction</li> <li>- Bilateral educational cooperation</li> <li>- An effective partnership with Vietnam for deeper engagement with the Indo-Pacific</li> </ul>	<ul style="list-style-type: none"> <li>- US’s the measures to reduce the trade deficit with Vietnam</li> <li>- Differences in Vietnam’s and US’ approaches to several security and political issues</li> </ul>

12. Vietnam News Agency, “Vietnam Posts 764 Million USD in Trade Surplus in 7 Months,” July 29, 2022, <https://en.vietnamplus.vn/vietnam-posts-764-million-usd-in-trade-surplus-in-7-months/234605.vnp>.

13. Gregory B. Poling, Simon Tran Hudes, and Andreyka Natalegawa, “The Unlikely, Indispensable U.S.-Vietnam Partnership” (Center for Strategic and International Studies, July 6, 2021).

## Vietnam's Policy amid the Major Powers' Competition

Being a part of Vietnam's overall development strategy and Vietnam's foreign policy, the policy towards major powers must serve as a means to achieve the goals of the nation. The 13<sup>th</sup> Congress of the Vietnamese Communist Party held in early 2021 set the key targets of national development for the upcoming decade and for the period until 2045. In this period, Vietnam's foreign policy should help generate a relatively stable and conducive strategic environment for national development. For this purpose, Vietnam's strategy amid major powers' competition is to maximize the convergence of interests and to minimize risks. Vietnam tries to explore every opportunity for cooperation, and by doing so, to attract more resources for development. In order to prevent conflicts and potential threats, Vietnam proactively maintains dialogue with both China and the US through reliable channels.

One of the main tasks of Vietnam's diplomacy today is to help partners understand Vietnam correctly. Amid the increasing tension between major powers, it is crucial to make sure that Vietnam is a land of peace and full of opportunities for foreign investors. Vietnam will also continue to convince the major powers that a peaceful, prosperous and self-reliant Vietnam can bring more benefits, rather than an instable and stagnant Vietnam. Therefore, Vietnam's cooperation with the two largest economies in the world will be promoted through intensive exchanges between enterprises and people. In accordance with Vietnam's development priorities, Vietnam will emphasize the agenda on post-Covid recovery in cooperation with the US and China, particularly the resilience of supply chains, food security, energy transition and green growth. In relations with China, Vietnam will work closely with the Chinese trade agencies to accelerate the custom procedures for Vietnamese goods and commodities exported to China. At the same time, diversification of material resources will be a key measure for reduction of trade deficit and dependence on Chinese suppliers. Vietnam will also make it clear to Chinese investors about the standards and requirements for FDI in the coming years. Chinese investors will be welcomed if they can meet the requirements on quality, technology, safety, financial transparency as well as environmental regulations.

Regarding Vietnam-US cooperation, the focal point will be the measures to give a new impetus for US investment in many areas such as energy, electronics, transportation, e-commerce, among others. Between January and April 2022, a new wave of US FDI to Vietnam estimated to \$170 million has signaled the positive trend and strengthened

the trust of US investors in Vietnam's market. Beside the Strategy on cooperation with foreign investors for the period 2021-2030, the Vietnamese government also adopted policies to promote green finance and to reduce carbon emissions, which has become a criterion of US corporations in making investment decisions. In terms of trade and monetary policy, Vietnam will enhance transparency and constructive dialogues with the US agencies to discuss measures to resolve the related issues and to prevent future investigations.

In the security-political area, Vietnam attaches great importance to strengthening mutual trust in relations with the major powers. Given the complexity of China-US rivalry today, Vietnam will be mindful and tactful in promoting cooperation with both sides to avoid their misunderstanding. For this purpose, Vietnam will continue to implement the principle of four "No"s, namely no military alliance with any country, no cooperation with one side against the other side, no permission to any country to set up a military base or to use Vietnam's territory to carry out activities against other countries, no use of force or threatening of using force in international relations.<sup>14</sup> Amid the increasing contestation between the US and China, Vietnam's foreign policy approach is to reduce tension, and at the same time to prevent the major powers from making behind-the-scenes compromises against the interests of small and medium countries. Therefore, Vietnam will promote regular political exchanges and collaboration in security and defense areas with the two major powers at appropriate levels. In response to the initiatives led by China and the US, Vietnam will participate in those projects which are in accordance with national priorities and the action lines of ASEAN Community Vision.

In the coming decade, Vietnam-China relations will be shaped mainly by China's foreign policy after the 20<sup>th</sup> Congress of the Chinese Communist Party. As usual after the Congress, Vietnam will likely take the initiative to promote high-level exchanges between the leaders of both sides via governmental, parliamentary and party channels. These are the mechanisms for improvement of mutual trust and reaffirmation of the bilateral agreements, particularly the Agreement on the basic principles guiding the solution for maritime issues.<sup>15</sup> In accordance with the basic guiding principles, Vietnam

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14. Ministry of National Defence, Socialist Republic of Viet Nam, *2019 Viet Nam National Defence White Paper* (Hanoi: National Political Publishing House, 2019).

always makes efforts to maintain stable relations with China, and to prevent potential incidents or crisis. In case that China violates the abovementioned Agreement, Vietnam will consider responding with all possible measures, including the legal one. Overall, Vietnam will underscore the cooperation in transboundary issues, maintain defense dialogues with the Chinese PLA and continue negotiations over delimitation of the entrance to the Tonkin Gulf.

Regarding Vietnam-US relations, it is imperative for both sides to maintain the momentum of the bilateral relationship and to implement substantially the Comprehensive Partnership. Taking into consideration US domestic politics and the difficulties facing the Biden administration, Vietnam will focus on deepening cooperation with the Congress to sustain the bipartisan consensus on improved relations with Vietnam. Regular and candid talks will be carried out to prevent misunderstanding and unfavorable acts against Vietnam. In defense and security areas, Vietnam will prioritize collaboration in tackling non-traditional security issues, particularly capacity building for the law enforcement agencies, search and rescue for natural disaster relief, and maritime security. In parallel with the post-Covid recovery policy, bilateral cooperation in coping with pandemic and climate change will be fostered through concrete projects in order to strengthen Vietnam's resilience and adaptation to these challenges.

Given the unpredictable global context, Vietnam continues to emphasize independence, diversification and multilateralization as the key elements of its foreign policy. In order to weather the intensifying contestation between China and the US, building substantial partnerships with the middle powers, particularly with the largest investors such as the Republic of Korea, Japan, EU countries, and Australia, is imperative for diversification of resources. Relations with the middle powers are also important in strengthening Vietnam's approach to the key security issues, namely the South China Sea and Mekong issues.

Vietnam will work closely with ASEAN countries and the middle powers to promote an effective and inclusive multilateralism at regional and global levels. In the upcoming decade, the ASEAN-led institutions, APEC and ASEM will be the main regional

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15. Agreement on the basic principles guiding the solution for maritime issues was reached by Vietnam and China in October 2011.

mechanisms for Vietnam to advance its interests. At the same time, Vietnam will strive for effective collaboration in dealing with the pressing global issues through a number of FTAs, the global economic institutions such as ADB, WB, IMF and the UN system. By doing so, Vietnam seeks mutually beneficial cooperation which can reduce the risks caused by the major powers' contestation.

## **Conclusion**

In the upcoming five years, unless the worst-case scenario happens, the US and China will have to find ways to manage their tension. In Vietnam's relations with the two major powers, the opportunities often intertwine with the challenges. Therefore, Vietnam will continue to explore even the smallest opportunities of cooperation and to turn the challenges into opportunities. No matter how high the US-China competition may become, Vietnam will maintain stable and productive relations with both major powers.

## 9. An ASEAN SWOT Analysis of the US and China

Hoang Thi Ha

### Introduction

This article analyzes the US and China's respective strengths, weaknesses, opportunities and threats (SWOT) from the perspective of ASEAN. Their SWOT do not exist in isolation as each country seeks to compete with the other party in their respective engagement with ASEAN. It is important to note that the identification of the US and China's SWOT at the ASEAN level is at a certain risk of generalization because there is a spectrum of perceptions among ASEAN member states vis-à-vis each great power. Given its inter-state and inter-governmental character, "ASEAN has no autonomous existence apart from the will of its member states."<sup>1</sup> Therefore, the ASEAN perspective presented in this article is the consolidation and reconciliation of its member states' national positions. Where necessary, the US and China's SWOT in their relations with ASEAN as a regional organization are also examined in the broader context of their respective roles and engagements in the Southeast Asian region.

### The US and ASEAN

**Strengths:** The US is a longstanding Dialogue Partner of ASEAN – the dialogue relations dating back to 1977. After the Cold War, despite certain nationalist/anti-imperialist misgivings about America's role as the regional sheriff, there has been a consensus within ASEAN on the imperative to maintain US continued presence as a "stabilizing force"<sup>2</sup> and to enhance US diplomatic, security and economic engagement in the region through bilateral and multilateral channels. A rationale behind the 1994 establishment of the ASEAN Regional Forum (ARF) — ASEAN's pioneer platform

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1. Bilahari Kausikan, "ASEAN is a Cow, Not a Horse," *The Middle Ground*, October 6, 2015, <https://humanrightsinasean.info/news/asean-is-a-cow-not-a-horse/>.
  2. Singapore's Ministry of Foreign Affairs, Transcript of speech by Emeritus Senior Minister Goh Chok Tong at S Rajaratnam Lecture on October 17, 2014, <https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2014/10/MFA-Press-Release-Transcript-of-speech-by-Emeritus-Senior-Minister-Goh-Chok-Tong-at-S-Rajaratnam-Lec>.



on Asian security dialogue after the Cold War — was to keep the US continuously engaged in the region's security governance. The US has since become an indispensable part of the ASEAN-led multilateral architecture that includes the East Asia Summit (EAS), ASEAN Defense Ministers Meeting Plus (ADMM-Plus), and ADMM plus-one, among others. There is a strategic convergence between America's presence in Southeast Asia and ASEAN's pursuit of an open and inclusive regional order. In fact, US engagement is a key enabling factor for that “inclusive” and “open” character of ASEAN regionalism.

