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Murray Hiebert
Senior Adviser and Deputy Director, Southeast Asia Program
Center for Strategic and International Studies

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“China’s Relations with Northeast Asia and Continental Southeast Asia”

Commissioner Robin Cleveland, Commissioner Jonathan Stivers, and members of the commission, it is an honor to appear before you today to discuss China’s relations with mainland Southeast Asia.

China’s Economic Architecture in Mainland Southeast Asia

China has long been active in providing aid and trading with its neighbors in mainland Southeast Asia, but Beijing has dramatically stepped up its engagement over the past decade and particularly since Xi Jinping took over as Communist Party chief five years ago. China has emerged as one of the top aid donors and foreign investors in recent years in the less developed countries of Cambodia, Laos, and Myanmar. Economic engagement with these countries, as well as with Thailand, has played a critical role in their economic growth.

China is emerging as an important new bilateral aid provider and, in contrast to traditional donors like the United States, Europe, and the international financial institutions, is providing this assistance without any conditions attached, except that a country does not harm China’s interests.¹ In addition to bilateral aid from central government ministries in Beijing and the provincial government in Yunnan, which borders Myanmar and Laos, Chinese national and provincial companies are deeply involved in projects ranging from infrastructure development to agriculture and mining to forestry.

Some of these projects are promoted under China’s multibillion dollar “Belt and Road Initiative” (BRI), an infrastructure development strategy proposed by Xi in 2013 that focuses on promoting connectivity and cooperation between China and countries in Asia and Europe. Xi likes to say OBOR will link countries into a “community of common destiny.” Its goals appear to be to expand Beijing’s strategic influence, give it a bigger role in global affairs, and link countries in an extensive network of trade.

Beijing established the Lancang-Mekong Cooperation (LMC) framework in 2013 to link the six countries along the Mekong River: China, Myanmar, Laos, Thailand, Cambodia, and Vietnam.

¹ For example, when the Philippines challenged China’s takeover of Scarborough Shoal in the South China Sea in 2012, Beijing punished Manila by cutting off imports of bananas and other farm products. After a new Philippine president who was more sensitive to Chinese interests took over last year, Beijing quickly offered Manila billions of dollars of infrastructure development projects.

The grouping is intended to promote cooperation on political-security affairs, economic issues and sustainable development, and social affairs and people-to-people exchanges. The LMC appears to be partial response to the United States' Lower Mekong Initiative set up in 2009 and the Japan-Mekong Region Partnership announced in 2007.

China established the Asian Infrastructure Investment Bank (AIIB) in 2015 as a multilateral development bank aimed at supporting infrastructure construction in the Asia-Pacific. The countries of mainland Southeast Asia are members of the bank, but only Myanmar has received a loan from the AIIB so far.

China is also a strong supporter of the 18-nation Regional Comprehensive Economic Partnership (RCEP), which is led by the 10-country Association of Southeast Asian Nations (ASEAN) and excludes the United States. RCEP seeks to harmonize existing trade agreements between ASEAN and six regional countries, including China, reduce and harmonize tariffs, and promote regional economic integration. RCEP is often viewed as a competitor with the much more ambitious 12-country Trans-Pacific Partnership (TPP) in which the United States was a key player.

For the most part, China's southern neighbors welcome and appreciate China's aid, trade, and investment and see it as playing a critical role in their economic development. Still, each of the countries to varying degrees has some concerns and complaints about China's growing economic clout in their countries.

Myanmar by 2010 was concerned by its near total dependence on China's largesse after the United States, European Union, and most western donors had imposed sanctions against the ruling military junta. After a new reform government took office, it suspended work by a Chinese investor on the \$3.6 billion Myitsone dam near China's border in 2011 in response to domestic protests about the hydropower project's potential environmental damage. Protests in 2012 and 2013 also forced the temporary closing of the Letpadaung copper mine jointly operated by a Chinese arms manufacturer and a Myanmar military company. Villagers claimed their land had been unlawfully confiscated by the mine's operators.

