



Forging a Regional Strategy

Munir Majid

It was to be expected that international politics in Southeast Asia would change with the greater weight of participation of extra-regional powers. However, the speed with which that change has taken place, barely two years after the American pivot and Beijing's greater assertiveness in the South China Sea, has taken many by surprise. The dynamics of the new geopolitics of Southeast have undoubtedly driven a deterioration in regional order, as the pressures and inducements of the superpowers incentivise bilateral dealmaking over multilateral arrangements. Whether a new system of order needs to be constructed, or the present architecture needs to be repaired and augmented, is a matter regional states urgently need to address – and will only be able to do so effectively along with those extra-regional powers.

States in Southeast Asia have historically tended to regard economic development as a panacea. Yet the new challenges presented by the emerging distribution of power in the region demand changes in the way regional states approach the task of order-building. Up to now, Southeast Asia's strategy has largely been ASEAN-based. Whilst the 'ASEAN way' of managing regional order has often been criticised, the organisation has achieved much in the last 45 years.¹ The 'ASEAN way' has served its time well, building on mutual confidence, working on the basis of consensus, and proceeding at the pace of its slowest member. In the present impatience with ASEAN it is often forgotten how far the region had to come since the 1960s. Then, Indonesia's confrontation of Malaysia had just ended. Singapore and Malaysia had split in acrimony after two ill-fated years of federation. The Philippines had been pursuing its claim on the Malaysian state of Sabah. Only Thailand – the founding meeting in 1967 was held in Bangkok – did not have an immediate dispute with its neighbours, although the Vietnam War was raging next door. ASEAN was an historic initiative for peace and stability, led by towering regional statesmen. Even so, the meeting almost broke up without a joint communiqué over differences on the wording with respect to foreign military presence in the region, but the leaders knew one another well and appreciated the importance of the enterprise they were embarked on.

Over the last 45 years, much has been achieved, particularly in the economic field, and especially on trade. The membership has expanded from the original five to the present ten. The inclusion of the continental states of Cambodia, Laos, Vietnam and Myanmar in the 1990s was particularly significant for broader regional integration. Whilst the move represented a risk to cooperation by widening the social, political, economic and foreign policy differences within the grouping, there was a wisdom to it in preventing the periphery from threatening the core. The cost was a two-speed ASEAN, but one that nevertheless remained well accommodated, particularly in the economic field. The ASEAN approach of inclusion rather than isolation was for many affirmed by Myanmar's 2010 rehabilitation, although, of course, there were more significant domestic factors that moved Naypyidaw. Still, membership of the regional grouping had served to avoid animosity between Myanmar and ASEAN, and allowed it some influence with the regime.

¹ For a broad overview of such critiques, see Nick Bisley, *Building Asia's Security*, Routledge for International Institute for International Affairs, 2009, London. The contemporary dimensions of those arguments were reflected in *Divided We Stagger*, The Economist, August 18, 2012.

However, with the region and the world changing so fast around it, ASEAN's incremental and consensual approach is unable to provide pro-active leadership. ASEAN states have avoided the construction of an encompassing order for regional peace and stability because there might not be a consensus for such a grand bargain. So Southeast Asia has kept ASEAN as it is. Ostentatious plans for integration, with target dates, were accompanied by a ready understanding that if they could not be achieved without a change in ASEAN's structure, then as long as there was some progress towards them that would suffice. As intra and then extra-ASEAN cooperative arrangements grew, new layers of dizzying arrangements were put in place without detailed enumeration of how those arrangements were to function and to relate to one another. The only structural commentary was the oft-repeated wish the ASEAN platform would be the basis of any new regional super-structure. But can the 'ASEAN way' survive the increased involvement of extra-regional powers in the Southeast Asia? The East Asia Summit (EAS) – and the expansion of its membership – could not be explained as simply the expansion of the 'ASEAN way' with other states. Some of those states dwarfed ASEAN, and had objectives that were obviously incongruous with the regional grouping – despite the repeated mantra of using ASEAN as the platform. That platform is now creaking and could give way. Unless ASEAN states work to repair the foundations of their condominium, they risk drifting into a new system of regional alliances based on classic balance of power.

