

# Policy Bulletin

The Stanley  
Foundation



44th Strategy  
for Peace  
Conference

October 16-18, 2003

Airlie Center,  
Warrenton, VA

## China and Southeast Asia

There is a broad perception that US policy in Southeast Asia is much too solely focused on the single issue of the war on terrorism. Battling terrorism is, of course, a major concern and will continue to be so for the foreseeable future. However, US economic, political, and security interests in the region go well beyond the issue of terrorism, and American policies and programs must be formulated with broader interests firmly in mind. US bilateral treaties with the Philippines and Thailand are examples of hands-on US commitment in the region.

While the United States does not seek to dominate the region, it would be fundamentally against US interests if any other nation, including China, were to do so. In this regard, the tools to promote American interests include bilateral, multilateral, and regional approaches. Seeking win-win solutions will generally be far more successful in Southeast Asia than confrontational or zero-sum approaches.

Those were among the assessments that emerged at the Stanley Foundation's 44th Strategy for Peace Conference, entitled "New Security Challenges in Southeast and South Asia," held October 16-18, 2003. The conference's roundtable discussion on China and Southeast Asia was structured to examine a number of interrelated economic and security issues (including nontraditional security issues.) Each of the issues was then analyzed separately in terms of identifying the interests, actions, capa-

bilities, strengths, and weaknesses of both parties, as well as those of the United States. This was done for the purpose of formulating recommendations for the United States to address changing dynamics and new realities in Southeast Asia.

### Security Issues for China

There was no unanimous agreement in the group on what China's goals and interests are in Southeast Asia. While the group agreed broadly that China is seeking to expand its regional role and influence, some participants argued that—in line with its historical attitude toward its frontiers—China's goal might be "defensive" in order to create a buffer against external influences, including the United States. China has had a long history of seeking to prevent other powers from consolidating positions near its borders. Other participants ascribed a more ambitious and troubling strategy to Chinese motives, arguing that China is deliberately creating a sphere of influence in its backyard in which it will be the dominant power.

Still other participants wondered if the Chinese leadership itself had a clear conception of its goals in Southeast Asia. In other words, the leadership might have a "defensive" strategy as its short-term goal to gain influence in Southeast Asia, but a longer-term goal of establishing hegemony. The group concluded that because China's interests are likely not static, determining its goals was an open-ended question better left unresolved.

More information on the Asia-Pacific Initiatives program is available online at [api.stanleyfoundation.org](http://api.stanleyfoundation.org).

This Policy Bulletin summarizes the primary findings of the conference as interpreted by the rapporteur. Participants neither reviewed nor approved this bulletin.

Therefore, it should not be assumed that every participant subscribes to all of its recommendations, observations, and conclusions.

While several participants expressed strong opinions about China's motives and goals in the region, other participants argued that the entire issue of Chinese motivation was essentially irrelevant and that the focus should rather be on China's capabilities. A state's domination of a region does not depend on how that state perceives itself and the nature of its motivations, but rather on the sum result of its actual instruments of influence and power. Defensive motivations can, in fact, result in establishment of domination over a region. For example, China's road and dam building, consolidation of control over the South China Sea, trade and investment, etc., might eventually result in China's domination of Southeast Asia regardless of Chinese intentions.

*China's diplomatic efforts in recent years have become very sophisticated, marking a significant shift and improvement on previous policies.*

Given these uncertainties, the group determined that the important considerations from the US strategic viewpoint should be China's actions in the region. All participants agreed that China's diplomatic efforts in recent years have become very sophisticated, marking a significant shift and improvement on previous policies. This is partly a function of the circumstances of the changing geopolitical environment in recent months and years, such as the war on terrorism and the North Korean nuclear crisis. But it is also in line with China's effort to be taken seriously on the global stage, with its membership in the World Trade Organization (WTO) and its role as host to the 2008 Olympics.

Specifically, China has not maintained a singular approach to the region, but instead pursued different actions toward each country in Southeast Asia. Several participants observed that as a region, Southeast Asia has tried to play the United States and China off against each other, but that countries on China's periphery, such as Vietnam, have had more difficulty doing so. Overall,

China's approach toward the countries of Southeast Asia has been very soft and unthreatening, not asking very much of the region. It has pursued such actions using a combination of both bilateral and multilateral approaches.

The group broadly agreed that whatever the specifics to its long-term goals toward Southeast Asia, China had a number of weaknesses that could limit the expansion of its influence. One participant observed that the current state of China's political system would likely not allow Beijing to give consistent priority to external considerations. Another participant likewise argued that serious domestic problems—such as China's economic fragility, social tensions, and environmental problems—could curb its aggressive push into Southeast Asia. Still another participant observed that transparency, and its lack thereof, is crucial for building credibility and reputation in the region, particularly when faced with unpredictable issues like SARS. Some participants argued that despite great strides in bolstering its image and credibility in the region since the mid-1990s, China still struggles with a serious image and credibility problem in the region. This could act as a significant obstacle to Chinese leadership aspirations, especially due to the perceived lack of shared values. A participant noted that this would be less important for some countries in Southeast Asia than others.

