

PERSPECTIVE

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US Rebalancing: ASEAN and America's Maritime Allies

By William T. Tow*

EXECUTIVE SUMMARY

- The United States' 'rebalancing strategy' was introduced in large part to underscore Washington's determination to reinvigorate its diplomatic, economic and geopolitical presence and influence in Southeast Asia and in the Asia-Pacific region-at-large. As the Obama administration's time in office draws to a close, policy ambiguities regarding re-balancing's purpose and implementation remain and impede US efforts to relate this posture to ASEAN member-states' own security concerns.
- Questions about Washington's propensity to fine-tune the rebalancing must be asked given the lack of attention directed to this issue by the 2016 presidential candidates to date.
- A clear debate has emerged between the rebalancing's proponents and critics over its relevance to Southeast Asian order-building, especially given China's increasingly robust behaviour concerning territorial issues and its power projection capabilities.
- US maritime allies Japan and Australia have adopted tailored policy initiatives to enhance their own and ASEAN member-states' defence capacity-building programmes in accordance with the rebalancing strategy's overall vision of regional collective defence.

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- For the rebalancing to remain viable, greater American propensity to sustain policy clarity and consistency must be realised during the upcoming presidential transition period.

INTRODUCTION

As the United States prepares to elect a new president in November 2016, President Obama's 'pivot' or 'rebalancing' strategy formally introduced in 2011 and directed toward the Asia-Pacific region must be considered a hallmark of his administration's overall foreign policy legacy. Obama's meeting with leaders of the ten Association of Southeast Asian Nation (ASEAN) member-states at Sunnylands Estate in California in mid-February was a welcome and symbolic culmination of his efforts to assign that organisation a *primus inter pares* status in America's quest to sustain and strengthen its regional influence throughout Southeast Asia and beyond. As US Assistant Secretary, Bureau of East Asian and Pacific Affairs Daniel Russel acknowledged just prior to the Sunnylands summit, the occasion was viewed in Washington as a 'milestone in our strategic engagement with Asia, and proof positive that the rebalance has reached cruising altitude.'¹

Notwithstanding such acclaim, US policy consensus over how Southeast Asia fits into an increasingly ambiguous rebalancing framework remains elusive, even as Washington prepares for the transition to a new government in early 2017. Underscoring such policy ambiguity, a recent Center for Strategic and International Studies (CSIS) report prepared for the US Department of Defense insisted that there 'remains consistent confusion about the rebalanc[ing] strategy' and 'there remains no central US government document that describes the rebalance strategy and its associated elements'.²

The joint statement released at the Sunnylands summit did little to rectify this anomaly. Despite supporting the principles of conflict resolution through negotiation and freedom of navigation, there was no specific mention of either China or its activities in the South China Sea despite public disclosures made that same day that Beijing had deployed missiles on Woody Island, or of how Southeast Asian states view US power as a central factor in underwriting regional stability in their region. No specific endorsement of US rebalancing strategy or explicit mention of its purpose or utility appeared in the communique.³ While the statement did underscore the importance of freedom of navigation and overflight as a principle of international law, there was no specific mention of ASEAN support for US freedom of navigation operations (FONOPS) conducted in the Subi Reef area (October 2015) and in the Triton Island area of the Paracel Islands group (in late January 2016) to directly challenge Chinese claims that it was entitled to exclude other parties from

¹ Ben Otto, 'US works ties with ASEAN countries on the doorstep of China', *The Wall Street Journal*, February 12-14, 2016.

