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# Living with the Colossus: How Southeast Asian Countries Cope with China

IAN JAMES STOREY

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How the United States manages its future relationship with the People's Republic of China (PRC) seems destined to become Washington's greatest foreign policy challenge in the 21st century. As the PRC's national power grows, it can be perceived as both an economic opportunity and a strategic threat. The United States must fashion a set of policies that takes advantage of the former while protecting its strategic interests in the Asia-Pacific region. China's neighbors are faced with the same dilemma. This article examines how the ten members of the Association of South East Asian Nations (ASEAN),<sup>[1]</sup> which includes some of America's closest allies in Asia, plan to cope with the rise of China, and how many of them look to the United States to balance the growing military power of the PRC.

The ASEAN states not only reject the more hawkish assessments of "China threat" proponents, but also the arguments of those who seek to paint the PRC as a totally benign power. Instead, ASEAN takes a more evenhanded approach toward the rise of China, acknowledging that there are both benefits and costs for Southeast Asia. On the plus side, the Association recognizes that the PRC's decision to give priority to economic modernization beginning in 1978 necessitated changes in the conduct of Chinese foreign policy. There was a substantial downgrading of the importance assigned to communist ideology in favor of a more pragmatic *modus operandi* that emphasized cooperative economic relations with the West and China's neighbors. ASEAN has supported China's opening to the outside world, not only because it enhances the internal stability of the PRC, but also because it creates valuable economic opportunities for ASEAN's members.

However, the ASEAN states are keenly aware that the rise of China is not without actual and potentially negative consequences. Though the word "threat" is seldom voiced, ASEAN officials are apt to highlight a number of "concerns," "problems," or "challenges" when discussing the strategic dimension of ASEAN-China relations. Some of these concerns stem from Southeast Asia's geographic proximity to the PRC, and the huge imbalance between the Association and its northern neighbor in terms of population and territorial size. Moreover, the growing economic and military power of the PRC has served to reinforce historical fears of China as a hegemonic power. Among these fears are concerns over how China might behave as a great power in the future, where its defense modernization program is leading, and how the PRC intends to resolve its territorial disputes in the South China Sea.