In Laos, a ruling party congress in January 2016 replaced the party chief and another politburo member who were viewed as moving the country too deeply into China's orbit and personally profiting too much from Chinese projects. They were replaced by officials who were closer to Vietnam and more international in their foreign and economic policy outlook.

Thailand, the most developed of the mainland Southeast Asian countries, has long benefitted from trade and investment ties with China. More recently, Beijing has also become more involved in giant infrastructure projects in Thailand, as the two countries moved closer since a 2014 military coup. Construction of the \$5.2 billion, 540-mile Thai leg of a high-speed railway from Kunming to Singapore is finally expected to start this year after more than two years of negotiations between Chinese and Thai officials to hammer out disputes over the project's terms.

Cambodia under Prime Minister Hun Sen is probably most comfortable with its dependence on China, particularly when other donors like the United States and the European Union are scaling back in response to concerns about human rights violations. In response to China's aid and

investment, Cambodia has at least twice blocked consensus within ASEAN in trying to hammer out joint statements criticizing China's activities in the South China Sea.

China's Projects in Mainland Southeast Asia

China is working hard through its infrastructure and energy projects to demonstrate that it wants to be a reliable partner promoting economic development among its less developed neighbors. To be sure, China also benefits when its neighbors become wealthier and can buy more Chinese products, which are more easily moved to markets as infrastructure is improved. Many of these projects also make it possible for China to unload its giant domestic surpluses of steel and cement, and employ Chinese state-owned companies and workers who no longer have prospects in China's overbuilt domestic infrastructure and construction markets. China's increased involvement in the countries to its immediate south also provide Beijing an opportunity to compete for economic, political, and strategic influence in this region with the United States and Japan.

China's no-strings-attached model of aid is particularly attractive to Cambodia, where western donors have reduced aid to press the Hun Sen government to make improvements on human rights. In fact, China's aid in Cambodia seems targeted at least in part at supporting the government of Hun Sen, who in exchange for aid is willing to promote China's views within ASEAN, particularly on the South China Sea.

China's aid traditionally has not been used to press for domestic political or economic reform as has that of the United States and the European Union. Until recently, Chinese aid also was not concerned with the environmental and social impact of projects, but that appears to be changing in the wake of the protests that erupted around Myanmar's Myitsone dam project in 2012. Southeast Asian countries receiving Chinese aid and investment also complain that China imports its own workers and suppliers rather than using locals, transfers few skills, ignores corrupt practices in their projects, and is insensitive to land expropriation without fair compensation.

In recent years, Chinese officials have started talking about the need for "a more balanced and holistic development" approach. Officials appear to be urging Chinese companies to make a greater commitment to promote social responsibility and work with civil society organizations and target communities to increase accountability and transparency and better understand local needs and expectations.

For the most part, China's development projects in mainland Southeast Asia have worked independently from international financial institutions and western aid donors. However, that may change now that the AIIB has started making loans. Of the 13 loans approved by the AIIB only one is in mainland Southeast Asia, a \$20 million project for a gas turbine in Mandalay, Myanmar, that was structured in cooperation with the International Finance Corporation, the Asian Development Bank, and some commercial lenders.

Japan, particularly under Prime Minister Shinzo Abe, has stepped up its aid and investment in China's backyard in an effort to give Beijing some competition and provide the target countries some political and economic balance. Japan is establishing special economic zones in Myanmar and Laos to provide high standard and safe investment zones for Japanese companies and other

investors. On regional infrastructure projects, China's projects run north-south linking neighboring countries by land to China, while Japan's run east-west linking these countries by sea to Japan and the Japanese supply-chain.

China's Economic and Security Interests in Mainland Southeast Asia

Economically, China is looking to export its overcapacity in steel, cement, machinery, and even surplus electricity. It is also seeking investment outlets for its companies' excess savings, cheaper manufacturing environments, and raw materials and resources such as timber, minerals, rice, and other agricultural products for its domestic market. To facilitate the ease of doing business, China is promoting regional economic integration through various channels, including RCEP.

