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Southeast Asia Between the Giants

China's growing regional presence — not to mention its territorial claims — is prompting many Southeast Asian states to reinvigorate their ties with the United States. However, the West's continued economic problems mean that Beijing's influence across in the region will grow, regardless of concerns in the region about China's growing military power.

By Simon Roughneen for ISN

Myanmar's geographical location between India and China arguably makes it the single-most strategically important country in Southeast Asia. Now increasingly regarded as a resource-rich 'emerging market', Naypyidaw's political reforms will allow western investors to join an already-fierce competition between Myanmar's neighbors, for the country's gas, oil, teak, hydropower and gems. Also up for grabs are opportunities to sell goods and services and establish low labor cost manufacturing among a 60 million population, who have, up to now, largely been off-limits to most western companies. Myanmar's relative isolation from the international system is due in part to sanctions imposed by the United States (US) and European Union (EU) in response to human rights abuses in the country. Now ongoing political reforms introduced by the nominally-civilian Thein Sein administration are adding another intriguing dynamic to Southeast Asia's relations with an apparently 'declining' United States and a 'rising' China.

Courting the West, Unsettling China

The country's gradual 'rehabilitation' into the international system was apparent at a recent investment conference in Rangoon, Myanmar's largest city. At the event, European and American businessmen cast an eager eye over Myanmar after recent relaxations or suspensions of sanctions by Western governments. Of further encouragement was the Deputy Minister of Myanmar's Ministry of National Planning & Economic Development's statement that the country wanted to create an investor-friendly environment. To support this statement, the Deputy Minister also highlighted recent announcements by Coca-Cola and 7-11 that they would open operations in Myanmar after the US and EU suspended economic sanctions.

The loosening of economic sanctions was, in turn, a response to political reforms made by Naypyidaw over the past year or so. But while the political reforms have already resulted in some important changes within the country — in particular a nominally civilian government under the leadership of Thein Sein — they come with a significant caveat. Under the 2008 constitution, the army is allocated a veto-wielding 25% of all parliamentary seats, maintaining its historically-dominant position in Myanmar's politics.

Yet political reform in Myanmar has also occurred partly in response to China's growing influence across Southeast Asia. Accordingly, Naypyidaw's apparent desire for reform and the ensuing rapprochement with the West needs to be seen in this larger context. Last year, for example, Myanmar's government suspended the development of a controversial dam in war-torn Kachin state in the north of the country. The contract to develop and construct the dam was awarded to a Chinese company, with 90% of the electricity generated by the dam to be sent to China. Despite Beijing being the former military government's guardian in international forums – not to mention the country's main trade and investment partner – Myanmar sent a signal that it wants to loosen its ties with a traditional ally. Potentially underpinning this decision is the fear that Myanmar will never develop its economy while merely serving as a resource base for an energy-hungry China.

A Similar Dynamic

It is a similar dynamic to that seen elsewhere in the region – though much more surprising given Myanmar's five decades of military rule and international isolation. Like Myanmar, many fellow Association of Southeast Asian Nations (ASEAN) member-states are offsetting growing links with a rising China by reshaping their relations with the US. Vietnam's strategic shift is arguably the most profound, given its Cold War-era history with the US. Over the past year Hanoi has allowed the US Navy to dock at Cam Ranh Bay and in April 2012 undertook 5 days of naval exercises with American counterparts. Such developments have been accompanied by sporadic and often shrill-sounding condemnations in Hanoi of China's territorial claims in the South China Sea, known to the Vietnamese as the East Sea.

Enhanced diplomatic and military ties between the United States and ASEAN are also underscored by concerns over China's so-called '[Nine Dash Line](#)' map. This shows Beijing's maritime claims almost extending to the coastlines of ASEAN member-states like the Philippines. In response, Manila is seeking to strengthen defense ties with the US that date back to 1951, despite long-standing misgivings by some on the islands about the alliance. This has resulted in the United States contributing to the upgrade of the Philippines' navy and, more recently, the decision to double military aid to Manila.

Washington's increased military support for Manila is now being played out against the backdrop of China's apparent brinkmanship with the Philippines over Huangyan Island (also known as the Panatag/Scarborough Shoal). Both countries claim the resource-rich shoals for themselves and continue to deploy naval vessels to safeguard their interests. Most [recently](#), a People's Liberation Army-Navy vessel prevented a Philippines warship from arresting Chinese fishermen, an incident that made international headlines.

Despite the naval standoff, Manila says it wants to resolve the Scarborough Shoal dispute through international law, such as the United Nations Convention on the Law of the Sea (UNCLOS).

"Taking the issue to the realm of international law will be useful as it will take the conflict to a neutral and legal forum rather than political," said Aileen Baviera, Professor of Asian Studies at the University of the Philippines, in a recent interview in Manila.

But it seems unlikely that China will agree to such proposals, especially in light of the United States recent shift in strategic focus beyond Afghanistan and Iraq to the Asia-Pacific region. In a series of declarations, leading US policymakers have emphasized the importance of increasing material and diplomatic support to the region. This includes the deployment of most of the US Navy to the Asia-Pacific region by 2020.

The Limits of ASEAN

However, it should also be noted that ASEAN member-states were by no means united in their support for the Philippines during the recent standoff with China. Increasingly close economic ties with Beijing – with which ASEAN has a free trade agreement – undoubtedly informed some member-states' decisions to remain on the sidelines. Malaysia's increase in exports to China – in particular commodity-based palm oil and rubber – has offset reduced Western demand for its consumer products. Commodities now represent one-third of the country's exports, an increase from one-sixth in 2000, and a trend amplified by the 2010 China-ASEAN Free Trade Agreement. ASEAN member-states such as Cambodia and Laos are increasingly regarded as Chinese economic satellites. If so, then neither country is likely to wholeheartedly support the Philippines, or Vietnam, with whom Cambodia has had a troubled history.

Moreover, Southeast Asian concerns over China's increased military presence in disputed waters are offset by the economic difficulties that continue to confront the US and Europe. Accordingly, vested interests in China's continuing economic growth (despite recent concerns that this is beginning to slow down) means that most Southeast Asian countries need to maintain a good relationship with Beijing, irrespective of territorial disputes or security wrangles. Indeed, this has also been acknowledged in Myanmar, most notably by Aung San Suu Kyi and other former political prisoners in the country. Despite their vocal opposition to Myanmar's Chinese-backed former military regime, they nevertheless believe that the country should maintain a good relationship with China even as it makes overtures to the west. The same, more or less, is true for the most of the other ASEAN member-states.

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