



China in Asia Seminar Series

Seminar 7: “Regional Institutions and Asian Integration”

November 4, 2005

CORE GROUP SUMMARY

An Asian strategist started off the discussion by raising the question of whether the U.S. needs to change its “style” or its basic approach to Southeast Asia. A political economist pointed out the main stumbling block to a U.S.-ASEAN summit is Myanmar. Signing the Treaty of Amity and Cooperation (TAC) would preclude sanctions against Myanmar and bestow tacit legitimacy on the ruling military junta.

A Southeast Asian academic argued that the question of style should not be overdone; it is not a long term problem. The governments of the region understand that the U.S. has the capability to provide rapid support in areas that no one else can reach quickly. Yet at present the U.S. is very unpopular, and this has ramifications in the short to medium term. There are high costs attached to being friendly with the U.S. right now.

It would not cost the U.S. much to fix its public diplomacy, said another Southeast Asian participant. There is a gap between what China has promised and what China can actually deliver. The U.S., however, has resources such as USAID, the Asia Foundation, health services, and capabilities to assist in areas such as anti-piracy that China simply does not possess. Yet an imbalance of influence still exists. This participant argued that the imbalance is due to the U.S. lack of attention to soft power, which appeals to Southeast Asia. With cuts in education funding and visa problems, the U.S. is not creating a new generation of regional leaders familiar with the U.S. Students are going to Australia and China. China is giving money to support study in China and courses on the Chinese language. The U.S. should appoint a U.S. ambassador to ASEAN whose office would promote and oversee technical, educational, AND non-traditional security programs.

A Southeast Asian expert emphasized that the decline in U.S. interest in the region did not begin with the current administration, but at the end of the Cold War. At that time, the U.S. began closing consulates and libraries and reducing scholarships. Another member pointed out the closing of U.S. information service offices in the region – a huge loss in influence for minimal savings.

One participant said that it was not necessary to win the good will of ordinary people but added that there are critical frontline areas that need to be tapped. Sending Karen Hughes to Southeast Asia to talk with moderate Muslims did not reveal anything new – in such cases Americans are only hearing what they want to hear. U.S. representatives should be talking with those who don’t agree with American policies in order to know how they might become more effective. This statement was seconded by another member, who pointed out that before Amb. Christopher Hill went out to the region he emphasized that we needed to go out and engage the opposition in

order to find out what the opposition thinks. Furthermore, the U.S. should send someone from the State department to the region every three months.

Another thread in the discussion was the economic threat posed by a rising China. A regional expert said that Southeast Asia has not been a priority for the U.S. for some time. However a real threat may materialize if Southeast Asian countries cannot hold their own against China and lose their place in the regional production chain. A big question is how China-ASEAN economic integration will affect the economic well-being of these countries and their political relationships with China.

This speaker argued that the United States could do more to help U.S. companies compete successfully in the region. China has taken markets away from more industrialized ASEAN countries. The U.S. market is flat and China's is growing. Geopolitically it is in the U.S. interest to help ASEAN get back in the game. Our economic and trade initiatives should correspond to our policy responses.

There was some debate over whether China has taken away markets and investment from ASEAN, or whether ASEAN governments themselves are responsible for their sluggish performance. A regional business expert said that China's sheer size conveyed an advantage. He pointed out the risk in investing in Indonesia versus China. There are risks in both countries, but in China the potential benefits outweigh the risk. He believes that when the Chinese government negotiates agreements with governments in the region, investment follows. Political relationships are also important.

Another participant pointed out that part of the success of Amb. Zoellick's visit to the region last year was that he discussed topics of interest to Southeast Asia. The gesture resonated well because he was the "trade guy" and he coordinated his diplomatic initiatives with the business community.

A final theme of the discussion was the role of Japan. This topic attracted a lot of debate. A China specialist noted that Japan had not been brought up either in the presentation or in the discussion. He raised the following questions: How does Chinese influence now compare to Japan's previous influence? Or did Japan ever have any influence in Southeast Asia? If we used to think that the Japanese had a lot of influence in the region and they actually did not, what should we make of assumptions of Chinese influence today?

Most participants agreed that Japan did indeed have influence in the region, but that it was exerted in a different way. Until now, Japan has sought economic influence, not political CLOUT. A member from Southeast Asia pointed out that Japan did not necessarily have a foreign policy agenda towards the region. It was private sector firms like Mitsubishi that drove their economic partnerships. The Japanese also had to keep a lower profile because of the legacy of World War II and the tendency to partner with ethnic Chinese. China's influence is likely to be more powerful than Japan's because Japan never had a strategic foreign policy. Southeast

Asians went through a period of pessimism but are now more optimistic about China's entry into the market, and China's strategy is more overt.

One participant pointed out that the context for Japanese influence is very different from the situation facing China today. Since the end of the Cold War, the U.S. has partially withdrawn from the region and Japan has experienced an economic recession. Everyone now has "China fever." This participant argued that Chinese influence has more to do with China's diplomatic strategy and future economic and security potential, rather than the concrete contributions that Beijing can offer today.

In general, participants felt that the U.S. could be doing more by itself and with Japan to help ASEAN to compete economically. But according to a political economist, there is a widespread perception that the Chinese are marginalizing Japan in various Asian forums. Seen in this light, Japan's close relationship with the U.S. may not be helpful in achieving shared security goals. A strategist mentioned that the U.S. is doing much to shore up its bilateral relationships in the region. The focus is on Japan, which has dramatically changed its approach to security issues.

The U.S. wants to build up more multilateral security arrangements in the region. The core countries are Japan, Australia, India and Singapore. Three of these four participated in the tsunami relief effort, which was highly successful. The U.S. is looking to build on that model.