

PERSPECTIVE

RESEARCHERS AT ISEAS – YUSOF ISHAK INSTITUTE ANALYSE CURRENT EVENTS

Singapore | 7 August 2019

Contending US and Chinese Visions for Regional Order at the Shangri-La Dialogue: A Mixed Reception from Southeast Asia

*Ian Storey**

EXECUTIVE SUMMARY

- US-China competition took centre stage at the 2019 Shangri-La Dialogue with the two countries offering contending visions of regional order and blaming each other for provoking regional tensions.
- Southeast Asian states, increasingly unnerved at the prospect of intensifying Sino-US rivalry, questioned core themes in their respective narratives.
- Conscious that the Indo-Pacific is at a tipping point that puts at risk peace and development, Southeast Asian countries are further promoting the ASEAN Way of conflict resolution and ASEAN's centrality in the regional security order.

** Ian Storey is Senior Fellow at ISEAS - Yusof Ishak Institute.*

INTRODUCTION

Geopolitical competition between the United States and China is now the central organizing principle of security in the Asia-Pacific region. Based on current trends, there is a very high probability that US-China competition—and other major power competitive dynamics such as those between the US and Russia and China and Japan—will intensify during the 2020s and conceivably well into the twenty-first century.

Middle powers and smaller states are acutely aware of the policy dilemmas and hard choices they will increasingly be confronted with in this new era of Great Power competition, even if that competition sometimes creates opportunities to play one side against the other.

At the annual Shangri-La Dialogue (SLD) in Singapore held from 31 May to 2 June 2019, Sino-US competition took centre stage, effectively displacing all other security issues including North Korea, terrorism and climate change. During the three-day event, the US and Chinese defence ministers articulated contending visions for regional order. The messages contained in their speeches were primarily aimed at persuading regional states, particularly those in Southeast Asia where geopolitical alignments tend to be more fluid than those in Northeast Asia and elsewhere. Without question, Sino-US competition is centred on the ASEAN region.

Then Acting US Defense Secretary Patrick Shanahan¹ expounded on the Free and Open Indo-Pacific (FOIP), highlighting America's critical role in the maintenance of regional stability while labelling China a "disruptive actor". Meanwhile, China's Defense Minister General Wei Fenghe sought to assuage concerns associated with China's rising power, emphasized the country's contributions to regional peace and prosperity and portrayed the US as a destabilizing force.

Southeast Asian countries view with growing unease the prospect of full-spectrum rivalry between Washington and Beijing. The speeches delivered by Southeast Asian leaders at the SLD reflected this deep concern while providing a more balanced and nuanced assessment of the regional security environment. And while they accepted some elements of the American and Chinese narratives, they questioned the validity of other parts. Moreover, as was made clear at the SLD, the return of Great Power competition has made more urgent Southeast Asian states' long-standing search for regional autonomy.

OPERATIONALIZING FOIP

The central aim of Shanahan's SLD speech was to provide more details about the FOIP strategy which was first announced by President Donald Trump in November 2017.² Simultaneously, the US Department of Defence (DoD) released its 55-page *Indo-Pacific Strategy Report* (IPSR).³ The report, and Shanahan's speech, conveyed three major themes. First, the US remains committed to the region. Shanahan argued that America is inextricably linked to the Indo-Pacific by geography and history, and its military presence and economic engagement underpins regional stability and prosperity. DoD views the Indo-Pacific as *the* priority theatre (and the only region to have a dedicated report outlining the operationalization of strategies contained in the 2017 *National Security Strategy* and 2018 *National Defense Strategy*).⁴ America reiterated its commitment to uphold the rules-based

international order and a free and open Indo-Pacific in which all countries are able to exercise their sovereignty free of coercion, resolve disputes peacefully, engage in fair and reciprocal trade, and where international rules and norms are adhered to.

Second, achieving America's Indo-Pacific vision requires three lines of effort: preparedness, partnerships and promoting a networked region. Preparedness means modernizing the country's armed forces to deter aggression from China (and Russia). Partnerships means strengthening alliances and strategic relations with other Indo-Pacific states, including those in Southeast Asia. Promoting a networked region means augmenting America's bilateral relationships with trilateralism—such as US-South Korea-Japan and US-India-Australia—and multilateralism, including ASEAN and the Quad (US-Japan-India-Australia).

