

**ADDRESS BY
HIS ROYAL HIGHNESS
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ASEAN, China and the Return of Major Power Rivalry

Bismillahi Rahmani Rahim

Assalamualaikum Warahmatullahi Wabarakatuh

It is a great pleasure for me to be here this morning to address such a distinguished audience. May I take this opportunity to commend the organisers who have put together what promises to be a very interesting forum.

2. As the twenty-first century unfolds Southeast Asia finds itself in the cusp of another bout of major power rivalry. The rivalry has not become as sharp or as malignant as they were in previous instances of major power contention. There is also much cooperation and intense economic engagement amidst the rivalry. But so long as there are nation states, there

will be disputes over borders, territories and resources, and there appears to be an unmistakable trend towards greater rivalry in the region. The consequences for ASEAN can be serious if not well managed.

3. Southeast Asia succumbed to major power intervention and rivalry on previous occasions. Now organised under the banner of ASEAN, the countries of the region must not fall prey again.

4. The first bout of major power rivalry occurred during the 15th to 18th centuries when European colonial powers jostled against each other to gain control of ports and their hinterlands, maritime waterways and raw materials and other produce. That rivalry led to the almost complete colonisation and subjugation of the region and the profound alteration of its political, economic and demographic geography.

5. The second round of major power rivalry occurred during the Cold War. Southeast Asia became a part of the global theatre for the titanic contest between communist and capitalist ideologies. The region was divided by the Cold War. The Indochinese countries suffered the painful consequences. However the then five, and later six, ASEAN countries, though tilting to the capitalist West, managed to generally steer clear of the conflict by practicing the normative concept of the Zone of Peace, Freedom and Neutrality or ZOPFAN.

6. As in the previous two instances, the major power rivalry that is currently gaining pace around the region is not confined to Southeast Asia alone. It is being enacted all over Asia and parts of Africa, and it is taking place both on land and at sea. It is fuelled by the resurgence of China and to some extent of India as well. Both are vast countries with ancient histories and rich civilizations and, until about three centuries ago, China dominated the global economy. It is now returning to resume its place, with India not very far behind.

7. But they are not the only countries and factors re-igniting major power rivalry at this point in history. The expansion of NATO eastward into the realms of the former Soviet Union and the revival of Russia following the global oil price increase have also stimulated their own concerns, counter-measures and rivalries.

8. The major power rivalry most closely impacting upon the ASEAN region involves several primary actors and revolves around a number of issues. I believe it is necessary that we correctly interpret and understand this unfolding phenomenon if ASEAN is to evolve a coherent and viable strategy to respond to this fresh challenge.

9. There is no doubt that the surge in the economic growth of China, averaging at 9 to 11 percent of annual growth for more than two decades, has been a key factor. China's rapid economic transformation has made it

increasingly the economic hub and driver for many of the other economies in East Asia and enabled it to dramatically increase its strategic reach and diplomatic influence. The country's new wealth has also financed a dramatic increase in military expenditure. This is in pursuit of its "far sea defence" strategy to enable its deployment of naval power in key maritime zones to protect what it considers its vital interests. It specifically aims at developing the capacity to confront third party intervention in the Taiwan Straits; protect its trade and critical energy supplies along maritime routes in the East China Sea, South China Sea and the Indian Ocean; and protect its maritime territorial interests.

10. The rivalry we are witnessing today is the consequence mainly of the concern some major powers have with China's dramatic rise and its efforts to enhance its strategic reach and influence. As the power transition theory goes, China's rise could result in a challenge to the existing world order established by status quo powers that could lead to instability and war.

11. Indeed, the United States sees China as a growing challenge to its hegemony in the region, and has explicitly declared its intent to prevent any such challenge emerging from any quarter. The US is also motivated and conditioned by other interests. It is driven by a deep sense of what it calls Manifest Destiny and a messianic mission to spread freedom, democracy and human rights. It is also strongly opposed to the communist ideology. Communist China and the United States were at opposing ends of the Cold

War divide for much of its duration. The United States' obligations towards Chinese Taipei under the 1979 Taiwan Relations Act also places it in a position of conflict with China. North Korea is another issue that generates differences and often friction between Beijing and Washington. Finally issues over trade, currency, property rights and environment complicate ties and constrain goodwill and cooperation.

12. The rivalry between Japan and China is long and historical. Growing economic interdependence and participation in various cooperative multilateral fora in recent decades should have moderated and diluted past legacies, but relations continue to be periodically strained and difficult. Japan's occupation of China (as well as its neighbours) in the last century remains a thorn in their relations, exacerbated by issues such as incidents in the seas surrounding the disputed Senkaku/ Diaoyutai Islands and visits to the Yasukuni war shrine.