### **Security Issues for Southeast Asia**

Participants agreed that Southeast Asia is now an area of both cooperation and competition, and that the crucial issue is how the region would address the competition, especially vis-à-vis the United States. Some observed that Southeast Asia could benefit greatly by playing Chinese interests off against US interests, but that there was also danger to the region in this strategy.

Another participant argued that what Southeast Asia wants most is stability in the region, but there was disagreement over whether the region sees China or the United States, or perhaps the presence of both, as the provider of stability.

Terrorism is obviously one of the most pressing security issues for the region, but it was noted that this threat poses a different issue for each Southeast Asian country. For many, this is not a new concern. And for most, terrorism has to do with internal domestic struggles and the role—or lack thereof—of well-functioning domestic political and administrative institutions. Several countries in the region, including China, are concerned with separatist movements that pose a serious threat to political and economic stability.

Participants all agreed that the region suffered from significant weaknesses, both political and economic. Moreover, the Association of Southeast Asian Nations (ASEAN) as an institution is a weak implementer of policy, due largely to a lack of leadership arising out of Indonesia's political and economic weakness. At present, ASEAN's greatest strength lies in its convening capabilities. One participant observed that hundreds of meetings are convened every year and that within ASEAN the values of communication, dialogue, and confidence-building, which are under-appreciated in the United States and the West, remain strong. Such an emphasis on regional community relationships contributes to an atmosphere of stability and continuity within the region but does not necessarily translate into effective action. Nevertheless, the implication for the United States is that it needs to pay attention to this multilateral emphasis rather than continuing to rely on its traditional bilateral approach to resolving problems and implementing policies.

## Economic Issues for China

As in security issues, there was some disagreement among participants regarding the motives behind China's increased economic presence in the region. One participant, who had just returned from a trip to Laos, reported that several hundred Chinese were quietly building a state-of-the-art, high-tech dam completely financed by China. This is just one example of many other Chinese projects throughout Laos, including road construction. While some participants expressed concern over these developments, others argued that it would be a mistake to think about China's commercial extension in the region as necessarily malignant or against US interests. The argument here is that regardless of motives, China will naturally become economically engaged in the region because it is a bordering neighbor, and the result would be positive economic and security gains for both the region and China.

Another participant observed that China may have crossed a critical point when it chose the path of market capitalism. Given China's embrace of capitalism, its Asian strategy seems to arise in part from the activities of its growing corporate sector and the spillover effect of rapid growth in Yunnan Province and other parts of southern China, rather than overt competition with other powers directed from Beijing. More overtly, Beijing appears to seek to promote China-centered regional economic cooperation, much as Japan did after World War II. This marks a significant economic reorientation for China.

But another participant observed that while China's growing role in Southeast Asia may be profit-driven and inevitable, economic actions and relations have political consequences. If China's economic presence in the region reaches a level of creating regional

*The United States needs to pay attention to this multilateral emphasis rather than continuing to rely on its traditional bilateral approach to resolving problems....*

economic dependency, it can translate into political leverage. This, it was argued, was something that the United States should be very concerned about. Another participant observed that Japan is being eclipsed by China as the economic provider in the region, and that the United States needs to be mindful that Japan is the real loser in this competition.

### **Economic Issues for Southeast Asia**

Southeast Asian nations differ significantly and, therefore, their interests vary greatly as well. Nevertheless, as one participant observed, there is increased momentum toward the coalescence of a free market in East Asia. Both the Chinese and Japanese have suggested an “East Asia community,” with the creation of an Asian bond market that could have negative implications for the United States. Its purpose would be to recycle huge Asian surpluses rather than diverting them to US markets. There is also momentum for the creation of an Asian Monetary Fund (AMF). But other participants dismissed the reality of an AMF, arguing that it was a reaction against US domination of the IMF response to the Asian financial crisis and would not likely take root. Moreover, its short-term goal was to attempt to avoid the consequences of continued reliance on state-owned or state-directed banking systems, revealing an underlying weakness in financial systems in the region, particularly in China.

The prevailing opinion within the group was that Southeast Asia remained economically weak after the 1997 Asian financial crisis. The crisis wiped out ASEAN’s institutional strength, although its group identity remains strong. But there is the increased notion within ASEAN that unless it brings the ASEAN Free Trade Area (AFTA) to conclusion, it will continue to lose out in the competition for foreign investments and international markets.

