

## Forget containment - it's all about duality and balance

Containment or confrontation does not make sense in US-China ties. Instead, duality is the order of the day. Countries in the region want to have China as a trade partner and the US as a security partner. Meanwhile, the US wants to strengthen trade ties and China wants to enhance political security ties in the region.

By Chan Heng Chee, For The Straits Times

Recently, I had the opportunity to listen to Dr Henry Kissinger speak in New York on the theme of his latest book *World Order*.

It is remarkable that at the age of 91, Dr Kissinger published his 14th major work.

Dr Kissinger sees the established Westphalian order - where the nation state is the basic unit of Old World Order politics - being challenged today.

Countries had accepted it, but did not internalise it. Europe invented the concept, but has since moved beyond sovereignty of states to a transnational European sovereignty.

It no longer invests power in state institutions to fulfil the balance of power concept which they invented, such as building up its military forces.

The United States never accepted the balance of power or non-interference in the domestic affairs of other states. The US believes unreservedly in American exceptionalism and its foreign policy is inspired by the commitment to promote democracy in every country in the world.

Ironically, post-colonial Asia embraced the Westphalian concept of state sovereignty and non-interference wholeheartedly. But these days, countries in the region are hesitantly bending the principles on a need-to-do basis.

The clear emergence of China as an economic and political power in recent years sets up another challenge.

The American predominant order in Asia during the last five decades was not just in political security terms, established by the security alliances with treaty allies such as Japan, South Korea, the Philippines, Thailand, Australia and New Zealand, the US Seventh Fleet and defence partnerships with countries such as Singapore and Malaysia.

It was also in shaping the political-economic order through the promotion of values such as democracy, rule of law, transparency and the free flow of trade and investments.

This order helped the emergence of the Four Asian Tigers - South Korea, Taiwan, Hong Kong and Singapore - and China in their growth into industrialised societies and economic powerhouses. This order is now about to change. Thus the Presidents of the US and China, who met yesterday in Beijing, had previously avowed to develop a "new type of major power relations" to avoid the previous clashes that arise with the emergence of a new power.

Wise men such as Dr Kissinger want to work towards a smooth transition that "recognises the arrival of the new power and preserves America's integral role in Asia". Constructing that order is the challenge of the times.

### **Towards duality**

CHINESE academics and strategic thinkers have been pointing out more recently that in Asia, the countries are integrated with China in economic terms, but are integrated with the US in political security terms.

These academics consider this untenable. They ask: What will happen in the years ahead?

When I was in Washington, DC as Singapore's Ambassador to the US, I asked the same question to an Australian official at a public conference in 2010, long before America's "pivot" or rebalance to Asia.

Australia is a major US treaty ally, but its No. 1 trading partner is China. Is this not unusual and can this continue?

Australian Ambassador Kim Beazley responded: "Yes. It can. Trade and security issues can be de-linked and should be."

Australia expressed a view most countries in the region hold.

They see a duality developing and want to maintain the duality for as long as they can. The economic order may be more and more integrated with China, but the political security order is tied to the US. No one wants to choose or be forced to choose.

### **Room to manoeuvre**

THE evidence is hard to deny.

Today, China is the top trading partner of Japan, South Korea, Australia and Asean, and its trade with India is growing rapidly.

Within Asean, China is the No. 1 trading partner of Indonesia, Malaysia, Myanmar, the Philippines, Singapore and Vietnam.

Total trade between China and Asean grew from US\$59.6 billion in 2003 to US\$350.5 billion (S\$452.2 billion) last year.

Asean is China's No. 3 trading partner. China wants to upgrade the Asean-China Free Trade Agreement to expand two-way trade to US\$1 trillion by 2020.

China's proposed Maritime Silk Road will further enhance its linkages not only throughout South-east Asia, but with India and Africa as well.

As for the US, it has treaty partnerships with many Asian countries and is building defence cooperation with new partners.

As China becomes more assertive in the region, the US finds itself more warmly welcomed.

The Philippines has worked out new military cooperation with the US. Vietnam is cautiously inching to add more defence cooperation in its bilateral relationship with the US and Malaysia has stepped up its joint defence exercises with the US and deployment of flights.

The duality creates more room for everyone. The region wants space between the great powers which the balance provides.

They do not see balance as moving to confrontation or containment. They want room to manoeuvre. It is a balance to maintain the equilibrium.

Chinese leaders have declared on many occasions that they do not wish to push the US out of the region. They recognise that the US has interests in the region but want it to play a "constructive role", by which they mean the US should not contain China.

Singapore's Prime Minister Lee Hsien Loong and Foreign Minister K. Shanmugam have publicly said containment of China will not succeed because most countries in the region will not support it.

### **US trade and Chinese military roles**

IN POINTING to the growing role of China economically in the region, it should not be forgotten that the US is not a minor player in the region.

It accounts for 11 per cent of the Foreign Direct Investment (FDI) flow to Asean.

With its economy recovering, US companies may well increase their investments.

In 2011, FDI to Asean totalled US\$159 billion. Trade in goods with Asean was US\$198 billion in 2012, while trade in services was worth US\$30 billion.

The US understands its rebalance should not just be a military rebalance. Trade is important and strategic. Unfortunately, Congress and different interest groups do not act that way.

When the Trans-Pacific Partnership (TPP) trade deal is concluded, it will go some way towards expanding the US' economic role.

On its part, China is interested in pushing for the Free Trade Area of the Asia-Pacific (FTAAP) by 2025. It was former US president George W. Bush who advanced the idea for a free trade area of the Asia-Pacific - an idea endorsed by Asia-Pacific Economic Cooperation (Apec) leaders.

China argues the FTAAP is more inclusive than the TPP, whose high standards preclude many, including China, from joining. At this week's Apec summit in Beijing, the grouping's leaders approved a road map to promote and realise the China-backed FTAAP, with President Xi Jinping saying that the move "symbolises the official launch of the process towards the FTAAP".

The duality of the regional order need not be mutually exclusive either. The US could increase its share in Asia's economic growth, and China could develop political security relationships with the region.

It is already doing so with the Shanghai Cooperation Organisation in Central and West Asia and it is seeking defence relationships with Asean countries.

China is steadily building up its military capability. It is a member of the Asean Defence Ministers Meeting-Plus, a platform for Asean and its eight dialogue partners to strengthen security and defence cooperation.

The extent to which China can expand its political security role would depend on it developing "strategic trust" with the region.

Chinese leaders often speak of the "trust deficit" between China and its partners.

Mr Xi said in Jakarta last year that China was "committed to enhance mutual political and strategic trust" with Asean, an acknowledgement that strategic trust is a work in progress.

The duality can be maintained so long as the US and China enjoy a good relationship. Achieving that is what the US and China profess they want to do. Both sides do not want to get into a conflict with each other.

While their military forces see each other as adversaries when they game, their leaders seek partnership in many areas. The US and China are working on a raft of things to do together - such as climate change, North Korea, cyber security and counter-terrorism.

As Dr Kissinger points out, in the new order, "the combination of balance-of-power strategy with partnership diplomacy may not remove all adversarial aspects, but might help to mitigate their impact".

For a sustainable new regional order to emerge, the US and China must work out its relationship in Asia and China and Asean must work out theirs.

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