The oil and gas pipelines built by China National Petroleum Corporation from the western Myanmar port of Kyaukphyu, along the Bay of Bengal, to western China will cut several days off shipments of hydrocarbon imports from the Middle East and bypass the Malacca Strait and the South China Sea. Farmers who have been dislocated by the project complain they were not informed in advance about the project and its environmental impact, but have received only meager compensation for the land they were forced to give up and have not landed any of the thousands of jobs they were promised.

On the security front, China is seeking to court friendly countries on its southern periphery that will bolster China's regional sphere of influence. Specifically, Beijing seeks to avoid being encircled by countries close to the United States. China also works to encourage its southern neighbors to support Beijing's interests and views on the South China Sea dispute within ASEAN or at least remain neutral when Vietnam, the Philippines (prior to the election of President Rodrigo Duterte), and Singapore press for ASEAN to make strong statements challenging China's actions, including land reclamation. Ahead of the United Nations arbitral tribunal ruling in July 2016 on the Philippine case against China's claims in the South China Sea, Beijing worked hard to gain the support of its neighbors to reject the tribunal's ruling, which overwhelmingly went against China.

China also has growing military-to-military ties with its southern neighbors. Myanmar was almost totally dependent on China for military equipment and training during the years of foreign sanctions against the ruling junta. Since the government launched political and economic reforms, Myanmar's military has begun exploring other avenues for procuring arms and it has indicated that it would be open to military training in the United States, something Congress is not yet willing to consider.

Cambodia, meanwhile, has turned increasingly to China in recent years for military equipment, training, and exercises, while dropping some of its military exercises with the United States.

Even Thailand, a U.S. treaty ally that has had cooler ties with Washington since a military coup in 2014 earlier this year announced that it was buying 10 tanks from China to replace old U.S.-built tanks. More recently, the Thai cabinet approved almost \$400 million to buy a submarine from China and is considering buying two more. The two countries are also discussing military co-production and last year had their first-ever joint air force exercise.

China's influence in mainland Southeast Asia varies from country to country. Beijing's influence is probably strongest in Cambodia, which on at least two occasions (2012 and 2016) blocked ASEAN consensus on developing a common stand on China's activities in the South China Sea, including after the United Nations arbitral tribunal ruling last July. Laos, which was chair of ASEAN after the ruling last year, made a neutral statement without directly addressing the ruling. Myanmar acknowledged the ruling but did not call for its implementation. Vietnam has close party-to-party ties with China and there are high levels of trade and investment between the two countries, but Hanoi and Beijing are at loggerheads over the South China Sea, where the two sides have competing claims.

China has good relations with ASEAN and has been a dialogue partner with the grouping since 1995, and Beijing signed ASEAN's Treaty of Amity and Cooperation in 2003. China is a partner in many ASEAN-led forums such as the ASEAN Regional Forum (ARF), ASEAN Defense Ministers Meeting-Plus (ADMM+), the East Asia Summit (EAS), and has annual dialogues with ASEAN's trade, finance, and other ministers. China has a bilateral free trade agreement with ASEAN and is a participant in the RCEP trade talks.

China in 2002 signed with ASEAN a rather toothless Declaration of Conduct to govern behavior in the South China Sea, but Beijing and the Southeast Asian grouping are currently negotiating a Code of Conduct on which their foreign ministers recently completed a framework agreement.

China wields its influence over ASEAN policies that Beijing opposes (such as statements on the South China Sea) by engaging individual member states, particularly Cambodia, which it uses as proxies to defend and promote its interests. Because ASEAN makes decisions by consensus, opposition from just one member can derail a group decision. This makes engagement bilaterally with individual countries more effective than trying to get ASEAN as a whole to change its policies.

In general, China has stepped up its trade and investment engagement with mainland Southeast Asia countries over the past six years. Probably the most dramatic impact can be witnessed in Cambodia and its relations with China. Thailand has also increased its engagement with Beijing in the wake of the 2014 coup, which prompted the United States to reduce some of its engagement with Bangkok. Thai-U.S. relations may begin to warm up again after President Trump phoned Prime Minister Prayuth Chan-ocha in late April and invited him to Washington.