ASEAN'S STRUGGLES

When, on the 13th of July this year, ASEAN foreign ministers could not agree on a communique at the end of their meeting in Phnom Penh, for the first time in the organisation's history, it was described first as a disaster. Then as a dent to the organisation's credibility. Later still, a setback. Finally, it became commonplace to claim that different perspectives on the South China Sea dispute do not on their own define what ASEAN is about. ASEAN is in denial. At a time when the new geopolitics of Southeast Asia are being formed around it, such an attitude is dangerous, because the issues of power politics and instability grow more pronounced while the organisation is divided.

In the wake of the Phnom Penh meeting, relations between two member states, Cambodia and the Philippines, have deteriorated. There have been accusations and counter-accusations of who was responsible for the communique not coming out, and of the Cambodian ambassador being summoned to the foreign ministry in Manila but not turning up, and finally being recalled home, souring ASEAN's 45th anniversary celebrations in August this year. One senior Cambodian official wryly noted that the communique debacle showed that ASEAN has reached maturity, implying that it has now to face up to the reality of the differences within the grouping. On the South China Sea, most commentators see two camps – with Cambodia, Laos and Myanmar siding with China against the other seven, who believe the most recent incidents involving China with the Philippines and Vietnam should at least be mentioned by ASEAN. It would be more accurate to point to a floating middle of states that feel that the Philippines was over-emotional about the Scarborough Shoal incident and behaved outrageously in accusing the Cambodians of switching off the microphone as its Secretary of Foreign Affairs Albert del Rosario was pressing the issue. Meanwhile, true to the ASEAN way of seeking to avoid discomfort, Malaysia feted Chinese foreign minister Yang Jiechi during his official visit in August with a dinner party involving 20,000 of his counterpart's constituents for *Iftar* (the breaking of fast during Ramadan). Yang Jiechi's long-promised official visit also included Brunei and Indonesia. Beijing wanted to declare to the world that its relations with ASEAN were as good as ever, and Yang Jiechi said as much.

If ASEAN is not completely at sixes and sevens, it is certainly not particularly united. Before the latest round of South China Sea incidents this year, a majority of ASEAN member states had encouraged Hillary Clinton to make the statement she did at the ARF meeting in Hanoi. After China was put on notice – and the Chinese foreign minister was particularly angry with Singapore at that meeting – diplomatic developments largely put China on the defensive. Whoever was responsible for causing the recent incidents, and there are those within ASEAN and without who point fingers at member countries, it is clear there is no effective regional mechanism to address them. It is left to the ASEAN disputant with China, with the US expected to

act as insurance in a worst case scenario, though without any clear indication of where the American tipping point lies. ASEAN has made little progress on conflict prevention, let alone dispute resolution. The South China Sea disputes have become a moving reflection of the strategic contest between China and the US in Southeast Asia, a dynamic which does not wait on the passive acquiescence of the ASEAN way.

Even as ASEAN members sought to engage American interest in the South China Sea disputes they were not clear on what exactly it was they wanted. They clearly sought an American counterweight to balance China, but have been unable to clarify in their own minds whether that counterweight should be used to constrain, deter or contain China. Each of these – or all of them – entails a diplomacy and regional arrangement quite different from what ASEAN is equipped to do. It is therefore left to each member state to fend for itself, with the dominant strategy being to hedge between the superpowers. Thus, during a visit to Washington in February this year the Singapore foreign minister said the US should be careful not to make China feel a containment strategy was being targeted against it, even as Singapore encouraged the US to be more active in Southeast Asia. This week of diplomacy in the US was followed by a three-day visit to China, with whom the island state has strong economic relations. Since these meetings, Singapore has expanded its agreement for US naval facilities in the city-state – apparently without affecting its very significant economic ties with China. Malaysia enjoys the best of relations with both China and the US, in a way the Philippines does not. Cambodia seeks to avoid turning its back on America even as it embraces, or is embraced by, China. Myanmar now looks forward to greater American economic engagement but whilst augmenting its ties with neighbouring China, although it appears not to remember the combined ASEAN contribution that in the past ensured that Naypyidaw was not totally isolated. Thailand has a military treaty arrangement with the US, but does not seek to antagonise China. Vietnam is the most exposed to China, historically, geographically and politically, but is taking a steady approach in seeking security and military support from the Americans. The smaller member states, such as Brunei and Laos, do not have much room to hedge, especially the latter which because of its location falls under China's sphere of influence. Even hedging, if not adroitly conducted, could develop into playing both ends against the middle, and in either case, if regional conflict is not contained or resolved, its outbreak would put ASEAN states between a rock and a hard place.