² CSIS, *Asia-Pacific Re-Balance 2025: Capabilities, Presence and Partnerships* (Washington, D.C.: CSIS, January 2016), p. VIII. These observations in the report have also been highlighted by Graham Webster, 'Asia Pivot: Does the US Need to "Rebalance Harder?"', *The Diplomat*, January 29, 2016 at <http://thediplomat.com/2016/01/asia-pivot-does-the-us-need-to-balance-harder/>

³ See the White House, 'Joint Statement of the U.S.-ASEAN Special Leaders' Summit – Sunnylands Declaration', February 15-16, 2016, Sunnylands, California at <https://www.whitehouse.gov/the-press-office/2016/02/16/joint-statement-us-asean-special-leaders-summit-sunnylands-declaration>

transgressing reefs that China has reclaimed in the South China Sea. Given the potential for great power conflict escalation over this issue, critics of the Sunnylands summit argued that the summit failed to deal with what could be the most serious security crisis in Southeast Asia that has emerged in recent years.⁴

The relative lack of sophisticated attention that Obama's aspiring successors have thus far given to sharpening or refining this posture as the American presidential campaign intensifies is perhaps unsurprising. Recent surveys on the presidential candidates' foreign policy views underscore this point. Former Secretary of State and the leading Democratic Party contender Hillary Clinton's recollections about needing to assure America's allies in Asia that the US was not abandoning them in order to deal with issues in the Middle East and Central Asia portray rebalancing as an exercise in strategic reassurance rather than an effort to shape new strategy.⁵ Republican aspirants have addressed rebalancing in only the most general terms, either as a zero-sum policy directed toward 'standing up to China' or as a way of facilitating allied burden-sharing to neutralise Beijing's growing power.⁶ None of the candidates have actually offered in-depth analysis on the current strategic effectiveness of rebalancing. Nor have they elicited soundings from the United States' regional allies, partners and other actors on how their own economic, diplomatic and security interests may coincide or diverge from those in the Asia-Pacific region. In this sense, Southeast Asian concerns about the durability of the Obama administration's rebalancing policy will most likely be aggravated rather than assuaged during the 2016 American presidential election period. The Obama administration's willingness to conduct FONOPS reinforces the United States' *current* willingness to underwrite the status quo in the South China Sea. It remains to be seen, however, what priority FONOPS or South China Sea activism will be projected by its successor after it assumes power in January 2017.

The US Ambassador to ASEAN has attempted to put the best spin on this issue, speculating that the American focus on Southeast Asia which has gained momentum during President Obama's second term of office will be continued beyond his administration.⁷ However, without more specific evidence than what currently exists, Southeast Asian observers remain appropriately concerned that Washington could slip back into previous patterns of cancelled diplomatic forays and summit-meeting attendance with its Southeast Asian counterparts which was all too evident during the George W. Bush years and even during Obama's first term of office as the Middle East captured much of what foreign policy headlines were generated in the US during those timeframes. To assess this concern more

⁴ See, for example, Yasu Ota, 'Rifts on China, trade underscore lack of unity', *Nikkei Asian Review*, February 18, 2016.

⁵ Remarks made at the CNN Presidential Town Hall Debate, January 26, 2016 and reprinted in East-West Center, Asia Matters for America, 'Key Asia Issues in the 2016 Campaign' at <http://www.asiamattersforamerica.org/asia/key-asia-issues-in-the-2016-campaign>

⁶ *ibid.*

⁷ Interview with US Ambassador to the Association of Southeast Asian Nations (ASEAN) Nina Hachigian in Saifulbahri Ismail, 'US to continue engaging with ASEAN beyond Obama's administration', *Channel NewsAsia* February 14, 2016 at <http://www.channelnewsasia.com/news/asiapacific/us-to-continue-engaging/2495810.html>

thoroughly, it may be useful to assess the ongoing ‘rebalancing debate’ in the context of ASEAN’s role and relative to how America’s two key regional maritime allies – Japan and Australia – may enter into such a policy equation.