Third, China poses the greatest security challenge to the Indo-Pacific region. The Trump administration has accused China of undermining the rules-based international order, seeking regional hegemony and ultimately global primacy, pursuing predatory economic statecraft—exemplified by its Belt and Road Initiative (BRI)—coercion against Taiwan and repression in Xinjiang. In Southeast Asia, China has militarized the South China Sea, restricted freedom of navigation, deprived coastal states of resources in their exclusive economic zones (EEZs) and damaged the environment.

According to Shanahan, the difference between FOIP and the Obama administration's "Asian pivot/rebalance" is that the Trump administration is devoting significantly more resources to the strategy, is broadening and deepening America's network of alliances and partnerships, and is not afraid to criticize China's actions.

However, in an attempt to ease regional concerns about the current trajectory of Sino-US relations, Shanahan emphasized that America did not seek to contain China and that the two countries could cooperate on issues where their interests aligned, e.g. stability on the Korean Peninsula. He also stated that DoD wants to improve military-to-military relations with the People's Liberation Army (PLA) in order to reduce the risk of accidental clashes. To underscore this point, on Shanahan's first day in Singapore he met with General Wei to discuss ways to enhance communication between the two countries' armed forces.

CHINA'S COUNTERNARRATIVE

Although General Wei's speech contained many familiar tropes, it nevertheless offered a robust counternarrative to the Trump administration's FOIP.⁵ Wei was the first Chinese defence minister to speak at SLD since 2011, and his self-confident delivery, especially in the question and answer session, impressed many in the audience.

China was, according to General Wei, committed to regional prosperity and stability, and the "path of peaceful development". China would never threaten other countries and did not seek hegemony or spheres of influence. Neither did China have the capacity or intention to challenge America for global primacy.

Wei attacked many of the themes contained in his US counterpart's speech. He accused the Trump administration of "championing unilateralism" by putting US interests first and

withdrawing from treaties, and promoting the “clash of civilizations” and “China threat” theories. On the on-going trade dispute, he warned that China was willing to talk but if the US wanted a fight “we will fight to the end”.

On the country’s so-called “core issues”, the Chinese defence minister was equally strident. On Taiwan he charged the US with interfering in China’s internal affairs through the Taiwan Relations Act. He declared that any attempt to promote Taiwanese independence would be met with a military response. On the South China Sea, Wei reiterated the Chinese line that the situation was stable due to the efforts of China and ASEAN to negotiate a Code of Conduct (CoC). He dismissed US claims that China’s policies threatened freedom of navigation and instead called America’s military presence a destabilising factor, especially its Freedom of Navigation Operations (FONOPs). Wei also rejected criticism that China was militarizing the South China Sea, arguing that the facilities on its seven artificial islands in the Spratlys were for defensive purposes only, were aimed at improving the living conditions of PLA personnel, and had been built in response to perceived military threats from the United States.

As with Shanahan, however, Wei held out the prospect of improved cooperation with the US. In particular he described US-China military ties as a “stabiliser” in bilateral relations and that it was in neither countries’ interests to engage in conflict.

SOUTHEAST ASIAN RESPONSES

While elements of Shanahan’s and Wei’s addresses were well received by their Southeast Asian audience, it was clear from the tenor of regional leaders’ speeches that neither country had successfully allayed their acute sense of discomfit at the prospect of accelerated US-China rivalry.

A common refrain was that the return of Great Power competition had brought the region to another historical inflection point—but one that was not in Southeast Asia’s interests. In his keynote address, Singapore Prime Minister Lee Hsien Loong captured well regional anxieties when he stated that the world was at a turning point, and that how the US and China worked out their differences would “define the international environment for decades to come”.⁶ Unless they acted in good faith, he warned, “we will all be headed for a more divided and troubled world”. In closing the SLD, Singapore Defence Minister Ng Eng Heng reminded attendees that what was at stake was nothing less than the “existing global order”, which, while imperfect, had more or less ensured peace and development since the end of the Second World War.⁷ Their views were echoed by Philippine Defense Secretary Delfin Lorenzana, who said the region was witnessing a “seismic geopolitical shift”, and that the emergence of a “new and troubling superpower rivalry” had raised the prospect of countries “sleepwalking” into a conflict like the First World War.⁸

Several Southeast Asian ministers, such as Defence Minister Ng and Malaysian Defence Minister Mohamad Sabu, expressed concern that in this new era of Sino-US competition smaller states would be pressured into choosing sides on issues such as trade arrangements, technology (such as 5G telecommunications networks) and security partnerships,⁹ choices that Ng lamented would be the “ultimate losers’ game and a race to diminishing benefits for all concerned”. The fear of being forced to make binary choices by the Great Powers is a

long-standing one in Southeast Asia, but has been rekindled by the recent deterioration in relations between Washington and Beijing.