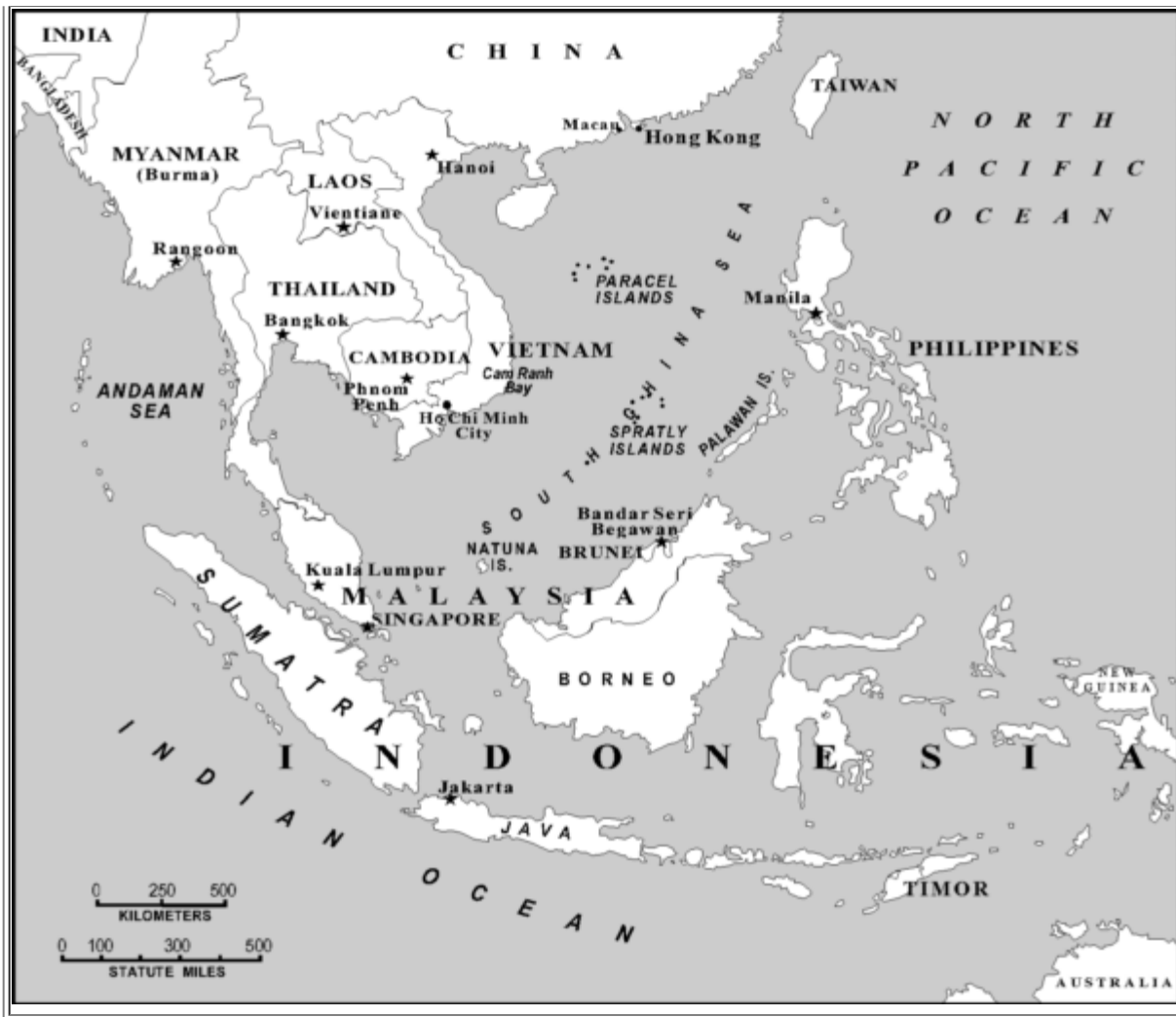


Figure 1. The ASEAN Region.

In fact, ASEAN threat perceptions of the PRC differ quite widely among the member states. As a result, the Association has never formulated a corporate policy on China and seems unlikely to do so in the future. However, consensus does exist that engagement is the only realistic policy for ASEAN to pursue. Engagement requires the Association to develop and deepen economic and political linkages with China, thereby weaving the PRC into a complex web of interdependence. ASEAN leaders hope that by engaging China in a security dialogue at both bilateral and multilateral levels, their security concerns vis-à-vis their elephantine neighbor can be substantially mitigated. However, the ASEAN states also take a realist's approach to the growth of Chinese power, stressing that engagement must have a military-security dimension. Cognizant of their own limited military capabilities to balance China, the five founding members of the Association plus Brunei (the ASEAN-6) recognize the continued need to maintain defense links with external powers--primarily the United States, but also the United Kingdom, Australia, and New Zealand--as a prudent hedge against a more assertive or aggressive China. Though usually played down for fear of antagonizing Beijing, this strategy is referred to by the ASEAN-6 (Indonesia, Malaysia, the Philippines, Singapore, Thailand--and Brunei) as "engagement with insurance."<sup>[2]</sup>

### ASEAN Perceptions of the PRC as a Threat

From among the five major Asia-Pacific powers (the United States, Japan, Russia, China, and India), ASEAN's relations with the PRC are the most problematic. China's sheer size, population, and proximity make it loom large in the geopolitical considerations of all ASEAN states. Stretching back thousands of years, China and the Southeast Asian states have interacted in every conceivable field. Although that history is rich in reciprocal cultural borrowings and mutually beneficial trade, knowledgeable Southeast Asians recall the suzerainty system whereby countries of the region were required to acknowledge China's preeminent position and pay tribute. The arrival of the Western colonial powers in the mid-19th century terminated this relationship. However, after the establishment of the PRC in 1949, and

particularly during the Cultural Revolution of the 1960s, China sought to increase its influence in Southeast Asia by providing both material and moral support to communist insurgency movements whose goal was the violent overthrow of national governments. The leaderships of these insurgency movements were often dominated by ethnic Chinese, reinforcing the notion that Beijing was interfering in the internal politics of the ASEAN states. In the mid-1970s, China's support for the communist insurgents was gradually scaled back as Beijing recognized it needed to win the friendship of ASEAN, both in its efforts to contain the USSR and as a source of investment for furthering economic modernization. Today, no one in Southeast Asia seriously believes that China would again try to promote the export of revolution, largely because communist ideology plays much less of a role in Chinese foreign policy. However, as will be examined later, concerns still exist that China might try to influence ASEAN affairs through links with the ethnic Chinese.

Southeast Asia is a region of great national diversity, and it is hardly surprising that threat perceptions of the PRC differ widely among the ASEAN states. These threat perceptions result from a combination of factors, including assessments of capabilities and intentions, the geopolitical environment, historical relations, and domestic factors such as leadership perceptions, the role of the bureaucracy and armed forces, and the status of the ethnic Chinese.

At the high end of the threat perception scale lie Vietnam, Indonesia, and the Philippines. Historically Vietnam was subjected to repeated occupations by China, and since 1945 Vietnam has fought hard to maintain its independence from external powers (including Japan, France, the United States, and China). Since 1974 China and Vietnam have clashed militarily on three occasions: in 1974 Chinese troops ejected South Vietnamese forces from the Paracel Islands in the South China Sea; in 1979 the Chinese army launched a punitive attack into northern Vietnam in response to Hanoi's invasion of Cambodia; and in 1988 Chinese and Vietnamese naval forces clashed in the South China Sea over the disputed Spratly Islands. Since then, diplomatic relations have been normalized, but tensions over the South China Sea remain high.

Indonesia's relations with China have been marked by hostility and suspicion ever since the PRC was implicated in supporting the Indonesian Communist Party in an abortive coup in September 1965. Though no evidence was ever produced proving China's complicity in the coup, Sino-Indonesian relations remained ruptured until 1990 when diplomatic relations were finally restored. Poor bilateral relations are partly founded on the ethnic Chinese problem in Indonesia. Indonesian Chinese have not been well assimilated into society and have been the target of repeated persecutions. The government, moreover, questions the loyalty of the Indonesian Chinese and considers them potential fifth columnists.

