



## SEMINAR REPORT

July 2024

Book Launch

**“Southeast Asia’s Multipolar  
Future: Averting a New Cold  
War”**

and Seminar

**“Southeast Asia: Navigating a  
New Cold War?”**

29 August 2023

---

# SEMINAR REPORT

Book Launch

“Southeast Asia’s Multipolar Future: Averting a New Cold War”

and Seminar

“Southeast Asia: Navigating a New Cold War?”



Organised by International Studies Center

29 August 2023

Surasak Ballroom1, Eastin Grand Hotel Sathorn



INTERNATIONAL STUDIES CENTER

Book Launch “**Southeast Asia’s Multipolar Future: Averting a New Cold War**”  
and Seminar “**Southeast Asia: Navigating a New Cold War?**”

---

**Publisher**

Printed in July 2024 (200 copies) by International Studies Center,  
Ministry of Foreign Affairs, Bangkok  
E-mail: [isc@mfa.go.th](mailto:isc@mfa.go.th)

**Printing**

P. Press, 129 Sukhumvit 81, On-nut, Suan Luang, Bangkok 10250  
Tel. 02 742 4754

Publications of the International Studies Center are available for download at [isc.mfa.go.th](http://isc.mfa.go.th)

---

**National Library of Thailand Cataloging in Publication Data**

Book Launch “Southeast Asia’s Multipolar Future: Averting a New Cold War”  
and Seminar “Southeast Asia: Navigating a New cold War?”.

-- Bangkok : International Studies Center, Ministry of Foreign Affairs,  
2024. 41 p.

1. Southeast Asia. I. Title.

959

ISBN 978-616-341-150-1

## Table of Contents

---

### **Introduction of the Book**

Mr. Thomas Parks

4

### **Seminar**

#### **“Southeast Asia: Navigating a New Cold War?”**

Ambassdor Sihasak Phuanketkeow

Dr. Pipat Luengnaruemitchai

Dr. Cheng-Chwee Kuik

20

### **Annex 1**

Biography of Speakers

37

### **Annex 2**

Photos of the Event

38

## Introduction of the Book

### “Southeast Asia: Navigating a New Cold War?”

---

**Author:**  
Mr. Thomas Parks<sup>1</sup>

**Moderated by:**  
Dr. Anuson Chinvano<sup>2</sup>

#### **Dr. Anuson Chinvano**

Excellencies, distinguished guests, ladies and gentlemen, it is a privilege and a pleasure for me to welcome all of you to this event. On behalf of The Asia Foundation and the International Studies Center, I would like to express our appreciation to you for your overwhelming interest in today’s discussion. And I do say ‘overwhelming’ as we had to close the registration before the deadline due to over-demand for attendance.

I hope those who cannot attend will be following the proceeding online through the ISC Facebook Live. Today’s event will be divided into two parts. First, we will hear the presentation by Mr Thomas Parks, Thailand Country Representative of The Asia Foundation, on his recently published book *Southeast Asia’s Multipolar Future: Averting a New Cold War?* which will be followed by some Q&A. Then, we will take a short break. The second part will be a panel discussion on the theme of “Southeast Asia: Navigating a New Cold War?” by three distinguished panellists: Ambassador Sihasak Phuanketkeow, former Permanent Secretary, Ministry of Foreign Affairs, Professor Kuik Cheng-Chwee, Head of the Center for Asian Studies, Institute of Malaysian and International Studies, National University of Malaysia and Dr. Pipat Luengnaruemitchai, Managing Director of Kiatnakin Phatra.

They will be looking at the issues from different perspectives of a diplomat, an academic, and a business executive. We have asked them to look at the issues more broadly, and they may agree or disagree with the findings and conclusions in the book. Moreover, the title or theme of this seminar may seem provocative. It was deliberately set to provoke our thinking on some very important issues for this region. So, I would like to take this opportunity to thank Mr. Parks for allowing the ISC to host this event to introduce his book and to thank our three panellists for making time from their busy schedules to share their views here this afternoon.

As customary, please allow me to emphasise that all of our discussions follow the so-called Chatham House Rule. The views expressed by our speakers are their own and do not

---

<sup>1</sup> Thailand Country Representative of The Asia Foundation

<sup>2</sup> Director, International Studies Center (ISC), Thailand

represent nor reflect the views of the International Study Center or The Asia Foundation. We simply aim to provide a platform for an academic discussion and exchange of views on current international affairs.

Lastly, I hope you will enjoy the discussion, and I look forward to welcoming you again at ISC's future events. The next one will be a special lecture by Professor Vitit Muntarbhorn, an eminent international jurist. He will speak on the theme of "International Law and Emerging Technologies." The lecture will be held on the 5th of September, which is next Tuesday, at 1:30 p.m. at the Ministry of Foreign Affairs. Thank you.

### **Mr. Thomas Parks**

Good afternoon.

It's really an honour for me to be here, and I like to thank Dr. Anuson and the ISC for co-hosting this discussion today. And it's really an honour to see so many guests and good friends. Thank you for being here today.

I must add one additional disclaimer to the one that Dr. Anuson mentioned. The views that I'll express today and the views in my book as well do not necessarily represent those of The Asia Foundation or its trustees, an important disclaimer to add.

So, one thing is certain: Southeast Asia is a region of rapidly growing geopolitical and economic significance, and nearly every major power in the world has a stake in this strategic region. Today, the region has become a heavyweight in its own right. Southeast Asia's combined economy of \$3.4 trillion dollars—it is one of the fastest-growing economies in the world right now, with a roughly 5.5% growth in 2002—and as we know, it also lies at the crossroads of the global economy, with one-third of all trade passing through the maritime regions of Southeast Asia. Some countries like China and Japan have more than 80% of their energy imports flowing through this region. But in many ways, this is nothing new. Southeast Asia has attracted the interest of external powers for centuries, but history has shown that rising strategic importance can also bring significant risks.

