

The decade of living dangerously: Impact of US-China rivalry on Asia

Conflict is not inevitable but the US and Asean need to rise to the profound geopolitical and geo-economic challenges of our times, says Kevin Rudd

The 2020s are going to be a make or break decade for American and Chinese global power, when the balance of strategic, economic and technological power between Washington and Beijing is likely to move closer to parity than ever before.

The 2020s are therefore going to be a decade of living dangerously. The history of rising powers challenging established powers is a sobering one. No matter what stratagems the two sides pursue or what events unfold, the structural tension between the United States and China will grow and competition will intensify.

That much is inevitable. But that does not necessarily mean that crisis and conflict are also somehow inevitable. As a believer in the supreme power of human agency, I know the two countries need not be destined for war.

The open question for our region is where does all this leave the rest of us in Asia? And most importantly, what should we do about it?

TRUMPAN LEGACY

To answer this, it is worth reviewing what the last four years really meant for Asia and the Pacific.

In retrospect, the Trump administration does not appear to have had a real Asia strategy, only a China strategy. That is to say, they focused all their effort on attempting to unite the Indo-Pacific region behind Washington in a unilateral and ideological security contest with China.

True, they did achieve some success in this regard, deepening security cooperation with a number of states in the region and most notably reviving the Quadrilateral Security Dialogue with India, Japan and Australia. The rebirth of the Quad, however, was achieved less by Mr Donald Trump and more by Beijing, whose assertive posture on the Indian border, in the East and South China Seas and on trade with Australia made collective security a more pressing concern for all.

But elsewhere in the region, critical US relationships moved backwards. Overall, Washington under the Trump administration's foreign policy failed to gain traction in much of South-east Asia, and indeed lost influence in a number of areas.

The Institute of Southeast Asian Studies' excellent annual State of South-east Asia survey, the 2021 version of which has just been released, helps demonstrate this point.

The number of Asian respondents identifying the US as the most influential political and strategic power in the region fell over the course of the Trump administration to a record low of 27 per cent last year, while China rose to a record high of 52 per cent.

Meanwhile, those identifying China as the most influential economic power rose to a high of 79 per cent last year, while the US never broke 8 per cent. These are stunning numbers.

By and large, South-east Asia resented being used as a crude strategic wedge in Washington's binary strategic struggle against Beijing. Washington failed to understand that much of the region did not want to be pushed into a position of openly choosing sides.

Washington failed to understand the dimensions of China's bilateral economic significance to each individual Asian state, while offering nothing in return in terms of American market access. Indeed, the US abandoned the Trans-Pacific Partnership (TPP) as Mr Trump's first decision in office in 2017.

Washington also failed to treat Asean as important in its own right, often simply failing to show up. It neglected multilateral summits, it failed to appoint relevant ambassadors, including of Singapore and Asean.

Indeed, in these most basic elements of foreign policy, this was one of the most reckless periods of US regional diplomacy in South-east Asia since the fall of Saigon.



Containers of Sinovac Biotech Covid-19 vaccine arriving on a Chinese military aircraft in Manila on Feb 28. The writer highlights the need to work "with the grain" in the region, which includes addressing the region's internal economic and public health needs. In the immediate term, it means as much American action as possible in overcoming the Covid-19 pandemic and its economic and financial impact. Over the medium term, it means that the US must develop and integrate a regional economic engagement strategy with the Asean states. Otherwise, it will simply lose the South-east Asia as China progressively wins. PHOTO: BLOOMBERG

And when it did engage with the region, the Trump administration framed everything through the single lens of its strategic contest with China.

In one striking example of overreach among many, in 2020 the Trump administration requested that US surveillance planes flying in the South China Sea be allowed to land and refuel in Indonesia. This shocked Jakarta, which, in accordance with its historical strategy of non-alignment, has never allowed foreign militaries to operate from its soil.

Second, the Trump administration also sought to transform the US-China strategic contest into a fundamentally ideological battle between "those who favour repressive systems and those who favour free societies". While this may have been an effective rallying cry in the West, it has rarely been a winning script in South-east Asia. Third, the Trump administration failed to consider or even provide for the region's own immediate and tangible needs. For example, Asean respondents in the latest Iseas survey list the pandemic, unemployment, income disparity, and political instability as their top concerns – way ahead of geopolitical tensions.