Philippine threat perceptions of the PRC were moderately high during the first few decades of the Cold War, but dissipated with the Sino-US rapprochement of the early 1970s. However, relations deteriorated rapidly after 1995 when Chinese military facilities were discovered on Philippine-claimed Mischief Reef, close to Palawan Island in the South China Sea.[3] Since 1995 these structures have been upgraded into permanent facilities, and the Philippines now identifies its dispute with China as one of its two most urgent national security problems.[4]

Malaysian and Singaporean threat perceptions today can be characterized as moderate. During the Cold War, Malaysia perceived the PRC to be a threat to the country's fragile postwar independence because of Chinese support for the Malaysian Communist Party (MCP). In 1974 Malaysia established diplomatic relations with China in the hope that Beijing would cut its links with regional insurgents in favor of better state-to-state relations. However, Chinese support for the MCP continued to be a major irritant in bilateral relations until the early 1980s. Malaysia's current prime minister, Mahathir Mohamad, is one of ASEAN's most ardent advocates of engagement with China, and on occasions has sought to rebut any notions of a China threat to the region.[5] However, Malaysia is in direct contention with the PRC over the Spratlys and now occupies five of the islands.

Since Singapore established diplomatic relations with the PRC in 1990, two-way trade has flourished, and the city-state has become a major investor in China. In terms of security, however, Singapore maintains a prudently alert monitorship of the rise of Chinese power. Though not a party to the South China Sea dispute, Singapore's status as a major international transshipment center requires it to place maximum priority on freedom of navigation. Accordingly, Singapore has consistently voiced support for the continued presence of the US Navy in the region, and has facilitated this presence by offering port facilities to visiting American naval vessels. However, of greater concern to Singapore is

the possibility of conflict erupting in the Taiwan Straits. Singapore has significant investments on both sides of the straits, and fears the outbreak of hostilities would severely damage regional stability and hence the prospects of foreign investment in the region, on which its continued prosperity depends.

Thailand and Burma occupy the low end of the threat perception spectrum, though for different reasons. During the first few decades of the Cold War, Thai military governments were fiercely anticommunist (and hence hostile to the PRC) and supported US involvement in the Vietnam War. After the fall of Saigon in 1975, Bangkok's primary external threat perception became focused on Vietnam. Hanoi's 1978 invasion of Cambodia heightened this sense of threat, and Thailand turned to the PRC as a counterpoise. Bangkok was grateful for the military pressure that China applied to Vietnam throughout the Cambodian crisis. Since that time, Thailand's relations with China have been cordial. The two countries have no territorial disputes, and Thailand is one of the largest foreign investors in China. Friendly relations have been facilitated by the absence of an ethnic Chinese problem, as the overseas Chinese have become almost completely assimilated into Thai society.

Since 1988 the interests of the Burmese and Chinese governments have coincided in terms of regime survival. In 1988 Burmese government forces killed hundreds of pro-democracy activists in Rangoon. In June 1989, the Chinese government dealt with protesters in Tiananmen Square using similar methods. Rangoon and Beijing have moved closer together since 1988-89, identifying Western-backed "peaceful evolution" as one of the primary threats to their regime survival. Burma has provided the PRC with diplomatic support, while Beijing has provided Rangoon with huge amounts of military aid to prop up the regime.

Despite the eclectic nature of bilateral relations, it is possible to identify a number of threats associated with the rise of China that are perceived, to a greater or lesser extent, by ASEAN members. Using Klaus Knorr's classification, we can divide these threats into two main groups, actual and potential.[6]

### *Actual Threats*

The most seriously perceived actual threat from the PRC as seen by ASEAN states is the unresolved territorial disputes in the South China Sea. Although Chinese foreign policy has become much more pragmatic since the introduction of economic reforms in 1978, the PRC shows no inclination to compromise its claims to sovereignty over areas it regards as historically part of Chinese territory. Foremost among these areas are Hong Kong, Macau, and Taiwan. The PRC also claims sovereignty over two major island groups in the South China Sea (the Paracel Islands and the Spratly Islands) and one small group (the Diaoyutai/Senkaku Islands) in the East China Sea (disputed by the PRC and Japan).

The deepest thorn in the side of Sino-ASEAN relations is centered on the Spratly Islands. The Spratly archipelago, located in the South China Sea, is made up of more than 300 rock formations of varying sizes. Sovereignty over the islands is disputed by six countries; the PRC, Taiwan, Vietnam, Malaysia, the Philippines, and Brunei. The PRC, Taiwan, and Vietnam claim the entire chain, while Malaysia, the Philippines, and Brunei claim only part. Sovereignty is contested for two reasons: first, the group of islands occupies an important strategic position, straddling vital commercial sea-lanes linking the Indian and Pacific oceans through which much of the world's trade passes; and second, the area encompasses valuable fishing grounds and is believed to be rich in oil and gas. China, Taiwan, and Vietnam claim sovereignty over the islands on the grounds of discovery and occupation going back several millennia. Malaysia bases its claims on the continental shelf principle, while the Philippines claims sovereignty over part of the group by virtue of proximity. All the claimants except Brunei have occupied islands in the Spratly chain and stationed troops there. The close proximity of the islands and the continued tension between the disputants make the Spratlys one of Asia's most dangerous flashpoints.