Many officials and experts, especially those outside of this region, believe that Southeast Asia will be a crucial front line in a new Cold War, and this prospect is extremely alarming to Southeast Asian leaders. For nearly 500 years, from the colonial period through the end of the Cold War in 1991, Southeast Asia was frequently the object of great power competition, and many countries were overwhelmed by much larger and more advanced external forces, leading to a loss of sovereignty. To understand this region, it is essential to understand the weight of this history and why Southeast Asian leaders are so determined not to let it repeat. In Washington and other Western capitals, there is a near consensus that Southeast Asia is slipping towards Chinese hegemony and that this must be stopped through US-led resistance.

An article by Joshua Kurlantzick from the Council on Foreign Relations is one of hundreds of recent articles and op-eds that are keeping score over the relative position of China and the United States. Just two weeks ago, on August 16th, Richard McGregor from the Lowy Institute posted an article in the Nikkei Asia entitled "China's Grip on Southeast Asia Tightens as US Influence Wanes." This is obviously a pretty common theme these days. Over the last few years as well, there have been multiple books looking at the region through this lens. Sebastian Strangio, David Shambaugh, and Murray Hiebert all looked at this region through this lens, and each of them, however, in their books, admitted that there were important

unexplored stories about Southeast Asia's agency and the role of other key external powers. And my book is really intended to look at those stories.

Now, it is understandable that Western analysts have jumped to this conclusion. Periods of great power struggle have tended to be very dangerous for small and middle powers, especially those who live in the shadow of giants. Two historical examples are important to consider.

The first is the Greek island of Melos in the Southern Aegean Sea. During the Peloponnesian War in 431 to 404 BCE, Melos tried to stay out of the conflict by not choosing sides. While Melos was too small to threaten either side, it was a former Spartan colony in proximity to Athenian allies. So Athens concluded that it could not permit Melos to remain neutral. So, in 416 BCE, the Athenian Fleet arrived on the gentle shores of Melos. During the negotiation, the Melian leaders made their case to be left in peace. However, the Athenians responded with alarming candour, and some of you may know this quote already: "*We will not trouble you with long speeches because you know as well as we do that right as the world goes is only in question between equals in power, while the strong do what they can and the weak suffer what they must.*" Melos refused to align, so Athens laid siege shortly after. Within weeks, they had captured the island. The price for Melos was catastrophic. All fighting-age men were put to death, and all women and children were sold into slavery, effectively wiping out the civilization.

I mention this example because it is a profound and enduring statement on the lack of agency for small and middle powers in the midst of a great power struggle.

Another and less bleak example is Finland during the Cold War. During this time, Finland's leaders went to great lengths to maintain their balance in relations between the Soviet Union and the West. Finland was deeply aware of its vulnerability to the Soviets during the Winter War and the subsequent Continuation War of 1939 to 1945 between Finland and the Soviet Union. Finland lost nearly 4% of its working-age population. At the end of the Second World War, when every Eastern European state bordering the Soviet Union was absorbed into the Communist bloc, only Finland found a way to maintain its sovereignty and its political system.

Finland's choices to maintain this balance were often criticised in the West using the term "Finlandization," meaning comfortable and safe in distant Western capitals. Critics pointed to the compromises made to ensure the Soviets would accept a non-aligned neighbouring state. Finnish leaders needed to ensure that their powerful and suspicious neighbour had no reason to fear a neutral Finland whose border was less than 100 miles from Leningrad. So Finland was forced to pass on the Marshall Plan, self-censor, media outlets and political debate, and take a pragmatic approach on liberal values. Finland successfully maintained this balanced position throughout the Cold War, arguably ending quite recently with a decision to join NATO.

While the outcomes of these two examples are starkly different, they both illustrate the historical dangers, the risks, and the trade-offs that face small and middle powers during a great power competition. Southeast Asia, however, is following a different path. Despite great power rivalry, Southeast Asia seems destined to avoid the bipolar blocks and loss of agency that have plagued small and middle powers in similar situations in the past. Southeast Asian governments are refusing to choose sides despite growing pressure. This strategic positioning is particularly

remarkable given their vulnerability in a hypothetical military conflict. Unaided, none of the countries in this region could withstand a direct confrontation with China or the United States. While individual countries in Southeast Asia may lean towards the US or towards China, the region has not coalesced into two competing blocks. As we have seen with Myanmar and the Philippines, the direction of that lean is subject to change in relatively short periods of time.

How should we look at Southeast Asia today? If you look through the binary lens of US-China competition, you will likely see a region gradually moving towards China. As long as China continues to grow in wealth and power, how can Southeast Asia resist its gravitational pull? This leads many analysts to conclude that only with US alignment can the region prevent Chinese domination. This lens has become the easy, mainstream assumption of many analysts and officials who presume that Southeast Asia has no agency to respond to Chinese pressure and no alternatives. They see a struggle between democracy and authoritarianism with echoes of the Cold War. But if you see Southeast Asia through the lens of multipolarity, as I will argue today, you see a very different picture. This lens reveals a region that is diversifying its partners and deftly hedging between the great powers. You see a region growing in power and wealth because it is welcoming powers and external partners, regardless of the nature of their political ideology or cultural heritage. And you see a region that is shaping its own future in its own time and in its own way. And it's natural to be optimistic about the future of Southeast Asia.

So, today, I'm not going to talk too much about the theoretical aspects of the book. However, there is one topic that is important to cover. The regional order we're looking at could probably be more accurately described as asymmetric multipolarity.