Concern was also expressed that FOIP was not about deterring China but containing it. Prime Minister Lee noted that Americans now openly talked of containing China, and how “negative views” of the country had “permeated” the US establishment. However, he cautioned that a twenty-first century US-China confrontation would not be a Cold War redux due to the absence of deep ideological divisions and the strength of China’s economy. Moreover, due to high levels of economic interdependence, regional states would resist joining opposing blocs or military alliances. Lee’s advice to the US and other countries was to accept the inevitability of China’s rise and “integrate China’s aspirations within the current system of rules and norms”, an approach that has lost favour in the US over the past few years though it still has its supporters.¹⁰

Other elements of the FOIP were queried by regional leaders. While the IPSR stresses the importance of partnerships and multilateralism, President Trump himself has questioned the value of America’s regional alliances (most recently with Japan¹¹), threatened punitive economic measures against countries his administration accuses of currency manipulation (including Singapore, Malaysia and Vietnam¹²) and unfair trade practices (such as Vietnam¹³), and withdrawn the US from multilateral arrangements such as the Trans-Pacific Partnership, the Iran nuclear deal and the Paris agreement on climate change. On trade issues, Prime Minister Lee criticized the US for engaging in “trials of strength” with smaller countries that advanced American interests but not those of the wider community of nations. Southeast Asian officials were also less willing to accept American views of BRI. Prime Minister Lee called it a “constructive mechanism” for China to engage with the region, though one that should be open and inclusive and not transform Asia into a “closed bloc centred on a single major economy”. At one of the special sessions the following day, ministers from Myanmar and Mongolia remarked that BRI was helping their countries meet their infrastructure needs, and that participation in the initiative was ultimately a sovereign decision.¹⁴

Parts of China’s narrative were also questioned, particularly on the South China Sea. As events over the past two years have underscored, few Southeast Asians would agree that the current situation in the disputed waters is stable, or that China has not militarized its artificial islands in the Spratlys. Nor would some Southeast Asian claimants accept that China has never threatened them or occupied their territory.

To improve the situation in the South China Sea, regional leaders called on Beijing to adopt a more accommodating stance. In his keynote, Prime Minister Lee suggested that China should resolve the maritime dispute using diplomacy and international law while respecting the “core interests and rights of other countries”—a reference to coastal states’ sovereign rights to resources in their EEZs guaranteed by the United Nations Convention on the Law of the Sea (UNCLOS). In doing so, China would be able to “build its reputation as a responsible and benevolent power that need not be feared”. Defense Secretary Lorenzana also called on China to act responsibly and not use “might to force its way” in the South China Sea. He also noted that in 2016 an arbitral tribunal had rejected China’s historical claims in the area.

Both Lorenzana and Vietnamese Defence Minister Ngo Xuan Lich stressed the importance of freedom of navigation and overflight in the South China Sea.¹⁵ The former also voiced support for US FONOPs, but added that ultimately keeping the South China Sea free and open required cooperation from China. Several ministers expressed concern about the potential for a US-China clash in the area. Lorenzana highlighted the “risk of miscalculation and unwanted conflict” in the South China Sea due to Sino-US tensions, while Defence Minister Sabu reiterated his government’s worry that the increasing frequency of US and Chinese naval encounters could “spark a major conflict dragging ASEAN member states into it”. All were in agreement that no one country should dominate the South China Sea.

Southeast Asian Preference for Managing Regional Order

In response to escalating US-China competition, the Southeast Asian leaders who spoke at the SLD put forward several proposals to manage the evolving security dynamics.