Since the early 1990s, the ASEAN states have become concerned at what they see as China's increasingly assertive behavior in the South China Sea. In February 1992 China's National People's Congress passed the Territorial Law of the Sea by which the PRC claimed sovereignty over almost the entire South China Sea. According to this law, Beijing has the right to forbid passage of foreign warships through the area. In response to this law, in July 1992 Association foreign ministers issued the ASEAN Declaration on the South China Sea which urged all claimants to freeze the status quo, shelve the sovereignty dispute, and jointly develop maritime resources. China agreed in principle to the

declaration. However, in July 1994 Chinese troops occupied Da Lac Reef near Vietnam. In the same month, the Chinese government published a map of the South China Sea indicating that part of Indonesia's rich Natuna gas field was under Chinese sovereignty. Jakarta asked Beijing to clarify the claims, but it was not until July 1995 that Chinese Foreign Minister Qian Qichen assured Indonesia that the PRC would abide by international law to resolve the overlapping claims.[7]

Although no Sino-Vietnamese military clashes have taken place since 1988, tension between the two countries over the Spratlys remains high. In March 1997 China moved an oil exploration rig into waters claimed by Vietnam, resulting in a tense standoff between the two countries.[8] However, by far the most discomforting incident for ASEAN was the discovery in January 1995 that the Chinese had occupied Philippine-claimed Mischief Reef. ASEAN as a group felt that such actions had negative consequences for regional stability, and indirectly rebuked China, urging the PRC to abide by the 1992 ASEAN Declaration.[9] China and the Philippines subsequently signed a code of conduct that aimed to ease tensions, freeze all further construction activities, and increase maritime cooperation. However, the Philippines has accused the PRC of violating the code on a number of occasions. The most serious infringement of the code occurred in November 1998 when the PRC upgraded its facilities on Mischief Reef to include a permanent brick fortress.

The ASEAN states have been frustrated by what they see as China's duplicitous policy in the South China Sea. On the one hand, China stresses that it wishes to resolve disputes peacefully, abide by the conventions contained in the 1982 United Nations Law of the Sea, and jointly develop any resources with the other claimants. At the same time, China continues to increase its presence in and around the reefs, laying down territorial markers, seizing unoccupied reefs, and building permanent structures. This policy has been variously referred to as "creeping assertiveness," "creeping sovereignty," and more recently by the Philippine Defense Secretary as "talk and take." [10]

Another threat perceived as actual by some members of the Association is the Burmese government's increasingly close relationship with the PRC. As noted earlier, the two governments have moved closer since the crackdowns of 1988-89 against pro-democracy elements. Since then China has bolstered the Burmese regime by becoming its largest supplier of military equipment, valued at more than \$1.5 billion (US).[11] There have also been reports that China has established a signals intelligence listening post on Burma's Coco Island in the Andaman Sea near the Indian Ocean,[12] though Burmese foreign ministry officials categorically deny there are any PRC service personnel stationed in the country.[13] Beijing's growing influence in Burma puts Southeast Asia in an uncomfortable strategic position with respect to India, which distrusts China's regional intentions. Some observers have suggested that the ASEAN states' willingness to induct Burma into the organization sprang from a desire to wean Rangoon away from Beijing, though opinion on this issue is split.[14]

### *Potential Threats*

In 1978 the Chinese leadership embarked on a program of economic reform designed to strengthen this vital pillar of national power. The reform program has resulted in phenomenal economic growth, transforming the social fabric of China and boosting the PRC's international stature. ASEAN has been a beneficiary of China's economic modernization, as two-way trade and investment have flourished between the PRC and members of the Association. However, as China's economic base has expanded, more resources have been made available to the People's Liberation Army (PLA), enabling it to embark on an ambitious defense modernization program. Strategic analysts in ASEAN worry about the implications of this arms buildup for regional stability. Moreover, as China's political influence grows, some observers worry that Beijing may seek to reestablish itself as Asia's hegemonic power, exerting pressure on the ASEAN states and interfering in their internal affairs.

Although military modernization was given the lowest priority by the Chinese leadership, since 1989 defense spending has increased annually at a double-digit pace and now stands at \$12.6 billion (US).[15] However, some experts have argued that the true level of defense spending is many times this amount, as the official budget excludes associated expenditures such as those for research and development, nuclear weapons, and arms purchases from foreign countries, as well as income generated from the PLA's commercial activities, including weapon sales abroad.[16] Although estimates vary considerably as to how much China spends on defense, a conservative estimate puts PRC defense spending at two or three times the stated amount, say, \$30 billion (US). ASEAN recognizes that defense

modernization is the prerogative of every independent state, and since the early 1980s has itself embarked on such programs. However, the pace and nature of the PRC's defense buildup have caused concern. Although China spends much less on defense than the United States, Japan, or Russia, the amount is more than ASEAN as a group spends. If current trends continue, and the Chinese economy grows by 8-10 percent annually, within two or three decades the PRC will have Asia's largest defense budget. ASEAN strategists also have expressed unease at the nature of China's arms buildup. In the early 1990s the PLA began to augment its power-projection capabilities through the purchase of modern fighter aircraft, submarines, transport aircraft, missiles, radars, and in-flight refueling technology, much of it from Russia. The air force and navy have been given priority under the defense modernization program, allowing the PLA to expand its presence in the South China Sea and make its military threats toward Taiwan more credible. ASEAN strategists worry that China may employ its armed forces to settle outstanding territorial disputes in its favor, either directly or by threatening the other disputants.