The US enjoys considerable strategic trust in the region although the level of trust varies across different US administrations. During the Trump presidency, for example, there was a dip in regional confidence in the US as a strategic partner and provider of regional security, according to the annual State of Southeast Asia (SSEA) surveys in 2019 and 2020. However, trust in the US to “do the right thing” to contribute to global peace, security, governance and prosperity bounced back under the Biden administration. 52.8% of the SSEA 2022 survey's respondents trusted the US to ‘do the right thing’ vis-à-vis 29.6% having no confidence — a reverse from the 2020 survey results (49.7% having little/no confidence versus 30.3% having confidence).<sup>3</sup> In short, there is a resilient reservoir of support among Southeast Asian foreign policy-makers for US constructive and long-term engagement in the region.

As the sole global superpower post-Cold War, American voice commands attention and carries weight, which has been instrumental in emboldening Southeast Asian claimant states to push for a more robust ASEAN approach on the South China Sea (SCS) disputes. Following the statement by then US Secretary of State Hillary Clinton at the 2010 ARF that the US has a “national interest in freedom of navigation, open access to Asia's maritime commons, and respect for international law in the South China Sea,”<sup>4</sup> the SCS has become a salient issue in ASEAN's security agenda. In anticipation of the

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3. Tang Siew Mun et al., *The State of Southeast Asia: 2020* (Singapore: ISEAS – Yusof Ishak Institute, 2020), <https://www.iseas.edu.sg/wp-content/uploads/2021/01/The-State-of-SEA-2021-v2.pdf>; and Sharon Seah et al., *The State of Southeast Asia 2022* (Singapore: ISEAS – Yusof Ishak Institute, 2022), [https://www.iseas.edu.sg/wp-content/uploads/2022/02/The-State-of-SEA-2022\\_FA\\_Digital\\_FINAL.pdf](https://www.iseas.edu.sg/wp-content/uploads/2022/02/The-State-of-SEA-2022_FA_Digital_FINAL.pdf).

4. US Department of State, Remarks by Hillary Clinton, Hanoi, Vietnam, July 23, 2010, <https://2009-2017.state.gov/secretary/20092013clinton/rm/2010/07/145095.htm>.

arbitral tribunal's award on the SCS, the Sunnylands Declaration of the US-ASEAN Special Leaders' Summit in February 2016 affirmed the "full respect for legal and diplomatic processes,"<sup>5</sup> implying ASEAN's tacit acknowledgment of the ruling. The formulation has since become the grouping's standard position on this sensitive issue. More recently, the July 2020 US statement clarifying its position on maritime claims in the SCS<sup>6</sup> and the 2022 US Department of State's Limits in the Seas study, which reiterates the arbitration ruling and calls out China's unlawful maritime claims,<sup>7</sup> have lent both legal and moral support to ASEAN's rules-based approach in the ongoing negotiations with China on a code of conduct in the South China Sea (COC).

ASEAN member states benefit from American development assistance and capacity building in a wide range of traditional and non-traditional security issues, from maritime security and non-proliferation to counter-terrorism, cyber security, transnational crime, wildlife trafficking, health security, and humanitarian assistance and disaster relief (HADR). American expertise, capabilities and resources to support the region's security and development needs over the years are substantial and meaningful. They are channeled through various bilateral, regional and global frameworks, which include but are not limited to ASEAN-led mechanisms. For example, in the past two years, the US has donated over 115 million doses of Covid-19 vaccines — mainly through bilateral channels and the COVAX facility — and \$200 million of Covid-19 assistance to Southeast Asia, of which only \$500,000 went to the Covid-19 ASEAN Response Fund.<sup>8</sup> The US support — which is branded under the US-ASEAN Health Futures — has enhanced ASEAN member states' Covid-19 pandemic response capacity since 2020.

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5. ASEAN Secretariat, Joint Statement of the ASEAN-U.S. Special Leaders' Summit: Sunnylands Declaration, February 15-16, 2016, <https://asean.org/wp-content/uploads/2016/02/Sunnylands-Declaration-FINAL-16-Feb-2016.pdf>.

6. US Department of State, U.S. Position on Maritime Claims in the South China Sea, July 13, 2020, <https://2017-2021.state.gov/u-s-position-on-maritime-claims-in-the-south-china-sea/index.html>.

7. US Department of State, Limits in the Seas No. 150 People's Republic of China: Maritime Claims in the South China Sea, January 2022, <https://www.state.gov/wp-content/uploads/2022/01/LIS150-SCS.pdf>.

8. The White House, Fact sheet: U.S.-ASEAN Special Summit in Washington, DC, May 12, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/12/fact-sheet-u-s-asean-special-summit-in-washington-dc/>.

In terms of economic engagement, despite perceptions of American declining economic clout, the US still holds substantial economic influence in the region. The US is Southeast Asia's largest foreign investor, second largest trading partner and second largest export market in 2020 (after China), according to the ASEAN Statistical Yearbook 2021.<sup>9</sup> Notably, all Southeast Asian states have a trade surplus with the US (except Singapore and Brunei), and all run a trade deficit with China (except Brunei). Although both the Trump and Biden administrations have not been able to develop robust economic statecraft in Asia, US economic engagement in the region has largely been driven by the private sector. American companies continue to invest substantially in the region even as the American public and politics have shifted towards anti-globalization. The membership of the US-ASEAN Business Council (USABC), which advocates deepening economic integration between the US and ASEAN countries, keeps growing over the years and includes many American multinational corporations in various industries.<sup>10</sup>

**Weaknesses:** US engagement with ASEAN — and with Southeast Asia in general — suffers from sporadic attention and inconsistent commitment due to several structural factors. The first factor is the “tyranny of geography” that requires constant and consistent efforts to project the US as a resident power. US presence in the region is not a geographical fact but “the consequence of a geopolitical calculation” which may wax and wane as US strategic calculus changes.<sup>11</sup> Second, as a global superpower, Washington is from time to time distracted with crises and emergencies in other parts of the world, leaving little strategic bandwidth for Southeast Asia. Such sporadic neglect was keenly felt during the George W. Bush administration in the early 2000s when Washington was pre-occupied with the ‘war on terror’ in the Middle East. Third, Southeast Asia is of secondary order in the US foreign policy agenda, and traditionally takes a back seat to more pressing domestic preoccupations or external priorities, i.e., in Northeast Asia, Europe and the Middle East. Fourth, the US’ four-year electoral cycle and the change of government between the Republican Party and Democratic Party

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9. ASEAN Secretariat, *ASEAN Statistical Yearbook 2021* [Jakarta: Association of Southeast Asian Nations (ASEAN) 2021], [https://www.aseanstats.org/wp-content/uploads/2021/12/ASYB\\_2021\\_All\\_Final.pdf](https://www.aseanstats.org/wp-content/uploads/2021/12/ASYB_2021_All_Final.pdf).

10. Author's interview with USABC, July 2022.

11. Bilahari Kausikan, “Dealing with an Ambiguous World Lecture III: ASEAN & US-China Competition in Southeast Asia,” *IPS-Nathan Lectures*, [https://lkyspp.nus.edu.sg/docs/default-source/ips/mr-bilahari-kausikan-s-speech7d7b0a7b46bc6210a3aaff0100138661.pdf?sfvrsn=cec7680a\\_0](https://lkyspp.nus.edu.sg/docs/default-source/ips/mr-bilahari-kausikan-s-speech7d7b0a7b46bc6210a3aaff0100138661.pdf?sfvrsn=cec7680a_0).

entails recurrent uncertainty about US commitment to Southeast Asia and ASEAN multilateralism. Fifth, unilateralism has been a longstanding tradition in the US as internationalism, and unilateralist turns are embedded in the long arc of American foreign policy history. Trump may be the latest but not the last US president to indulge in unilateralism and apathy towards multilateralism.

There is therefore always uncertainty as to whether the US president will attend the annual ASEAN-US summit and East Asia Summit. While Washington recognizes the importance of showing up at ASEAN meetings to demonstrate its presence in and commitment to Southeast Asia, it is a persistent challenge to secure the physical attendance of the US president at the annual ASEAN summitry for a variety of reasons. Obama missed the 2013 ASEAN-US Summit because of the budget standoff with Congress. Trump — infamous for his disdain of multilateralism — only attended the 2017 Summit and did not even send a US cabinet-member official to represent him at the 2019 and 2020 Summits. During the George W. Bush administration, ASEAN and the US had not established regular summits, so the Secretary of State was the US government's highest-level representative to turn up at the mid-year ASEAN foreign minister meetings. Yet, Condoleezza Rice skipped it twice in 2005 and 2007.<sup>12</sup>

Washington's post-Cold War approach to ASEAN is steeped in the liberal school of thought that gives emphasis to the perceived universality of human rights, democracy promotion, transnational and supranational decision-making, and enforcement of international agreements through compulsory dispute settlement mechanisms. These liberal expectations are often found in tension with ASEAN's conservative approach to regionalism that puts a premium on respect for national sovereignty and non-interference in a country's internal affairs. There is, therefore, a longstanding ambivalence on the part of the US and other western Dialogue Partners with regard to ASEAN regionalism. American policymakers — publicly or discreetly — have expressed frustrations and impatience with ASEAN's slow-going, process-driven, and consensus-based multilateralism, be it ASEAN's failure to rally a united stand on the SCS disputes or to penalize its member states for failing to uphold human rights and democracy. This liberal bias, which is inherently embedded in US foreign policy, has historically caused

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12. Hoang Thi Ha, "Trump skips ASEAN-related summits again. It's déjà vu for Asia," *CNA*, November 2, 2019, <https://www.channelnewsasia.com/commentary/asean-southeast-asia-us-america-donald-trump-summit-eas-846806>.

frictions with ASEAN, especially on the Myanmar issue, and engendered distrust towards Washington among ASEAN member states' ruling elites.

