US REBALANCING TOWARDS ASIA PACIFIC:
SOUTHEAST ASIA RESPONDS
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Abstract
The Asia Pacific region has become the centre of global attention owing to the region’s dynamic growth and its appetite for military aggrandizement. In the absence of US attention to the region, China seized upon the golden opportunity to restore fractured ties with its Southeast Asian neighbours and succeeded in building a comprehensive net of deeply integrated multilateral arrangements. The most significant achievement was the establishment of the ASEAN-China Free Trade Agreement, which is currently the world’s third largest in terms of trade volume. While China has stringently opposed US interference in the regional affairs, ASEAN states have generally welcomed US reengagement with the Southeast Asia, especially amid China’s recent activeness in the South China Sea. Nevertheless, they are also faced with the daunting task of maintaining the delicate balance in their relations with the existing and aspiring super powers to ensure China’s role as a major trading partner and the US as the region’s primary security provider.

Introduction
The Asia Pacific region is the World’s most dynamic and vibrant region and therefore it comes as no surprise that the United States has adjusted its foreign policy in a manner
which accords greater relevance to it than ever before. The region has exhibited remarkable economic growth over the years, especially in the backdrop of the economic crisis that has adversely affected the United States economy as well as economies of the Eurozone. The International Monetary Fund’s (IMF) most recent regional economic forecasts project over 6.75% real growth in 2012 for the Asia-Pacific region as a whole, higher than any other region. In terms of security, the region has seen rapid development and modernization of military capabilities of individual states, as such due attention is warranted to developing the security architecture of the region. It is also home to some of the most important trade and energy corridors and strategic lanes such as the Malacca Straits. At the heart of the economic and military ascendency is a thriving China. China is widely seen as the engine for regional growth. Not only has its own economic thrust invigorated economies of neighbouring states, but it is driving economies across the globe. In the given circumstances, the United States is in the process of making necessary adjustments to its priorities and strategies in the Asia Pacific by strengthening existing partnerships and building on new potential ones.

In a speech to Australia’s Parliament in November, 2011, President Obama stated that:

“As President, I have therefore made a deliberate and strategic decision - as a Pacific nation, the United States will play a larger and long-term role in shaping this region and its
future, by upholding core principles and in close partnership with allies and friends.”

Furthermore, the initiatives undertaken by the Obama administration are aimed at reassuring allies of the United States long lasting commitment to the region, which was otherwise being put into question by regional leaders in the face of growing Chinese influence in the region. However, many worry that current adjustments to the existing strategies are too little, too late. Asian countries have developed a number of platforms for cooperation and the United States ‘rude awakening’ is bound to do more damage than good.

**Relevance of the Term: Pivot to the Pacific**

The term “pivot” was initially used to showcase the proclivity of US preferences towards Asia Pacific. But since then, the term ‘pivot” has come under scrutiny and analysts have begun to question the relevance of the term. The idea of the 'Asian Pivot' was meant to convey a turning point in US strategy. It implied that the US would be winding up its missions in the Middle East and harnessing the potential of the Asia Pacific which is destined to be the theatre of future economic, political, diplomatic and military activities. But some argue that the term ‘pivot’ suggests the inconsistency within the US strategy since it could pivot away from Asia at a later stage. Since then, the Obama administration has instead used the word ‘rebalancing’ which is less dazzling but conveys the essence of the US strategy towards Asia Pacific.
The Department of Defence Strategic Review 2012

In January, 2012 a new defence strategic guidance entitled “Sustaining US Global Leadership: Priorities for 21st Century Defence.” was announced by President Obama. The review aimed at outlining priorities of the Department of Defence, highlighting its future activities and evaluating budget restraints and requests for future activities.

The Review highlights the primary missions of the US armed forces. As some officials have suggested, these missions are presented in a loose priority order and not a strict one.

- Counter Terrorism and Irregular Warfare.
- Deter and Defeat Aggression.
- Project Power despite Anti-Access/Area Denial Challenges.
- Counter Weapons of Mass Destruction.
- Operate Effectively in Cyberspace and Space.
- Maintain a Safe, Secure, and Effective Nuclear Deterrent.
- Defend the Homeland and Provide Support to Civil Authorities.
- Provide a Stabilizing Presence.
- Conduct Stability and Counterinsurgency Operations.
- Conduct Humanitarian, Disaster Relief, and Other Operations.³

The Review also highlights salient features of the US military strategy for Asia Pacific. It calls for a shifting focus from fighting and winning wars to preparing for future
challenges, particularly those within the Asia Pacific region but at the same time retaining emphasis on the Middle East. The strategic review calls for a reduction in army and marine forces and acknowledges the need to focus more on its naval fleet. It also calls for giving greater importance to intelligence, surveillance and reconnaissance (ISR).