Knowledgeable Southeast Asians thus harbor concerns about the future relationship between an economically and militarily strong China and the ASEAN states. These concerns center on the notion that a strong China might seek to reestablish itself as Asia's regional hegemon, a position it occupied more than 500 years ago. A hegemonic China would see itself as *primus inter pares*, and might not treat Southeast Asian countries as equal sovereign states. A hegemonic China might seek to resolve the South China Sea dispute on its terms, denying rich natural resources to the ASEAN states and exercising control over economically vital sea-lanes of communication. ASEAN states with significant overseas Chinese minorities also worry about the effect of a strong China on the ethnic balance. A fear exists that the Chinese minorities might somehow be empowered by a strong China, calling on Beijing to intervene on their behalf in times of ethnic tension. Although these are long-term concerns, China's actions today are increasingly being interpreted as precursors for how it might act in the future when the PRC's national power has been enhanced by decades of economic growth. Thus China's assertive actions in the South China Sea and Taiwan Straits are actual threats which tend to reinforce potential threats. Singapore's former Prime Minister, Lee Kwan Yew, has drawn attention to China's power today, and how powerful it might be in the future:

As Napoleon said, "If China is a sleeping giant, don't wake it up." Now it has awakened, but it [has] not got going yet, it is just, you know, doing morning exercises, a bit of *qigong* or *taijiquan*. You reach noontime, when it is completely at the peak of its power, that's a big problem.[17]

## **Mitigating ASEAN Threat Perceptions**

### *Containment vs. Engagement*

A number of strategies have been suggested as to how countries should deal with a rising China. One view holds that the United States and its Asian allies should pursue a policy of containment toward the PRC, restricting China's economic growth by cutting off access to foreign aid and markets, thereby preventing the PRC from achieving the status of a regional superpower.[18] However, among the ASEAN states there is no support whatever for such a policy. Containment is seen as dangerously counterproductive to regional security, as it would push China into a corner, thus reinforcing the position of conservative hard-liners within the Chinese leadership. Hard-line factions would inevitably advocate a more aggressive policy in resolving China's territorial disputes and a more assertive posture vis-à-vis the United States and Japan. Rather than see this happen, ASEAN governments would like to see China brought out of its corner and made to feel at ease in the international community.

The continued economic development of China is very much in the interests of Southeast Asia, not only because it creates valuable opportunities for the ASEAN states, but also because economic stagnation in the PRC could lead to rising instability or even the territorial fragmentation of China itself. Either scenario could result in a mass exodus from mainland China, with millions of Chinese fleeing by sea to seek refuge in Southeast Asia. Such a large influx of people would impose an enormous strain on the ASEAN states' limited resources, as well as upsetting the delicate ethnic balance. Former Philippines national security adviser José Almonte commented in this regard:

Among China's neighbors, we in Southeast Asia obviously have the greatest interest in [China's] peaceful transition to economic and political pluralism, if only because the fallout from any political instability in the mainland will be heaviest in this direction.[19]

Though seldom articulated, fears of a weak and disunited China are every bit as great as those of the PRC as a regional hegemon.

The ASEAN states are in agreement that engagement with China is the best policy to pursue. Engagement is seen as beneficial to Southeast Asia in a number of ways. First, the ASEAN states are eager to increase two-way trade and investment with China. China's purchase of goods, services, and raw materials from the ASEAN states, together with foreign investment from the PRC, benefits their domestic economies. ASEAN investment in China, and the consumption of Chinese goods by Southeast Asians, help economic growth to continue in the PRC, thus helping to maintain internal stability. Moreover, by developing and deepening an interdependent relationship with China, the ASEAN states believe the costs to China of any future conflict between it and Southeast Asia, say over the South China Sea, would far outweigh the expected benefits. ASEAN hopes to lock the PRC into a mutually beneficial trade relationship, the fracturing of which would be damaging to China's cherished goal of economic modernization.

Second, engagement enables ASEAN to conduct an ongoing security dialogue with China through which members hope to mitigate and eventually resolve their security concerns. This security dialogue takes place on two levels--the official level, known as Track I, and the unofficial level, known as Track II.

The most important Track I mechanism is the ASEAN Regional Forum (ARF). The ARF, which brings together 21 Asia-Pacific countries, represents a nascent regional security structure. The forum was initiated by ASEAN in July 1993 in response to an uncertain strategic environment brought about by the end of the Cold War. It is designed to tackle security issues through a three-stage process: initiating confidence-building measures among the participating countries, developing a system of preventative diplomacy, and ultimately pursuing conflict resolution.