In terms of economic engagement, unlike other Dialogue Partners in Asia,<sup>13</sup> the US has shown little interest to negotiate a region-based free trade agreement with ASEAN. Pre-Trump, Washington prioritized high-standard, high-quality FTAs, namely the Trans-Pacific Partnership (TPP) agreement and bilateral FTAs with developed economies like Singapore. Negotiating an FTA with ASEAN as a group of mostly developing and underdeveloped economies was not an attractive value proposition for the US. Since Trump, US domestic politics and public opinion have shifted towards anti-trade and anti-globalization, and this trend continues to hold under the Biden administration. This means that the lack of robust economic statecraft and a trade strategy in Asia remains the Achilles heel of the US' Indo-Pacific strategy and its engagement with ASEAN in particular.

Southeast Asia occupies a critical place in the US Indo-Pacific strategy not only as a function of US-China strategic competition but also because of its own economic dynamism and geographical centrality in the Indo-Pacific. The Biden administration's Indo-Pacific Coordinator Kurt Campbell stated in July 2021 that “[F]or an effective Asia strategy, for an effective Indo-Pacific approach, you must do more in Southeast Asia.”<sup>14</sup> As such, ASEAN continues to be an indispensable component of the US engagement in the region to maintain US access to and influence over regional institutions, diplomacy and narratives. The Southeast Asia Strategy Act (2021-2022) — passed by the House and currently introduced at the Senate — highlights that “Southeast Asia is the fulcrum of the Indo-Pacific region” and “ASEAN remains central to the Indo-Pacific region's institutional architecture and to United States foreign policy toward the region.”<sup>15</sup>

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13. ASEAN has separate region-based free trade agreements with Australia and New Zealand, China, the Republic of Korea, Japan, and India, as well as the Regional Comprehensive Strategic Partnership agreement with Australia, New Zealand, China, the Republic of Korea and Japan.

14. Premesha Saha, “Southeast Asia forming the lynchpin in the US' Indo-Pacific strategy,” *ORF*, July 28, 2021, <https://www.orfonline.org/expert-speak/southeast-asia-forming-the-lynchpin-in-the-us-indo-pacific-strategy/>.

15. 117<sup>th</sup> Congress (2021-2022), H.R.1083 - Southeast Asia Strategy Act, <https://www.congress.gov/bill/117th-congress/house-bill/1083/text>.

**Opportunities:** The Biden administration is also trying to dovetail its domestic growth agenda — focusing on green development, clean technologies, climate solutions and digital economy — with its development assistance and foreign policy goals. The Biden administration recently launched a number of initiatives with ASEAN such as the US-ASEAN Climate Futures, US-ASEAN Economic Futures, US-ASEAN Health Futures, US-ASEAN Climate Solutions Hub, US-ASEAN Forest Future Initiative, and US-ASEAN Alliance for Protected Area Conservation.<sup>16</sup> As mentioned earlier, the resources availed by Washington for these initiatives are channeled through multiple bilateral and regional platforms, instead of a dedicated ASEAN-US fund or facility. However, their net effect would be to enhance the region's capacity to tackle pressing challenges such as climate change, energy transition, deforestation and pandemic response.

The US is stepping up collaboration with its allies and like-minded partners — especially Australia, India and Japan through the Quadrilateral Security Dialogue (Quad) — to scale up their capabilities in countering China's influence in the region. While grounded in geopolitics, this undertaking also entails ongoing and forthcoming efforts by the US and its allies/partners to enable the Quad to provide regional public goods in such areas as Covid-19 vaccines, climate change, energy security, critical technologies and quality infrastructure. Through this positive agenda, the Quad could present itself as a force for good rather than simply a geopolitical ploy, which would potentially enable US competition with China in a more effective, responsible and healthy manner rather than a purely militarized approach.

ASEAN has thus far exercised great caution vis-à-vis these minilateral/plurilateral initiatives for fear of upending its equilibrium between the US and China and undermining ASEAN centrality. This, however, has not prevented some individual ASEAN member states from embracing the so-called Quad-plus or Quad-minus initiatives and other plurilateral platforms that involve Quad countries in areas that benefit their national interests. Examples include (i) Vietnam's participation in consultations with the Quad countries — together with South Korea and New Zealand — in 2020 to discuss the Covid-19 pandemic response and economic cooperation;<sup>17</sup> (ii) the 2022

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16. Fact sheet: U.S.-ASEAN Special Summit in Washington, DC.

17. Derek Grossman, "Don't Get Too Excited, 'Quad Plus' Meetings Won't Cover China," *The Rand Blog*, April 9, 2020, <https://www.rand.org/blog/2020/04/dont-get-too-excited-quad-plus>

Garuda Shield exercise involving Indonesia, Malaysia and Singapore (for the first time) alongside the US and other Indo-Pacific partners;<sup>18</sup> and (iii) the prioritization of Southeast Asian countries in the Quad countries' various supply chain resilience and maritime domain awareness initiatives.

**Threats:** The US' current approach to Southeast Asia is conceived and operationalized in the broader context of its Indo-Pacific strategy. Driven by, among others, the strategic imperative to counter, confront and compete with China as its major systemic rival, the US' Indo-Pacific strategy adopts multiple institutional pathways to rally its allies and like-minded partners, including through minilateral or plurilateral platforms. The past few years have witnessed the intensity of minilateral coalition-building among the US and its Indo-Pacific partners, especially the consolidation and institutionalization of the Quad and the formation of the Australia-United Kingdom-United States (AUKUS) trilateral security partnership. Although these exclusive minilaterals are neither intended nor designed to replace ASEAN-led broad-based mechanisms, they present serious institutional challenges to ASEAN.

First, these minilateral coalitions signify the entrenchment of the hard power balancing approach by the US and its Indo-Pacific partners which gives emphasis to military deterrence and response capabilities in dealing with China. This stands in contrast with ASEAN's traditional reliance on normative persuasion and inclusive institutions to shape China's behavior. Second, given their small, nimble and like-minded membership, these minilaterals hold out better prospects than ASEAN broad-based institutions in delivering tangible results and effective and timely response to regional security challenges. As a result, these powers tend to invest more in minilateral coalitions than in ASEAN institutions so as to advance their strategic goals, heightening the risk of the latter's diminishing relevance. Third, ASEAN member states maintain different and even divergent views about the strategic values and attendant risks of the Quad and AUKUS, based on their respective strategic outlooks and perceptions of national interests. This has in turn exposed and accentuated the pre-existing strategic incoherence within ASEAN in the face of great power competition.<sup>19</sup>

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meetings-wont-cover.html.

18. US Embassy & Consulates in Indonesia, Super Garuda Shield 2022 Showcases Multinational Partnership and Joint Interoperability, August 3, 2022, <https://id.usembassy.gov/super-garuda-shield-2022-showcases-multinational-partnership-and-joint-interoperability/>.

Table 17. A SWOT Analysis of ASEAN-US Relations

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- US presence is an enabling factor of ASEAN's inclusive and open regionalism</li> <li>- Reservoir of trust and support for US engagement in the region</li> <li>- US thought leadership and agenda-setting power</li> <li>- US development assistance and capacity building</li> <li>- Market access and private sector-led investment</li> </ul>	<ul style="list-style-type: none"> <li>- Sporadic attention and inconsistent engagement</li> <li>- Liberal bias and values-based approach</li> <li>- No region-based FTA with ASEAN and absence from Asia's multilateral trade agreements</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Aligning US domestic agenda with ASEAN development needs</li> <li>- Delivering regional public goods as part of a healthy and responsible competition with China</li> </ul>	<ul style="list-style-type: none"> <li>- US-led exclusive minilateralism versus ASEAN-led inclusive multilateralism</li> </ul>

## China and ASEAN

**Strengths:** There are structural factors that have contributed to the substantial and comprehensive development of China's relations with Southeast Asia over the past two decades, namely geographic proximity, historical and cultural ties, and the gravitational pull of China's economic clout. Moreover, Beijing's decades-long investment in building regional relationships, including through ASEAN-China dialogue relations – is equally noteworthy and important. Unlike the US' approach to Southeast Asia which suffers from sporadic attention, uneven commitment and occasional distractions, Beijing takes a long-term view on the importance of nurturing relationships with Southeast Asia so as to maintain a friendly, secure and prosperous neighborhood in its southwestern periphery. The political continuity of the one-party state also enables the Chinese leadership to sustain their strategic focus, political commitment and long-term investment in shaping China's relations with ASEAN and its member states

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19. For a more in-depth analysis, see Hoang Thi Ha, "Understanding the Institutional Challenge of Indo-Pacific Minilaterals to ASEAN," *Contemporary Southeast Asia*, Vol. 44, No. 1 (2022), 1-30.