China and the United States are by far the largest powers in terms of economic scale and hard power, and there is a clear imbalance in bilateral relations with countries in the region. But unlike the Cold War, when there were two great powers and many small states, today's Asia has many countries in the middle. The region has a diverse array of capable states with robust economies that are rapidly growing. And this is especially true if you look beyond traditional notions of hard power, such as economic connectivity, foreign assistance, and soft power. Crucially, this concept assumes strategic parity between China and the United States in hard power terms, which means that neither great power will decisively shape the region in the next decade or two.

This system and the lack of opposing bipolar blocks mean that small and middle powers have ample room to strengthen relations with each other and operate independently of the great powers. The key question I'm trying to answer in this book is *how has Southeast Asia avoided bipolar divisions and how will they do it in the future?* Basically, I rest the argument on two core concepts. The first is that countries in this region have a surprising level of agency, much more than would be expected if they were within the hegemonic orbit of a great power. This takes three forms, and I'll talk about these in a minute. The first is hedging, or individual agency, a form of selective cooperation and defiance that ensures governments do not get too close or distant from either of the great powers. Also, a history of managing external relations, a tradition of skilful diplomacy that can credibly maintain a balanced, equidistant position, and, of course, the collective agency that comes from ASEAN and other forms of multilateralism.

The second key point is that there is an influx of external powers engaging in this region at levels we have not seen before. This includes middle powers, but it also includes major powers like Japan and India. This is creating a web of middle-power cooperation. It's diluting



the influence of great powers and creating alternative options that Southeast Asians can use to maintain their agency and room for manoeuvre.

So, on the topic of agency, let's talk a little bit about one particular example, which I think many of you are probably familiar with: the section of the Mekong River that stretches from China to Luang Prabang in Laos has been the site of a 20-year project or was the site of a 20-year project led by China to allow 500-ton ships to move from Yunnan to Central Laos. This included blasting of rock formations and rapids along the river that were obstacles to the passage of large ships. After a Chinese ship was attacked by local armed drug smugglers in 2011, killing all of the sailors on board, the project also took on a security dimension.

Over the past 12 years, there have been regular joint patrols along the river by the four countries. Yet, the blasting and the joint patrols stop at the Thai border. Many Thai officials have been uncomfortable with this project from the very beginning due to security and border demarcation concerns, as well as the impact on the ecology and local communities. The project was delayed and delayed by eight separate Thai governments, both military and civilian-led governments, and local advocacy also helped to resist Chinese pressure. Finally, it was cancelled in 2020. Remarkably, Thailand has paid no obvious price for two decades of obstructing a major Chinese initiative. Now, there are several other examples that I could go into, but due to lack of time, I'm not going into each of them. Obviously, the book does cover them.

In summary, I would argue that great powers find Southeast Asia pretty frustrating. As Southeast Asia seeks to balance great powers and remain unaligned, they must necessarily frustrate each great power some of the time. There is evidence, in fact, that Southeast Asian diplomacy is working as planned.

On the topic of the second area around diversification, there's a long history of Southeast Asia diversifying its partners. Starting with, of course, Siam. Beginning in the mid-14th century, there was a major shift in Southeast Asia as the inland insular kingdoms such as Ankor and Pagan went into decline, and a new group of kingdoms began to emerge. These new power centres were located along the coasts or on short trips upriver like Ayutthaya. They thrived on trade and became highly cosmopolitan centres with foreign residents and foreign delegations in large numbers and in growing influence.

The map of Ayutthaya from 1695 illustrates the presence of foreign delegations, and you can see many of those same settlements still today. But while this opening brought tremendous prosperity, it also brought risk. While Siam thrived in this new environment, other centres, particularly Malacca, were overrun by more powerful European colonial powers. After Malacca was captured by the Portuguese in 1511, the city-state, along, eventually, with other Malay kingdoms, endured 450 years of colonial rule. When similarly threatened, however, Siam quickly diversified its foreign partners, signing new trade agreements and treaties with other European powers, with Japan, with China, so that all of these external powers had an interest in keeping Ayutthaya an open destination, not under the control of any single trading power. And it worked. Siam was never colonised. And this history is the origin of the Thai instinct today to avoid alignment with great powers.

## Diversifying Partners - A Storied History

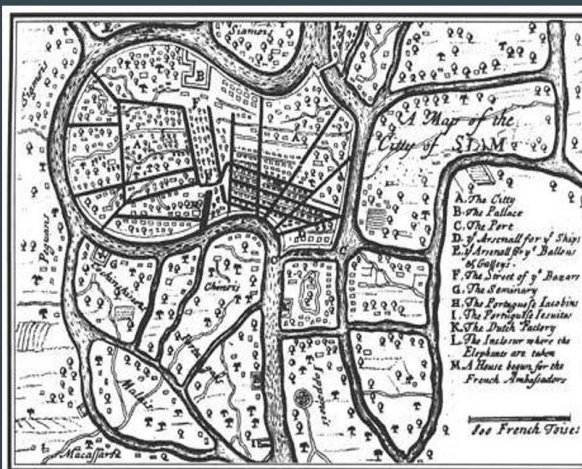
Turning point in mid-14th century  
from insular kingdoms to  
cosmopolitan trading kingdoms

Melaka and Ayutthaya - trade and  
openness bring prosperity & risk

Siamese strategy - diversify partners

Instinct to diversify shared across  
Southeast Asia

Cold War end leads to diversification



Source: Thomas Parks

Since the Cold War, this approach really has been adopted by nearly every other Southeast Asian country as well, even if some may be in a better position to pursue the strategy than others. But it doesn't take much effort to look into the history of each of the Southeast Asian major countries to see evidence of this kind of diversification as well.