Track II aims to encourage a continuing dialogue among academics, members of nongovernmental organizations, and government officials in their private capacity to discuss possible solutions to outstanding security problems and generally build confidence between participants. One of the most important Track II forums has been the Indonesian-sponsored workshops on the South China Sea, which have aimed to enhance maritime cooperation among the disputants and protect the region's environment.

Although the ARF process is still at the confidence-building stage and has come in for a good deal of criticism from many Western observers (who see the forum as little more than an ineffectual talk-shop), ASEAN officials are genuinely pleased with the ARF's progress. They argue that getting nearly all the countries of the region to sit down together and discuss security problems for the first time is a great achievement in itself. As regards China, ASEAN officials note that Chinese representatives to the ARF have become much more comfortable with the discussion process, and have been receptive to the need to build trust among the participants. However, ASEAN recognizes that getting the PRC to move forward on preventive diplomacy and conflict resolution will be difficult, given Beijing's sensitivity toward any issue in which it sees an infringement of Chinese sovereignty, e.g., the Taiwan Straits and the South China Sea. ASEAN is also aware that the whole process could be held hostage to any deterioration in Sino-US relations.

### *The Military-Security Dimension of Engagement*

Economic interdependence and security dialogue are not sufficient strategies in themselves to reduce threat perceptions toward the PRC. The policy of engagement needs a military-security dimension. This dimension is composed of two parts: first, that the ASEAN states maintain modern and credible armed forces to act as a deterrent; and second, that defense links with external powers be maintained.

With regard to the first part, since the early 1980s the founding members of ASEAN have substantially modernized their armed forces (with the exception of the Philippines), with priority to air and naval power. This defense buildup was driven by a combination of factors, including increased financial resources, greater availability and affordability of modern weapon systems following the end of the Cold War, a change in military doctrinal focus from combating internal threats to those from without, and even intra-ASEAN competition. However, limitations have been placed on the military option. It seems highly unlikely that ASEAN will transform itself into a military alliance in the future. The Association has eschewed this option since its establishment for fear of antagonizing other countries that might form



countervailing power blocs, and also because of problems of interoperability among the ASEAN armed forces. ASEAN wants to avoid giving China the impression that the ten countries of Southeast Asia are ganging up on it, which would retard the process of engagement and provide political capital to hard-liners within the Chinese leadership. Moreover, ASEAN is aware that ten small countries cannot hope to balance the PRC by themselves, and that turning the Association into a military alliance would lead to an expensive drain on national resources.

The second part of the military-security dimension is the maintenance of defense links with external powers. Some of these defense links were a product of the Cold War, reflecting a convergence of threat perceptions between the West and the ASEAN-6 toward the USSR, China, and North Vietnam. Such links were understandable given the small size of the ASEAN members and their inability to match the military power of the communist states. In 1991 the Cold War ended, but the ASEAN-6 defense links with external powers have been maintained and in some cases strengthened. New security relationships have also been forged. Defense links with external powers are regarded by the ASEAN-6 as a kind of insurance in case engagement fails, with the Chinese leadership pursuing regional hegemony or a more expansionist policy in the South China Sea. If this occurred, the ASEAN-6 would move closer to their Western allies.

The ASEAN-6 see the continued military presence of the United States as crucial to the maintenance of regional stability. ASEAN-6 officials believe the United States is the only country capable of balancing China, and that Beijing would be dissuaded from seeking regional hegemony so long as Washington stays engaged. Though there are differences over human rights, the ASEAN-6 consider the United States to be a largely benign power, which makes no territorial demands in Asia and has a vested interest in maintaining freedom of navigation. Each of the ASEAN-6 has its own security agreements with the United States. The Philippines and Thailand have had close security links with America since 1951 when both countries signed mutual defense treaties with Washington and allowed the presence of US bases. These bases were removed from Thailand in 1977 and from the Philippines in 1992. However, Thailand continues to hold annual exercises with the United States, and the Philippines recently concluded a Visiting Forces Agreement that will allow US-Philippines exercises to resume. Singapore has long been an advocate of an American military presence in Asia, first as a balance against the USSR, and now as a balance against the PRC.[20] In 1990, Singapore signed an agreement with the United States allowing US naval vessels access to Sembawang Naval Base, and for a US logistics coordinating unit to be based in the city-state. In January 1998 Singapore announced that it would further facilitate the US military presence by allowing US naval vessels, including aircraft carriers, access to the Changi Naval Base upon its completion in 2000.[21]

Malaysia and Indonesia were somewhat ambivalent about the US military during the Cold War, but the rise of China seems to have convinced them of the merits of an American military presence. Beginning in 1997, US warships began making regular port calls to Malaysia for the first time, and the Malaysian Defence Minister said the region needed a continued US military presence.[22] Indonesia also has begun to allow port calls by US vessels in the past few years. Even Vietnam seems to be acknowledging the benefits of a US naval presence in Southeast Asia. In March 1997 the Commander-in-Chief of the US Pacific Fleet, Admiral Joseph Prueher, visited Hanoi. Prueher spoke of a "nascent military relationship" between the United States and Vietnam, and there were suggestions that US naval ships might be allowed to visit Cam Ranh Bay Naval Base.[23] However, despite Vietnam's wariness of the PRC as a potential threat, a security relationship with the United States is not in the cards in the foreseeable future.