THE REBALANCING DEBATE AND ASEAN

It is axiomatic that the atmospherics and processes usually shaping American domestic political elections often fail to generate scintillating analysis of US foreign policy and strategy. But the stakes for making the rebalancing an exception to the rule this year are high. Under the terms of the National Defense Authorisation Act for Fiscal Year 2016, the newly elected administration will be required to spell out an ‘Indo-Pacific’ strategy to Congress by March 2017. This will require both the Obama administration, during its remaining time in office, and its successor to make hard choices about how best to integrate US strategic interests with the deployment and operation of US capabilities in the region at a time when it is experiencing rapid and far-reaching structural change.⁸ How affordable will rebalancing’s projected force deployments actually be, given protracted US economic constraints? At least one US Defense Department official publicly declared in early 2014 that ‘owing to budgetary constraints right now the pivot is being looked at again, because, candidly, it can’t happen.’⁹ What is the right mix of engagement with regional allies and partners that will sustain a viable US role in expediting regional stability and prosperity without simultaneously exacerbating Sino-American competition to levels where realising re-balancing objectives becomes impossible? Given intractable or worsening regional flashpoints on the Korean peninsula, or in the East and South China Seas, one particular but vocal group of independent analysts from Australia and the US has argued that regional order and security can be realised only if the US relinquishes its rebalancing approach in favour of bargaining with China in ways that formalises respective Chinese and American regional spheres of influence.¹⁰ Rebalancing advocates counter that any such move would only undermine Asian stability by rewarding increasingly excessive Chinese nationalism, intensifying an already significant regional arms race and jettisoning the long-proven benefits of honouring ‘ASEAN centrality’ in regional diplomacy and institution-building.¹¹

⁸ See Section 1261 of ‘H.R. 1735 – National Defense Authorization Act for Fiscal Year 2016’ and Webster, ‘Asia Pivot...’

⁹ Assistant Secretary of Defense for Acquisition Katrina McFarland cited in Scott W. Harold, ‘Is the Pivot Doomed? The Resilience of America’s Strategic “Rebalance”,’ *the Washington Quarterly* 37, no. 4 (Spring 2015), p. 85.

¹⁰ Hugh White, *The China Choice* (Carlton, VIC: Black Inc., 2013), and Charles Glaser, ‘A U.S.-China Grand Bargain?’ *International Security* 39, no. 4 (Spring 2015), pp. 87 which criticizes White’s argument for not addressing or resolving regional territorial and maritime disputes or problems of escalation control flowing from crises intensifying over specific regional flashpoints.

¹¹ Greg Sheridan, ‘Distorted vision of US-China relations’, *The Australian*, September 11, 2010; Richard A Bitzinger, ‘Will the US Pivot Trigger a New Regional Arms Race?’ *Global Asia* 7, no. 4 (Winter 2012), pp. 34-37; and Mari Pangestu, ‘The importance of ASEAN centrality in Sunnylands’ *East Asia Forum*, 14 February 2016. According to the British military publisher IHS *Jane’s*, total defence spending in the Asia-Pacific will reach US\$533 billion in the year 2020, up from US\$435 billion in 2015. See Tang See Kit, ‘Military spending in Asia-Pacific to hit US\$533

Nor can the US, its proponents assert, afford to lose what momentum it has recently experienced in its pursuit of the diplomatic, economic and military benefits of rebalancing. Daniel Russel has embraced this latter argument, recently labelling the November 2015 US-ASEAN Strategic Partnership and its 'rules-based' approach to Asia, as part of a 'new normal' in US foreign policy.¹² Differences remain, however, over just what norms will shape Washington's coordination with ASEAN on such regional issues as territorial disputes, multilateralism and human rights. The US, for example, remains less insistent than is ASEAN on a regional 'code of conduct' governing relations among rival claimants in the South China Sea, instead is focusing on guaranteeing freedom of navigation while disputants negotiate longer-term agreements to settle their territorial differences. Washington also privileges alliance politics and bilateralism over collective security as the best means for implementing crisis response in Asia, thus implicitly diluting 'ASEAN centrality'. Concerns in the US remain strong over what various American policy-makers and independent observers view as lingering authoritarianism, sustained corruption and the suppression of human rights in at least some ASEAN countries.¹³