along three main goals: (i) ensuring a stable neighborhood; (ii) pursuing economic interests; and (iii) advancing Chinese strategic influence in the region.<sup>20</sup>

As a result of these structural factors as well as Beijing's diplomatic activism, China has leapfrogged from a latecomer — it became an ASEAN Dialogue Partner only in 1996 — to a pioneer in ASEAN's external relations in many dimensions (Table 18). It was the first country to sign the 1976 Treaty of Amity and Cooperation in Southeast Asia (TAC); the first to establish a Strategic Partnership with ASEAN; the first and only nuclear weapon state thus far willing to accede to the Southeast Asia Nuclear Weapons-Free Zone Treaty (SEANWFZ) with no reservations; and together with Australia, the first to establish a Comprehensive Strategic Partnership with ASEAN. China has the most extensive spectrum of cooperation with ASEAN, covering about 50 areas of cooperation.<sup>21</sup> China is also a member of all ASEAN-led mechanisms that include the ASEAN Plus Three (APT), alongside the ARF, EAS, ADMM-Plus, and ADMM plus one.<sup>22</sup>

Unlike western Dialogue Partners, Beijing is comfortable with ASEAN's conservative approach to regionalism and the ASEAN Way — which is defined as “the avoidance of formal mechanisms and legalistic procedures for decision-making, and the reliance on *musyawarah* (consultation) and *mufakat* (consensus) to achieve collective goals.”<sup>23</sup> There is a strong political convergence between China and ASEAN member states on the principle of non-interference in countries' internal affairs and on the precedence of national sovereignty over human rights. Therefore, while the democratic backsliding and authoritarian shift in some ASEAN member states such as Thailand, Cambodia and the Philippines have complicated western countries' relations with these countries —

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20. “Examining the Future of China-Southeast Asia Relations,” Georgetown *University Initiative for US-China Dialogue*, November 18, 2020, <https://docplayer.net/227038464-Examining-the-future-of-chinasoutheast-asia-relations.html>.

21. Author's interviews with relevant desk officers of the ASEAN Secretariat.

22. The only ASEAN-led mechanism that does not include the US is the ASEAN Plus Three that comprises ten ASEAN member states, China, Japan and the Republic of Korea. China accords strategic importance to promoting APT as the main institutional vehicle towards establishing an exclusionary East Asian community (EAc).

23. Amitav Acharya, *The Making of Southeast Asia: International Relations of a Region* (Singapore: Institute of Southeast Asian Studies, 2012), p. 206.

**Table 18. China and the United States’ Institutional Engagement with ASEAN**

	<b>China</b>	<b>US</b>
Establishment of dialogue relations	1996	1977
Establishment of strategic partnership	2003	2015
Establishment of comprehensive strategic partnership	2021	2022
Accession to the TAC	2003	2009
Institutionalization of annual summit	1998	2009
Opening of dedicated mission to ASEAN	2012	2010
Free trade agreement with ASEAN	Yes	No
RCEP member	Yes	No
Member of ASEAN-led mechanisms	ARF, APT, ADMM-Plus, EAS	ARF, ADMM-Plus, EAS
Dedicated center promoting dialogue relations	Yes	No
Number cooperation mechanisms under the dialogue partnership	50 (approx.)	25 (approx.)

*Source:* Author’s compilation from various sources.

and to a certain extent, with ASEAN — China has leveraged these developments to consolidate its overall influence in the region.

China wields enormous economic influence in Southeast Asia. The Chinese economy and ASEAN economies are deeply integrated in the global supply chains, which means that China’s economic influence is manifest both as the largest destination market for ASEAN goods and as the biggest supplier of intermediary inputs for ASEAN exports to the world. China has been ASEAN’s top trading partner since 2009 and ASEAN has become China’s top trading partner since 2020.<sup>24</sup>

24. “ASEAN remains China’s No.1 trade partner from Jan to Apr, accounting for 14.6% of total trade,” *Global Times*, May 9, 2022, <https://www.globaltimes.cn/page/202205/1265133.shtml>.

China has also progressively expanded its regional economic footprint in terms of foreign direct investment (FDI) and infrastructure development financing. Chinese FDI to ASEAN rose by 65% between 2011 and 2020, ranking 4<sup>th</sup> after the US, the EU and Japan in terms of FDI stock.<sup>25</sup> Beijing's all-out push for the Belt and Road Initiative (BRI) — the flagship initiative of President Xi Jinping's economic statecraft — has also made China the second largest infrastructure development partner in the region, after only Japan, as of 2019.<sup>26</sup>

There is a solid perception among Southeast Asian foreign policy establishments about China's economic predominance in the region. According to every SSEA survey since 2019, a large majority of respondents (above 70%) viewed China as the most influential economic power in Southeast Asia. This perception of China's overwhelming economic influence is not necessarily borne out by statistics — the US, Japan, the EU and the ROK are all very substantial economic partners of ASEAN countries in terms of trade, investment, development assistance and infrastructure development. However, this cognitive bias about China's economic clout may contribute to ASEAN countries' inclination to adopt a more accommodating foreign policy towards Beijing.

It is also important to note that China's economic influence in Southeast Asia is not simply a natural function of its geographical proximity and economic gravity but also the result of the Chinese leadership's long-term strategy to bind the region's economic future to its own. Beijing's economic statecraft towards ASEAN is probably unmatched by any other Dialogue Partner. China was the first Dialogue Partner to establish a region-based FTA with ASEAN with the signing of the Agreement on Trade in Goods in 2004. The full-fledged ASEAN-China Free Trade Area (ACFTA) was created in 2010, and its 2015 Upgrading Protocol includes Chinese concessions in the rules of origin, trade facilitation and services liberalization to help boost ASEAN businesses' access to the Chinese market.<sup>27</sup> China was also a strong advocate for the signing and implementation of the Regional Comprehensive Economic Partnership agreement (RCEP), which is expected to further entrench China's centrality in regional

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25. ASEAN Secretariat, ASEAN Investment Report 2020-2021, <https://asean.org/wp-content/uploads/2021/09/AIR-2020-2021.pdf>.

26. Michelle Jamrisko, "China No Match for Japan in Southeast Asia Infrastructure Race," *Bloomberg*, June 23, 2019, <https://www.bloomberg.com/news/articles/2019-06-23/china-no-match-for-japan-in-southeast-asia-infrastructure-race>.

trade and production networks, and consolidate its economic influence and integration with ASEAN countries.

**Weaknesses:** While ASEAN-China official documents exhibit a forward-looking and positive note about the relationship, there is an underlying anxiety on the part of ASEAN member states on whether China would live up to its rhetoric of peaceful rise and great power benevolence. The SSEA survey shows that China is widely regarded as the most influential power in Southeast Asia, but it is also the most distrusted power (Table 19).

Power asymmetry and geographic proximity between China and Southeast Asia are the two structural factors behind the region's strategic distrust towards China.<sup>28</sup> According to Singapore's former senior diplomat Bilahari Kausikan, "[A]s a contiguous big country, China is always going to be influential in Southeast Asia. For the same reason, because it is a contiguous big country, China is always going to evoke concerns in Southeast Asia. In this apparent contradiction lies the essence of the relationship. [...] China is undoubtedly influential but distrusted."<sup>29</sup> Furthermore, for some ASEAN countries sharing land border with China, especially Vietnam, historical memories of centuries-long resistance to Chinese territorial conquests and Sinification constitute another powerful factor for their anxiety and apprehension about Beijing's growing power and influence.

Although Beijing has approached ASEAN with more "carrots" than "sticks", there are assertive and hegemonic features of China's behavior vis-à-vis ASEAN member states that have undermined the region's confidence in Beijing to act as a responsible and benevolent power. Most concerning of all is China's revanchism that seeks to "reclaim

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27. Singapore's Ministry of Trade and Industry, A Guide to Understanding the ASEAN-China Free Trade Area Upgrade, <https://www.mti.gov.sg/-/media/MTI/Legislation/Public-Consultations/2016/Guide-to-the-upgraded-ASEAN-China-Free-Trade-Area-ACFTA/a-guide-to-understanding-the-acfta-upgrade-final.pdf>.

28. Hoang Thi Ha, "Southeast Asians' Declining Trust in China," *ISEAS Perspective* No. 2021/15, February 18, 2021, <https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/iseas-perspective-2021-15-southeast-asians-declining-trust-in-china-by-hoang-thi-ha/>.

29. Bilahari Kausikan, "The diplomatic dance of South-east Asia," *The Straits Times*, August 20, 2020, <https://www.straitstimes.com/opinion/the-diplomatic-dance-of-south-east-asia>.

**Table 19. China’s Influence and Distrust Ratings in Southeast Asia**

Question	2020		2021		2022	
	China	US	China	US	China	US
What is the most influential economic power in SEA?	79.2%	7.9%	75.9%	6.6%	76.7%	9.8%
<i>Worry about its economic influence</i>	71.9%	29.8%	68%	24.5%	64.4%	31.9%
<i>Welcome its economic influence</i>	28.1%	70.2%	32%	75.5%	35.6%	68.1%
What is the most influential political-strategic power in SEA?	52.2%	26.7%	49.8%	28.5%	54.4%	29.7%
<i>Worry about its political-strategic influence</i>	85.4%	47.3%	86.5%	47.9%	76.4%	37.4%
<i>Welcome its political-strategic influence</i>	14.6%	52.7%	13.5%	52.1%	23.6%	62.6%
Have little/no confidence in China/US to ‘do the right thing’ for global peace, security, prosperity and governance	60.4%	49.7%	59.6%	31.1%	58.1%	29.6%
Share the view that China is a revisionist power and intends to turn SEA into its sphere of influence	38.2%	NA	46.3%	NA	41.7%	NA

Source: State of Southeast Asia survey (2020-2022).<sup>30</sup>

lost territories” in its near abroad. Since 2009, China has asserted its nine-dash-line claims in the SCS based on its so-called historical rights that have been declared as unlawful and inconsistent with the 1982 UNLCOS by the 2016 arbitral tribunal’s ruling. China’s reclamation and militarization of its occupied features in the SCS, its intensification of gray zone warfare and intrusions in the exclusive economic zones of SCS coastal states, and obstruction of their oil and gas development and fishing activities, have been a persistent cause of concern in the region.