However, the Trump administration by and large left regional vaccine cooperation to China, failing to even join the UN's Covax initiative for developing countries. Although it expanded a number of American tools to aid with development, these tools were limited in scope compared with the Belt and Road Initiative (BRI) and focused on infrastructure projects primarily designed to benefit US fossil fuel exports, rather than respond to the region's immediate economic development needs.

Worse, Mr Trump's mania for whatever regional economic benefits that may have come from US pressure to decouple global supply chains from China.

It is equally notable, however, that despite all this, the Iseas survey indicates that China has not gained in political and strategic trust in the region. Indeed, distrust of China is now at record levels across Asia.

Only 5.5 per cent of Asean respondents have any confidence that China will uphold international law and the rules-based order. Even fewer – only 1.5 per cent – regard China as

a "benign and benevolent power".

The region, of course, is not naïve. Japan, Australia, and the Asean states have witnessed with concern China's growing assertiveness – and the arrogance of its wolf warrior class – over recent years.

We have seen this with Chinese efforts at coercive trade diplomacy against Japan over the East China Sea; against the Philippines over Manila's international legal case against Beijing's nine-dotted-line in the South China Sea; against Korea over Terminal High Altitude Area Defence or THAAD deployments; and against Australia on an accumulated list of foreign policy grievances against Canberra. It has been used elsewhere in the world as well, including Norway and Sweden.

It is meant to serve what is commonly described in the Chinese strategic tradition as the principle of "killing one to warn a hundred". I'm not entirely sure that this has been a winning strategy for Beijing.

The states of the region, including Asean, well understand the need to provide for their own stability, security and independence, and to maintain an effective strategic and economic balance. More broadly, it has been remarkable how Asia has drawn closer together on its own accord in the absence of US leadership and in the presence of Chinese strategic pressure – with Japan's extensive outreach to South-east Asia as part of its Indo-Pacific Vision, regional infrastructure funding and revitalisation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); India's re-emerged Look East Policy; South Korea's New Southern Policy which President Moon Jae-in announced in Indonesia in 2017; and even Taiwan's New Southbound Policy.

Of greater note has been the solidarity of Asean's South China Sea claimant states in making a series of supportive submissions to the United Nations over the past two years pushing back against Chinese territorial claims using the processes in international law.

These are significant developments. They also provide an opening for President Joe Biden's administration to do much better in the region than his predecessor, even if the region now approaches the US with some real degree of political and strategic caution, given the roller-coaster ride of the last four years.

WHAT DOES ASIA WANT FROM THE U.S.?

So what does "the rest of Asia" seek from the US during the next four years of the Biden administration? Fundamentally, what the region is seeking is a US strategic approach that works within the grain of the

region, rather than against it, as the Trump administration did.

This does not mean capitulating to China's growing strategic footprint. What it does mean is grasping the basic principle of diplomacy that an effective foreign policy means bringing countries with you rather than alienating them through domestically driven political crudity. That means, first of all, showing up.

It means attending at the highest level multilateral groupings and forums like Asean and the East Asia Summit (EAS), which previous US administrations did to ensure that the US and China were both at the table, not just China. It means swiftly appointing relevant ambassadors, diplomats, and other officials that provide an immediate and effective channel of communication.

It means prioritising presidential travel to the countries of the region, once travel is again possible.

It means respecting the region as important in its own right, and making South-east Asia, beyond China, a core part of America's strategic priorities overall. It also means listening to and taking seriously the core concerns of Asian states, including the strong desire to not have to explicitly "choose sides".

Recognising that this is not just a matter of political will, but in many cases of perceived economic necessity.

Washington may not like it when Singapore's Prime Minister Lee Hsien Loong says that the reality is that South-east Asia "cannot afford to alienate China" and that "other Asian countries will try their best not to let any single dispute dominate their overall relationships with Beijing".

But that is the strategic reality that Washington is now dealing with. Washington needs to understand that while some countries (such as Australia, Japan, and more recently, India) are open to deeper, open strategic alignment with the US in the context of their overall relationship with China, others in the region simply cannot do so, or will not do so.

This requires a textured strategic and foreign policy based on an understanding of regional diversity and complexity.

It requires an understanding of the differences between declaratory and operational strategy and policy.

It also requires diplomatic subtlety to achieve common strategic objectives, as opposed to the daily use of the public political megaphone targeted primarily at a domestic American political audience.

Working "with the grain" in the region also means addressing the region's internal economic and public health needs.