The Trans Pacific Partnership (TPP) trade agreement signed by the US with eleven other Pacific nations in Auckland in early February 2016 signalled Washington's strong interest in promoting 'open regionalism' through the cultivation of viable free trade relationships and the intensification of already substantial investment ties (US businesses, for example, invest more in Southeast Asia than their Chinese, Japanese and South Korean counterparts combined). Sceptics counter that the TPP's ratification by the US Congress remains unlikely and the requirement that each new member-state will need to negotiate their TPP affiliation with the US Congress further undermines its viability. Moreover, leading US presidential candidates Donald Trump, Hillary Clinton and Bernie Sanders now oppose TPP in its current form.¹⁴ Critics of the agreement point to what is arguably China's greater progress in building up a diplomatic-economic network in the region via a more informal and flexible Regional Comprehensive Economic Partnership (RCEP) initiative involving Southeast Asian states, Australia, China, India, Japan, New Zealand and South Korea (but not the US). They also cite the newly established Asian Infrastructure Investment Bank

b in 2020: report', *Channel NewsAsia*, 23 February, 2016 at

<http://www.channelnewsasia.com/news/business/military-spending-in-asia/2538358.html>.

¹² Remarks by Daniel R Russel, Assistant Secretary, Bureau of East Asian and Pacific Affairs, 'The United States: Southeast Asia's Economic and Security Partner', Lee Kuan Yew School of Public Policy, National University of Singapore, Singapore, 22 January 2016 at

<http://www.state.gov/p/eap/rls/rm/2016/01/251695.htm>.

¹³ Robert Manning, 'Obama's Sunnylands Summit: Does ASEAN Really Matter?' *The Diplomat*, February 14, 2016 at http://thediplomat.com/2016/02/obamas-sunnylands-summit-does-asean-really-matter/?utm_source=Special+Issue+of+Daily+News+on+US-ASEAN+Summit-+15+February+2016&utm_campaign=Info+Alert+20160215+SI&utm_medium=email and

Burhan Wazir, 'US-ASEAN summit seeks to counter China's growth', *Aljazeera*, 15 February 2016 at

http://www.aljazeera.com/news/2016/02/asean-summit-seeks-counter-china-growth-160214080824590.html?utm_source=Special+Issue+of+Daily+News+on+US-ASEAN+Summit-+15+February+2016&utm_campaign=Info+Alert+20160215+SI&utm_medium=email

¹⁴ Keith B. Richburg, 'Asia on losing end as Trump and Sanders advance in White House race', *Nikkei Asian Review*, February 11, 2016.

(AIIB) which could eventually challenge the Western-dominated International Monetary Fund (IMF) and the World Bank for prominence in global economic governance.¹⁵ If the TPP is blocked by either US domestic politics or is overtaken by Chinese ‘region-centric’ and zero-sum trade politics, *The Economist’s* dire assessment of the rebalancing policy’s economic component would be prescient : ‘If TPP crumbles, Mr Obama’s talk of a pivot in Asia will ring hollow.’¹⁶

Militarily, the United States has moved to further strengthen its traditional bilateral security relationships and to deploy higher percentages of its overall naval and air assets into the region. It has undertaken these measures, however, with the expectation that its regional allies and partners will play a more integral role in sustaining an acceptable regional military balance. Such US-desired allied/partner ‘capacity-building’ was highlighted by US Secretary of Defense Chuck Hagel in an important speech delivered at the 2014 Shangri-la Dialogue in Singapore. Pledging that the US would assist regional allies and partners develop new and advanced military capabilities, Hagel posited that Washington was determined to enhance the capabilities of these countries to provide security for themselves. He called for Southeast Asian states, in particular, to strengthen their own defence initiatives and investments in such areas as force inter-operability (including using Singapore’s Changi naval base as a command and control hub), maritime surveillance, and intelligence-sharing. He emphasised the need for more effective joint doctrinal planning via such institutions as the ASEAN Defence Ministerial Meetings.¹⁷