The DOD states that “China’s rise as a major international actor is likely to stand out as a defining feature of the strategic landscape of the early 21st Century,” and that China’s military “is now venturing into the global maritime domain, a sphere long dominated by the US Navy.”

Another important aspect of the Review is the emphasis laid on the term “partnership”. The US strongly believes that in order to create and sustain an international order led by the US which would not only ensure its leadership in the years to come but would also benefit its allies would require its partners to share the burden of responsibility. The Strategic review calls for not only strengthening its relations with long time allies such as Japan, South Korea, Philippines and Australia and Strategic partners such as Singapore, but also for building on new ones such as India, Indonesia, Vietnam and New Zealand.

As part of that strategy, Defence Secretary Leon Panetta told a conference in Singapore the US would assign 60 percent of its fleet to the Pacific Ocean by 2020. Currently, the Navy divides its roughly 285 ships equally between the Atlantic and Pacific oceans.
Anti Access/Area Denial Strategy

China’s Anti-access area denial strategy is aimed at restricting the interference of any third party in a conflict involving Taiwan. Taiwan remains one of China’s core interests and China’s quest for Taiwan has been complicated by US support for Taiwan’s government. The Anti-access area denial strategy, also referred to as A2-AD strategy, focuses on a triple D approach i.e. to deter, delay and defeat its opponents in a theatre of operations. Though China does not specifically name its opponents in this regard, it is quite clear that its contingency planning is aimed at limiting the US forces to the Western sphere of the Pacific.

China is employing a multi layered and multi dimensional attack strategy which calls for an integrated response by using advanced systems such as ballistic and cruise missiles, advanced air defence systems, anti-ship weapons, missiles, 4th generation fighters, manned and unmanned combat aircraft, as well as space and cyber warfare capabilities specifically designed to disrupt US communications and intelligence systems.

Air-Sea Battle Concept

Apparent from the name, the concept calls for a coordinated response from the US air and naval forces to conduct both offensive and defensive operations. According to the ASB concept, the air and naval forces attack in depth to disrupt its opponent’s intelligence collecting mechanisms and in turn, attack it command and control systems. Then they are
to neutralize the A2/AD weapon systems within the range of US forces and eventually to defeat the opponent’s weapons systems and its forces thus allowing freedom of access to US forces within a theatre of operations.

The main purpose of the DOD is to increase the joint operating effectiveness of the US naval and air force against the threats of emerging anti/access forces. The ASB concept emerged as a prominent concern during the 2010 Quadrennial Defence Review. While DOD officials continue to assert that it is not aimed at a certain rival, most observers argue that it is in direct response to China and Iran’s anti access strategies.

**Transpacific Partnership**

The United States strategy for addressing challenges in Asia Pacific does not focus only on the security architecture of the region but also encompasses economic initiatives. One of the main reasons why the US proposed the idea of the formation of the TPP was the mushroom growth of multi-lateral economic arrangements which have successfully created a highly proficient, deeply integrated and rapidly growing Asian economic system. Asian regional economic integration has been affected by a number of arrangements such as the ASEAN+3 (an FTA between ASEAN+ China, Japan and South Korea), ASEAN+6 (ASEAN+ China, Japan, South Korea, India, Australia and New Zealand), APEC and developments for the formation of the ASEAN Economic Community by 2015.
The nine negotiating parties are Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, US, and Vietnam. Recently, Canada and Mexico have also signalled willingness to join the TPP, while Japan is weighing on its options. Japan faces domestic pressure to protect its local industry particularly the agriculture and automobile sector. However, since Japan is the world’s 3rd largest economy, its membership would be a major boost to the TPP.

The TPP would increase US access to Asian markets, increase exports, and thus in turn, help in the revival of its strained economy. On a diplomatic front, the TPP would convey a commitment on part of the US for long term and sustained engagement. Another benefit of concluding such an agreement would be that all members of the TPP would have a common interest in safeguarding and maintain the free flow of goods through strategically important sea lanes in the Indian and Pacific Oceans. While the TPP carries a number of benefits for the US, it has not been received too well. Many of the negotiating parties have raised concerns regarding the issue of intellectual property rights, investor-state disputes, protecting domestic markets, demanding greater access to US markets and maintain high standards of production and exports.