Myanmar reduced its intense ties with Beijing in the wake of the reforms launched in 2011 as Washington moved to lift sanctions and begin providing some assistance. The Trump administration has not yet indicated whether it will maintain the U.S. government's engagement with Myanmar. Beijing has wasted little time in making overtures to Myanmar, including inviting de facto leader Aung San Suu Kyi to visit Beijing, but it is not yet known what impact this is having on Sino-Myanmar ties.

Laos also tamped down its deep ties with China somewhat following its 2016 party congress, which made senior leadership changes that prompted the government to seek to balance a bit more its ties with Vietnam and China and increase its ties with the larger international community. These moves were bolstered by President Barack Obama's visit last September.

How Do Mainland Southeast Asian Countries Respond to China's Engagement?

Cambodia is particularly close to China. Beijing provides much needed aid for infrastructure and development projects. In exchange, Cambodia uses its veto within ASEAN to block statements critical of Chinese actions in the South China Sea. Last July, shortly after the United Nations ruled against China's claims in the South China Sea, Cambodia broke ranks with its ASEAN partners and rejected efforts to draft a statement calling on China to follow the ruling. Beijing had pledged \$600 million in aid just days before the ASEAN foreign ministers meeting.

Last year Phnom Penh ignored protests from Taiwan and deported 13 Taiwanese nationals to China who were suspects in a telecoms fraud case. In 2009, under pressure from Beijing and despite protests from Washington and the United Nations, Phnom Penh deported 20 members of the Muslim Uighur minority who had fled to Cambodia to escape a crackdown in China.

Senior Cambodian leaders welcome Chinese aid and their families benefit handsomely from Beijing's largesse. Cambodian civil society and environmentalists complain that many Chinese projects ignore their social and environmental impact, line the pockets of officials, and often do not adequately compensate farmers who lose their land to make way for development projects or agricultural plantations.

Laos' communist rulers, who were almost totally beholden to Vietnam when the war ended in 1975, over the past decade or so moved closer to China as Beijing stepped up aid and investment in the small landlocked country. Like their neighbors, Vientiane in 2010 expelled to China seven Uighurs at the request of Beijing.

Frustration about the negative environmental impact of some Chinese agricultural and mining projects and anger at how much the families of some leaders were benefiting from Chinese aid prompted the ruling party last year to oust several top officials and replace them with leaders who are more international in their economic and foreign policy outlook. The new leaders sought to broaden the sources of aid and investment and last year hosted Obama on the first visit to Vientiane by a sitting U.S. president.

During the years of western sanctions against Myanmar beginning in 1988, Myanmar came to depend almost entirely on China for aid, trade, investment, and military equipment and training. Over time the fiercely independent Burmese came to resent this dependence, which became a key factor in the military's decision in 2011 to launch political and economic reforms that prompted the United States to ease sanctions and normalize diplomatic relations. These reforms led to the elections five years later that elevated Aung San Suu Kyi to be the de facto head of the government. Chinese investment in Myanmar plummeted from \$13 billion in the 2008-2011 period to \$407 million in the 2012-2013 fiscal year.

People in Myanmar complained that Chinese projects often dislocated farmers with minimal compensation and damaged the environment, which prompted the government to suspend China's construction of the Myitsone dam in 2011. The junta's abrupt policy shift stunned Beijing and gradually forced it to adjust the way it provided aid and investment to Myanmar. But the election of Trump as U.S. president late last year has resulted in a period of uncertainty in U.S.-Myanmar relations, which has provided a new opportunity for China.

Frustration at the limited attention from the new U.S. administration and criticism of how the military and government have treated the Rohingya Muslim minority in the west has prompted the new government to again look north. In late May, Aung San Suu Kyi visited Beijing for the second time in a year to attend a BRI summit and returned home with a pledge for China to establish an economic cooperation zone in Myanmar. Her visit was followed by Myanmar's fledgling navy holding exercises with Chinese warships.