Although Washington has pledged it would continue to extend material support for increased ASEAN burden-sharing efforts, critics of the rebalancing insist that intensified displays of Chinese military power in their neighbourhood, combined with ongoing US sequestration, have left Southeast Asian policy-makers uncertain as to how valid such American reassurances might be. One observer has recently characterised this situation as one where Beijing could become antagonised by military build-ups that it would inevitably view as directed against itself at the same time as the US is continuing to cut its own defence spending. Under such circumstances, ‘soft rebalancing’ against China’s military rise would hardly be sufficient to guarantee regional deterrence but would instead risk discrediting both US and ally/partner interests and strategic credibility.¹⁸

¹⁵ Anthony Fensom, ‘China Deals Up Pressure on TPP’ *The Diplomat*, June 22, 2015 and Paola Subbachi, ‘Economic Governance’ *Foreign Policy*, March 31, 2015 at <http://foreignpolicy.com/2015/03/31/the-aiib-is-a-threat-to-global-economic-governance-china/>.

¹⁶ ‘TPP, RIP?’ *The Economist*, June 20, 2015 at <http://www.economist.com/news/leaders/21654612-row-over-pacific-trade-deal-harming-america-economic-and-political-interests-tpp-rip>.

¹⁷ Hagel, ‘the United States Contribution to Regional Security’ at the Shangri-la Dialogue 2014 First Plenary Session, Singapore, 31 May 2014 at <https://www.iiss.org/en/events/shangri%20la%20dialogue/archive/2014-c20c/plenary-1-d1ba/chuck-hagel-a9cb>. Also see Hayley Channer, ‘Steadying the US rebalance to Asia’ *Strategic Insights* (Canberra: The Australian Strategic Policy Institute, November 2014), p. 1.

¹⁸ William Kyle, ‘The US Navy and the Pivot: Less Means Less’ *The Diplomat*, March 31, 2014 at <http://thediplomat.com/2014/03/the-us-navy-and-the-pivot-less-means-less/>.

Tangible evidence that the need to reconcile counter-balancing factors has entered into Southeast Asian policy-makers' calculations has recently surfaced. Notwithstanding the Philippines' own territorial disputes with Beijing, that country's supreme court – sensitive to left-wing political opposition based on constitutional grounds - took more than a year (from when it was originally signed in April 2014) to approve the ratification of an Enhanced Defense Cooperation Agreement signed with the US. That agreement gives US forces greater access to Filipino bases and storage facilities.¹⁹ While retaining its status as a formal US ally, Thailand has clearly edged closer to China in security relations following the Thai military's enforced takeover of its government in May 2014 and US reprisals to that event. Scaled-back US involvement in the long-standing *Cobra Gold* joint military exercise (down from 6000-8000 US forces prior to the coup to around 3300 for the 2016 version) will remain operative until Washington is convinced that a democratic Thai government has come to power. Thailand's potential purchase of three Chinese submarines, commencement of Thai-Chinese military exercises and Bangkok's participation in China's 'One Belt, One Road' initiative through Chinese investment in Thai railway construction all exemplify Thai hedging that complicates the US' rebalancing strategy.²⁰ More generally, most ASEAN militaries (the small and arguably more easily managed Singaporean and Brunei forces are the two exceptions) remain largely outdated and incapable of fully meeting the full array of mission requirements envisioned by US force commanders, even in the maritime domain. One recent study has concluded that 'in the face of China's rising military power, [Southeast Asian states'] aging arsenals would present an obvious vulnerability and could place the regional countries in an inferior position during negotiation with China'.²¹ Under such circumstances, only the infusion of more modern systems and the provision of sufficient training to operate them by the United States would significantly improve ASEAN's collective capacity-building outlook.