I'm also going to very briefly talk about the notion of hedging, which draws heavily on the work of Dr. Kuik Cheng-Chwee, who we will hear from later. The key elements of hedging are really that governments often insist on not choosing sides or simultaneously cooperating and resisting in their relationships with great powers, with the intention of maintaining a mixed relationship, and as well diversifying partners at the same time. Now, it's important to note that hedging is not an overt strategy in most countries in the region. In many cases, it's an equilibrium or a pattern of engagement as different parts of the government compete with each other around foreign policy. There are also different schools of thought on hedging. Some look at it as only focused on security, whereas others will look at it through the broader array of state power or influence. This book uses the broader model, which doesn't look just at security and hard power but also looks at soft power and influence. I'll mention some of those in a minute.

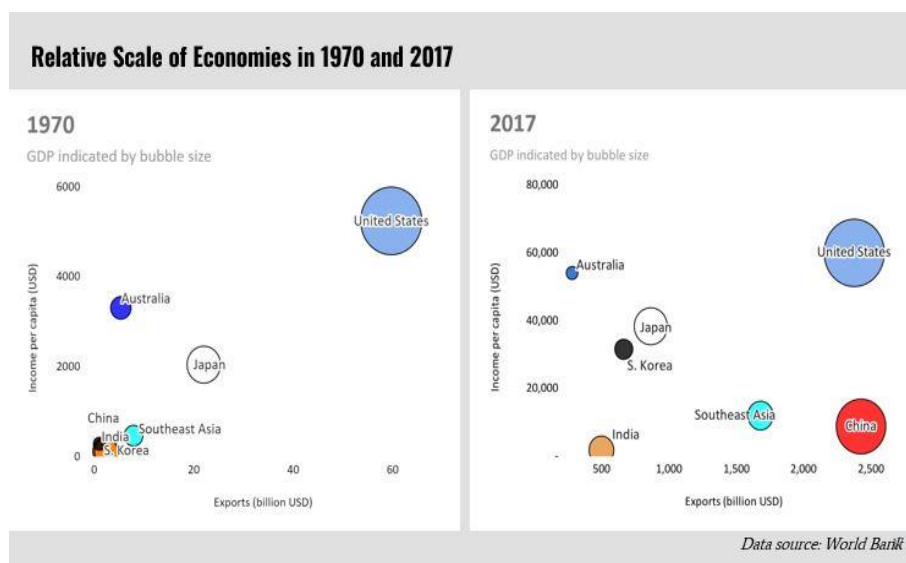
So, basically, how will we know if Southeast Asia is sliding towards bipolar blocks or moving in the direction of multipolarity, as I argue? I would say that there are a couple of key indicators that we should keep in mind. The first is, do we see hard evidence that China or the US is expanding their leverage and influence across Southeast Asia at the expense of the other? But second and very importantly, are the great powers crowding out other external powers, and are Southeast Asian countries making permanent strategic alignment decisions on either of the great powers?

The presence of multipolarity would show a levelling-off or decline on these indicators, whereas a movement towards bipolarity would show that these are becoming more prevalent. So, I will argue that multipolarity is emerging. In fact, the evidence for it, and I'll show you a couple of key points in a minute, is surprising. Southeast Asia, in fact, has been rapidly diversifying its external power partners for a generation now. As the geopolitical context at the

end of the Cold War in the 1990s and the 2000s became more benign and during the US unipolar moment, Southeast Asian governments, armed forces, businesses, and others aggressively diversified their partnerships. So today, we see a region that is already well-advanced in diversifying its partnerships. Any claim of rising hegemony has not seriously grappled with the reality of Southeast Asia's diverse partnerships today. Now, compared to the Cold War, Southeast Asia's reliance on the great powers has also dramatically reduced. During that time, countries in the region were highly reliant on their great power patron. Most of their defence ties were through the superpowers. The US hub-and-spokes model, for example, which was so dominant in the '70s and '80s, really is a thing of the past.

The same trend is true in terms of development cooperation, trade, defence procurement, foreign direct investment, overseas education, outbound travel from Southeast Asia, and many other areas. Another clear perception from leaders in this region is, in fact, that Japan already plays the role of a third geopolitical pole. If you look past military capability, Japan competes and often surpasses the US and China in every other form of national power and influence in the region.

In addition, countries that are leaning towards China often take every opportunity to diversify and reduce their reliance on China. So, countries like Cambodia and Laos, often held up as examples of countries leaning towards China, are actively trying to broaden their partnerships with third countries and, with some caveats, are open to US engagement as well. There are actually key internal dynamics in each of these countries which explain why there's actually a balancing, an equilibrium within the political factions that run these countries, which actually almost require them to maintain some degree of balance between the great powers.