Thailand's relations with China have deepened since its ties with Washington cooled following a military coup three years ago. Thailand is receiving some aid and loans for infrastructure development and has purchased some military equipment, including tanks, from China in recent years. In return, Thailand in 2015 supported China's request that it deport over 100 Muslim Uighurs, who were seeking sanctuary in Thailand. Also in 2015 Bangkok repatriated five Chinese nationals, including two dissidents who had been granted refugee status by the United Nations. Last year, Bangkok barred the entry of Hong Kong protest leader Joshua Wang at the request of Beijing.

U.S. Economic and Strategic Interests in Southeast Asia

The United States has critical economic and strategic interests in Southeast Asia, a dynamic region with a population of 630 million people and a combined gross domestic product of about \$2.5 trillion, making it the third largest economy in Asia after China and India. The region is the United States' fourth largest trading partner and U.S. companies export over \$100 billion of goods and services to ASEAN. This creates roughly 550,000 jobs in the United States. U.S. companies from 2004-2015 invested cumulatively \$274 billion in Southeast Asia, more than they than they have plowed into China, India, Japan, and South Korea combined.

Southeast Asia straddles the critical shipping lanes of the South China Sea and the Malacca Strait that link the Pacific Ocean in the east and the Indian Ocean in the west. Mainland Southeast Asia forms the landmass that connects China and India. The Philippines and Thailand are allies of the United States, while Singapore, Malaysia, and Indonesia are developing deeper security ties with Washington. The United States participates in bilateral and multilateral military exercises with all of the ASEAN countries, except Laos and Myanmar.

China's economic and military rise and increasing assertiveness in the South China Sea are dramatically changing the strategic calculus of the region. Four Southeast Asian countries – Brunei, Malaysia, the Philippines, and Vietnam – have overlapping claims with China in the South China Sea.

It is in Southeast Asia where many geopolitical rivalries play out between the United States and China, as well as between Japan and China. ASEAN centrality, working through three security forums in which both China and the United States participate (the ARF, the ADMM+, and the EAS), provide the framework under which rules and norms are developed and through which concepts such as the peaceful resolution of disputes, freedom of navigation, and respect for international law are hammered out in the Asia-Pacific.

The previous administration made significant progress in boosting ties with Southeast Asia through its rebalance to Asia. The policy resulted in the deepening of U.S. relations with Vietnam and helped reintegrate Myanmar back into the international community. Concerns about

China's stepped up assertiveness in the South China Sea, prompted increased interest among many Southeast Asian countries in bolstering ties with the United States.

The new administration has not yet spelled out its strategic vision for the region, but in recent weeks Trump has hosted the Vietnamese prime minister, made phone calls to the leaders of the Philippines, Thailand, and Singapore (and invited them to visit Washington), and Vice President Pence has visited Indonesia.

But the economic component of U.S. engagement with Southeast Asia has not yet been articulated in the wake of the president pulling out of the TPP, which included four Southeast Asian countries (Brunei, Malaysia, Singapore, and Vietnam) among its members. With China stepping up trade and investment in the region, pushing forward with the RCEP trade talks, and the recent high-profile OBOR summit in Beijing (which included most ASEAN leaders) makes the United States look like it is somewhat missing in action on the trade and investment front.

China's Goals in its Relations with Cambodia and Laos

China seeks in Cambodia a staunch supporter within the ASEAN grouping. Once largely aligned to Vietnam, Prime Minister Hun Sen over the past 15 years has become China's most staunch ally within ASEAN thanks to Beijing's massive infrastructure and development projects and strong political backing. China has filled the void left by western donors who have reduced their aid in response to the government's human rights record. This year, China is providing assistance to the election commission in the run up to local elections in early June and national parliamentary elections in July 2018.

Cambodia has responded by using its veto within ASEAN to block statements critical of Chinese actions in the South China Sea. Last July, shortly after the United Nations ruled against China's claims in the South China Sea, Cambodia broke ranks with its ASEAN allies and rejected efforts to draft a statement calling on China to follow the ruling. Beijing had pledged \$600 million in aid just days before the ASEAN foreign ministers meeting.