THE JAPANESE AND AUSTRALIAN DIMENSIONS

As Washington's two key maritime allies in the Asia-Pacific, Japan and Australia share a keen geopolitical interest in stabilising that region's access points and waterways. The two countries have pursued increasingly close bilateral security relations over the past decade, both within the broader US alliance framework (via the Trilateral Strategic Dialogue or TSD) and through intensified bilateral or 'spoke-to-spoke' security collaboration largely defined by the 2007 Japan-Australia Joint Declaration on Security Cooperation. Both are alarmed over China's expansion of offshore power in the East and South China Seas (including its increasingly aggressive posture directed toward its territorial dispute with

¹⁹ Manuel Mogato, 'The US-Philippine military agreement that was supposed to counter China is facing another roadblock', *Business Insider*, June 17, 2015 at <http://www.businessinsider.com/r-new-us-philippine-military-deal-already-on-ice-could-face-further-delays-2015-6?IR=T>. For a robustly positive interpretation of the ECDA's strategic value, see Malcolm Cook, 'Manila takes US pivot well beyond Sunnylands', *Nikkei Asian Review*, February 17, 2016.

²⁰ Wong-Anan, 'Cobra Gold reflects tensions as US limits role', *Bangkok Post*, 10 February 2016.

²¹ Wu Shang-su and Eddie Lim, 'Ageing Arsenals in Southeast Asia: Impact on Military Modernisation' *RSIS Commentary*, No. 030, 16 February, 2016.

Japan over the Senkaku/Diaoyu islands). Over time, both countries' intensifying security links with India and selected Southeast Asian maritime states (such as Indonesia and Vietnam) may well constitute an additional element of their strategic collaboration. Currently, both Tokyo and Canberra are solidifying their respective security ties with selected ASEAN states in accord with the wider collective security logic and capacity-building expectations which conforms to US rebalancing. It should be noted, moreover, that Japan and Australia are the two states that, along with Singapore and the Philippines, have contributed the most to the allied and security partner support for US rebalancing to date. They have not allowed questions about the durability of the rebalancing to rationalise the application of policy hedging or to remain ambiguous about it but rather have concluded that the best way to reduce doubts about rebalancing's credibility issues is to demonstrate early support for the policy. This is a markedly different approach than the more taciturn posture adopted by many Southeast Asian states).

Japanese Prime Minister Shinzo Abe has led his country's adoption of a 'Proactive contributor to Peace' posture featuring a selective but upgraded Japanese naval presence in Southeast Asia and the Indian Ocean and upgraded security capacity-building assistance programmes to various ASEAN member-states.²² A recent Japanese Maritime Self Defence Force (MSDF) visit to Cambodia, Japan's decision to have P-3C patrol aircraft transit to ports in the Philippines and Vietnam enroute to and from Somalia, the addition of MSDF vessels in joint naval exercises led by the US and focusing on freedom of navigation operations and the hosting of a '2+2' meeting between the Japanese foreign and defence ministers with their Indonesian equivalents are indicative of the long-range pattern. Japanese transfers and sales of patrol vessels to the Philippines and Vietnam through its Overseas Development Assistance (ODA) programme exemplify the current trend.²³ So too does Japan's signing of an agreement (at the end of February 2016) with the Philippines to provide the latter country with air surveillance and other defence equipment and Tokyo's announcement that it would step up its own maritime patrolling in the South China Sea near the Philippines and Vietnam.²⁴ Even more significant in a strategic context is Japan's determined bid to work with Australia in developing the latter country's next generation of submarine force – a move that complies with the rebalancing strategy's capacity-building expectations but one that has been officially condemned by China's foreign minister during recent consultations with his Australian counterpart.²⁵

²² Koh Swee Leah Collin, 'Japan and the "Maritime Pivot" to Southeast Asia', *The Diplomat*, December 14, 2015 at <http://thediplomat.com/2015/12/japan-and-the-maritime-pivot-to-southeast-asia/>

²³ Celine Pajon, 'Japan's "Smart" Strategic Engagement in Southeast Asia' *The Asan Forum*, December 6, 2013 at <http://www.theasanforum.org/japans-smart-strategic-engagement-in-southeast-asia/>

²⁴ Lydia Tomkiw, 'South China Sea Controversy 2016 Update: Japan and Philippines Sign Defense Agreement Amid Regional Uncertainty', *International Business Times*, 29 February, 2016 at <http://www.ibtimes.com/south-china-sea-controversy-2016-update-japan-philippines-sign-defense-agreement-amid-2327098> .

