

CHINA'S STRATEGIC REACH INTO SOUTHEAST ASIA

Presentation to the U.S.-China Commission
July 22, 2005

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Summary

China's geopolitical ambitions focus on Southeast Asia, where Beijing is intent upon establishing a preeminent sphere of influence. China has pursued this ambition with a very skilled diplomatic campaign designed to ultimately bind the region to China -- politically, economically and militarily. This effort and the strategic vision that animates it have profound implications for U.S. security interests in East Asia and beyond. In effect, a contest for the future of Southeast Asia and the peripheral seas is already underway. Beijing has been astute with its early moves in this new "Great Game." Washington has been comparatively inattentive and inert. At a minimum, the situation calls for a better, more informed, understanding of the state of play.

Context

The dominant characteristic of Southeast Asia has been its rapid economic growth and modernization. Over the last three-plus decades, countries like Singapore, Malaysia, and Thailand and to a lesser extent the Philippines, Vietnam and Indonesia have been utterly transformed. Economic growth has quintupled per capita incomes in little more than a generation. Villages based on subsistence agriculture have been absorbed into modern cities. Along with this has come a degree of regional peace and security that is without historical precedent. The last inter-state military conflict came to an end in 1989 with the withdrawal of Vietnamese forces from Cambodia. Today, warfare between or among the ten Southeast Asian countries that make up ASEAN is not quite, but almost, as inconceivable as warfare within the EU. Peace and security are powerfully buttressed over the long term by the remarkable democratic transformation in Indonesia. Today the world's largest Muslim nation has a popularly-elected President. Altogether these are remarkable achievements.

This broadly positive picture is, however, fragile. Economic vulnerabilities were evident with the Asian Financial crisis of 1997-8 that devastated the Thai, Malaysian and Indonesian economies. Recovery has been impressive but still tenuous -- particularly in Indonesia. The security picture is more dramatic and troubling. Broadly speaking, the region faces two security challenges -- neither of which was foreseen a decade ago.

- (1) Militant jihadist networks organized in the aftermath of the Afghan/Soviet conflict have become entrenched in the region. The core network is Jemaah Islamiyah centered in Java but with cells and support groups throughout Muslim Southeast Asia (S. Thailand, Malaysia, Indonesia, S. Philippines) – and with an Al Qaeda connection. JI came to the attention of US and regional security services when a plot (with advanced operational planning) was uncovered to bomb multiple targets in Singapore. Subsequent bombings in Bali and Jakarta and the Philippines have given credibility to the JI threat. There has long been a militant fundamentalist element in Indonesian Islam embodied in a group called Darul Islam, but it has always been a marginal factor in the broader polity and society. Muslim radicals have become more capable and threatening thanks largely to infusions of Saudi money and clerics and to the catalyst of Afghanistan. In my judgment, however, we will see (and are beginning to see) counteractive measures from governments and societal organizations in Indonesia and elsewhere that will gradually circumscribe and control the militants. In short, I believe the jihadists will remain a significant security threat for a few more years but not longer. Chronic violent activity will continue to be associated with Muslim Moro separatism in the southern Philippines but the driver here is a sense of cultural separateness and economic grievance focused on Manila -- not a global jihadist crusade. In time the Thai will find ways to build institutional bridges to the Muslim populations in their south sufficient to reduce the violence even as separatist sentiment continues to simmer.

- (2) China is mounting a strategic challenge to Southeast Asia and to the U.S. position in the region that is substantial and long term. An understanding of the Chinese challenge begins with an appreciation of the rapid, even spectacular, growth in Chinese power/capabilities since Deng Xiaoping began to dismantle the Maoist legacy in the late 1970s. Over most of the last 20 years the Chinese economy has been growing more rapidly than any in the world – about 9 per cent per year in aggregate -- with growth along the coast from Hainan to Shanghai averaging in double digits. This in turn has financed a growth in military budgets that has been even faster over the last decade. China's growing power coincides with a moment in history when Beijing is freed from the two historic threats that have kept China on the defensive – Russia and Japan. Neither poses a security threat to China today. This has freed China to look for strategic opportunity – for arenas where China's traditional greatness can be reasserted. The motive forces driving Chinese strategy are geopolitical ambition and nationalism. Maoism/Marxism is dead (confined to political rituals) and has been replaced with a strident nationalism most reminiscent of late 19th Europe. All of this is given a very sharp edge by China's acute sense of historic grievance against the West and Japan – Opium wars, treaty ports, reduction to semi-colonial status, and military invasion. China's leaders (and populace) are determined to restore