30. In the SSEA 2022 edition, the survey authors apply a different methodology that assigns a 10% weighted average to each country’s responses to calculate the average figures for ASEAN as a whole. The 2021 figures in this table have thus been adjusted by applying the weighted average method so that comparative analysis can be done.

Regardless of China and ASEAN's proclaimed progress in negotiating a code of conduct in the SCS (COC), a substantive and effective COC remains elusive because China and Southeast Asian claimant states are diametrically opposite in their interpretation and application of UNCLOS vis-à-vis China's maritime claims based on its historical rights. According to SSEA 2021, the two top concerns of Southeast Asian foreign policy elites over the SCS are (i) China's militarization and assertive actions in the SCS (62.4%) and (ii) China's encroachments in the EEZ and continental shelves of other littoral states (59.1%), whereas only 12.5% registered their concern about US increased military presence in the SCS.<sup>31</sup> The SCS has been and continues to be a contentious issue in ASEAN-China relations going forward.

**Opportunities:** During the past decade, Beijing has attached great importance to neighborhood diplomacy in view of its intensifying strategic competition with America and growing estrangement from the West. While Washington and its allies' approach towards China is shifting towards being more competitive, confrontational and hard balancing-oriented, ASEAN and its member states still maintain their strategic ambivalence, continuing to engage the US, China and other powers in an omnimeshment strategy. The ASEAN approach is considered more inclusive and accommodating towards Chinese influence, and Beijing has returned in kind with its continuing charm offensive towards the region. It is observed that China's messages to Southeast Asian audience are largely "positive" and "genteel", emphasizing win-win cooperation and good neighborliness, in contrast with Chinese diplomats' combative 'wolf warrior' communication with western countries.<sup>32</sup>

Southeast Asia is also the priority region in China's Covid-19 vaccine diplomacy<sup>33</sup> and BRI. While China's BRI investments globally experienced steep declines in the past

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31. Sharon Seah et al., *The State of Southeast Asia 2021*, (Singapore: ISEAS - Yusof Ishak Institute, 2021), <https://www.iseas.edu.sg/wp-content/uploads/2021/01/The-State-of-SEA-2021-v2.pdf/>.

32. Darren Cheong, "Polite Wolves: China's Soft Twitter Diplomacy in Southeast Asia," *Fulcrum*, February 21, 2022, <https://fulcrum.sg/polite-wolves-chinas-soft-twitter-diplomacy-in-southeast-asia/>.

33. Khairulanwar Zaini, "Did China Eke out a Vaccine Diplomacy Victory in Southeast Asia?," *ISEAS Perspective* No. 2022/75, August 1, 2022, <https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/2022-75-did-china-eke-out-a-vaccine-diplomacy-victory-in-southeast-asia-by-khairulanwar-zaini/>.

couple of years, Southeast Asia rose to become the top BRI investment destination in 2020, and among ten major BRI recipient countries, seven are from Southeast Asia, namely Singapore, Indonesia, Malaysia, Vietnam, Laos, Thailand, and Cambodia.<sup>34</sup> China continued to step up its diplomatic and economic outreach to ASEAN at the virtual Special ASEAN-China Summit in November 2021 which was attended by President Xi for the first time. Xi proposed a new round of upgrade of the ACFTA, and pledged an additional donation of 150 million Covid-19 vaccine doses, an additional \$5 million contribution to the Covid-19 ASEAN Response Fund, vaccine joint production and technology transfer, \$1.5 billion development assistance in the next three years, and purchase of \$150 billion of agricultural products from ASEAN in the next five years.<sup>35</sup> These offerings are attuned to ASEAN member states' current top priorities, namely pandemic control and post-pandemic economic rebound.

Similar to the US, China is seeking to align its domestic development agenda with its external economic relations. As such, China's ongoing efforts to achieve its sustainability and digital transformation goals would open up new opportunities for increased Chinese collaboration with, investment in and capacity-building for ASEAN countries in these areas. China's target of reaching carbon neutrality by 2060 and its own decarbonization drive promises "an acceleration in both policy and technological innovation" and has "the potential to exercise influence over global climate action."<sup>36</sup> For example, China's domination in solar panel supply chain — with over 80% market share for all manufacturing stages of solar panels — has brought down the cost of solar PV by more than 80% in the past decade, which helped to accelerate the clean energy transition for the world.<sup>37</sup> At the ASEAN-China level, the 2021 Joint Statement on Enhancing Green and Sustainable Development Cooperation stated that both sides

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34. Wang Zheng, "Assessing the Belt and Road Initiative in Southeast Asia amid the COVID-19 Pandemic (2021-2022), *ISEAS Perspective* No. 2022/57, May 26, 2022, <https://www.iseas.edu.sg/articles-commentaries/iseas-perspective/2022-57-assessing-the-belt-and-road-initiative-in-southeast-asia-amid-the-covid-19-pandemic-2021-2022-by-wang-zheng/>.

35. Speech by President Xi Jinping at the Special Summit to Commemorate the 30th Anniversary of China-ASEAN Dialogue Relations, November 22, 2021, <https://news.cgtn.com/news/files/For-a-Shared-Future-and-Our-Common-Home.pdf>.

36. "Climate Action in China and Implications for Southeast Asia," *ISEAS Events*, August 6, 2021, <https://www.iseas.edu.sg/mec-events/climate-action-in-china-and-implications-for-southeast-asia/>.

will “join efforts to promote climate change mitigation and adaptation” through energy transition and energy resilience, forest management, climate smart agriculture, and knowledge sharing on climate change tackling.<sup>38</sup>

As a technological powerhouse with a digital economy reaching almost 40% of its GDP<sup>39</sup> and a mature e-commerce market, China’s economic stakes in the region will increasingly move beyond ‘brick-and-mortar’. The Chinese government and companies are actively tapping the ASEAN region’s growth potentials in internet industry and digital economy which is estimated to reach \$300 billion in 2025.<sup>40</sup> Alibaba-owned Lazada is the largest e-commerce platform in the region, operating in Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. Alibaba and Tencent also invest in other most promising tech start-ups in the region such as SEA, Tokopedia, and Go-Jek.<sup>41</sup> At the inter-governmental level, there have been many initiatives to promote a robust digital economy agenda in ASEAN-China cooperation, including the Action Plan on Implementing the ASEAN-China Partnership on Digital Economy Cooperation (2021-2025), and the plan to build the ASEAN-China Digital Trade Centre in Guangxi, China.<sup>42</sup>

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37. IEA, The world needs more diverse solar panel supply chains to ensure a secure transition to net zero emissions, July 7, 2022, <https://www.iea.org/news/the-world-needs-more-diverse-solar-panel-supply-chains-to-ensure-a-secure-transition-to-net-zero-emissions>.

38. ASEAN Secretariat, ASEAN-China Joint Statement on Enhancing Green and Sustainable Development Cooperation, 2021, <https://asean.org/wp-content/uploads/2021/10/65.-Final-ASEAN-China-Joint-Statement-on-Green-and-Sustainable-Development-Cooperation.pdf>.

39. Wu Lei, “Promoting China-ASEAN relations by deepening industrial cooperation,” *China Daily*, December 28, 2021, <https://global.chinadaily.com.cn/a/202112/28/WS61cab732a310cdd39bc7de87.html#:~:text=The%20establishment%20of%20the%20China%2DASEAN%20partnership%20on%20blue%20economy,held%20on%20Oct%2026%2C%202021>.

40. Google, Temasek, and Bain & Company, *e-Economy SEA 2020 At full velocity: Resilient and racing ahead*, [https://www.bain.com/globalassets/noindex/2020/e\\_economy\\_sea\\_2020\\_report.pdf](https://www.bain.com/globalassets/noindex/2020/e_economy_sea_2020_report.pdf).

41. Nicole Jao, “Alibaba and Tencent’s growing tentacles in Southeast Asia,” *TechinAsia*, January, 27 2021, [https://www.techinasia.com/visual-story/alibaba-tencents-growing-tentacles-southeast-asia?utm\\_source=dailyarticle&utm\\_medium=website&utm\\_campaign=wp20210128](https://www.techinasia.com/visual-story/alibaba-tencents-growing-tentacles-southeast-asia?utm_source=dailyarticle&utm_medium=website&utm_campaign=wp20210128).

42. “China-ASEAN digital trade center to boost cooperation,” *Xinhuanet*, August 21, 2020, [http://www.xinhuanet.com/english/2020-08/21/c\\_139307132.htm](http://www.xinhuanet.com/english/2020-08/21/c_139307132.htm).