First, each of the ministers strongly emphasized the importance of ASEAN centrality in the regional security architecture and the application of the organization’s norms for resolving disputes. Indonesian Defence Minister Ryamizard Ryacudu called ASEAN a “global miracle”,¹⁶ while Lorenzana said ASEAN should serve “as an inspiration across the Indo-Pacific region and beyond” and that countries should adopt the ASEAN Way of dispute resolution “through peaceful dialogue, diplomatic negotiations and fidelity to international law and regional norms and principles”. ASEAN’s efforts to conclude a CoC with China for the South China Sea also found strong support. Lorenzana urged the two sides to finalize a “robust, mutually beneficial and inclusive” CoC. General Lich also advocated for an early conclusion to the CoC and called on China to make a bigger effort towards achieving that goal.

A few weeks after the SLD, at the 34th ASEAN Summit in Bangkok on 23 June, ASEAN leaders attempted to recapture the regional narrative from the US and China—as well as Australia, Japan and India who have offered their own visions for the Indo-Pacific—when they adopted the ASEAN Outlook for the Indo-Pacific (AOIP).¹⁷ The five-page document underlines the importance of strengthening ASEAN centrality through the various ASEAN-led mechanisms including the East Asia Summit, ASEAN Regional Forum and ASEAN Defence Ministers’ Meeting Plus. Although there is some overlap with FOIP, what sets AOIP apart from the American vision is its inclusiveness, promotion of economic development and connectivity and preference for dialogue over strategic competition.¹⁸

Second, while Great Power competition is the new normal, conflict between the two countries is not inevitable and Washington and Beijing should resolve their differences through constructive dialogue, focus on resolving their domestic problems, increase cooperation in areas of mutual interest, refrain from imposing choices on smaller states, and work towards preserving but updating the current international order to reflect new geopolitical realities. In one of the more memorable quotes from the 2019 SLD, Sabu declared “We love America. We also love China. Both of them must now take care and deliver.”

Third, middle powers and small states should work together to strengthen regional economic integration and multilateral institutions, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership being an exemplar. In doing so they can help sustain the current

international order, improve regional security, and enhance their collective influence and bargaining power with the major powers.

CONCLUSION

The searing historical experiences of Western and Japanese colonialism and Cold War rivalry have left a deep imprint on Southeast Asia's psyche. Accordingly, regional states have become increasingly disconcerted at the prospect of another round of Great Power competition. At the 2019 SLD, statesmen from around the region articulated their collective concerns and made plain their desire to avoid unpalatable choices. Instead, they urged the US and China to put regional interests before their own, eschew potentially ruinous strategic competition, and offered an alternative vision of regional order with ASEAN playing the lead role. The next decade will be critical in deciding which of the contending visions prevails.

¹ Mr Shanahan has since withdrawn his nomination and been replaced by Mark Esper.

² Speech by Patrick M. Shanahan, Acting Secretary of Defense, US, 18th Asia Security Summit, The IISS Shangri-La Dialogue, 1 June 2019, <https://dod.defense.gov/News/Transcripts/Transcript-View/Article/1871584/acting-secretary-shanahans-remarks-at-the-iiss-shangri-la-dialogue-2019/>

³ *Indo-Pacific Strategy Report: Preparedness, Partnerships and Promoting a Networked Region* (Washington D.C.: US Department of Defense, 1 June 2019), <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>

⁴ For an analysis of the 2017 NSS and 2018 NDS see Ian Storey, "The Trump Administration's 2017 *National Security Strategy* and 2018 *National Defense Strategy*: Implications for Southeast Asia", *ISEAS Perspective* #9/2018 (21 February 2018), https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2018_9@50.pdf

⁵ Speech by General Wei Fenghe, State Councilor and Minister of Defence, China, 18th Asia Security Summit, The IISS Shangri-La Dialogue, 2 June 2019, http://eng.chinamil.com.cn/view/2019-06/02/content_9520764.htm

⁶ Keynote Address, Lee Hsien Loong, Prime Minister of Singapore, 18th Asia Security Summit, The IISS Shangri-La Dialogue, 31 May 2019, [https://www.iiss.org/-/media/files/shangri-la-dialogue/2019/speeches/keynote-address---lee-hsien-loong-prime-minister-of-singapore-\(1\).ashx](https://www.iiss.org/-/media/files/shangri-la-dialogue/2019/speeches/keynote-address---lee-hsien-loong-prime-minister-of-singapore-(1).ashx)