THE NEED FOR REGIONAL LEADERSHIP

Only Indonesia has the capacity and inclination to play a regional diplomatic role in the new geopolitics of Southeast Asia. As the Phnom Penh foreign ministers meeting broke up in acrimony, Indonesia's President Susilo Bambang Yudhoyono despatched his Foreign Minister Marty Natalegawa on an ASEAN diplomatic mission to restore a veneer of unity. His effort was successful in salvaging six points of agreement, although the Cambodians maintained those points had always been there in the communique the Philippines had not agreed to in Phnom Penh.² Clearly, the damage has been done and it will take more than a diplomatic papering over of the cracks to repair. Indonesia's diplomatic efforts are continuing, in an 'informal diplomacy' endorsed by the Chinese foreign minister during his Jakarta visit in August.

However, there are serious challenges ahead. The Indonesians did an admirable job as chair of ASEAN in 2011, leading the development of guidelines to the Declaration on the Conduct of Parties in the South China Sea (DOC, 2002) and working with ASEAN on the elusive code of conduct (COC). China has stated its support for the DOC, but is less enthusiastic about the COC, although it has not ruled it out altogether. This reflects its preference for the disputes to be addressed bilaterally, as well as its aversion to any kind of multilateral legal commitment to constrain its freedom of action in what Beijing regards as a matter of sovereign right. Indonesia continued to work on the COC with ASEAN members at this year's UN General Assembly. There is now what

² The six-points still did not mention China directly, but made clear references to the declaration on conduct, its guidelines, the code of conduct, restraint and non-use of force and peaceful resolution in accordance with international law and UNCLOS.

the Indonesians call a 'zero-draft' COC, a formulation clearly designed to placate Chinese sensitivities. Senior ASEAN officials met Chinese policymakers in Pattaya, Thailand at the end of October to move towards realising the COC, but China continues to prefer to concentrate on the non-legalistic and less specific DOC. The test will be what happens at the November ASEAN summit and the other meetings with extra-regional powers that follow. The ASEAN summit must address the South China Sea disputes substantively, rather than attempting to compensate for a lack of progress with a wordy expression of progress in all other aspirational areas that is often typical of ASEAN. Leadership transition in China and a new Obama administration in the US are an added complication. So as not to return to square one, the Indonesian effort should be given institutional blessing by ASEAN leaders to elevate it above the status of 'informal diplomacy'. In the medium term, there will also be a new Indonesian President in 2014, and the capable Marty may not remain as Foreign Minister. With so many imponderables, there is all the more reason for ASEAN to get its act together.

Thus, the least the ASEAN leaders summit should aim to achieve is to give official support to the Indonesian-led diplomatic effort. If the leaders do not support it, the likelihood is that ASEAN will be at the margins of regional diplomacy as the strategic contest between China and the US is played out. The possibility that Indonesia may go-it-alone in its pursuit of 'dynamic equilibrium' also cannot be ruled out.³ Indonesia has offered the leadership that ASEAN needs, the kind that led to the formation of ASEAN in 1967. The Malaysian foreign minister Anifah Aman did suggest after meeting his Chinese counterpart that it would be useful if ASEAN states resolved the disputes among themselves first before they approached China to solve the disputes with Beijing. This is a tall order, particularly while the Malaysians themselves are understandably preoccupied with their domestic politics in the lead up to elections. The claims overlap and cannot all be resolved without affecting China whose nine-dash line alone could claim 80 percent of the South China Sea if it is not properly defined. The broad issues of international law that need to be clarified have been generally well covered by Robert Beckman, but even so they need to be more comprehensively broadened to include rights and conflicts which may need to be resolved on the basis of equity under Article 59 of UNCLOS and to drive joint development based on the idea of the common heritage of mankind.⁴ A regional communitarian approach, led by ASEAN after taking into account all legal and equitable considerations, would be of great benefit, and certainly preferable to the prevailing general statements which stagger dispute resolution efforts in an unsustainable way.