13. The modernisation and development of China's military capabilities and Beijing's strong and expanding economic and diplomatic ties with ASEAN and its members have spurred Japan to also make an effort to raise its strategic profile in the region. Japan's close security alliance with the US, which is perceived as directed against China, fundamentally compromises good intentions and prejudices relations.

14. Rivalry in the region involves other major and middle powers as well and, with the exception of India, they essentially pivot around the United States' reaction to the rise of China.

15. Relations between India and China have their own dynamic. Disputes involving more than 3000 kilometres of a common Himalayan border and claims over Aksai Chin and Arunachal Pradesh remain unresolved despite the 1962 war and the subsequent series of peaceful negotiations.

16. India is also apprehensive about growing Chinese strategic influence in neighbouring Myanmar, Bangladesh and Pakistan and its expanding naval power projection capabilities in the Indian Ocean, although India currently possesses significantly greater naval capabilities. It has consequently cultivated closer strategic alliance with the US even if New Delhi continues to jealously value its non-aligned foreign policy posture.

17. Australia and South Korea are alliance partners of the United States and therefore generally range themselves alongside the US on defence and security matters. Both countries have increased their military expenditures in response to rising expenditures among other countries, but the perception of China as a potential military threat is more acute in the case of Australia.

18. A clear drawing of the lines is therefore taking place, though all the major powers are also engaged in peaceful political and economic

collaboration in institutions and processes such as the ASEAN Regional Forum and the G20. On the one side is a resurgent China that is increasingly becoming the economic hub of East Asia and spreading its strategic reach across Asia and Africa, with a strong presence in the financial and economic heartland of America. On the other are the US, Japan, Australia and India, linked by a common concern that the rise of China could undermine their strategic interests. Indeed the four countries are strengthening military cooperation and have held exercises in the Andaman Sea and in the Pacific Ocean. An “alliance of democracies” has been touted. All are increasing their military expenditures to satisfy their felt needs as well as in response to one another.

19. For ASEAN, the military menace of this growing power rivalry would perhaps not have been immediately felt, except that it has now intruded into its doorstep – the South China Sea. Assertive activity in disputed areas by China and by some ASEAN claimants in recent months and China’s reaction to US surveillance of its submarine base on Hainan Island have led to an escalation of actions. They include the holding of a naval exercise by the Chinese and the appearance of the aircraft carrier USS George Washington and its strike group off the coast of Vietnam. Sino-US differences had earlier been sharpened by Washington’s declaration of the South China Sea as an area of “national interest” in response to Beijing’s declaration of the area as of “core interest”. The pro-Vietnam and pro-

ASEAN stand taken by the United States on the issue of disputed claims and its stated preparedness to assist in negotiations to resolve disputes has further angered China. Beijing would like the disputes to be resolved among the claimants and between ASEAN and China without “internationalising” the issue through outside involvement. The latest development is the call by ASEAN and US leaders at their meeting in Washington on 24 September for the disputes to be resolved peacefully.

20. I have no doubt that the ASEAN capitals are carefully assessing the situation and that an ASEAN position is being crafted based on consultation and consensus. Such an assessment will also no doubt weigh the impact and implications of major power rivalry and activity for the region, and the policy that evolves will seek to balance individual and collective interests.

21. My own thoughts are that ASEAN plays several roles and each brings its own obligations and responsibilities. ASEAN’s responsibility is not limited to its members. As the anchor of the ASEAN Plus Three, East Asia Summit and ASEAN Regional Forum processes, it has a responsibility to the larger East Asian and Asia Pacific communities as well.

22. In whichever capacity ASEAN envisages itself, I believe it is clear that the on-going major power rivalry is detrimental to its core interests. Peace and stability in the region are the indispensable *sine qua non* for ASEAN’s

economic development and prosperity. Hostility among the big powers would undermine the climate for investment and growth. It will also disrupt the smooth functioning of collaborative regional mechanisms in which ASEAN is a part. Above all, ASEAN can ill afford military confrontation in the South China Sea or deterioration of the situation regarding Chinese Taipei.

23. It is therefore vital for ASEAN that major power rivalry is moderated and healthy competition is firmly ensconced. ASEAN countries will be well aware that individually and collectively it would be prudent for them to embrace a position on the issue that is sound and in the best interests of ASEAN and the region.