Some ASEAN members are also keen to support military links with the United Kingdom, Australia, and New Zealand. In 1971 these latter three countries formed a military relationship with Singapore and Malaysia known as the Five Power Defense Arrangement (FPDA). Under the terms of the FPDA, the five governments are required to consult with one another if Singapore or Malaysia comes under external attack. The FPDA was originally meant to reassure the two Asian countries that the United Kingdom would not leave a power vacuum behind when it withdrew east of Suez in the early 1970s. In the mid-1990s the FPDA underwent a revival as Malaysia and Singapore became increasingly concerned over Chinese behavior in the South China Sea.[24]

Indonesia is not a member of the FPDA, but it has moved closer to the organization by forging defense links with Australia. In December 1995 Australia and Indonesia signed a security treaty calling for consultations in response to external threats to either country. The agreement was short on details, but was generally reckoned to be aimed at China, having been signed in the wake of the PRC's occupation of Mischief Reef. Brunei, which achieved independence from the UK in 1984, has a defense treaty with London and allows British troops to be stationed in the

tiny, oil-rich sultanate. Thus the United States, the United Kingdom, Australia, New Zealand, and the ASEAN-6 are tied to each other militarily through an overlapping web of formal and informal security linkages.[25]

While the ASEAN-6 do want to maintain a defense relationship with the Western powers, there are limitations to this policy. According to ASEAN officials, member governments want the United States to be "on tap, but not on top." [26] This means they do not want to see US bases in Southeast Asia, which would run counter to the 1967 Bangkok Declaration that established ASEAN and the 1971 Malaysian agreement to turn Southeast Asia into a Zone of Peace, Freedom, and Neutrality. Moreover, they recognize that the policy of engagement with insurance is not without its risks. The ASEAN-6 want defense links with external powers, but they do not want these links to be so strong that the PRC perceives itself to be the object of a policy of containment. The ASEAN states thus have to strike a fine balance between providing for their own security on one hand, and not antagonizing China on the other. Such a strategy is not without its contradictions. ASEAN does not want to see US bases in Southeast Asia, and the United States respects this position by relying on a forward deployment of US naval ships to maintain a military presence. However, ASEAN strategists continually accuse the United States of not being committed to the security of Southeast Asia. They claim the United States is more committed to the defense of Northeast Asia (i.e., South Korea, Taiwan, and Japan) because it has greater national interests there.

## Conclusion

China's rise to power has brought both benefits and concerns to the ASEAN members. In the short term, ASEAN hopes to benefit from China's modernization program by taking advantage of economic opportunities. However, as the reform process continues, the PRC is able to augment its political, economic, and military clout in the region. To varying degrees, the ASEAN states worry about how a powerful China will behave, and whether it will use its newfound power to seek regional hegemony, resolving territorial disputes by force and interfering in the internal affairs of its neighbors.

ASEAN supports a policy of engagement with China, hoping that economic interdependence and China's participation in the embryonic regional security architecture will mitigate their security concerns. However, they also take a realistic view of the rise of China, recognizing that the policy of engagement needs a military-security dimension. The ASEAN-6 need to maintain credible armed forces to act as a deterrent, as well as defense links with external powers, primarily the United States, which is seen as the key balancer. Engagement with insurance is a prudent policy in case the PRC decides to pursue a more aggressive posture in Southeast Asia in the next century.

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## NOTES

1. In August 1967 ASEAN was established by Indonesia, Malaysia, the Philippines, Singapore, and Thailand. In January 1984 Brunei joined on achieving independence from the United Kingdom. In July 1995 Vietnam became the seventh member of the group, and it was joined two years later by Burma (Myanmar) and Laos. In April 1999 Cambodia became the tenth member of ASEAN.
2. In 1998 the author conducted more than 40 interviews with foreign and defense ministry officials, strategic studies think tank specialists, and academics in the Philippines, Indonesia, Singapore, Malaysia, Thailand, Burma, and Vietnam on ASEAN perceptions towards the PRC. To facilitate academic exchange, all interviewees were granted anonymity.
3. For a full account of the development of Sino-Philippine territorial disputes, see Ian James Storey, "Creeping Assertiveness: China, the Philippines and the South China Sea Dispute," *Contemporary Southeast Asia*, 21 (April 1999), 95-118.
4. In January 1999 the Philippine National Security Council identified the South China Sea dispute and the communist insurgency movement in Mindanao as the country's two "most urgent" national security problems. See "Spratlys, Mindanao Top RP Problems," *Philippine Daily Inquirer* (Manila), 22 January 1999.
5. In 1995 Mahathir said, "It is high time for us to stop seeing China through the lenses of threat and to fully view

China as the enormous opportunity that it is. . . . In my view, to perceive China as a threat and to fashion our security order around this premise would not only be wrong policy, but it would also be a bad and dangerous one." Quoted in "Malaysia Charts China Course," *Far Eastern Economic Review* (Hong Kong), 23 February 1995, p. 32.