Malaysia in particular could bring to the table the salient features of its successful understanding with Thailand in 1979 on a joint development area, one of the first applications of the principle of joint development in territorial disputes in the world. More broadly, Malaysia could use the goodwill stemming from its excellent relations with China to provide joint leadership in an ASEAN engagement of China to address the South China Sea disputes in a cooperative manner.⁵ Singapore appears to have decided to take a back seat now that Indonesia has taken the lead, but can be engaged to become more active once there is a joint ASEAN effort. After all, Tommy Koh, Singapore's Ambassador-at-Large, was chairman of the law of the sea conference which originally and arduously negotiated UNCLOS. Thailand has internal political problems to which it gives first attention, but has always been proud that ASEAN was founded in Bangkok. Its professional foreign ministry will be able to see the threat to ASEAN of non-action, as well as the positives from the Gulf of Thailand joint development area with Malaysia. The Philippines may be sulking and brooding but, as Indonesian foreign minister Marty has shown, they can be cajoled. The passage of time does not only cause uncertainty that exacerbates instabilities in the South China Sea, but also could result in ASEAN losing its relevance to the regional order. The irony then would be that ASEAN failed not because it did not have the assets to play an effective role, but because it failed to exercise leadership at the time of greatest need.

3 The concept has its antecedents in 1948 during Vice-President Mohammad Hatta's time: *Mendayung antara dua karang* (Rowing between two reefs).

4 Robert Beckman, *The South China Sea Disputes: How States can clarify their maritime claims*, RSIS Commentaries No. 140/2012 July 2012

5 For a well-documented analysis see Kwik Cheng-Chwee, *Malaysia's China Policy in the Post-Mahathir Era: A Neoclassical realist Explanation*, RSIS Working Paper No. 244 dated 30 July 2012

The founder member states of ASEAN have a responsibility to exercise that leadership as the new geopolitics of Southeast Asia takes shape, just as they did at the end of Indonesia's confrontation of Malaysia and in the midst of the Vietnam War. In the past, the ASEAN model has been useful in avoiding conflict and enabling a concentration on economic development. In the midst of the new strategic contest between China and the US, if ASEAN continues to proceed in the old way Southeast Asian states may be drawn into conflict. Even with respect to economic development, there are challenges ahead, not only in terms of ensuring an internally fair distribution of benefits, but also more immediately from the structural problems of a slowing world economy – including in China – and which themselves have political and security ramifications.⁶ With the more immediate threat of conflict in the South China Sea, extra-regional states are already involved, making the repetition of the mantra of ASEAN centrality and the ASEAN way nothing more than wishful thinking.

EXTRA-REGIONAL PRESSURES

When the EAS was expanded to 18 in Bali in November last year, the membership of the US marked a formal recognition of America's regional role, if not quite an endorsement of the pivot. With US re-engagement in the region and the strategic contest with China joined, it is unlikely that either of them will give primacy to ASEAN in the calculation of their interests and decisions they make to protect or project those interests – however much they claim to be committed to ASEAN's centrality in the region. As an economic entity, ASEAN did indeed constitute the platform for China's engagement with the region, particularly since 1997, and the US today wants similar engagement for shared prosperity, but there is no denying that they are far more powerful in all senses than ASEAN, even if it was united, could ever be. Other states from beyond the region, such as Russia, India and Australia, have also become participants in the crowded East Asian space, primarily through membership of the EAS, but mostly by pushing forward their interests, whether in conjunction with the US or not. It would be too clichéd to say that either ASEAN hangs together or it will hang separately. What is more likely is that without repositioning itself by taking into account the new geopolitics in the region, ASEAN will certainly lose its centrality and, increasingly, its relevance. Individual member nations will then have to fend for themselves as singular states in a highly contested regional order.

Over the past couple of years, the American pivot has caused a major change in the geopolitics of Southeast Asia by proclaiming the United States' strategic interest in the region and challenging China's developing dominance of it. Whether or not the US ever really 'left' the region, the fact that there was some debate in Washington over whether the right term to use was 'rebalance' or 're-engagement' only serves to underline the new strategic situation. The pivot, while by no means comprehensive, addresses the issues of America's role, engagement and strategic objectives – it is a reassertion of the United States' right to primary regional space and a confirmation that the US is not about to withdraw to a position of sub-primacy in the international system. American statements and actions since 2010 show the new emphasis and engagement with the region, and a willingness to challenge Beijing on a number of issues, especially pertaining to the South China Sea, and to contest China's growing influence over Southeast Asia, powered primarily by its economic rise. America is offering trade, investment and technology for shared prosperity across the Pacific, underpinned by the security of a new commitment of its naval forces.