24. Many have asked the question whether China is a threat or an opportunity. There is a wide spectrum of views on this. Most have come to the conclusion that China is largely an opportunity but there are reasons for concern regarding its military developments and especially its long-term goals. Some countries cite China's lack of transparency as cause for concern. Despite Beijing's repeated assurances of a "peaceful rise" there is fear that it seeks to dominate the region. Particularly worried are the United States and Japan. Most countries are therefore hedging the promise of present opportunity with the likelihood of future threat.

25. We must not be naïve. One cannot be sure of any big power and how it will behave as it grows stronger. It therefore pays to be cautious, especially for ASEAN given the territorial disputes with China. It would nevertheless be wise to scrutinise some of the more popular hawkish views of China that advocate extreme responses.

26. One such view is that China is expanding its navy because it seeks to dominate sea lines and this will be a threat to maritime trade and the global economy. Now, one might ask why should China threaten maritime routes? Why should not China, like any other economy critically dependent upon maritime trade, have a vested interest in keeping maritime lanes safe and free? Do China's intentions go beyond ensuring that its goods, especially critical energy supplies, are free from external threat? Is it not possible that, in Robert Kaplan's words, "what drives China abroad has to do with a core national interest – economic survival"¹?. If this can be a legitimate concern for others, why not for China?

27. It would also be helpful if the "China threat" that is loudly broadcast by some is seen in proper perspective. China's vigorous increases in annual military expenditure is an understandable cause for concern. That China is likely to become the largest military power in Asia in the next two or three decades, with a growing naval capability, is also expected. But to then

¹ Kaplan, R. 2010, "The Geography of Chinese Power", *Foreign Affairs* (May/June 2010)

extrapolate that China will become a hegemon and threaten the security of the region or the world is in all likelihood an exaggeration.

28. All the countries in the region are increasing their expenditure as they become more affluent. Countries with relatively weak military capabilities – who perceive themselves as disadvantaged – feel especially compelled to enhance their capabilities. China's maritime power is presently weaker than even Australia's, India's and Japan's, not to mention the United States. China was responsible for 6.6 percent of global military expenditure in 2009, compared to the United States' 46.5 percent². Between 2000 and 2009 the United States spent a total of US\$5.2 trillion, more than eight times China's US\$606 billion. During this period China spent even less than France and the United Kingdom³.

29. China can therefore be the largest Asian military power in the next few decades. Its threat potential can also increase, but it is quite unlikely to become a regional hegemon, not to mention the global hegemon that the United States is. Still, countries that have territorial disputes with China would have to be mindful of China's growing military power.

30. In calibrating the response to the big power rivalry that is unfolding, I believe ASEAN would also take into consideration one particular

² Stockholm International Peace Research Institute (SIPRI), www.sipri.org

³ Ibid.

geo-economic fact of overriding and fundamental importance: China is ASEAN's biggest trading partner; second is the European Union; third is Japan; fourth is the United States; fifth is the Republic of Korea; sixth is Australia and seventh is India⁴. The East Asian economies too are integrating at a very rapid pace, and our future well-being is becoming increasingly interdependent within the region as well as with Europe and the US.

31. All the major powers and indeed middle powers, are therefore of paramount importance to ASEAN. For this reason ASEAN's policy will have to be predicated on one cardinal principle – that ASEAN is a friend to all and enemy to none.

32. ASEAN's stewardship of the ASEAN Regional Forum, the ASEAN Plus Three process and the East Asia Summit also requires an unbiased and non-partisan approach to rivalry and conflict among the other participants of these groupings. If ASEAN is perceived to be leaning towards one side or the other it will impair the organisation's reputation as the shepherd and driver of these important platforms for regional cooperation.

33. ASEAN will no doubt weigh all these factors in crafting a response to the challenge of big power rivalry and its intrusion into the South China

⁴ ASEAN Secretariat, www.asean.org

Sea. Its policy will be based on the principles and precepts it holds dear and that have withstood the test of time. The ASEAN Charter and the Treaty of Amity and Cooperation in Southeast Asia will guide ASEAN, as will the Declaration on the Conduct of Parties in the South China Sea.

34. It will be interesting, in this regard, to consider the relevance of ASEAN's ZOPFAN to the present situation. Conceived in 1971 as an instrument to guide ASEAN's response to the major power conflict that was taking place then, it would seem the natural reference amidst current challenges.

35. In my own view, ZOPFAN's fundamental premise of non-involvement in major power rivalry is even more pertinent to the prevailing situation where the cost of getting embroiled is infinitely higher and more damaging. Yet remaining neutral or declaring ASEAN a neutral zone for the purpose of major power conflict would seem to me a somewhat passive and inadequate position to take. This is more so when the ASEAN Charter and the ASEAN Regional Forum require of ASEAN a more active and dynamic role in promoting regional peace, stability and prosperity.

