

➤ Executive Summary

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Southeast Asia has long been a crucially important region in world politics. The Cold War may have begun and ended in Europe, but it was waged most fiercely in Southeast Asia. As what one senior American official described as the United States' 'Middle East detour' comes to an end, there is a renewed recognition globally that developments in Asia will determine the landscape of international politics over the coming decades.

The source of that certainty, of course, is the unprecedented economic rise of China, which is likely to become the world's largest economy in the next twenty years in a world where interdependence increasingly sees imperatives of geoeconomics trump issues of geopolitics. China has made immense progress over the last thirty years in forging new economic links with a region that it was previously estranged from. In its support for the region during the 1997-8 economic crisis and in its substantive cooperation with ASEAN, China has convinced regional states of its benign economic goals. Nonetheless, in Southeast Asia the 'great game' of geopolitics is alive and well, even resurgent. Territorial disputes in the South China Sea pit regional states against an intransigent Beijing, even as they become increasingly economically dependent on China. The much-vaunted American 'pivot' to the region – Washington's effort to 'rebalance' its foreign policy to focus on the preeminent strategic challenge posed by China's rise – allows regional states to hedge against China's more opaque intentions. At the same time, America's return to the region it left in helicopters from the roof of its embassy in Saigon, provokes suspicions of its deeper purpose, not least in Beijing.

In all this, Southeast Asian states risk becoming pawns in a geopolitical clash between the two extra-regional superpowers. This report analyses how the states in the region are responding to the challenge posed by the strategic interests of the US and China in their geography and economy. The contributors here find that most take a more benign view of Washington's intentions than they do Beijing's. Most regional states, too, see opportunity in being the object of the superpowers' interest. Yet there is an inherent danger in these countries wanting to have their cake and eat it too, in that the desire for bilateral gains with the superpowers may carry the cost of sacrificing wider regional interests. Already, ASEAN unity has cracked under the pressure exerted by the new geopolitics of extra-regional contestation, as for the first time in the organisation's history, ASEAN foreign ministers failed to agree a joint communique following their Phnom Penh meeting earlier this year.

To take advantage of the opportunities presented by China's rise and the United States' pivot, Southeast Asian states need to stand together in the geopolitical contest currently taking place in the region. This is no easy task: regional states are caught in what game theory would view as a classic 'prisoners' dilemma' that will require a deep degree of trust to escape. Yet it is only by avoiding the short-term gains of bilateralism and renewing regional multilateral structures that Southeast Asian states will be able to avoid being ultimately subsumed by the clashing superpowers.

ASEAN represents a market of over half a billion people, with a combined GDP growth currently double the global average. Yet its consensual approach to fostering regional economic integration leaves it ill-equipped to lead in the task of forging a regional strategy. ASEAN therefore requires reform and renewal to enable it serve as a third pole in the new geopolitics of Southeast Asia, with the capacity and authority to mitigate the strategic contest between China and the US. Failure to do so will mean surrendering the future of the region to the geopolitical interests of extra-regional powers. The alternative is for regional member states themselves to empower ASEAN to represent their collective strategic interests, and for Southeast Asia to forge a Southeast Asian future. ■