This newly contested geopolitics is not to China's liking. Beijing criticises America's muscular re-engagement with the region as intrusive and destabilising. Its reactions have been unsteady and somewhat inconsistent, ranging from anger at what happened at the ARF meeting in Hanoi in July 2010, to a calm absorption of what was happening all around it at the EAS meeting in Bali in November 2011, to a strong stand on the

⁶ Some predict a great world economic crash precipitated by a hard economic landing in China. For an interesting perspective on the potential bursting of China's credit bubble see Merryn Somerset Webb, *The caustic Soda Connection*, FT Weekend Saturday July 28/ Sunday July 29 2012.

disputes in the South China Sea from April 2012, culminating in the division that was driven in ASEAN. The response to any American reaction to any Chinese action with respect to its South China Sea claims is sharp and shrill, and reminiscent of China's many 'serious warnings' issued to the US for America's responsive naval movements as Beijing shelled Taiwan's Quemoy island in the 1960s (the difference being that China is much more powerful now, both economically and militarily). Today, China's domestic politics – Bo Xilai's sacking and the ire of his supporters in particular – may have played a part in forming its assertive and unyielding posture, so as not to be exposed to any charge of not securing Chinese sovereignty in the South China Sea, but it has also to be noted that China always takes an uncompromising stand on sovereign 'core interests'.⁷ In respect of maritime territorial disputes whether in Northeast or Southeast Asia, China has been quite consistent, even if there is sometimes afforded a margin for cooperation.

Moreover, the question of whether or not South China Sea disputes escalate into a significant conflict will not be determined solely by the actions of China and the US. Southeast Asian claimant states could provoke or be provoked into incidents that could precipitate a more serious crisis. Vietnam and the Philippines in particular have been most involved in incidents with the Chinese over disputed islands and waters in the past couple of years, in keeping with a trend established in the 1970s. Although a recent comprehensive assessment concludes there is not a high risk of major conflict, there remains a serious danger of miscalculation, by China, by regional disputant states, and by the US.⁸ Indeed, the danger of Beijing miscalculating has been heightened by the American pivot, which arouses a new sense of threat perception by the Chinese who fear isolation and containment. The United States' renewed strategic commitment to the region may also encourage Southeast Asian claimant states to be adventurous, which could push at the limits of the still undefined circumstances for US military intervention. Assuming interference with freedom of navigation is a clear cause for such intervention, it has to be recognised such interference may not be the intended consequence of one state's actions, but rather the indirect result of a bilateral conflict between China and a regional claimant state. With increased military build-up such a conflagration becomes more likely, particularly if the prevailing climate of aggravation is sustained in the absence of progress towards an agreed solution.

Under such circumstances, how might American naval and air forces intervene, and with what calculated prospect of escalation? Apart from America's stated interest in freedom of navigation, the US has also proclaimed its support for the peaceful settlement of disputes. What does this mean? If it means the United States will not tolerate the use of force in the pursuit of the disputes, how much and what level of use of force would cause US intervention, and to what end? Would, for example, the new American engagement with the region permit the kind of conflict and outcome that took place in 1974 and 1988, when China defeated Vietnam in sea battles and established *de facto* control over the disputed Paracels? In this regard, China's actions in July this year in establishing an administrative and military presence in the Paracels to command the whole of its claimed expanse in the South China Sea can certainly be interpreted as a signal to Washington and the region of where Beijing will draw the line.

The muted American response to that assertion of China's sovereignty, and Beijing's fierce rhetorical assaults against even the slightest criticism of it, may not put an end to the maritime disputes. But China's *de facto* control of the Paracels and its threat of resistance by force will certainly make others – whether claimant states or extra-regional powers – more circumspect. In a broader strategic context, extra-regional states such as Australia and possibly India could become involved in an arc of alliances led by the US (together with American treaty partners in the region such as Thailand and the Philippines). However, the remit of such extra-regional powers is likely to be to simply hold the line, ensuring freedom of navigation is not interfered with whilst avoiding involvement in any fracas that may take place between claimant states and China.