36. A more activist interpretation of ZOPFAN therefore seems timely. To secure the region from the worst effects of major power rivalry, ASEAN should play a more active role to moderate rivalry and reduce its negative effects in the South China Sea.

37. To my mind, this will require several things of ASEAN.

38. First, ASEAN should consider an initiative within the framework of the ASEAN Regional Forum (ARF) or perhaps even outside it, to address the issues posed by the growing rivalry. Indeed, such problems were the precise purpose for which the ARF was established. Undertaking this initiative would go a long way towards putting to rest the criticism that the ARF is merely a talk shop that does little in the field of confidence building or preventive diplomacy, not to mention stage three, which is now interestingly dubbed “elaboration of approaches to conflicts”. It will be a test not only of ASEAN, which has been the primary target of such criticism, but of the major powers themselves, some of whom have been among the most critical. The initiative could begin modestly, in the form of a dialogue among the major powers facilitated by the ARF Chair, or a meeting of the ARF Experts and Eminent Persons Group to explore the issues involved and the responses that would be most appropriate.

39. Second, the members of ASEAN themselves may wish to ensure that they scrupulously observe their obligations under the ASEAN Charter, the Treaty of Amity and Cooperation and ZOPFAN. In the South China Sea, the claimants should honour the pledges they made in the Declaration on the Conduct of Parties not to engage in activities that aggravate matters. ASEAN would need to observe the conduct of its own members closely so that it is not dragged into conflict due to a mistake made by one of them.

Similarly China should be held accountable for any activity compromising peace in the area. Any unprovoked resort to force may leave ASEAN no option but to resolutely oppose it with all the political weight that a united ASEAN can muster. More urgency and political will need to be invested in earnestly pursuing peaceful avenues for dispute resolution, for the propensity for conflict is high in cases of territorial dispute.

40. Third, it would be beneficial if ASEAN and China consulted on ideas that will enable claimants to explore and engage in productive economic activity without prejudice to the status of disputed areas or overlapping claims. Several positive examples of this exist. One of them is the Malaysia/Thailand Joint Development Area in the Gulf of Thailand, which has proved a resounding success since a memorandum of understanding was signed more than thirty years ago in 1979.

41. Ultimately however, it is the responsibility of the major powers themselves to moderate their rivalry and channel competition into non-military and non-adversarial areas. The political and financial costs of military adventures are extraordinarily large, never mind the human toll. Not even the most advanced and powerful superpowers have been able to sustain such regimes, much less smaller countries. Bold and enlightened leaders are required to make radical changes to strategic thinking that would consolidate regional and global peace rather than compound them.

Concluding Remarks

Ladies and Gentlemen:

42. For many years in the first generation after the Second World War, all the states of Northeast Asia and Southeast Asia, without exception, were politically and economically failed or quasi-failed states. We were all engulfed by turmoil and war - civil and gruesomely uncivil. On the economic front, we were all at one time or another hopeless economies. Unlike most others in the developing world, however, we were able to make the quantum leap out of the quagmire of conflict, stagnation and poverty. In the second generation after the Second World War, over the last thirty years, the failed and quasi-failed states of Northeast and Southeast Asia pulled themselves up by their bootstraps and became achieving states. From a failed region, we became, in dramatic terms, a hyper-achieving region.

43. We became miracle-makers in terms of politics, peace and security. We became miracle-makers in terms of economic growth and prosperity. Great strides were also made - despite flaws and failures - in terms of most human rights and the improvement of our human condition.

44. I suggest that we now take the great East Asian Miracle forward into a second generation of miracle-making. I suggest that in our second generation as a hyper-achieving region, we in East Asia should work hard and long to create:

- an Asian community of friendship and peace,
- an Asian community of cooperative prosperity, and
- an Asian community of deeply caring societies.

A cooperative Asian community which will be at the core of a remarkable Asian Civilization - a remarkable Asian Civilization which will contribute to the building of a new and much more just, much more humane and much more civilized world order.

45. Having made the Asian miracle, let us now make the Asian community. The older generation of Asians have accomplished a heroic feat. The most important challenge facing the present generation of leaders is to successfully build such an Asian community. This is the primary responsibility that the states of East Asia and this generation of East Asians must bear.

46. Thank you for your attention and I wish you all a very stimulating and productive forum ahead. To our participants from overseas, I wish you a pleasant stay in Malaysia and a safe journey home.