Managing Relations with China

While top US officials have gone out of the way to suggest that the United States ‘rebalancing strategy’ is not aimed at containing China, not many have been likewise convinced by
the veracity of these statements. The Chinese, in particular, have watched on grudgingly as members of the Obama administration have gone on orchestrating their new policies. For many in China, the US’ new strategy further emboldens the China Threat Theory and implies that the U.S’ strategy is aimed at safeguarding the region against potential Chinese aggression. To see the Americans strengthening their presence in China’s own backyard is truly as matter of concern for the Chinese government and the PLA. Such an approach certainly risks a backfire from the Chinese government. China is the United States’ second-largest trading partner, its third-largest export market, and the largest foreign holder of US government debt. It is also the world’s second largest economy, with an increasingly influential voice in debates about global economic management.6

US-China Trade Statistics and China's World Trade Statistics

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<td>US exports</td>
<td>19.2</td>
<td>22.1</td>
<td>28.4</td>
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<td>65.2</td>
<td>71.5</td>
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<td>% change*</td>
<td>18.3</td>
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<td>32.0</td>
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<td>US imports</td>
<td>102.3</td>
<td>125.2</td>
<td>152.4</td>
<td>196.7</td>
<td>243.5</td>
<td>287.8</td>
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<td>337.8</td>
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<td>% change*</td>
<td>2.2</td>
<td>22.4</td>
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<td>US balance</td>
<td>-83.0</td>
<td>-103.1</td>
<td>-124.0</td>
<td>-152.0</td>
<td>-201.6</td>
<td>-232.5</td>
<td>-256.3</td>
<td>-266.3</td>
<td>-226.8</td>
<td>-273.1</td>
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*Calculated by USCBC. US exports reported on a free-alongside-ship basis; imports on a general customs-value basis.
Despite such concerns, the US has been prompt to follow its words with actions to convince its allies in the region that the US shift in policy is not just bloated rhetoric, but that it has both the ability and the determination to sustain a long term and comprehensive engagement in this part of the world. The U.S. behaviour at best points to a strategy, the purpose of which is to maintain its supremacy in world affairs and to check the rising power of China.

The United States Engages Southeast Asia

During the Bush era, the US found itself entangled in the wars in Iraq and Afghanistan. Nevertheless, during his second term in office, greater attention was accorded to Southeast Asia. Since President Obama took to office, new life has been instilled in US-ASEAN relations. An acknowledgement that ASEAN is collectively the largest destination of US investment in Asia and it represents America’s fourth largest overseas market has contributed to a great deal in promoting ties with the region. Starting from signing the Treaty of Amity and Cooperation in 2009 to President Obama’s attendance at the November 2011 EAS meeting for the first time, the trajectory in the relations has since seen major milestones being reached. The US announced the US-ASEAN Leaders annual meeting, appointed a dedicated mission to ASEAN,
announced the Lower Mekong Initiative, forged strategic partnerships with Indonesia and Vietnam, strengthened military cooperation with Philippines and Singapore, appointed an ambassador to Myanmar and engaged Brunei, Laos and Cambodia.

While the US has shown a very proactive engagement with the region on the political and security fronts, it has fallen somewhat short on trade and economic matters. Although US-ASEAN trade was $182 billion in 2011, the US market share continues to decline as China has become the region’s economic behemoth. South East Asian states have responded by generally welcoming the renaissance in US approach to Southeast Asia but there are apprehensions simmering beneath the surface. Many in Southeast fear that the region could become a high ground for strategic competition between the United States and China. They would not like to be placed in a scenario where they would be asked to make a choice between the US and China. In fact, as some analysts have indicated, ASEAN has much to gain from restrained US-China competition as long as it does not hurl the whole region into a state of chaos.
Southeast Asia Responds

Southeast Asian states have adopted a number of arrangements for economic, social and cultural cooperation, but together, they do not possess a unified policy regarding the political objectives of peace and stability. The general trend, however, has been that all Southeast Asian states have welcomed the US renewed interest in the region and are trying to leverage this rediscovered zeal to maximize their bargaining power vis-a-vis China. Owing to the diverse nature of the organization and the intricacies within their individual policies, it would be helpful to briefly analyze each one of them.