*Several significant constraints exist in the US political system that inhibit the prioritization of relations in Southeast Asia as a foreign policy issue.*

### **US Interests**

Current US policy interests in Southeast Asia are largely related to the global war on terrorism. Most participants expressed concern that in the United States there is currently no sense of urgency that Southeast Asia is a foreign policy priority. This is in stark contrast to the leadership in China, among whom a sense of priority regarding the region is clearly prevalent. But one participant argued that since 9/11 there has been an important recognition that longer-term US strategic interests lie very much in the region, noting that President Bush was traveling in the region at the very time of our discussions.

Participants agreed that several significant constraints exist in the US political system that inhibit the prioritization of relations in Southeast Asia as a foreign policy issue. For example, Americans and Southeast Asians possess very different styles of diplomacy and politicking. In the United States, there is very little patience for the perceived “chaos” and “messiness” of politics in Southeast Asia. Thus it is difficult to sell to US policymakers and constituents the importance of investing time and energy to cultivate relationships with the region, despite the fact that such nurturing of relationships—through frequent and regular contact and meetings—is *de rigueur* in Southeast Asia and is the basis of building trust and confidence. This is an area where China has adopted new diplomatic tactics that are proving very successful. But as one participant noted, the United States, unfortunately, may not be able to follow suit given the nature of its foreign policymaking and politics.

Another constraint for the United States is its emphasis on moral values and principles in the conduct of foreign policy, a long-standing tendency that raised some heated

debate among participants. For example, one of the most significant developments in Southeast Asia in recent years is the strategic partnership that has developed between Burma and China. But, some argued, US policies are working against long-term American geopolitical and strategic interests because they are limited very narrowly along moral principles. Some participants argued that stringent sanctions on Burma not only have little effect and are detrimental to the people of that country but are detrimental to US strategic interests, allowing China to garner greater influence, not only in Burma, but the region. Thus, many participants agreed, China's strengthening presence in Burma may be less a function of what China is doing well and more a function of what the United States is not doing right in Burma.

Other participants objected strongly to criticism of the current US sanctions on Burma, arguing that the United States must take a strong moral stand on this issue, especially given the atrocities committed by the Burmese regime against Aung San Suu Kyi's followers in recent months. One participant countered that the very strength of US foreign policy lies in its moral principles. But still another participant observed that while US leadership in democratic principles and human rights should indeed be admired, in the current environment it could be perceived as an example of US hegemony and heavy-handedness if not handled carefully.

Still another participant argued that the policy of sanctions on Burma is not an issue of the merits of a principles-based foreign policy but rather that certain elements within the US Congress have captured dominance of the issue, not allowing for real debate. Moreover, the issue for most Americans is a facile black-and-white one:

a terrible junta repressing a Nobel laureate activist does not leave much room for a nuanced discussion of the complex issues.

But the issue of gravest concern for many participants was that while US policy on Burma seems frozen with the sanctions regime, China's influence in that country and in the greater region seems to grow and deepen. One participant probed the areas in which China's actions would be zero-sum or absolute losses for the United States. Several participants argued that institution-building in the region was an area where the United States could contribute the most. Others strongly argued for the accommodation of rising Chinese influence while preventing the drift of Southeast Asia into China's direct orbit of influence.

### General Recommendations

- The United States needs more discipline in its foreign policy messages, because they often seem contradictory.
- The United States needs to be more actively engaged and involved in the region to counteract the perception of a precipitous increase in anti-American sentiments.
- The United States should not change its foreign policy goals and emphasis on values, but perhaps reconsider how they are propagated. Southeast Asians are sensitive to the perception that "better" foreign values should replace "lesser" local cultures and values. China faces a similar problem of perceived superiority and arrogance but has done a better job in recent years to temper such sentiments. The United States should also make concerted diplomatic efforts in this regard.
- The United States should not push Southeast Asia into a corner and force it to choose between the United States

*The United States should not change its foreign policy goals and emphasis on values, but perhaps reconsider how they are propagated.*

and China. This could have negative consequences.

- The United States should seek goals that are mutually agreeable to the United States, Southeast Asia, and China. For example, cooperating on issues such as securing energy needs, cracking down on narcotics and human trafficking, and law enforcement will benefit all parties. Such cooperative efforts will be far more successful in Southeast Asia as opposed to confrontational and zero-sum approaches.
- The United States should actively support multilateral and international cooperation and actions in the region and encourage the European Union and other countries such as Japan, South Korea, and India to more actively participate in such regional efforts.
- The United States should reenergize the Asia-Pacific Economic Cooperation and its role, moving away from a solely bilateral approach to the region. Such an emphasis on the multilateral approach will further encourage South Korean and Japanese participation in the region.
- Current US foreign policies tend to be program oriented rather than capabilities or institution oriented. The United States should work toward strengthening institutions that increase the capabilities in the region.