China serves as a geopolitical balance to Vietnam's influence in Cambodia. Hun Sen, along with his anti-Khmer Rouge colleagues, came to power in 1979 after Hanoi toppled the Pol Pot regime. Opposition politicians including Sam Rainsy, who currently lives in exile to avoid arrest, often charge Hun Sen with seceding parts of Cambodia to the Vietnamese. The prime minister's ties to Beijing provide him with political cover.

Chinese companies are huge beneficiaries of their ties to Hun Sen and are protected against domestic opposition. Unite International, run by a former Chinese military officer, has a 99-year lease to develop a \$5.7 billion tourist resort on a beach in a protected national park, despite protests from environmental groups. In exchange the company has helped equip Hun Sen's 3,000-man security detail. One of China's largest sugar companies has a concession to develop over 160 square miles of agricultural land, which has triggered waves of complaints from farmers and environmentalists.

Last year, Cambodia conducted its first naval training exercise with China and, in December, it took part in its first Golden Dragon military exercise with China. A few weeks later, the military announced that it would not participate in its annual Angkor Sentinel joint military exercise with the United States until at least 2019. In April, Cambodia abruptly asked Washington to end nine

years of assistance by the Seabees Navy construction unit that was building schools and maternity hospitals around the country.

China in recent years has emerged as the largest supplier to the Cambodian military. Beijing funds an Army Institute, the first of its kind in Southeast Asia, in Cambodia, and trains many Cambodian military officers in China. In 2013, Cambodia received 12 Harbin Z-9 helicopters from China, which Phnom Penh paid for with a \$195 million Chinese loan. The next year it received 26 military trucks. China and Cambodia seem to exchange more military delegations than other mainland Southeast Asian countries.

Laos also is a major recipient of China's largesse. The biggest project currently under construction under the OBOR initiative is a nearly \$6 billion, 270 mile railroad link that will connect China to Thailand. The goal is to turn landlocked Laos into a land-linked country, but many Lao and foreign observers are concerned that for a country with a gross domestic product of less than \$13 billion (in 2015) the project is too expensive and will divert resources from other important development projects. China is believed to be picking up 70 percent of the construction costs, but negotiations over this project have been contentious over issues such as Laos' share of the project costs, interest rates, and how much land on each side of the railroad will be leased to China in exchange for its aid.

The railroad project is strategically important for Beijing because it will help boost China's links to Laos, but it will also give China its much sought access to mainland Southeast Asian markets and the region's natural resources. Lao officials have argued that the project will help boost agricultural exports, reduce travel expenses, increase foreign investment and create jobs.

By 2015, China accounted for fully 40 percent of foreign direct investment in Laos, with much of Chinese investment being plowed into mining, hydropower dams, agricultural plantations, and manufacturing. Chinese companies have played a major role in real estate development in Vientiane in recent years, constructing hotels, a convention center, a 52-storey hotel/office complex (the tallest building in the country), and Chinese-style shop houses along the Mekong River, many of which remain vacant.

Like in Cambodia, Chinese companies been granted a raft of contracts to establish agricultural plantations in Laos, which are farmed mainly by workers from China. Lao citizens increasingly monitor these projects for their social and environmental impact. Recently the Lao prime minister raised concerns in a Facebook posting about the widespread use of the herbicide paraquat, a chemical banned in Laos, on banana plantations on Chinese-run farms. Because use of the chemical was making farmers sick and contaminating water sources, he said he had ordered a ban on leasing more land to Chinese companies for banana plantations.

Domestic resentment about China's growing role in the economy and about how much some senior leaders were personally profiting from their engagement with China prompted the ruling party in 2016 to oust its party chief and replace the prime minister with officials who were more international in their foreign and economic policy outlook. The new leaders sought to boost investment and aid from western and other Asian countries, including Japan and the United States. Last year the U.S. Agency for International Development (USAID) opened its newest overseas office in Laos.

In recent years, military ties between China and Laos have witnessed an uptick, including more military exchanges and joint exercises.

Recommendations for the new U.S. administration

Mainland Southeast Asia is important to U.S. economic and security interests, so it is important that the United States continue to find ways to engage this geostrategic and dynamic region.