China's "place in the sun." In this regard it is useful to recall that over two millennia when Chinese dynasties were strong, the Middle Kingdom exerted a unique form of preeminence over neighboring lands that Western Sinologists have called the Tribute System. A modern analog to such a system would be an exclusive sphere-of-influence as opposed to a colonial or military occupation.

China's Agenda

The natural focus of China's strategic ambition is south toward Southeast Asia and the South China Sea – the "Nanyang" or southern seas; the "golden lands" in traditional Chinese parlance. Northeast Asia is a difficult and dangerous region where China is basically playing strategic defense – trying to prevent adverse developments like a North Korean collapse or a nuclear Japan. Southeast Asia by contrast offers opportunity, wealth, and vulnerability. Chinese diplomats actually use the Churchillian phrase "soft underbelly" to refer to this part of Asia. It is also a region with large, economically important populations of ethnic Chinese. There is little doubt that the leadership in Beijing seeks to establish a classic sphere of influence in which China has a security monopoly – a region where non-Chinese external military forces are excluded and where Beijing acts as regional arbiter on matters of high politics and strategy. Chinese strategists see Southeast Asia as the weak link in what they perceive as an emerging US containment of China. Government-linked publications identify the region as the point where China can "break through" containment.

The issue of Taiwan plays into the Southeast Asian strategic environment in subtle and largely indirect ways. There is a great deal of unofficial sympathy for Taiwan among Southeast Asia's large ethnic Chinese populations. Given a choice between a communist or noncommunist government for China, there is no question that Southeast Asia's Chinese would choose the latter. Also Taiwan has a substantial economic presence as investor and trading partner throughout the region. At the official level, however, all Southeast Asian governments affirm a "one China" policy that conforms closely to Beijing's requirements – including full diplomatic relations with Beijing and non-recognition of Taipei. China jealously guards its diplomatic monopoly and is quick to condemn the slightest breach – as when senior Taiwanese officials attempt to travel to Southeast Asian countries on "private" visits. When Singapore's Prime Minister-designate, Lee Hsien Loong, visited Taiwan prior to his investiture, it produced an angry, threatening response from the Chinese government that clearly surprised and discomfited Singapore.

The Southeast Asian countries have managed the China/Taiwan issue much as other countries have. Formal diplomatic ties provide the framework for rapidly growing economic (and security) ties with Beijing. These coexist with robust

commercial, financial, tourist and other nongovernmental interactions with Taiwan. This works so long as two conditions are met.

- (1) China refrains from trying to recruit Chinese populations in Southeast Asia as overt allies in its dispute with Taiwan. The effect of such an effort would be to politicize ethnic Chinese as Chinese – calling into question their status and loyalties as citizens of Thailand, Malaysia, the Philippines etc.
- (2) The cross-Straits dispute does not turn violent. Southeast Asian governments dread the prospect of being compelled to take sides, even politically, in a military confrontation between China and Taiwan.

Recent developments in Southeast Asia have created strategic opportunities. America's military center of gravity in the region – Clark air force base and Subic naval base in the Philippines – disappeared. ASEAN, so confident and vibrant in the mid-1990s, saw its coherence and international standing decline precipitously by the end of the decade. The same organization that seemed to face China down after the 1995 Mischief Reef confrontation was mute and ineffective when the issue reprised in 1998.⁴ The near collapse of Indonesia created, in strategic terms, a void where a cornerstone once had been. In short, the balance of power between China and Southeast Asia had shifted in Beijing's favor.