²⁵ Jonathan Pearlman, 'Beijing urges Canberra not to buy Japanese submarines', *The Straits Times*, February 18, 2016.

Overall, a more strategically involved Japan in Southeast Asia should facilitate the rebalancing strategy's objective to reinforce the US alliance system in the Asia-Pacific and should moderate any tendency by ASEAN states to move toward a rising China 'by default' if US attention in the region wanes due to events in the Middle East or Europe, or if the United States' strategic presence and defence capabilities gradually decline. But Japan's own domestic economic challenges, its still unresolved historical transgressions throughout the region, and its naturally stronger focus on Northeast Asian threats and contingencies impose limitations on how much Tokyo can really do in supporting Washington's strategic aims in Southeast Asia.²⁶

For well over a decade, Australia has attempted to strike a policy of pursuing traditional alliance politics with Washington and an evolving strategic partnership with Tokyo while simultaneously cultivating its massive trade with, and steady growth in investment ties with, China.²⁷ Over the United States' and Japan's objections, for example, Australia recently joined the AIIB. This carefully calibrated Australian balancing strategy could unravel, however, if China's rise leads to it threatening Australia's regional neighbours in Southeast Asia which represent the key geopolitical intersection between the Australian land mass and the broader Asia-Pacific region. It could also be tested more sharply by mounting US expectations that Australia will take sides in an intensifying Sino-American dispute over freedom of navigation in contested Asian waters. In a recent interview, the commander of the US Navy's 7th Fleet headquartered in Japan urged Australia to carry out freedom of navigation operations close to territory claimed by China in the South China Sea.²⁸ While acknowledging that the conduct of such missions was an Australian decision to make, a US senior naval commander would not espouse such a view publicly without at least the tacit approval of the highest defence officials in the Obama administration.

²⁶ See John Lee, 'Strategic Possibilities and Limitations for Abe's Japan in Southeast Asia', *Trends in Southeast Asia*, 2015 #8 (Singapore: ISEAS).

²⁷ In 2014-2015, China was far and away China's top trading partner, constituting 22.7% of Australia's total trade. Japan was second with 10.3%; and the United States third with 9.8%. Australian Government, Department of Foreign Affairs and Trade, *Australia's trade in goods and services*, 25 November, 2015 at <http://dfat.gov.au/about-us/publications/trade-investment/australias-trade-in-goods-and-services/Pages/australias-trade-in-goods-and-services-2014-15.aspx#partners>. The United States retains its top position as an investor in Australia with 27.2% ; China ranks 7th with a little over 2% but Australia is now the world's second ranking country (after the US) as a recipient of increased global Chinese investment and this trend is set to intensify in future years. Australian Government, Department of Foreign Affairs and Trade, *Australia and Foreign Investment* at <http://dfat.gov.au/trade/topics/investment/Pages/which-countries-invest-in-australia.aspx> and KMPG/University of Sydney, China Studies Centre, *Demystifying Chinese Investment in Australia*, May 2015, p. 4 at http://sydney.edu.au/business/_data/assets/pdf_file/0019/231553/demystifying-chinese-investment-in-australia-2015.pdf.

²⁸ David Wroe, 'US navy commander urges Australia to carry out patrols in disputed islands in the South China Sea', *Sydney Morning Herald*, February 22, 2016.