6. An actual threat is inferred when the threatener emits definite signals of intent. An actual threat closely approximates the traditional concept of threat as "If you do A, I will do B," where A is detrimental to the threatener and B is detrimental to the target. Such threats are usually declarative in nature. The identity of the threatener is usually clear and the danger posed direct. Actual threats include invasion by foreign powers, territorial seizures, and missile strikes. Potential threats are more ambiguous, as they are not usually accompanied by declarations of intent. Instead, potential threats are perceived after assessing another state's capabilities and intentions. Often such assessments are made when one state increases its military capabilities. Potential threats are seen as threatening the stability of regional systems of order or the international system itself. See Klaus Knorr, "Threat Perception," in *Historical Dimensions of National Security Problems*, ed. Klaus Knorr (Lawrence: Univ. of Kansas Press, 1976), pp. 78-119. David J. Myers adds a useful clarification to this division by arguing that actual threats are more immediate, or closer in time, while potential threats are seen as posing a long-term danger. David J. Myers, *Regional Hegemons: Threat Perception and Strategic Response* (Boulder, Colo.: Westview, 1991), p. 19.

7. "Natunas `Belong to Indonesia,'" *Straits Times* (Singapore), 22 July 1995. Indonesian Foreign Minister Ali Alatas rejected the notion that there was anything to negotiate, declaring China to be "too far away to the north" to have any legitimate claim over the area. See "No Problem with China over Natuna Isles, Says Alatas," *Straits Times* (Singapore) 27 June 1995. In order to reinforce this message the Indonesian armed forces staged massive military maneuvers near the Natunas in September 1996. See "Deep Background," *Far Eastern Economic Review*, 12 September 1996.

8. "Drawn to the Fray," *Far Eastern Economic Review*, 3 April 1997.

9. The ASEAN foreign ministers issued a statement that expressed "serious concern over recent developments which affect the peace and stability in the South China Sea" and urged "all parties to refrain from taking actions that destabilize the region." See "ASEAN Ministers Express Concern over Spratlys," Reuters News Service, 18 March 1995.

10. "Erap Orders Blockade of Mischief Reef," *Philippine Daily Inquirer*, 11 November 1998.

11. Mohan Malik, "Burma Slides under China's Shadow," *Jane's Intelligence Review* (London), 1 July 1997.

12. "Chinese Puzzle over Burma's SIGINT Base," *Jane's Defence Weekly* (London), 29 January 1994.

13. Interviews with Burmese foreign ministry officials, Rangoon, August 1998.

14. Some ASEAN officials opined that the strategic factor was an important consideration in the decision to admit Burma into the organization. Others discounted this factor. Citing ASEAN's long-standing aim of including all ten Southeast Asian countries in the organization, they assert that ASEAN moved to include Burma, Cambodia, and Laos by August 1997, the 30th anniversary of the establishment of the Association.

15. In March 1999 the Chinese government increased defense spending by 12.7 percent to 104.65 billion yuan (\$12.6 billion US). "Generals in Vow of Loyalty to President," *South China Morning Post* (Hong Kong), 9 March 1999.

16. See Richard Bernstein and Ross Munro, *The Coming Conflict with China* (New York: Alfred A. Knopf, 1997), p. 24.

17. "China Must Allay Understandable Fears over Its Rise, says SM," *Straits Times* (Singapore), 8 September 1996.

18. For an example of this view, see Charles Krauthammer, "Why We Must Contain China," *Time*, 31 July 1995.

19. José T. Almonte, "The Future of Regional Security," *Kasarinlan* (University of the Philippines journal), 10 (No. 3, 1995), 17.

20. Speaking in 1996, Lee Kuan Yew said, "We have to accept the reality that there is no combination of forces in ASEAN that could stand up to a military confrontation with China. Unless there is an outside force, such as America, there can be no balance in the region." See "Singapore's Senior Minister on Asia's Future," *Business Week* (Singapore), 29 April 1996.
21. "US Aircraft Carriers to Get Access to Changi Base," *Straits Times* (Singapore), 16 January 1998.
22. "US Presence `Needed in Region,'" *Straits Times* (Singapore), 16 April 1997.
23. "US Pacific Commander Reveals Budding Military Relationship," *South China Morning Post*, 23 March 1997.
24. In 1997 the FPDA held its first combined naval, air, and sea exercise, involving 35 warships, 140 aircraft, and 12,000 service personnel from the five countries. See "First FPDA Joint Naval, Air Exercise," *Straits Times* (Singapore), 1 April 1997. In August 1998 Malaysia announced that it would withdraw from the annual FPDA exercises. The Malaysian government cited budgetary problems caused by the Asian financial crisis, but the real reason was believed to be political tensions with Singapore. Given Malaysia's concerns about the South China Sea it seems unlikely the withdrawal will be permanent.
25. The failure of Indonesia to contain the violence in East Timor in September 1999 could put severe strains on Indonesia's relations with Australia, not to mention its relations with the UN and the United States. See Keith B. Richburg, "East Timor's Capital City Devastated by Fires, Looting," *The Washington Post*, 9 September 1999, pp. A1, A16; and Jim Hoagland, "Outside the Zone," *The Washington Post*, 9 September 1999, p. A21.
26. Interview with senior Indonesian government official, August 1998.

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