### Specific Goals

- The United States should be an active part of subregional projects in the region such as the Mekong Subregion development program.
- The United States must urgently restructure its current visa policies. Recent visa restrictions making it difficult for Asians to come to the United States to study,

work, or visit as tourists have had immediate and negative consequences for the United States, contributing greatly to the sentiment of anti-Americanism. It has also dramatically reduced the number of Southeast Asian and Chinese students able to come to the United States, in turn encouraging Chinese students to go to Southeast Asia, and vice versa. This only serves to deepen Chinese–Southeast Asian ties at the expense of the United States.

- The United States should invest in education programs and other long-term relationship-building institutions utilizing existing military and intelligence community programs, for example.
- The United States should encourage Track 2, 3, and 4 level interactions with the countries of Southeast Asia.
- The United States should initiate strategic dialogue with the ASEAN countries, Japan, and India specifically regarding concerns about the role and influence of China in the region.
- The United States should find ways to cooperate on regional financial issues, such as bonds, the WTO, and inter- and intraregional economic integration.
- The United States should initiate dialogue with ASEAN about Burma.

*The United States should seek goals that are mutually agreeable to the United States, Southeast Asia, and China.*

## Participant List

### Chair

**David I. Steinberg**, Director, Asian Studies Program, School of Foreign Service, Georgetown University

### Rapporteur

**Balbina Hwang**, Policy Analyst for Northeast Asia, The Asian Studies Center, The Heritage Foundation

### Participants

**Bradley O. Babson**, Consultant on Asian Affairs

**Richard P. Cronin**, Specialist in Asian Affairs, Foreign Affairs, Defense, and Trade Division, Congressional Research Service, The Library of Congress

**John W. Garver**, Professor of International Relations, Sam Nunn School of International Affairs, Georgia Institute of Technology

**Pek Koon Heng**, Assistant Professor and Program Director, Globalization in Southeast Asia Program, School of International Service, American University

**Murray Hiebert**, Washington Correspondent, *Far Eastern Economic Review*

**Frank S. Jannuzi**, Professional Staff Member, Senate Committee on Foreign Relations

**Michael A. McDevitt**, Director, Center for Strategic Study, The CNA Corporation

**Marvin C. Ott**, Professor of National Security Policy, National War College, National Defense University

**Alan D. Romberg**, Senior Associate and Director, East Asia Program, The Henry L. Stimson Center

**Robert G. Sutter**, Professor, Asian Studies Program, School of Foreign Service, Georgetown University

**Wang Gungwu**, Director, East Asian Institute, National University of Singapore

**Quansheng Zhao**, Professor and Director, Division of Comparative and Regional Studies, School of International Service, American University

### The Stanley Foundation Staff

**Cliff Brockman**, Associate Producer, *Common Ground*

**Elizabeth Constantine**, Program Officer

**Michael Kraig**, Program Officer

**Jeffrey G. Martin**, Vice President and Director of Programs

**Susan R. Moore**, Conference Management Associate

**Richard H. Stanley**, President

**Leslie Winter**, Program Associate

Affiliations are listed for identification purposes only. Participants attended as individuals rather than as representatives of their governments or organizations.

## The Stanley Foundation

**T**he Stanley Foundation is a nonpartisan, private operating foundation that strives for a secure peace with freedom and justice by promoting public understanding, constructive dialogue, and cooperative action on critical international issues. Its work takes the form of media programs, educational initiatives, and focused discussions that convene policy professionals, diplomats, and other experts.

Programming is varied and reaches multiple audiences. The foundation convenes conferences and seminars, providing a forum for high-level dialogue among policy professionals, policymakers, and opinion leaders on selected topics in global governance and US foreign policy. Global education programs reach and involve educators, administrators, and students from elementary school to college. The foundation produces a weekly public radio program on world affairs, *Common Ground*, and publishes *World Press Review*, the only English-language monthly magazine focusing on global issues through the prism of the international press.

Programs focus on matters including the United Nations and other international organizations, bilateral relations involving the United Nations, international security issues, global citizenship development, human rights, and global civil society.

The foundation works with a number of partners around the world, including public policy institutions, nongovernmental organizations, community colleges, elementary and secondary schools, media organizations, and others.

The foundation does not make grants.

Most Stanley Foundation reports, publications, programs, and a wealth of other information are instantly available on our Web site: [www.stanleyfoundation.org](http://www.stanleyfoundation.org).

The Stanley Foundation  
209 Iowa Avenue  
Muscatine, IA 52761 USA  
563-264-1500  
563-264-0864 fax  
[info@stanleyfoundation.org](mailto:info@stanleyfoundation.org)

**The Stanley Foundation**  
**209 Iowa Avenue**  
**Muscatine, IA 52761 USA**

Address Service Requested

Nonprofit Org.  
US POSTAGE  
PAID  
Cedar Rapids, IA  
Permit 214