Indonesia is the fourth largest country in the world and home to the world’s largest, moderate Islamic population.
Relations between the US and Indonesia improved considerably after Barack Obama took to office in 2009. An important curtain raiser in the bilateral relations was the US decision to lift the ban on military contact with Indonesia’s military i.e. Kopassus in 2010 and hence opened the door to more comprehensive cooperation between the two militaries. The ban had been put in place due to the atrocities committed by the Indonesian army in Papua and Aceh. Indonesian President Susilo Bambang Yudhoyono visited Darwin, Australia in July this year and agreed to include Indonesian forces within the US-Australian military exercises in northern Australia. However, he downplayed any suggestions that the move was intended to counter or contain China’s rise. Earlier, Indonesia was weary of US deployment of marines at Darwin in November 2011. Indonesian Foreign Minister Marty Natalegawa expressed concern that the move could lead to greater instability in the region. As such Indonesia is trying to maintain the delicate balance in its relations with both China and the US. The launch of the Comprehensive Partnership Agreement (CPA) in 2010 further signifies the growing strategic partnership between Jakarta and Washington, including in the area of professional military education. A year later, US$600 million (S$754 million) Millennium Challenge compact was added to help reduce poverty. Indonesia-US ties have broadened and deepened. Yet military-to-military ties have been slower. Indonesia has been adroit in also managing relations with China to ensure continuing parity.
The US relationship with Philippines is one of the strongest in the region. The United States and the Republic of the Philippines maintain close ties stemming from the US colonial period (1898-1946), the bilateral security alliance, extensive military cooperation, and common strategic and economic interests. The US closed two of its important bases in the region; Subic Naval Base and Clark Air Base but continued to pursue joint military and economic cooperation in the facing of the growing threat of terrorism. This relationship has been further strengthened by two factors; the maritime dispute between China and the Philippines in the South China Sea and the US rebalancing strategy towards Asia Pacific. In 2011, Philippines complained that Chinese naval forces not only harassed Philippine fishing and oil exploration vessels but also erected structures in disputed waters of the South China Sea near the Philippine island of Palawan. Philippine President Benigno Aquino responded by announcing increases in the country's military budget and welcoming increased security cooperation with the U.S. On November 16, 2011, US Secretary of State Hillary Clinton and Philippine Secretary of Foreign Affairs Albert F. del Rosario signed the “Manila Declaration,” which reaffirmed the bilateral security relationship and called for holding meaningful dialogues between the various claimants to resolve the dispute peacefully.

Singapore is often said to be a country with a punch above its weight. Despite its small size, Singapore has transformed
itself into a major player in Southeast Asia and the broader global economy, and has been a consistent supporter of a strong US presence in Asia. Today, the city-state is America’s 13th largest trading partner, hosts US naval ships in its waters, serves as a model for Washington on issues like education and offers valuable strategic advice to the United States on a variety of policy questions. While the US has traditionally had a strong relationship with Singapore, the relationship is not without its due differences. On one hand Singapore seeks greater cooperation with the US, but on the other hand fears that Washington’s actions may provoke a backlash from China if not carried out subtly. During his visit to Washington earlier this year, Singapore’s Foreign Minister K. Shanmugam stated that any US attempt to contain China will only alienate Southeast Asian countries.

Where most of the Southeast Asian countries have been trying to tread the fine line, without annoying China, Vietnam has been more vocal of its support for the US rebalancing Strategy in the region. This has been mostly in response to the actions of China in the South China Sea which are deemed not only provocative but also a violation of its sovereignty. As a result, military cooperation has increased between the US and Vietnam. In 2010, the two held their first Defence Policy Dialogue. Port calls by American military vessels are up and naval drills have been held - said to focus on maintenance and navigation. According to the moves laid out in the US strategy since early January, US ships are to visit Cam Ranh
Bay in Vietnam. Economic cooperation has also increased and Vietnam has shown interest in joining the TPP, which is yet another milestone for US-Vietnamese relations.