Source: Thomas Parks

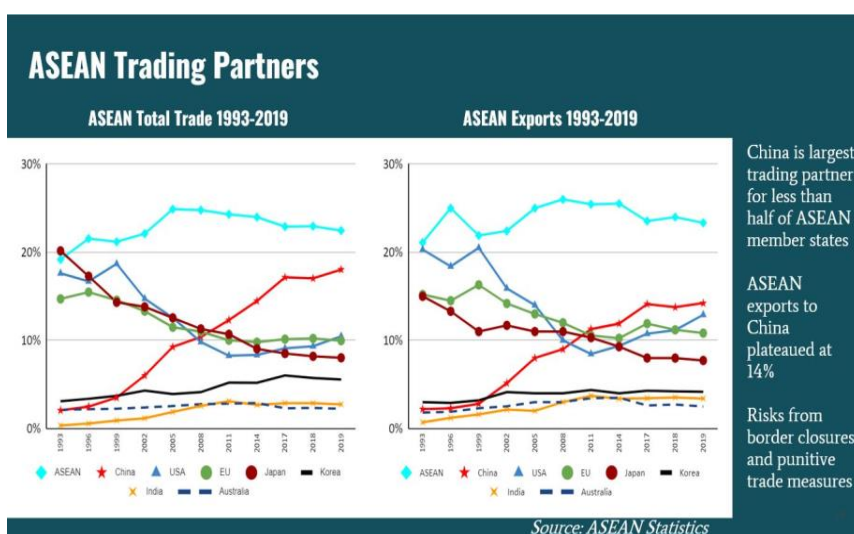
This chart is designed to show the Cold War and today. I basically looked at the economic scale, wealth, and trade volume of key actors in Southeast Asia and East Asia and Asia more broadly during that time, comparing between 1970 and 2017. Compared to the Cold War, Southeast Asia today is in a much stronger economic position. In 1967 and 1970, that period, the combined economy of all Southeast Asian countries was less than 3% of the US economy and only 1% of the world economy. But by 2017, it was approaching 15% of the US economy

and 4% of the global economy. Half of ASEAN member states today are either upper-middle-income countries or high-income countries. So, you see a dramatic economic transformation in this region.

In terms of infrastructure assistance, this has been a centrepiece of China’s outreach into this region for more than a decade now. Yet, Japan has consistently been the largest infrastructure assistance provider in Southeast Asia. The BRI is not quite the juggernaut that was once predicted. For example, Countries like Thailand are acting cautiously and only accepting Chinese assistance on their own terms. In response to the BRI, many other external powers, not just the US, are providing more infrastructure assistance, expanding options for Southeast Asian governments.

We’ve also seen a dramatic decline in foreign development assistance in the region and the dependence on foreign development assistance. In Indonesia in the 1960s, the contribution of foreign aid to Indonesia’s gross national income was 4.3% in the 1960s; today, it’s less than 0.01%. So, a dramatic transformation in terms of the reliance on foreign countries for its own economic growth. There’s also been a dramatic diversification of development assistance. Today, 23 different European governments provide ODA to this region.

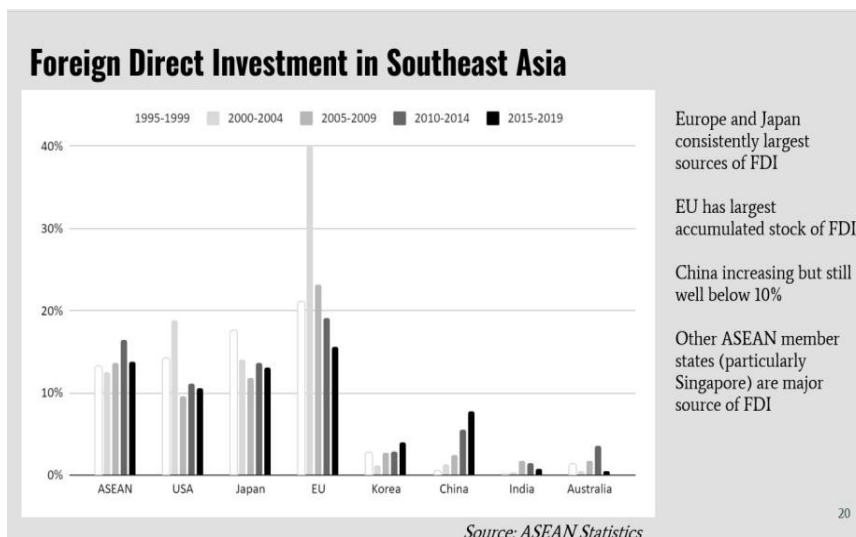
Now, trade is often an area that is held up as the clear, strong point for Chinese influence in this region, but it’s also very frequently overblown and falls far short of hegemonic levels. Growth of China’s share of ASEAN trade certainly rose dramatically until 2017 but then levelled off in the three years before the pandemic. This data comes from the ASEAN Secretariat, by the way. China’s share of ASEAN exports is even less impressive, peaking at 14% in 2017, where it also plateaued for several years. China is well below the historic peaks of Japan and the US in terms of their percentage of overall ASEAN trade and isn’t moving in that direction. The often-claimed assertion that China is the largest trading partner of every Southeast Asian country simply isn’t true. In fact, China is the largest export destination for only four ASEAN member states. Laos’s largest export market is Thailand, Cambodia’s is the US, and only 6% of Cambodian exports actually go to China.



Source: Thomas Parks

On foreign direct investment, you see a very similar picture. Chinese FDI peaked in 2017 at 11% and then declined for three years running, falling to 5% in 2019. From 1995 to

2019, the amount of foreign direct investment from other ASEAN countries into the rest of ASEAN was four times the amount from China. [As you can see here from the chart] the European Union and Japan have been the largest sources of FDI for decades.



Source: Thomas Parks

Under a bipolar model [this is looking at defence cooperation, and sorry, just one or two more of these slides to give you a sense of the data that shows that this is already a multipolar region] Defence cooperation is a key part of this. As I mentioned before, the US hub-and-spokes model was basically the model where all defence cooperation among US allied countries went through the United States, and there was very little direct bilateral engagement between US partners at the time. That was during the Cold War. This is now. This is from a report from the RAND Corporation, which looks at high-level defence, basically, two-plus-two dialogues and joint training and military exercises. These are direct bilateral engagements which have nothing to do with the US. You can see here during the Cold War, that would have been completely white, and now, obviously, it's almost entirely filled in.