**Threats:** Beijing's influence efforts to shape the regional order in its own vision have presented institutional challenges to ASEAN regionalism. Unlike the US and other western Dialogue Partners, Beijing is politically comfortable with the ASEAN Way and has sought to utilize it — especially the consensus decision-making — to its own advantage. The most notable example is China's exercise of its influence over some ASEAN member states, especially Cambodia, which have used their veto power within ASEAN on the SCS issue. This resulted in, among others, ASEAN's unprecedented failure to issue a joint communiqué at its foreign ministers meeting in 2012. Despite China's rhetoric of respect for ASEAN centrality, Beijing has stepped up its pressure — through both economic incentives and coercive activities and threats — to prevent ASEAN member states from reaching a robust common position on the SCS developments, even to the point of undermining ASEAN unity and credibility as experienced in 2012.

Another institutional challenge to ASEAN centrality in the regional architecture comes in the form of China-centric bilateralism, minilateralism and multilateralism. As noted by Amitav Acharya, "China has shifted from the pursuit of an ASEAN-centric regionalism in the 1990s ... to one with multiple and parallel tracks."<sup>43</sup> Beijing has initiated and sponsored various institutions and initiatives such as the BRI, the Asian Infrastructure Investment Bank (AIIB) and the Lancang-Mekong Cooperation (LMC) to push forward its foreign policy agenda. Although these institutions are not meant to replace ASEAN-led institutions, they serve as stark reminders of the inadequacy of ASEAN regionalism in delivering regional public goods and responding to regional development and security needs. For example, while ASEAN chooses to be a bystander in the Mekong sub-regional governance, the LMC has fast emerged as the most well-resourced and institutionalized Mekong mechanism that serves as a multilateral vehicle to project China's economic, political and discourse influence in the sub-region.

Last but not least, Beijing's vision of a China-centric regional system entails its exclusivist approach to security governance in Asia (or at least in East Asia). In recent years, China actively promotes the so-called "Asian way" to boost China's position as a resident power while de-legitimizing the presence of external powers, particularly

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43. Amitav Acharya, "The Myth of ASEAN Centrality?," *Contemporary Southeast Asia* Vol. 39, No. 2 (2017), 273-79.

America, in the regional order.<sup>44</sup> Beijing’s parochial regionalism is most acutely reflected in its insertions to the COC draft, seeking to exclude companies from countries outside the region in oil and gas exploration and development in the SCS and prevent ASEAN states from undertaking military exercises with external powers in the SCS.<sup>45</sup> China’s call for “Asian people to uphold Asia’s security”<sup>46</sup> is in effect the inverse of ASEAN’s open regionalism which embraces all powers near and far. China has also sought to embed its concepts of international relations — or Chinese discourse power — in ASEAN processes, including the “community of common destiny” or the Global Security Initiative. In essence, Beijing has been seeking to socialize ASEAN — and by extension its member states — into China-centric norms rather than the other way around.

Table 20. A SWOT Analysis of ASEAN-China Relations

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- China’s holistic and long-term investment in ASEAN-China relations</li> <li>- Political convergence on the ASEAN Way</li> <li>- China’s economic influence and statecraft</li> </ul>	<ul style="list-style-type: none"> <li>- Problem of trust: structural factors</li> <li>- Problem of trust: China’s behavioral factors</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Southeast Asia’s strategic value in China’s neighborhood diplomacy</li> <li>- New areas of cooperation</li> </ul>	<ul style="list-style-type: none"> <li>- Institutional challenges to ASEAN regionalism</li> </ul>

44. Hoang Thi Ha, “Building Peace in Asia: It’s Not the “Asian Way”,” *Fulcrum*, July 29, 2022, <https://fulcrum.sg/building-peace-in-asia-its-not-the-asian-way/>.

45. Hoang Thi Ha, “Pitfalls for ASEAN in Negotiating a Code of Conduct in the South China Sea,” *ISEAS Perspective* No. 2019/57, July 23, 2019, [https://www.iseas.edu.sg/wp-content/uploads/pdfs/ISEAS\\_Perspective\\_2019\\_57.pdf](https://www.iseas.edu.sg/wp-content/uploads/pdfs/ISEAS_Perspective_2019_57.pdf).

46. New Asian Security Concept For New Progress in Security Cooperation: Remarks by President Xi Jinping at the Fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia, May 21, 2014, <https://www.mfa.gov.cn/ce/cenz/eng/ztbd/yxhfh/t1159951.htm>.

## Conclusion

Neither Washington nor Beijing has entirely won the competition for strategic, economic and ideational influence in Southeast Asia. Each power has its own set of strengths and weaknesses in relations with ASEAN; and one power's strength often reflects the other's weakness, given their elemental differences in governance systems and visions of regional order. Yet, they have one thing in common: despite both powers' proclaimed support for ASEAN centrality, their engagement with the region is not immune from 'great power autism' — a condition defined by Edward Luttwak as great powers' lack of “the constant situational awareness of the world around them that is natural in small countries of equal advancement,” hence their decision-making on foreign affairs is based on “highly simplified, schematic representations of unmanageably complex realities which are thereby distorted to fit within internally generated categories, expectations and perspectives.”<sup>47</sup>

As Washington and Beijing are locking themselves in for long-term strategic competition, there is an even greater risk that both powers increasingly view ASEAN more as an instrument of geopolitical contest than as a player with its own voice and agency. It is therefore critical that both powers exercise extra efforts to be attuned to the region's needs and concerns rather than simply trotting out their self-selected narratives. This would go a long way in winning over Southeast Asian hearts and minds. Both powers also have an equal share of responsibility to make sure that their competition will not end up in armed conflict which would throw the entire region into chaos.

As for ASEAN and its member states, the binary framing of taking sides in Sino-US competition is misleading and impractical. Interdependence engenders vulnerability, be it with China or America, hence the nexus between opportunities and threats in the region's relations with either superpower. Going forward, much will hinge on whether ASEAN can muster the political will and unity of purpose as a group to leverage this competitive dynamic while taking care not to be entrapped in great power rivalry. As noted by Malaysian Prime Minister Ismail Sabri Yaakob, major power competition “will bring about its own set of challenges to the region” but it “need not be a bad thing”

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47. Edward N. Luttwak, *The Rise of China Vs. The Logic of Strategy* (Massachusetts and London: President and Fellows of Harvard College, 2012), 13-23.

and “proactive engagement by the major powers can benefit this region, provided we can leverage on it.”<sup>48</sup>

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48. Keynote address by the Prime Minister of Malaysia, Ismail Sabri Yaakob, at the 35<sup>th</sup> Asia-Pacific Roundtable, Kuala Lumpur, July 5, 2022, [https://www.isis.org.my/wp-content/uploads/2022/07/APR35-report\\_small.pdf](https://www.isis.org.my/wp-content/uploads/2022/07/APR35-report_small.pdf).

## 10. Conclusion: Southeast Asian Perspectives and Implications for Korea

Lee Jaehyon

This report has illuminated how individual Southeast Asian countries view US-China strategic competition. Southeast Asia is characterized by the phrase “unity in diversity.” These countries are geographically united but have diverse historical traditions, experiences of colonialism, religions, languages, localities and much more. Today, they are also incredibly diverse in terms of their economic development and political systems. Against this backdrop, Southeast Asian countries have experienced a similar strategic environment since their formation as nation states at the conclusion of the Second World War. Immediately after they achieved independence, they were dragged into the Cold War order. In this context, although they were divided into two rival blocs, they were under the influence of two competing superpowers. While these countries tried to gain some autonomy and room for maneuvering following the end of the Cold War and built ASEAN-led multilateral cooperative institutions, they again faced strategic competition on a smaller scale between Japan as the existing regional power and China as the rising power.

The intermission only lasted two decades. Since the late 2000s, Southeast Asian countries have been once again drawn into superpower competition. China has sought to overthrow the existing regional, and perhaps even global, order that put constraints on China’s further rise to the world’s number one country. Beijing argued that it could not accept the existing world order which China did not play a part in creating. On the other hand, the United States announced the Pivot to Asia after a long absence from Southeast Asia. The intention was to manage or contain China’s rise in Asia and to regain the lost ground of the US in Asia. For Southeast Asian countries, the consequence was another round of superpower competition over the region in general and Southeast Asia in particular.

This collection of observations by individual Southeast Asian countries was an attempt to understand how the diversity of Southeast Asian countries are played out when they face a similar strategic environment of superpower competition. Individual chapter

writers were asked to first review each country's past relations with both China and the US. Then they moved on to analyze the strengths, weaknesses, opportunities and threats that the two competing superpowers have and pose from the perspective of individual countries. Through this analysis, this volume aimed to identify similarities and disparities among Southeast Asian countries. It concludes by examining each country's strategies to manage their relations with the superpowers, on the one hand, and strategies to cope with the superpower competition and subsequent strategic uncertainties and pressures.

## **Regional Commonalities**

What is noticeable in each chapter is that there are some similarities that permeate individual countries' views of China and the US. First, there are noticeable commonalities in how the Southeast Asian countries under examination share a largely similar strategic stance towards the US and China. Among the countries in this volume, Cambodia is arguably categorized as the country closest to China while Singapore and Vietnam have similar strategic interests with the US. On a spectrum of Southeast Asian countries, Cambodia is standing closest to China and Vietnam and Singapore are standing on the opposite side. Nevertheless, they are not blind followers of the superpowers. Singapore and Vietnam see the shortcomings of the US engagement with their own countries and likewise, Cambodia is not happy with everything China is doing towards its or towards Southeast Asia in general. Although Southeast Asian countries, depending on their own national interests, lean towards a certain superpower, it does not mean that they are in either China's or the US' strategic pockets.