What exactly does China seek in Asia generally and Southeast Asia specifically? No one outside the Chinese leadership can answer that question with precision. We don't have the minutes of the Standing Committee of the Politburo meetings on this question. Moreover, different elements of the Chinese government – notably the Ministry of Foreign Affairs and the People's Liberation Army – have often conveyed rather different impressions to foreign counterparts. To some extent those differences are no doubt contrived to persuade and obfuscate. But they also may reflect a genuine lack of consensus in the senior leadership. Nevertheless, it is possible to identify a series of Chinese strategic objectives in general terms with some confidence.

First, China surely prefers a peaceful and prosperous Asia, one that will be a continuing source of trade and investment so critical to China's modernization. Moreover, such a benign environment will allow China to avoid the trap that the Soviet Union fell into – of allowing military expenditures to rise to the point that they undercut the economic and political viability of the state.

Second, China wants a sharp diminution in United States influence in Southeast Asia, especially in terms of its military deployments to the region and its encircling (from China's perspective) chain of bilateral security arrangements with many of China's neighbors.

Third, China seeks a Japan that is passive, defensive, and strategically neutered – one that has effectively withdrawn from the competition for power and

influence in Asia. Almost by definition, such a Japan will resist being an instrument of American strategic designs.

Fourth, Beijing also seeks clear sovereign authority over the South China Sea, i.e., recognition of the sea as Chinese territory with international transit conducted under Chinese ground rules. In short, China is determined that the South China Sea will become, in time, a Chinese lake and will be accepted as such internationally.

Fifth, China expects that Southeast Asia will be progressively subordinated to Beijing's strategic interests. Perhaps the closest analogy would be the assertion, in time, of a kind of Chinese Monroe Doctrine for Southeast Asia. Such a strategy would seek to expel any non-Asian (and Japanese) military presence from the region and create a strategic environment in which Southeast Asian governments understood that they were not to make any major decisions affecting Chinese interests or the region without first consulting, and obtaining the approval of, Beijing. It is with this scenario in mind that several ASEAN governments have watched with concern China's growing influence in Burma and to a lesser extent in Laos and Cambodia.

Aspiration is one thing; implementation is another. Since the mid-1990's (post-Mischief Reef) China has pursued a beautifully conceived and operationally sophisticated strategy to extend Chinese influence into Southeast Asia. At its core it is designed to present a benign face to Chinese power – to convince the Southeast Asia states that China offers economic opportunity and diplomatic partnership. It has taken the form of a diplomatic charm offensive that has been institutionalized through a remarkable set of bilateral and multilateral (with ASEAN) agreements. The result is an increasingly dense web of arrangements that progressively bind the region to China. The most recent manifestation of this strategy is a Chinese proposal, accepted by ASEAN, for an annual ASEAN plus 3 security summit that would include Korea and Japan but exclude the U.S. and Australia. Southeast Asia has never had a viable regional security framework; China proposes to establish one led by Beijing. At the same time China has pursued nuanced strategies tailored to foster bilateral ties with each of the governments in the region. Beijing's success to date is evidenced by the fact that Burma, Cambodia, and Laos can be credibly identified as Chinese client states – generally pliant to Beijing's direction within ASEAN, for example. Thailand seems to be seeking a role as a favored agent/surrogate of Beijing while avoiding full subordination. Economic development is another key element in China's strategy. For example, China has developed ambitious plans for the development and exploitation of the Mekong Basin beginning eight dams on the upper Mekong. China is working closely with the downstream states (Laos and Cambodia in particular) to integrate them into China's grand plan for the Mekong. All this has obvious strategic as well as economic implications.