**Defence Cooperation**

If bipolar system:

- Middle powers have limited defence cooperation with each other
- US "hub-and-spoke system" during Cold War

If multipolar system:

- Extensive middle powers direct engagement
- Web of cooperation with US at the center

RAND study "Thickening Web of Asian Security Cooperation"

Source: RAND Corporation

		High-level Defense/Foreign Policy Dialogues						
		Japan	S. Korea	India	Australia	Indonesia	Vietnam	Philippines
Philippines	*							N/A
Vietnam							N/A	
Indonesia						N/A		
Australia					N/A			
India				N/A				
S. Korea			N/A					
Japan	N/A							*
		Joint Training and Military Exercises						
		Japan	S. Korea	India	Australia	Indonesia	Vietnam	Philippines
Philippines								N/A
Vietnam							N/A	
Indonesia						N/A		
Australia					N/A			
India				N/A				
S. Korea			N/A					
Japan	N/A							

Source: Thomas Parks

And then, the most striking is if you look at defence procurement. During the Cold War, countries in the region were highly dependent on superpowers, acquiring nearly three-quarters of their arms from the superpowers. But by the 2010s, Southeast Asian governments had rapidly diversified their source countries. The ASEAN 5 countries — Singapore, Thailand, Malaysia, Philippines, and Indonesia — increased their sources to an average of more than 18 countries. Indonesia sources its arms from 23 different countries and Thailand from 19 over the course of a decade. In the last decade, the US and China accounted for only 29% of total arms sales to this region, and middle powers like Germany, South Korea, Sweden, and even Russia are among the top arms suppliers to more than half of ASEAN member states. Ukraine, Turkey, Spain, France, Serbia, Czech Republic are also major suppliers. We see this rapidly diversifying defence procurement market in the region benefiting the region.

So, the book tries to create a framework for trying to understand what matters to Southeast Asian countries and how external powers can engage in the region in a way which helps to augment and enhance that multipolarity. And I identified eight different areas. I won't go into all of them right now, but these are the ones, I think, that matter most. I'll mention just a couple.

*Strategic autonomy:* Southeast Asian countries are looking for external powers that operate independently from the great powers. Superpower alliances are not necessarily an asset in Southeast Asia, but they also need not constrain middle powers like Australia or other powers like even Japan if they have space to act autonomously as they engage in Southeast Asia. I'll go through some examples of that later.

I'm going to talk a bit more about a *Reasonable balance of values*. That's mostly about challenges around promoting democracy and human rights in this region.

*Enduring interest:* Another important one. This is obviously a real challenge for the United States. A few external powers in this region have consistently prioritised Southeast Asia, often due to close geographic proximity, extensive supply chain integration, or vulnerability to maritime trade disruption. These countries, like Japan, India, Australia, and South Korea, they fundamentally have more at stake, and they're more consistently engaged. They commit more of their diplomatic attention to Southeast Asia compared to other further-afield powers.

**Framework for Comparison of External Powers**

	Japan	Australia	India	S Korea	EU	France	UK	Germany	Russia
Economic Attraction									
Filling Leadership Void									
Strategic Autonomy									
Reasonable Balance on Values									
Security Cooperation									
Development Cooperation									
Soft Power Attraction									
Enduring Interest									

24

Shaded box indicates a strength for engagement in Southeast Asia

Source: Thomas Parks

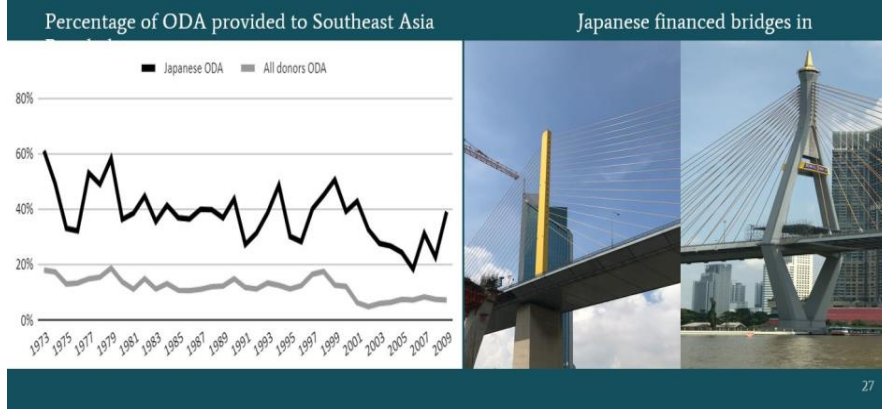
This is a roughly 2019 snapshot of how I see this group of 8 different external powers and how I see them engaging. The dark boxes are strengths, and the white boxes are not strengths. I would note that there has been some movement since 2019. For example, I think South Korea has probably enhanced significantly and expanded, for example, on soft power traction. But this is a snapshot in time.

I'm going to talk about a couple of different examples. The book includes four chapters, and I'll very briefly touch on some of those chapters. More than any other external power, Japan will play a crucial role in helping Southeast Asia maintain its room for manoeuvre. It's remarkable to me how many analysts discount Japan's role in the future of this region, citing relative economic decline or limited military capability. In my conversations with Southeast Asian leaders, Japan was consistently held up as evidence that the region is multipolar. And Japan is consistently regarded as the country with the highest trust levels and the most likely to do the right thing, as we see from the ISEAS surveys that come out every year. Now, this is largely a result of Japan's unique style of engagement, which is characterised by careful consultation, non-confrontation, and explicit efforts to approach their relations with Southeast Asia as one of equals. It's important to understand how Japan got to this position.