All the countries examined here were able to find all the elements of strength and weakness in the US and China. They also see both opportunities and threats in their relations with the superpowers. For rather small and medium countries, it is in general not wise to align themselves with a superpower completely. They have to secure their own leverage against the superpowers as much as they can. Through a SWOT analysis, it was also found that the countries in Southeast Asia are muddling through the given situation of superpower rivalry. Since they cannot strategically identify themselves with a single superpower to secure their survival and interests, they have no option but to engage with the competing superpowers simultaneously. This at the same time indicates that Southeast Asian countries are adopting a balancing strategy as well. Engaging with the US is a balancing act against China and vice versa. A pure engagement

strategy does not enhance their leverage against the superpower, but only increases their dependency. Therefore, for Southeast Asian countries, engaging and balancing are two sides of the same coin.

Another interesting regional similarity is the importance of domestic factors. In general, Southeast Asia's domestic context such as political situation is not often mentioned as the main factor that decides one country's strategic direction. For example, the Cambodian opposition political party has quite a different orientation from the incumbent Hun Sen administration when it comes to strategy towards China and the US. We do not know how much chance the opposition party has to take power in Cambodia given the strong political grip of Hun Sen's party. Nevertheless, should the opposition take power, the country may have a chance to go in the opposite direction.

Likewise, Hoo Chiew Ping analyses successive Malaysian administrations' different approaches to both China and the US. Similarly, Thailand has its own potential to change its direction depending on the future development of domestic politics. At the moment, Thailand under Prime Minister Prayut Chan-o-cha, who first took power through military coup in 2014 and subsequently through elections in 2019, is said to be close to China. The regime in Thailand is facing substantial domestic political opposition especially from the youth that want restoration of democracy in Thailand. The youth movement in Thailand is not favorably disposed toward closer cooperation with China since it could be a force supporting the military regime in Thailand and may invite Chinese intervention in domestic politics.

## **On the United States**

Southeast Asian views on the SWOT of the US are more interesting and diverse. While most Southeast Asian countries want to maintain close economic relations with China, they at the same time have concerns over Chinese influence. At this point, the US had some merits in the eyes of Southeast Asian countries. Many would accept that the US is the only force that can maintain strategic balance against the growing Chinese influence. The best interests of ASEAN countries are realized and secured under a regional balance of power. A single superpower's hegemony in the region is not optimal for the interests of ASEAN. Of course, the merits of US presence and balancing against China vary depending on specific strategic interests in individual countries, but no one denies the value of the US presence and balancing role in the region.

This actually can be a weakness if the US does not properly manage it. As much as the ASEAN countries want a US presence in the region, these countries are worried about US strategic commitment in the region. ASEAN countries had their own experience. The US withdrew from Southeast Asia as soon as the Cold War concluded. It had been away from the region for around two decades from 1990 to 2010 when the US returned to the region with its Pivot to Asia initiative. The US did not come to rescue close allies and partners in Southeast Asia during the Asian Financial Crisis. During the Trump administration, the US treated ASEAN countries and ASEAN-led institutions in a disparaging manner. These ups and downs of US commitment in Southeast Asia reduced the regional countries' confidence in the US commitment.

One of the commonly shared views about the opportunity or strength that the US has in Southeast Asia is its soft power. In many countries, the US is viewed favorably in the sense that there is a great potential for sociocultural exchange and cooperation between the US and Southeast Asian countries. Even in a country like Cambodia which is closest to China among the countries examined in this volume, there is a strong appeal offered by the US as far as sociocultural cooperation is concerned. In general, the US is a great opportunity for young Southeast Asians to find educational opportunities in tertiary education. Most of the countries examined to see the value of sociocultural and educational opportunities provided by the US such as the Young Southeast Asian Leadership Initiative (YSEALI), International Visitor Leadership Program, and Fulbright Programs.

While the US has merits in security, strategic and sociocultural fields, the US rhetoric of democracy and human rights is one of the weaknesses of the US in the region. Some countries examined in this volume, including Cambodia, Thailand and Indonesia, specifically pointed out the US rhetoric of democracy and human rights is a kind of weakness or a threat. In fact, no countries in Southeast Asia are free from the pressure coming from the US rhetoric of democracy and human rights since almost all of them have their own troubled histories.

Among these three countries, Thailand has been under US pressure since the military coup in 2014 that overthrew an elected government. It is interesting to note that Indonesia, a country that is most advanced in its record of democracy and human rights, also raises this point. Indonesian views on the US discourse of democracy and human rights are not about the US pressure on Indonesia but is more about the inconsistent



application of the discourse of democracy and human rights over the long history of bilateral relations between the two countries.

## On China

Overall, most of the countries in Southeast Asia have longer historical contact with China than they have had with the US. Not all the contacts with China are good memories. For example, Vietnam has experience of Chinese invasions and of border conflicts in more recent times. Those countries that have better relations overall with China, for example Cambodia, also had their own share of bad historical memories. Maritime Southeast Asian countries like Malaysia and Indonesia once saw China as a source of security threat in the form of exporting communism to Southeast Asia. Nevertheless, these countries swiftly changed their views on China once it opened up and emerged as an economic opportunity. The past relations with China, thus, have various forms ranging from threat to opportunity from the perspective of Southeast Asian countries.

China has a great appeal to Southeast Asian countries in the economic area as is widely accepted. Most of the countries examined do not want to miss the economic opportunity that China offers. At the same time, however, the economic power of China itself is the most important source of potential threat to Southeast Asian countries in the form of economic over-dependence. In addition, there is a view that China better understands Southeast Asian needs than its rivals. This view is supported by an opinion survey done by ISEAS-Yusof Ishak Institute in Singapore.<sup>1</sup> According to the survey, 76.7% of respondents said that China has the biggest economic influence in the region while only 9.8% agreed that US economic influence is dominant in Southeast Asia. At the same time, 64.4% of respondents were worried about further expansion of Chinese economic influence in the region. 68.1% were positive about the expansion of US economic power in the region, presumably, since the US is the only country able to counter Chinese influence in the region.

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1. ISEAS-Yusof Ishak Institute, "The State of Southeast Asia: 2022 Survey Report," <https://www.iseas.edu.sg/articles-commentaries/state-of-southeast-asia-survey/the-state-of-southeast-asia-2022-survey-report/>.

Meanwhile, some countries that have disputes in the South China Sea with China of course view China as a potential security threat. These countries include the Philippines and Vietnam among others. Cambodia and China maintain a cordial relationship, shown in the ‘Community of Shared Future’ agreement between the two countries. At the grass-roots level, however, the Cambodian general public has concerns over crimes and bad behavior by the Chinese in Cambodia as the people-to-people exchanges between the two countries grow. When it comes to relations with China, Vietnam is an interesting case to watch. As mentioned above, Vietnam has disputes with China in the South China Sea. This explains Hanoi’s growing strategic cooperation with the US and the US opportunity in Vietnam. Vietnam’s difference in political system is noteworthy given Vietnam has party-to-party relations with China, which is unique among Southeast Asian countries examined here. The nexus, despite seemingly troubled ties between the two, maintains the bilateral relations between China and Vietnam.

## Regional Diversities

On top of the above points of regional similarities that can be found in multiple countries in Southeast Asia, there are interesting arguments developed in specific country contexts. These include Singapore’s complicated view on China, the Philippines’ nationalism and anti-US sentiment, and the issue of political system differences in the case of Vietnam. Singapore has its own strategic concerns regarding China and its rising hegemonic influence in the region. This is exactly why Singapore needs the US presence despite early skepticism held by its founding father, Lee Kuan Yew, about the US. Benjamin Ho shows the depth of Singapore’s suspicion about a rising China since its origins. Prime Minister Lee did not have any doubt China would not be satisfied with being a part of a US-built world order but would try to enforce its own idea and order on the region and world. This insight, according to Ho, shaped Singapore’s strategic view of China. Because of a large ethnic Chinese population in Singapore, a large part of its society has potential to be attracted by Chinese cultural power, economic power, or Chinese propaganda. This perception by Singaporean leaders may have produced a strong stance against Chinese potential hegemonic power in the region and strong need for a balance of power in the region.

In the case of the Philippines, Aaron Jed Rabena points out that there is a lingering nationalism and anti-American sentiment in the country. The idea is fueled by the crimes committed by the US soldiers in the Philippines who are protected under special

arrangement at the expense of the Philippines sovereignty. This nationalism issue is taken up by activists crying against the “unequal alliance” or “sovereign inequality” between the US and the Philippines. While this kind of nationalism and repercussion was at its peak during the Corazon Aquino administration, a reversal happened under Duterte’s leadership. The US was critical of the democratic and human rights situation under Duterte. This criticism brought about a different kind of nationalism criticizing the US intervention in Filipino domestic politics.

Vietnam’s political system also makes for an important variable in viewing the US. There are a few Southeast Asian countries such as Vietnam, Laos, Brunei, and Myanmar that have different political systems from the US. Myanmar is under military dictatorship while Brunei is a monarchy under the rule of King Hassanal Bolkiah. Both Vietnam and Laos are communist regimes. Although Vietnam is said to be one of the closest strategic partners of the US in the region along with Singapore, different political systems put some strains on it. Nguyen Thi Bich Ngoc mentions that different political systems, ideologies, and values are obstacles to the development of deeper bilateral relations. It means that a seemingly deeper strategic partnership between the two cannot overcome the existing difference in the ideology and values between the two countries, which often leads the US to criticize Vietnam’s record of democracy and human rights.