In the immediate term, it means as much American action as

possible in overcoming the Covid-19 pandemic and its economic and financial impact, which has hit South-east Asia especially hard.

Over the medium term, it means the Biden administration must develop policy means bringing countries with you rather than alienating them through domestically driven political crudity.

Otherwise, the US will simply lose in South-east Asia as China progressively wins, simply because of the growing significance of its regional economic footprint and the gravitational pull emanating from the sheer size of the Chinese domestic economy.

For their part, the countries of the region will need to encourage as much US, Japanese and Korean economic engagement as possible – not to choose sides, but to maintain a healthy economic balance in order to maximise the region's strategic autonomy.

President Biden has made clear that, for domestic political reasons, the US is unlikely to rejoin the CPTPP any time soon. But that doesn't mean that nothing can be done on this front.

The Asia Society Policy Institute's Wendy Cutler, a former Deputy US Trade Representative who helped negotiate the original TPP, has recently explored this in depth, and suggests, for example, that interim sectoral agreements on digital trade or trade in medical products could get Washington quickly re-engaged on trade in the region without waiting for a politically complicated, comprehensive TPP.

Failing to take substantive action on the fundamental regional challenges of economic security and the restoration of economic prosperity will leave the US on a dead-end path in Asia.

STRENGTHENING ASIA'S MULTILATERAL ARCHITECTURE

While Washington must understand, respect and work within the wider region's strategic culture, Asean itself should be under no illusions about the scale of the strategic challenges that it now faces across the board. This includes a China that seeks a regional order in which countries defer increasingly to its national interests, values and authority.

Just as would also enhance South-east Asia's long-term interest in maximising its own long-term strategic autonomy in this decade of living dangerously.

Responding effectively to these challenges will require bold regional leadership.

That means Asean taking the region's future into its own hands by exercising its own agency.

There is still enormous power in both the reality and the perception of Asean solidarity.

Of course, achieving unity can be difficult. But even the absence of absolute unity among all member states doesn't necessarily diminish the significance of a mainstream Asean position.

This is no longer a business as usual world for Asean. Asean must adapt, innovating multilateral solutions that make a difference.

The Biden administration would do well to make both Asean centrality and Asean unity a core pillar of broader US strategy in the Indo-Pacific.

The Biden administration would also be wise to develop a networked approach to regional security centred around the existing institutional foundations of the East Asia Summit.

This would never be seen as a substitute for US hard security measures in the region. The US alliances, including the Quad, would continue to operate. The US armed forces would continue to deploy unilaterally across the region.

It would be equally unrealistic to expect China to abandon its own military strategy. That does not mean, however, that regional confidence and security building measures could not help to reduce military tensions over time.

Brunel, as the 2021 Asean Chair, could collect nominations from EAS member states to form an advisory non-governmental Eminent Persons' Group to propose practical regional confidence-building measures, building on the success of existing bilateral arrangements.

This could reduce head-to-head confrontation between Washington and Beijing, and reassure South-east Asian countries that the US values Asean centrality.

How the Biden administration would respond to such an initiative is an open question. But unlike its predecessor, the current administration would as a matter of principle respect concrete proposals from long-credenialed regional institutions.

China too would have little option but to come to the table. Forging Asean unity has never been easy, but now is perhaps the most urgent time for Asean cohesion and unity in recent decades. In this, Asean will not find itself alone: other regional states like Japan, Korea and Australia would welcome a stronger Asean role in helping build the wider region's long-term security architecture.

CONCLUSION

We live in challenging times. Times driven by profound geopolitical, geo-economic and global public health challenge and change. It is important to recognise, however, that here in the region we are able to shape, manage and control these challenges if we work together.

The epicentre of these changes lies in the future dynamics of the US-China relationship. But critical regional institutions such as Asean are also able to significantly influence our wider region's future.

President Biden could kick-start this effort. Washington could issue an invitation to Asean leaders to attend a virtual or in-person US-Asean summit in the next six months, just as then President Barack Obama did in 2016. Indeed, this should become an annual event. It would also contribute to the rebuilding of American standing in the region.

Just as would also enhance South-east Asia's long-term interest in maximising its own long-term strategic autonomy in this decade of living dangerously.

stopnion@sph.com.sg

Kevin Rudd is president and CEO of the Asia Society and former prime minister of Australia. This is an edited version of the Koh Keng Seng Lecture on Modern China he gave on Feb 26 at the East Asian Institute, National University of Singapore.