- Asia is uncertain about U.S. policy toward the region under the new administration. As a result, it is important that Washington articulate a strategy for the Asia-Pacific soon, explaining the region's economic and strategic importance to the United States. The administration should also spell out how Washington plans to manage China's rising economic and military clout. Understanding this will have a significant impact on the countries on China's periphery as they develop their own policies to dealing with the new geopolitical environment in the region.
- With the new administration pulling out of the TPP, Washington needs to formulate other ideas and channels for engaging Southeast Asia economically and balance the United States' robust military engagement in the region. Southeast Asian nations often expressed concern that the U.S. rebalance to Asia was too focused on military relations and said they wanted the United States to become more active economically to provide a counterweight to China's increasing economic heft. As China steps up its economic engagement with the region and supports new projects under BRI and through the AIIB, the United States risks looking like it is missing on the economic front.
- It is important that the United States remains engaged in the existing Asia-Pacific strategic and economic architecture, some of which is organized by ASEAN and in some of which most Southeast Asian countries participate. Trump's advisers say he is committed to attending the Asia-Pacific Economic Community (APEC) summit in Vietnam, and the EAS and ASEAN-U.S. leaders meeting in the Philippines in November. Much of the preparation for these summits happens at meetings throughout the year, so it is important that Secretary of State Rex Tillerson attends the ARF in August and Secretary of Defense James Mattis participates in the ADMM+ in October. Cabinet secretaries should also attend the meetings on trade and finance.
- Trump telephoned Thai prime minister Prayuth in late April and invited him to visit Washington. This marked a shift from the previous administration, which cooled ties with Thailand following the 2014 military coup that toppled a democratically elected government. The junta has drafted a new constitution, which still gives the military clout in future governments, and has pledged to hold elections next year. With the prime minister planning to visit Washington, the departments of State and Defense might explore resuming strategic dialogues with their counterparts in Bangkok. If the elections lead to acceptable standards of democratic governance and respect for human rights, the administration should move to fully normalize relations with this long-standing ally.

- The president should telephone the de facto leader of Myanmar, Aung San Suu Kyi, soon and invite her to visit Washington. With the recent visit by the Vietnamese prime minister, Pence's stop in Jakarta in April, and Trump's phone calls inviting the leaders of the Philippines, Singapore, and Thailand to visit the White House, Myanmar remains one of the few Southeast Asian countries that has not been contacted by a top official of the new administration. After playing a key role in promoting Myanmar's transition from a military dictatorship to a fledgling democracy, the United States is conspicuously absent today. China is working to fill the vacuum. Xi invited Aung San Suu Kyi to the BRI conference in May and proposed creating an economic cooperation zone in Myanmar. Washington should continue to support Myanmar's jerky transition to democracy. It should encourage the peace process with the ethnic armed groups and sensitively nudge Aung San Suu Kyi to find ways to address the plight of the Rohingya Muslim minority in Rakhine state. U.S. officials should be given more space to discuss critical security issues with the military.
- The administration should remain engaged with Cambodia, even though Hun Sen has moved to distance the country from the United States and deepen its dependence on China. Minimally, Washington should continue USAID health projects in the country. Hun Sen has been in power for over three decades and at 64 will have to step down at some point, so it is important that Washington maintain ties with the next generation of leaders who will take over after that.
- U.S. relations with Laos improved somewhat last year following the promotion of a new generation of leaders who are interested in expanding their relations beyond dependence only on China and Vietnam. Despite anticipated cuts to the U.S. assistance budget, it is important that the United States continue supporting the clearance of unexploded ordnance remaining from the war that ended in 1975. It is also important, for example, to continue supporting the nutrition work of the new USAID mission to demonstrate to Lao leaders that they can anticipate more diverse sources of assistance.

To be sure, the mainland Southeast Asian countries welcome and appreciate the role that China's growth engine has played in firing up their economies. But they also welcome a more distant Washington serving as a counterbalance to Beijing and giving them options beyond near total dependence on China for trade, investment, and military hardware. Washington needs to play the long game in the region confident that over time even states like Cambodia will look to United States for closer ties.