## **Implications for Korea’s Approach to ASEAN**

What does Southeast Asia’s evolving SWOT assessments of the United States and China mean for how South Korea engages the region and charts its own path amidst US-China rivalry? Based on the ASEAN countries’ perspectives in this publication, some implications for Korea-ASEAN relations and Korea’s approaches to individual Southeast Asian countries can be drawn. While the summary above is based on individual chapter writers’ views, this part on policy implications for Korea is based on solely this chapter writer’s personal assessment. For more than three decades since the building of ties between ASEAN and Korea in 1989, the two sides have built ever-deepening cooperative relations. The partnership built is not just about bilateral relations between Korea and individual Southeast Asian countries, but also between Korea and ASEAN collectively. In addition, the two parties or Korea and 10 ASEAN countries have worked closely in regional multilateral forums such as the ASEAN Regional Forum (ARF), ASEAN+3, East Asia Summit (EAS), ADMM+ (ASEAN

Defence Ministers' Meeting Plus) and so on.

Economic partnership leads the bilateral relations. ASEAN combined is Korea's second-largest trading partner and also the second biggest destination of Korean foreign direct investment (FDI). For Korea, ASEAN is the biggest overseas construction market. Overall, Korea and ASEAN are tightly linked through a robust supply chain. In the area of sociocultural relations, there are more than 10 million mutual visits between Korea and ASEAN. The number of ASEAN students pursuing tertiary education in Korea is increasing and the Korean government is enhancing scholarship support for students from developing countries in ASEAN. There are a sizeable number of Southeast Asian people residing in Korea, which is nearly half a million and the same number of Korean nationals are staying in ten Southeast Asian countries. The Korean government provides between a quarter to a third of its total official development assistance (ODA) to six Southeast Asian countries which are priority recipients.

Despite these dense partnerships in economic and sociocultural areas between Korea and Southeast Asia, strategic and security cooperation is lagging far behind. To a certain degree, it is understandable. Security cooperation is promoted best when there is a common security threat shared by the partners. Korea and Southeast Asia do not share such a security threat in the area of traditional security. There are a few venues such as vice ministers of defense and areas such as limited military capacity building and defense industry cooperation have been built between Korea and ASEAN. More cooperation between the two parties can be found in non-traditional security cooperation. Korea has emphasized the areas of non-traditional security cooperation such as cyber security, maritime security, health cooperation, humanitarian assistance and disaster relief, climate change and so on. These areas have been singled out as areas of cooperation largely because of a belief that non-traditional security cooperation is politically less sensitive.

When it comes to strategic cooperation, there is a venue for discussion between Korea and ASEAN both at the level of track 1 and 1.5, but the opportunities are less than fully exploited. Both Korea and ASEAN are facing strategic instability and uncertainty largely coming from the superpower competition today. There have been many suggestions that the two have to develop strategic cooperation to overcome negative impacts of the superpower competition and to enhance their leverage against the superpowers. But because of many reasons, it has been much easier said than done.

Despite substantial economic and sociocultural linkages between ASEAN and Korea, it is still questionable if the two have ever built strong strategic confidence and trust in each other. For both parties, relations with the superpowers come first, then building strategic cooperation with second-tier countries. ASEAN, whether collectively or its individual member states, is viewed as strategically second tier by Korea and Korea is the same in the eyes of ASEAN countries.

The Korean government recently announced its own Indo-Pacific Strategy which includes a strategy towards ASEAN and Southeast Asian countries. Korea, also, is trying to upgrade its relations with ASEAN to a comprehensive strategic partnership (CSP) in 2024 on the occasion of celebrating the 35th anniversary of Korea-ASEAN relations. It will be good if the Korean government, taking the opportunity, upgrades and enhances its strategic approach to both ASEAN and individual Southeast Asian countries. When Korea refreshes its commitment to strategic cooperation with Southeast Asian countries and ASEAN, the findings of this research can enrich its strategy. Towards this end, this chapter recommends four points: identifying the individualities of Southeast Asian countries' strategic needs; Korea's positioning in the strategic rivalry of the US and China; maximizing Korea's merits in the eyes of ASEAN countries; and building a small and medium power coalition in the longer term.

First, as explained by individual chapter authors and by the summary above, individual countries in Southeast Asia have their own different paths of developing relations with the superpowers. These have shaped individual countries' different positioning on the strategic spectrum between bandwagoning with the US to fully embracing China as strategic partners. When approaching these individual countries for strategic cooperation, Korea needs to be mindful of individual countries' different positioning. Korea has to be quite flexible to accommodate individual countries' strategic outlooks developed in the context of their own strategic perspective and in their bilateral relations with superpowers, given their disparate interests. A single comprehensive tactic by Korea cannot accommodate all the individual Southeast Asian countries.

Second, in addition to tailor-made policies towards individual countries in ASEAN, Korea needs another level of overarching strategy to encompass the region. The core of the strategic cooperation will be managing the relationship with superpowers and dealing with the superpower rivalry in a joint effort by Korea and ASEAN countries. The general strategic orientation of Southeast Asian countries in the superpower

strategic competition is to maximize their autonomy, interests, and leverage against superpowers. ASEAN countries are trying to do this by taking a middle ground between the two superpowers. This is not just a taking middle ground between the two, but at the same time have close working relations with both the US and China, which is largely described as a hedging strategy. For Korea to enhance its strategic partnership with ASEAN countries, it would be good to acknowledge and keep pace with this strategic posture of Southeast Asian countries.

So much so, Korea needs to develop good working relations with both superpowers, not leaning towards a certain country. When Korea bandwagons on a certain superpower's strategic position, it will narrow Korea's room for maneuvering between the two superpowers. More importantly, it will limit the space for strategic cooperation with ASEAN countries. They do not want to be included in a superpower's bloc, which means minimizing ASEAN countries' strategic room for maneuvering and autonomy. For example, when Korea builds its own Indo-Pacific strategy, and when this strategy may have adverse implications for one of the competing superpowers, Korea still needs to make an effort to cultivate working relations with the superpower. Burning the bridge with a certain superpower does not serve either Korea's own interests or Korea's intent to develop strategic cooperation with ASEAN countries.

Third, Korea needs to maximize its strengths in the eyes of ASEAN countries: a Korean version of a charm offensive. For a long time, Korea has been regarded as a country that has no hidden strategic agenda towards ASEAN countries. In its partnership with ASEAN countries, Korea has to keep and enhance this image of a neutral and trustworthy partner of ASEAN countries. This image can be strengthened by Korea keeping a middle ground in the superpower rivalry. On top of this, Korea has to put forward its experience of uplifting the country from one of the poorest countries to the level of a developed country. This has a strong appeal to many developing Southeast Asian countries. With this appeal, Korea can attract Southeast Asian countries closer to Korea in the strategic cooperation field. Korea needs to learn how to translate its soft power into strategic merits and assets.

Korea can attract Southeast Asian countries with more development aid and sharing experiences and knowledge as an advanced country. But it should not be just the experience of economic development or cultural attractiveness that needs to be deployed. Korea has to exploit strategic attractiveness as well. To this end, Korea has to break

free from its old mindset as a developing country, limited to the Korean Peninsula or Northeast Asia. As a developing country that faces existential threats from North Korea, Korea has for a long time confined its strategic scope to the Korean Peninsula, Northeast Asia and relations with the so-called four major powers surrounding the Peninsula. This mindset has put significant strategic constraints on Korea's views and regional scope. Korea needs to be more pro-active in building strategic cooperation with regional countries, including Southeast Asian countries. This is where a genuine audacity is needed as far as Korea is concerned.

Last but not the least, Southeast Asia-Korea strategic cooperation has to go beyond keeping a balanced posture between the competing superpower in a long-term perspective. Either the US or China wins the strategic competition, or if there is a strategic compromise between the two superpowers, it is likely that the result of the superpower competition writes and shapes the regional and global order in the coming years. Then, small and medium powers in the region are individually making their move to maximize their interests and secure their survival in a given order. However hard they may try, the emerging regional order will reflect the best interests of the winning superpower or a compromise between them. It is naive to expect that the consequence of the superpower competition and subsequent new regional or global order would reflect the best interests of small and medium powers. Korea and ASEAN countries are one of those small and medium powers in the sense that they individually cannot decide or make impacts on the final result of superpower competition and then on the emerging new regional order.

## Conclusion

In the past, small and medium powers did not have enough power to influence the regional order which was largely set by the consequences of World War II and the following Cold War. Small and medium powers then were too weak so that they had no choice but to accept whatever was given to them as a regional and world order. They had to do their best to secure their survival and interests in the given environment. The power balance between the superpowers and small and medium powers, however, has changed substantially since then over the years. The small and medium powers still cannot beat superpowers economically and militarily but when they are united they have substantial leverage to influence the behaviors and decisions of the superpower. Furthermore, the superpowers are not the same superpowers we used to know before in terms of their capacity, particularly for providing common goods for the region and

for the world.

In the long-term, Korea-ASEAN strategic cooperation has to have this leverage in mind. In a given situation, both Korea and ASEAN countries have to walk a fine line between the two superpowers and in the context of their competition. Of course, there are ways for the two parties to cooperate to maximize their strategic interests in the shorter term. For the long-term interests of both Korea and ASEAN countries, however, they have to discuss what kind of regional order can best serve their interests and the interests of small and medium powers in general. Other than short-term tactics, both Korea and ASEAN countries have to look into this aspect of strategic cooperation and consensus building which promises concerted efforts of regional small and medium powers.





**ASAN**  
REPORT

## **Southeast Asian Perspectives of the United States and China: A SWOT Analysis**

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