In the aftermath of the Second World War and during the Cold War, Japan was in the extremely rare situation of being a major economic power without a significant military capability. Japan was determined to be a leading partner in Southeast Asia, a region that it saw as absolutely strategic and fundamental to its future. So, it had to find other ways to lead beyond security. Japan turned to official development assistance and economic integration. Also, during periods of war, post-war reconstruction, and international isolation, for example, in Indochina, Japan provided critically needed aid and diplomatic engagement. Japan also has been very consistent in its approach. The 1977 speech by Prime Minister Fukuda Takeo set the tone for 50 years of Japanese engagement in this region. What many of us know as the Fukuda Doctrine was highly responsive to Southeast Asian concerns at the time, rejecting offensive military power and emphasizing equal partnership with countries in Southeast Asia. After the Plaza Accords in 1985, Japan began integrating their economy into Southeast Asia significantly, driving this region's economic transformation.

Japanese ODA historically has been highly concentrated in Southeast Asia, more so than any other major donor. This chart shows the percentage of Japan's global ODA (official development assistance) focused on Southeast Asia compared to the OECD average and all the other major donors. You can see here that Japan consistently spends more than double of all the other donors combined in terms of the concentration of its aid in this region. Much of Japan's development assistance history is not well known, even here in Bangkok. There are 17 bridges over the Chao Phraya River here in the Bangkok area. Fourteen of those were built either by the Japanese or with Japanese support, and of course, Japan played a major role in the building of both major international airports as well. Japan has been the largest provider of infrastructure assistance in Southeast Asia for decades now. In 2019, as one example, Japan had more than a hundred billion dollars more than China in infrastructure spent in Southeast Asia and 15% more projects.

## Japan: Largest provider of development aid and infrastructure



Source: Thomas Parks

The second example I'd like to talk about is Australia. Australia is an important example of a middle power that benefits from and helps to support an open, non-aligned, multipolar Southeast Asia. Despite being a relatively small economic actor with only 2% to 3% of trade and foreign direct investment in the region, Australia has gravitated to a position at the centre of Southeast Asian geopolitics. In 2021, Australia became ASEAN's first comprehensive strategic partner, followed by China the next day.

There are two competing visions for Australian engagement in this region that many of you may be familiar with as well. For most of modern history, Australia relied on its distant, like-minded, and culturally similar allies for security or what Prime Minister Robert Menzies once called "Australia's Great and Powerful Friends."

With a much smaller population and economy than other major ASEAN powers, and particularly after the experience of the Second World War, Australia relied on the United Kingdom and then later on the United States for its security alliance. But the other vision of Australian security and engagement in this region was articulated by former Prime Minister Paul Keating in the 1990s as a system of finding Australia's security 'in' and not 'from' Asia. Now, this vision focuses on the need to embed Australia within a system of security cooperation in Southeast Asia and the Pacific with small and middle powers in the region. And before 2013, there really were no trade-offs between these two visions. Australia could do both at the same time. Yet, in today's geopolitical context, Australia finds itself in a bit of a balancing act. Australia's security is intimately entangled with Southeast Asia, yet it is also enmeshed in the US security alliance network. It's deepening its partnership quite actively right now with the United States. Yet, it's also trying to simultaneously build credibility and trust with Southeast Asian governments and leaders that it will not become a threat.

In my view, Australia's influence in this region, which I think is growing significantly, hinges on its reputation as a responsive, pragmatic middle power, similar to Japan. And despite Australia's AUKUS, it is not seen as threatening or overbearing in this region. Australia's approach and its patterns of engagement here in the region are perceived by Southeast Asian counterparts as subtly distinct from the US engagement in the region, particularly in official contexts, in diplomacy and development. Now, that obviously changes at different times, but



arguably, Australia is simply more pragmatic in this region. That takes a few forms in terms of political engagement and development cooperation that strongly prioritise bilateral relations and avoid anti-China rhetoric. It avoids confrontation or lecturing on democratic values and provides strong support for multilateralism. In fact, Australia is one of the largest supporters of multilateralism as a percentage of its ODA spending of any country in the world.

India is also another example of a critical but often underappreciated geopolitical actor in Southeast Asia. India's interest in Southeast Asia, in many ways, was sparked by an economic crisis in 1991. No longer able to rely on the Soviet Union, India was forced to look for new partners and economic models. And it famously decided to look East. Despite India's cultivation of this region since that time, however, Southeast Asian leaders have responded with ambivalence and sometimes skepticism of India's role. Compared to China and Japan, India has much less tangible economic benefits to offer to this region, given its relatively closed economy and its limited infrastructure and foreign aid budgets. But as India's relations with China deteriorated after 2015 or since that time, Indian foreign policy has been transforming. For example, India is increasingly concerned about the Chinese presence in the Indian Ocean, forcing it to focus on becoming a more pragmatic maritime power and improving its relations with the smaller littoral states of South Asia. And this positions it very well in Southeast Asia as well. So, while India may struggle to compete with the Northeast Asian powers, it will be a crucial actor in the geopolitics of this region that will benefit Southeast Asia. India is in a unique position to help soften the QUAD by encouraging, for example, greater focus on public goods and less emphasis on containing China. And with a reputation as well for strategic independence, Southeast Asian leaders have taken notice of India's determined moves to confront Chinese actions along the Himalayan border and in the Indian Ocean. Ultimately, India's strategic interests are very much increasingly aligned with Southeast Asian interests, especially in maritime security. So, I argue that India will be a "fellow traveller" for Southeast Asia, sharing many of the same challenges. And it's really important for this region to find ways to deepen its partnership with India.

And then one final example is Europe. And Europe, of course, is a very broad and diverse place. I'm going to speak in generalities right now with a few examples, but happy to go into depth in some other, more specific countries later if that's helpful.