⁷ Speech by Dr Ng Eng Hen, Minister for Defence, Singapore, 18th Asia Security Summit, The IISS Shangri-La Dialogue, 2 June 2019, <https://www.iiss.org/-/media/files/shangri-la-dialogue/2019/speeches/plenary-6---dr-ng-eng-hen-minister-for-defence-singapore-transcript.ashx>

⁸ Speech by Major General (Retd) Delfin Lorenzana, Secretary of National Defense, Philippines, 18th Asia Security Summit, The IISS Shangri-La Dialogue, 2 June 2019,

<https://www.iiss.org/-/media/files/shangri-la-dialogue/2019/speeches/plenary-5--major-general-retd-delfin-lorenzana-transcript.ashx>

⁹ Speech by Haji Mohammad Sabu, Minister of Defence, Malaysia, 18th Asia Security Summit, The IISS Shangri-La Dialogue, 1 June 2019, <https://www.iiss.org/-/media/files/shangri-la-dialogue/2019/speeches/haji-mohamad-sabu-minister-of-defence-malaysia---as-prepared.ashx>

¹⁰ For example, a letter signed by prominent US scholars, diplomats, military and business leaders was highly critical of the Trump administration's hardline policies towards China. See "China is not an enemy", *Washington Post*, 3 July 2019,

https://www.washingtonpost.com/opinions/making-china-a-us-enemy-is-counterproductive/2019/07/02/647d49d0-9bfa-11e9-b27f-ed2942f73d70_story.html?utm_term=.77a073276a66

¹¹ "Trump claims Japan 'doesn't have to help' if US is attacked", CNN, 27 June 2019, <https://edition.cnn.com/2019/06/26/politics/trump-japan-defense-commitments/index.html>

¹² "Singapore added to US watch list for currency manipulation", *Straits Times*, 29 May 2019, <https://www.straitstimes.com/business/economy/singapore-added-to-us-watch-list-for-currency-manipulation>

¹³ "Trump says Vietnam worse than China on trade", *Business Standard*, 26 June 2019, https://www.business-standard.com/article/pti-stories/trump-says-vietnam-worse-than-china-on-trade-119062601045_1.html

¹⁴ Amy King, "No appetite for a 'new Cold War' in Asia", *East Asia Forum*, 9 June 2019, <https://www.eastasiaforum.org/2019/06/09/no-appetite-for-a-new-cold-war-in-asia/>

¹⁵ Speech by General Ngo Xuan Lich, Minister of National Defence, Vietnam, 18th Asia Security Summit, The IISS Shangri-La Dialogue, 2 June 2019, <https://www.iiss.org/-/media/images/dialogues/sld/sld-2018/documents/ngo-xuan-lich-sld18.ashx>

¹⁶ Speech by General (Retd) Ryamizard Ryacudu, Minister of Defense, Indonesia, 18th Asia Security Summit, The IISS Shangri-La Dialogue, 2 June 2019, <https://www.iiss.org/-/media/files/shangri-la-dialogue/2019/speeches/plenary-6---general-retd-ryamizard-ryacudu-minister-of-defense-indonesia-transcript.ashx>

¹⁷ "ASEAN Outlook on the Indo-Pacific", 23 June 2019, https://asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf

¹⁸ Hoang Thi Ha, "ASEAN Outlook on the Indo-Pacific: Old Wine in New Bottle?", *ISEAS Perspective*, No. 51 (25 June 2019),

https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2019_51.pdf

<p><i>ISEAS Perspective</i> is published electronically by:</p> <p>ISEAS - Yusof Ishak Institute</p> <p>30 Heng Mui Keng Terrace Singapore 119614 Main Tel: (65) 6778 0955 Main Fax: (65) 6778 1735</p>	<p>ISEAS - Yusof Ishak Institute accepts no responsibility for facts presented and views expressed.</p> <p>Responsibility rests exclusively with the individual author or authors. No part of this publication may be reproduced in any form without permission.</p> <p>© Copyright is held by the author or authors of each article.</p>	<p>Editorial Chairman: Choi Shing Kwok</p> <p>Editorial Advisor: Tan Chin Tiong</p> <p>Managing Editor: Ooi Kee Beng</p> <p>Editors: Malcolm Cook, Lee Poh Onn, Benjamin Loh and Ng Kah Meng</p> <p>Comments are welcome and may be sent to the author(s).</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------