7 The massive anti-Japanese demonstrations across China in August this year over the Diaoyu/Senkoku island dispute may have been orchestrated to reduce attention on the commuted death sentence on Bo Xilai's wife for the murder of a British businessman.

8 See International Crisis Group, *Stirring up the South China Sea (II): Regional Responses*, Asia Report No 229 – 24 July 2012. For the likelihood and dilemmas of US conflict with China across a spectrum of issues, and how best to avoid it see James Dobbins, *War With China*, Survival, August-September 2012.

Of course, if there is outbreak of hostilities with heavy fire and casualties, that might be a different matter. China, possessed with superior military power vis-à-vis the claimants, will know there is a limit, but exactly where it lies is not so clear. The danger of miscalculation is thus a serious threat to regional stability.

In such a situation of no-war no-peace in the South China Sea, the extensive exploitation of the rich mineral resources that are the prime cause of the claims and disputes is unlikely, except perhaps by China. Fishing will of course continue, and minor skirmishes are likely to continue to occur short of force, as one side or the other invokes the depletion of fisheries to justify arresting fishermen. Add to all this the vagaries of Sino-American relations in so many other areas, and the calls of their respective domestic constituencies, and it is clear that the geopolitics in the region are far from the situation Southeast Asian states want as they seek to further the processes of regional economic development begun when they set up ASEAN 45 years ago.

BEYOND ASEAN

While the ASEAN objective of a region free of major power politics has always been something of a chimera, it had – in a characteristically ASEAN fashion – been vaguely achieved. However, the American pivot, in establishing the bounds of the strategic contest between China and the US in and over the region, has changed things. ASEAN states are involved, both in the general contest and in actual dispute in the South China Sea. But ASEAN, which has been effectively divided by the geopolitical pressures, risks becoming less relevant and increasingly marginalised. The ASEAN way – expressing karaoke-comfort and consensually progressing areas of evidently common good like trade and economic development whilst avoiding difficult problems – is no longer sustainable when extra-regional powers have raised the stakes and conflict is staring the region in the face. ASEAN has to develop effective conflict resolution mechanisms, a focussed functional scheme to engender more cooperative relations in the South China Sea, and some semblance of a strategy in the new geopolitical environment.

ASEAN sets great store by the Treaty of Amity and Cooperation (TAC, 1976) which contracting parties have to accede to before becoming members of the East Asia Summit. It refers to a Kantian ‘perpetual peace’ but, more substantively, Chapter IV of the treaty makes provisions for the pacific settlement of disputes. Both China and the US acceded to the TAC before becoming members of the EAS, and both repeatedly profess their commitment to ASEAN centrality. While there is the usual opt-out clause that does not preclude states not directly party to disputes from offering their assistance, and notwithstanding the reality that procedures for pacific settlement in other multilateral agreements like the UN Charter often are disregarded, ASEAN might do well to remind China and the US of their TAC regional obligations in Southeast Asia.⁹ More importantly – and urgently – ASEAN should engage China on the basis of Chapter IV with respect to the South China Sea disputes. Indeed it could form the basis, other than the DOC of 2002, for negotiations towards the much-aspired COC.

ASEAN’s relationship with China has been good, especially around the strong economic ties forged in the past two decades, and should not be allowed to go to waste because of recent events. At the November 2011 ASEAN-China summit in Bali, before the downward turn of events this year, Beijing offered a \$472 million fund for maritime cooperation in the South China Sea. Joint exploration and exploitation of resources in the South China Sea, based on the demonstrable benefit of so much economic cooperation that has already taken place, is far from naive idealism. ASEAN needs to get together to think through the relationship with China and the problems in the South China Sea, in short, to engage with the new geopolitics of Southeast Asia. This will involve concentrated effort that is focused, detailed and specific. It will also require a recommitment of ASEAN unity, if regional states are to avoid divide and rule by China, or the US for that matter. But if ASEAN

⁹ Article 16 reads ‘...this shall not preclude the other High Contracting Parties not party to the dispute from offering all possible assistance to settle the said dispute. Parties to the said dispute should be well disposed towards such offers of assistance.’

commits to the regional problematic, it can incentivise individual member states, particularly those that have especially good relations with China, to expend some of that goodwill in the pursuit of the regional interest.