The ‘China factor’, particularly as it relates to maritime security, constitutes one of three key strategic components through which Australian policy-makers link Southeast Asia’s collective security environment to their own country’s core national security interests. Transnational security (and, more specifically, the prospects of international terrorist movements becoming embedded in various Southeast Asian locales) and regional security architecture-building constitute the other two.²⁹ Given its own proximity to maritime Southeast Asia and its history of defence collaboration with Malaysia, Singapore and, more recently, Indonesia, Australia is already an established and highly credible partner of ASEAN in structuring counter-terrorism initiatives and capacities. As a self-acclaimed ‘middle power’, it retains a long-term faith in the power of diplomacy and negotiations to shape regional order and to realise conflict avoidance. Such institutions as the ASEAN Regional Forum (the ARF), the East Asia Summit and the ASEAN Defense Ministerial Meeting Plus 8 (ADMM+8) are viewed by Canberra as constructive venues for engaging both the United States and China and for managing great power politics in ways that afford regional middle and small powers more leverage.³⁰ Nevertheless, Australia hedges against worse-case outcomes and crisis escalation by sustaining its American alliance. It thus supported American rebalancing by agreeing to host rotational deployments of US Marines through Darwin, strongly supporting the TPP and strongly opposing China’s establishment of an Air Defence Identification Zone (ADIZ) in the East China Sea.

Like Japan, Australia has recently strengthened its defence ties with the Philippines as well as agreed to train Vietnamese military personnel. It maintains its long-standing Five Power Defence Arrangement (FPDA) with Malaysia and Singapore. It conducts an extensive defence relationship with Indonesia via the 2006 Lombok Treaty and annual ‘2+2’ talks between their foreign and defence ministers. Indonesia-Australia relations have oscillated over the years given their different cultures and a tendency for bilateral relations to be caught up in the domestic politics of both countries.³¹ The larger imperative of maintaining an acceptable regional power balance in the face of major structural changes now under way in the region, however, binds Australian and Indonesian strategic thinking more closely. Both countries regard a continued US regional strategic presence, and the rebalancing strategy that reinforces it, to be imperative for their own national security at a time when Chinese power and expansionism are seen to be increasingly dominating Asia-Pacific geopolitics.

²⁹ An early but useful background assessment of these factors is provided by Carl Thayer, *Southeast Asia: Patterns of Security Cooperation*, ASPI Strategy Paper, (Canberra: Australian Strategic Policy Institute, 2010), especially pp. 56-62.

³⁰ Prime Minister Kevin Rudd entertained a brief diversion from this approach when he proposed an ‘Asia-Pacific community’ in June 2008 which appeared to depart from traditional Australian adherence to the ASEAN centrality principle. The initiative was short-lived and was eventually absorbed into the East Asia Summit framework that materialised in 2011.

³¹ Allan Behm, ‘Time to Re-think the Australia-Indonesia relationship’, *The Diplomat*, July 4, 2015 at <http://thediplomat.com/2015/07/time-to-rethink-the-australia-indonesia-relationship/>

CONCLUSION

Despite ongoing ambiguities relating to its concrete purpose and implementation, the rebalancing's lifespan has arguably endured beyond its critics' expectations. This may be more attributable to external developments than to the Obama administration's policy planning. China's intensifying assertiveness in the East and South China Seas has rendered Southeast Asia more supportive of US regional security objectives than would have been the case if Beijing had sustained its previous, lower-key, 'smile diplomacy' profile in the region. This approach was supplanted by a tougher Chinese posture after the 2008-2009 global financial crisis substantially weakened the US economy, and Chinese President Xi Jinping assumed power, determined to foster a more nationalist Chinese stance on territorial and strategic issues. Transnational security challenges such as international terrorism spilling over into Asia-Pacific locales have further reinforced regional policy elites' convictions that keeping an American power presence in their neighbourhood is worthwhile even if it means coping with any uncertainties of doctrinal imprecision that rebalancing may pose.

Recent developments in the South China Sea, the Obama administration's clear interest in promoting US-ASEAN ties, and efforts by US allies such as Japan and Australia to integrate their own national security strategies with the capacity-building formulas integral to the rebalancing's implementation suggest that the US 'pivot' strategy, despite its ambiguities, is destined to remain a central element of Washington's geopolitics directed toward the Asia-Pacific region for some time to come. Striving for American policy clarity and consistency during the looming U.S. presidential transition, however, will be critical in realising this outcome. A modest effort by the nominated presidential candidates of both major parties in the US to specifically and thoughtfully address the rebalancing and overall Asian security questions would be a welcome first step in this regard.

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