

How can ASEAN and Korea can respond to growing Sino-US Rivalry

Sino – US rivalry and its impact on ASEAN and Korea

As China rises and pursues its Great Dream and mega projects, the regional established rules and orders also come under challenge, threatening the interests of established powers like the US. China not only seeks to challenge the regional and global economic order, but also the security order of the Indo-Pacific. China uses its fast growing military capability to deploy beyond the first island chain of the Pacific as well as into the Indian Ocean. China's objective is to limit the US and its allies capability to operate near its shores, and gradually to keep the US out of the region. China's diplomatic effort with ASEAN to draft the Code of Conduct in the South China Sea is mainly to support that strategic goal, i.e. limiting US's "interference" into what China sees as its sphere of influence.

The US under the Trump administration seems ready to confront China on all fronts. US's declared objective is to preserve a free and open Indo-Pacific and maintain the rules based order, which ultimately is about preserving US's predominance. The US showed readiness to deploy its military might to challenge China both at sea and airspace. The US also is devising an economic strategy to counter Beijing's growing economic clout through its Belt and Road initiative.

Sino-US rivalry is structural and would likely last beyond any current administration in both the US and China. Despite periods of easing and heightening tension, most likely Sino-US competition would expand as China's capability and influence grow. China is revising its Belt and Road Initiative in response to initial criticisms and concerns, but would forcefully continue to pursue Xi's iconic project. China seems to show greater restraint on the East China Sea and South China Sea recently, trying not to cause any major crisis during talks of the Code of Conduct with ASEAN, but is by no means slowing its build up and militarisation of the Paracels and Spratlys. The US on the other hand is also strategizing its FOIP, enriching its content and working on better coordination among its elements. Most recently, for example, US's FONOPs operations were perfectly timed to critical periods of trade negotiations, probably to exert greater pressure on China.

Sino-US competition could potentially have the following impacts on both ASEAN and ROK:

- In the short run, ASEAN and the ROK may benefit from trade diversion from China; perfectly filling up the market gap China left in the US. ASEAN and the ROK may also benefit from relocating business trying to avoid tariffs levied on “made in China” products. ASEAN and ROK are perfect alternatives production chain relocation choices for those investors still betting on the Asia-Pacific. In the medium term, however, certain investors may choose to relocate to other regions, such as South Asia or Eastern Europe.
- Of greater risk might be unproven US’s suspicion that ASEAN and ROK may be used by China as routes to escape US’s tariff, hence preventive tariff or measures taken prematurely on genuine ASEAN and ROK’s products. This preventive measures could be taken by the US as well as by other countries with highly connected economy to the US, such as Canada.
- Another eminent risk is dumping unsold Chinese products into neighbouring countries. ASEAN and the ROK may come under increasing pressure to choose side, such as on technology and its politicization. Canada’s Huawei case is a vivid example of how such competition could be levied on those in between.
- But the more long term and strategic challenges to both ASEAN and the ROK is the erosion of the rules based order and a de-stabilised region that could threaten peace. China is reinterpreting certain established rules to its favour, even to the point of challenging how the international legal system works, such as the 1982 UNCLOS. The US, on the other hand, is unilaterally pursuing its America’s First interests in defiance of several multilateral agreements. Both China and the US, therefore, are seeking to revise the current rules based order, albeit each looks to change a different segment of it.

ASEAN-ROK relations and how we may respond

ASEAN-ROK relations over the past 30 years were primarily driven by pragmatic cooperation, notably economic, trade, investment, social and cultural. Although ASEAN-ROK relations were elevated to Strategic Partnership in Hanoi in 2010, with increasing political security cooperation, focus was mostly on non-traditional security issues such as combating terrorism, transnational crime, and maritime security. Key security issues of both ASEAN and ROK were not subjects for cooperation. ASEAN almost had no

roles on the DPRK issue while the ROK tried to keep out of the South China Sea problem.

In view of increasing Sino – US rivalry, ASEAN – ROK should be both pragmatic and strategic in its cooperation.

- ASEAN and ROK both have common interests to preserve its strategic autonomy and should continue to support each other towards that objective. Neither wants to choose side nor trapped in between. On the other hand, both ASEAN and ROK would benefit from continued balanced of power in the region and a manageable power shift. Therefore constructive and proactive engagement with both China and the US is more desirable than being reactive or trying to keep a distance from the powers.
- Have more candid dialogues and discussions on geo-strategic issues facing the region, such as the South China Sea and DPRK issues, and not limit cooperation on just non-traditional security issues. As middle powers, both ASEAN and ROK should play greater roles on shaping the future rules based order, not ceding it to the major powers. ASEAN and Korea may need to voice up more clearly their visions and positions on key issues defining the regional order such as maritime, cyber security and trade. ASEAN and ROK may want to collaborate to handle and manage the process where the future rules based order would take shape. For example, ASEAN and ROK could co-host more frequently workshops on the implementation of UNCLOS, digital connectivity etc.... ASEAN and ROK can expand the network of like-minded countries, such as with other middle powers that share the same vision and interests on the rules based order.
- ASEAN and ROK can work with both China and the US to engage on confidence building or incidence management, for example on maritime safety and security. When possible, ASEAN and Korea can also promote practical cooperation with both China and the US, such as on infrastructure development, counter terrorism etc....
- ASEAN should play a greater role on the DPRK issue. ASEAN already hosted twice a Trump-Kim summit and may as well host the third. ASEAN is also the only mechanism to date and into the future that can engage the DPRK in a regional multilateral setting. ASEAN should continue to collaborate with ROK to offer a pathway and even models for the DPRK to constructively engage with the region and with other major

powers. The East Asia Summit could be a perfect opportunity for engaging the DPRK.

- ASEAN and ROK may need a strategy to handle the China+1 effects with a view to avoid sudden market excessive turbulences. ASEAN and ROK also need to be prepared for a certain degree of decoupling of both China and the US's economies.