US-Thailand relations are one of America’s oldest strategic relationships which were officially inaugurated in 1833 with the Treaty of Amity and Commerce.\textsuperscript{14} The relationship between the US and Thailand proved to be one of the most enduring ones particularly during the Cold War era. However, with the end of the Cold war, the nature of the relationship underwent a fundamental change and Thailand also went on to diversify its relations with other states including China. 2013 marks the 180\textsuperscript{th} anniversary of the relationship between the US and Thailand. President Obama is also expected to visit the region once again in November 2012 and Thai Prime Minister Yingluck Shinawatra and her staff are trying to ensure that the President stops over in Thailand during that tour. A suggestion had been put up by the US to set up a permanent regional disaster-response centre at the Utapao base, as well as a research centre for climate change, but the proposition found itself surrounded by controversies. Some argue that it is an attempt to keep an eye on China, while others say that it is linked with Prime Minister Yingluck Shinawatra’s condition to grant an entry visa to her self-exiled brother and former Prime Minister Thaksin Shinawatra into the US. However, since the date for confirmation has expired, the proposal is no longer on the table. While the alliance remains very much intact, Thailand’s reliability as a partner, due to its proximity in
relations with China and its ability to be a regional leader are viewed with skepticism in the Washington.

Myanmar has been a case in point. Officials from the top ranks have been on visits to Myanmar for the past few months now. Reforms in Myanmar are being watched closely around the world to know whether President Thein Sein is really interested in initiating meaningful reforms or this is an effort to hold on to power. While some observers state that the reform process is a result of civil resistance by the monks and students and the government, having seen the uprising in the Middle East, does not want people coming out on the streets protesting against the government, others hold that it is in fact the course of international relations which have had a direct impact on the promulgation of these reforms. President Thein Sein’s policies are perhaps a response to the U.S’ rebalancing to Asia Pacific, as well as a hedge against China’s growing influence in the country. Additionally, being part of the ASEAN Economic Community and expected to hold the ASEAN Chair in 2014 has encouraged Myanmar to get its economy on track through political and market liberalization. With this comes a greater need for security and stability, which the government has decided is better achieved through reform than through oppression. Reforms introduced so far include the release of political prisoners, holding of bi-elections, liberalization of the market, lifting of travel restrictions to and from Myanmar, with a corresponding response from the U.S Hillary Clinton applauding the reforms.
said that the ‘US will meet action for action’. As a beginning, the government in Myanmar not only released pro-democracy leader with Aung San Suu Kyi, but accepted the results of the April 2012 by elections which highlighted Suu Kyi land mark victory. Ever since she has been allowed to travel abroad, deliver speeches at both home and abroad, collect her belated noble prize and meet top US officials including Hillary Clinton herself.

Laos, being the only landlocked country in Southeast Asia had originally been a battleground for political influence between Vietnam and China. In fact until 2004, it was one of the only 3 countries which did not have Normal Trade Relations with the US, the other two being North Korea and Cuba. But US rebalancing strategy towards Asia Pacific seems to have changed all that. The US is keen to intensify efforts to locate missing American personnel from the Vietnam War. Strengthening its ties with the US, also gives Laos more leeway in terms of its relations with China. Furthermore, as Laos prepares to join the WTO, close interaction with the US can help it brace for the forthcoming developments. Laos is expected to assume the chairmanship of ASEAN in 2016 and therefore, its role is expected to gain more importance in the days to come.

US-Malaysia relations date back to the Cold war era. While relations were not particularly smooth during President Mahatir Mohammad’s tenure, trade continued to flourish between both states. Year 2009 proved to be a year for marked
improvement in relations between both states. Prime Minister Najib Razak and President Obama both took office the same year. As a result of the economic reforms introduced by Prime Minister Najib, US firms turned to Malaysia to gain benefit from them. In 2010, the US was Malaysia’s 4th largest trading partner after China, Singapore and Japan. It was the second largest export destination among ASEAN countries and largest import source among ASEAN countries. Malaysia is also a negotiating party for the TPP and supports the formation of the broad based Free Trade Agreement. However a point of discord between the US and Malaysia has been US foreign policy in the Middle East and conversely, US perception about the Malaysian government’s treatment of political opponents. Nevertheless, US-Malaysia relations are said to be on an all time high.

Brunei, a British protectorate gained complete independence in 1984. However, its relations with the US date back to the 19th century. In 1850, the United States and Brunei concluded a Treaty of Peace, Friendship, Commerce and Navigation, which remains in force. Both countries hold joint exercises and military training programs. Brunei is also a negotiating member in the TPP negotiations. However, Brunei has an equally robust relationship with China. China’s interests in Brunei are twofold. Firstly, it has engaged all its neighbouring countries in an effort to assuage the China threat factor and secondly, China is interested in importing oil and Liquefied Natural Gas (LNG) from Brunei to sustain its
growing economy. The only note of discord between China and Brunei is regarding overlapping claims in the South China Sea. Brunei supports the establishment of a code of conduct between China and ASEAN for the South China Sea.