The trouble with ASEAN is that it has developed too many habits of a lifetime, and as officials scurry from one interminable meeting to the other, many question whether it is capable of changing in step with the regional political realities. Indeed, the whole ASEAN effort is now in absolute need of reassessment and new strategic thinking, tasks that require renewed leadership. Specifically, it will be necessary to reorganise the ASEAN secretariat to serve and support strategic ASEAN interests, led by a Secretary-General who is recognised and supported in fulfilling, perhaps for the first time, the role envisioned under Article 11 of the ASEAN Charter. The next Secretary-General will be Vietnamese. While there may be sensitivities in the context of present regional problems, it will be as good a time as any to revitalise the role of the Secretary-General and the secretariat. The summit meetings in Phnom Penh this November are critical. While it will be a great surprise if the outcomes are wide-ranging and substantive, it is crucial that they are positive and, very importantly, that there is a substantive agenda for ASEAN to develop the strategy for the organisation's future.

The Indonesian effort to foster the long sought-after COC, while showing leadership and urgency, is still narrowly focussed on a matter long overdue, and does not represent a fundamental reappraisal of ASEAN's role and effectiveness in regional political-security affairs. The ASEAN tendency to kick the ball into the long grass of the ARF, the ASEAN+3 and the EAS will only show up ASEAN disunity when a true consensus is not sought and forged on regional political-security affairs. The 'ASEAN platform' that is often spoken of, and which these extra regional groupings represent, is increasingly sat on by heavily endowed states from outside the region, and in the absence of ASEAN states committing institutional weight to the organisation it will be ridden roughshod over. Having community targets for 2015, including of political-security, is all well and good, but will be too little and too late when extra-regional rivalry and interests are impinging on Southeast Asia now.

While regional and other states may be able to have influence over particular issues and in some contexts, and ASEAN – if united – has the capacity to bring significant diplomatic weight to bear, the future of Southeast Asia hangs on how the world's most important bilateral relationship is managed. A trust deficit exists between China and the United States. There are historical presumptions, present unease and fears about the future. In Chinese historical perspective, China is a returning power with the semblance of a restoration while the Americans feel they are a rebalancing superpower who never left the region. In the conduct of their relations, China has tended to be aggrieved and self-righteous. The US, on the other hand, have this sense of exceptionalism that often jars. All this can cause relations in the strategic contest to be framed by two different senses of entitlement that are already fraught with the tension between a rising contemporary power and a unipolar power in relative decline. Moreover, China and the United States have to manage their relationship in the present in a situation where they are economically massively interdependent – a reality which neither likes but from which neither can escape.

In Southeast Asia their strategic contest is taking form in a hinterland and over an expanse of sea closer to China than to the US. This makes the Chinese nervous, and has precipitated some rather unsteady although assertive actions in the key strategic area of contest – the South China Sea. It is possible China could lose from this the goodwill of the positive economic relationships established with the region, particularly since 1997. Chinese reassessment of the situation is as much a necessary next move as regional engagement with China to restore the *status quo ante*.

Thus China would appear to be on the defensive. However, any American over-commitment in the region which does not recognise the change and development that have taken place in the region, in particular the extensive economic relations regional states have established with China, since the United States was last involved, would be resented. The US is not the predominant economic power it was in the past; there has been a failure of American financial and economic management that has coincided with China's successful economic rise. Therefore any US inclination to over-promise may not obtain ready regional acceptance. The American approach in the region will need to be more nuanced and balanced than it was in the past. The relationship with China, on which so much hangs, will be watched in the region to see if the US pivot is truly a policy of engagement of the region as opposed to the containment of China, which China perceives and has so far over-reacted to. Within the region, the US would err if it was only interested in taking advantage of China's mistakes rather than showing itself to rise above the pressures of geopolitics to play its proclaimed role to achieve peace, stability and prosperity in Southeast Asia.

The United States' posture will be crucial to determining how the nations of the region respond to the new geopolitics of Southeast Asia, but the United States can no longer determine the future of the region on its own. Southeast Asian states need to establish a third pole in the emerging balance of power by rediscovering the potential of regionalism. Only a reformed and renewed ASEAN, with the authority and capacity to mitigate the strategic contest between China and the US in the region, can enable Southeast Asia to forge a Southeast Asian future. ■