At some point China's strategic ambitions will collide with America's established security presence (defense agreements, 7th Fleet deployments etc.) in the region. For China, the great challenge is finding ways to gradually marginalize the U.S. military by making the region progressively less hospitable. China and the U.S. are like two tectonic plates rubbing against one another and the fault line runs through Southeast Asia and the South China Sea. Put another way, there is a strategic contest (a "Great Game") underway and one player has developed a sophisticated strategy and has already collected a number of chips; the other player does not have a strategy and acts like it is unaware the game has started. So far, the U.S. is losing the game.

What Should be Done? A Proposed U.S. Strategy

The U.S. has effective policies (e.g. counterterrorism) and initiatives (e.g. tsunami relief) regarding Southeast Asia – but these do not add up to a security strategy. The absence of a strategy would be of little moment if the U.S. did not face a strategic challenge in the region. But it does.

The following are some preliminary thoughts – focusing on the China challenge -- regarding a new American strategic approach to Southeast Asia. It is simply a list of proposed initiatives designed to kick start a process.

General:

- + Systematically think through U.S. interests, goals and the challenges/threats to them.
- + Assess U.S. resources and capabilities (including those that come through leveraging security partnerships in the region) relative to interests and threats.
- + Formulate a strategy designed to maximize U.S. interests consistent with resource constraints.

Fundamental to this whole process will be a judgment as to what degree the U.S. is willing to accommodate the growth of Chinese power and influence in the region. For example, can the U.S. accept a Chinese sphere-of-influence that leaves the SLOCs recognized as international waterways not subject to Beijing's control?

Specifics:

- + Clarify U.S. thinking regarding the SLOCs (Malacca Straits and South China Sea routes) – their status under international law, U.S. vital interests and what the U.S. is prepared to defend militarily if necessary. Provide authoritative prominent statements of the U.S. position to repair the current ambiguity on the public record.
- + Propose/initiate a security dialogue with each of the Southeast Asia countries to be conducted at whatever level the counterpart government prefers. Make this a true dialogue in which the U.S. receives as well as transmits. This will be

difficult to get going with a number of governments (e.g. Malaysia) and may begin as a secret interchange among intelligence professionals. But as it becomes established, such a dialogue will provide a vehicle for serious consultations regarding regional security issues and potential areas of collaboration. The payoff would come with a meeting of the minds concerning China.

- + The tsunami relief effort rapidly took shape as a quadripartite operation involving Japan, Australia, India and the U.S. This was a remarkable success and suggests that these four countries might provide the sinews for a new multilateral security arrangement in Southeast Asia of a kind that has not heretofore existed. Initial potential missions include maritime security (counterterrorism, counter-piracy, environmental protection) and disaster mitigation and prevention. Any such initiatives would have to be carefully vetted with the governments of the region. These four countries have demonstrated their capability to provide critical “security services” to the region. The fact that China is not included because it currently lacks such capabilities is fortuitous.
- + Task the CIA to conduct an extended collection and analysis effort aimed at understanding the full nature and extent of China’s strategic reach into Southeast Asia. Done properly this will be a multiyear, perhaps multi-decade effort requiring the development of extensive assets that do not presently exist. For example, China has apparently put in place an extensive program of Chinese schools in a number of Southeast Asian countries (e.g. Cambodia) which has gone almost entirely unnoticed by Western Intelligence agencies.
- + Assist “think tanks” in the region to develop their analytical and personnel capabilities. At present the only Southeast Asian country with a critical mass of world class security strategists is Singapore. Incipient capabilities exist in Hanoi and Jakarta – and to a degree in Kuala Lumpur and Bangkok. Beijing has taken effective advantage of the lack of strategic sophistication in Southeast Asian capitals. It is in America’s interest to try to remedy this situation.
- + Reassess policy toward Burma and consider the consequences for U.S. security interests of continued sanctions that effectively drive the Burmese junta into the arms of China.
- + Task INR (State) to assess the strategic implications of China’s drive to harness and develop the Mekong. Private contractors working with the World Bank might be helpful in understanding the full import of what China is doing and possible U.S. counter-initiatives.

In addition to such regionally-oriented initiatives there are a companion set of bilateral initiatives that should be developed regarding U.S. policy/relations toward each individual country.