US relations with Cambodia have seen several peaks and troughs. The small but strategically important country has been plagued by political instability and armed conflicts for decades. Full diplomatic relations with the US were established after the freely elected Royal Government of Cambodia was formed in 1993. The US is the largest destination of textile exports from Cambodia which is the major industry of the country. Cambodia also receives huge amounts of foreign aid by the U.S as well as from China. In 2010, US Agency for International Development (USAID)-administered assistance was approximately $70 million for programs in health, education, governance, and economic growth. Most observers agree that since foreign assistance is crucial to sustaining and uplifting Cambodia’s economy, maintaining relations with China and the US is not a zero sum game.

**Challenges to US Rapprochement with Southeast Asia**

- The US has sought to engage regional states in an effort to retain its leadership in Asia Pacific, but most responses can best be described as ‘cautious engagement’. Many states question whether the US has the resources to meet its rebalancing strategy.
The US has proposed the formation of TPP in an effort to engage Asia Pacific states economically. However, the high standards required for the TPP are a challenge which many regional states will find difficult to reach up to.

The US does not recognize Vietnam as a market economy since it has a history of government intervention in trade and services sector. Similarly, the Malaysian government has also intervened in its services sector such as the banking industry.

China has yet to correspond positively to the formation of the TPP. It is seen as an attempt to undermine the progress that China has already achieved with its Southeast Asian neighbours.

Southeast Asian economies are deeply embedded within the China-ASEAN Free Trade Area, which is now the third largest in the world by trade volume. Furthermore, Beijing has embarked on other new initiatives such as the Greater Mekong Sub region, the merging Beibu Gulf Economic Rim, the Nanning-Singapore Economic Corridor and the East-West Economic Corridor. The US will find it increasingly difficult to extract favourable responses from Southeast Asian states which are heavily dependent on China for sustaining their own economic lifelines.

Disparity in economic conditions between regional states does not allow the US to engage all states in a
comprehensive manner e.g. Singapore and Brunei have one of the highest living standards in the world with a Human development Index (HDI) of 26 and 33 respectively, whereas Laos, Cambodia and Myanmar have a low living standard with an HDI of 138, 139 and 149 respectively.24

➢ Southeast Asian states have often been menaced with political instability and military takeovers. Thailand, Myanmar, Cambodia, Laos have all been conflicted with a volatile political environment. US relations with these states may be jeopardized in case of a similar future scenario.

➢ Lack of proper infrastructure and weak institutions are also obstacles to engagement with regional states.

➢ Many Southeast Asian states have had a history human rights abuses. Ethnic strife and separatist movements have led to brutal crackdowns, thereby creating a rift between the US and these states on human rights issues. Notable in this regard is the treatment of Rohingya Muslims in Myanmar, ethnic minorities in Papua and Aceh in Indonesia, and minority Muslims in Southern Thailand.

Conclusion

Since the US with drawl from the region following the Vietnam War, it paid periodic and intermittent attention to Southeast Asia, with a greater emphasis on Northeast Asia. Its indifference to the harsh economic realities of the ASEAN
financial crisis opened up a window of opportunity for China, which accommodated the ailing economies of the region and continued to build a net of comprehensive regional arrangements. However, in lieu of China’s rapid military modernization and flare-ups in the South China Sea, ASEAN has welcomed US reengagement with the region. Southeast Asian states are now faced with the daunting task of extracting economic benefits from both China and the US, and at the same time engaging the US as a security guarantor for the region. In 2011, ASEAN overtook Japan to become the PRC’s third-largest trading partner, with two-way trade valued at $362.3 billion. The figure is expected to exceed $500 billion in 2015. At the same time, ASEAN was the United States fourth largest export market and fifth largest supplier of imported goods in 2010. Latest developments suggest that China and U.S are destined for a fierce battle of supremacy in Southeast Asia, despite recurring claims that the moves of one are not aimed at undermining the influence of the other. Rising tensions in the South China Sea seem to have changed the entire gamut of China’s strategic planning on the political chessboard. China’s recent activeness in the South China Sea have aroused fears about its future intensions, and the US rebalancing towards Asia Pacific, with emphasis on Southeast Asia, could not have been more reassuring for the Southeast Asian states at such a time.
End Notes


6 ibid