Having dominating Southeast Asia for 450 years, European powers largely withdrew from the region at the end of the colonial era. However, Europe's interest in Southeast Asia has grown significantly in recent years. European navies now regularly patrol the South China Sea, and they're deepening their partnerships with ASEAN and governments in the region. Very recently, as we know, the United Kingdom became ASEAN's 11th dialogue partner, the first in 25 years. European re-engagement is driven in part by growing concerns about China and a desire to play a greater role in the Indo-Pacific, given the importance of the maritime trading routes. But it's also driven by uncertainty about the US alliance, especially during the Trump Administration. Europe and ASEAN share a unique commitment to multilateralism, even though there are important differences between the two regions' approach and substance. However, Europe's uncompromising or very aggressive stance in some cases on liberal democratic values and human rights protections has been a major irritant in relations with Southeast Asia. The evidence suggests, in many ways, that EU engagement is particularly focused on values, and there are very good reasons for that. It's actually baked into the

European Union Constitution. But this is often at the detriment of all other areas of policy engagement in this region.

Now, there are some important examples of European powers that, on their own bilateral terms, like France, take a very different approach and are more pragmatic. And there are some good examples of that, which I won't have time to go into today. But I would also note that Europe's leadership on climate change will also be a crucial factor in the future as this region is increasingly looking to make progress toward net zero. I think this is a very promising area for European engagement with ASEAN.

Two brief points on democracy and human rights promotion, and then I'll be wrapping up.

One consistent challenge for Western powers is the importance placed on democracy and the promotion of human rights in this region. Now, over the past 20 years, broadly speaking, Southeast Asia has been moving in the wrong direction in terms of democracy and human rights. There's a lot of data and analysis to show this. Despite good intentions, Western powers have made the promotion of democratic values a very high priority, and all too often, this has come at a cost in terms of influence and bilateral relations with a range of Southeast Asian countries. In fact, I would argue that it has, in many ways, negatively affected every single Southeast Asian country and its relations with this region.

Let's take Cambodia, one of the more controversial ones, as an example. Over the past 25 years, Western powers have put democracy and human rights at the centre of their engagement with Cambodia, and this has been in response quite clearly to growing problems in that country. But as the CPP government became increasingly estranged from Western powers and Western democracy assistance became entangled with a Cambodian opposition, Prime Minister Hun Sen looked for alternative partners and sources of aid and investment. Ironically, he turned to China, the very country that had opposed his government bitterly during the wars in the 1970s and 1980s. Now, while Cambodia may not have been very important or may not have seemed very important 25 years ago, very few would make that case today across Southeast Asia. This normative divide, often between Asia and Western powers, is a key driver of mistrust among elites and officials in Southeast Asia.

Japan, India, South Korea, and Australia actually have some important advantages on this issue. Countries that can do the following three points will have an advantage as they engage in Southeast Asia:

Firstly, it will be very important to try to find or strike a reasonable balance between bilateral cooperation and values diplomacy in the region. If values diplomacy overwhelms all other forms of bilateral engagement, then the bilateral relationship will stagnate.

It's also crucial to avoid double standards, and of course, the double standards argument came up very frequently in my conversation with Thai leaders, harkening back to the aftermath of the coup in 2014. When countries in this region are held to a higher standard of democracy and human rights compared to other countries in other regions with similar or worse records, they will suspect an ulterior motive.

Finally, democracy values promotion must avoid the perception of interference in domestic affairs in any country. The line between legitimate values projection and foreign interference is contextually driven. It is essential to play by local rules. One-size-fits-all approaches driven by national capitals are very likely to be counterproductive. So, it is possible to focus, as well, on normative values that are less sensitive than democracy and human rights,

for example, corruption, poverty, gender equality, education, and even good governance. There's a whole range of normative values where there's just much more overlap in terms of those values.

ASEAN will play a crucial role in the emerging multipolarity in Southeast Asia. In many ways, ASEAN has already transformed the prospects for its member states in ways that are not often well understood. ASEAN has dramatically enhanced the ability of small and middle powers in the region to shape the regional order, link into international trade, and manage great power relations. Yet, ASEAN is also heavily criticised for its inability to solve problems like the Myanmar crisis and the lack of unity on issues like the South China Sea.

Importantly, and this is a message that I often will speak about in Washington and other regions outside of Southeast Asia, it's important that ASEAN should not be seen as a group of like-minded states like the European Union, for example, and it's also not designed to act like other multilateral organizations like the United Nations with a strong normative agenda. It is a group of states tied together by geography and history and a concern about being trampled on by other larger powers. Given this region's broad, incredibly diverse spectrum of regime types, it's natural that they would have difficulty reaching agreements on some key strategic issues. However, I would argue that Asean comes to a consensus and agreement in 99% or more of the cases. For every big issue that we see in the headlines where ASEAN can't reach a consensus, there are dozens and dozens of other meetings where they have been able to work through challenging issues and reach a consensus.

Finally, we are seeing evidence of a long-term evolution in Southeast Asia towards an open, non-aligned, multipolar region. This shift creates opportunities for a broad spectrum of external actors, particularly middle powers, to join the emerging web of cooperation in this region. The regional order will endure because of a confluence of interests between external key powers. First, Southeast Asian states, of course, are intent on keeping this emerging system.

They're also keen on keeping the U.S. engaged to maintain the balance of power in the region. They're deepening their partnership and economic integration with China simultaneously and preserving their freedom to engage with a broad set of partners. External middle powers, as well as Japan and India, have a very strong interest in ensuring that they have long-term access and the ability to engage in Southeast Asia. And that means they have a direct strategic interest in preventing this region from being dominated by a single external power.

The U.S. is increasingly open to its allies playing a greater leadership role in this region, and it's aware of the long-term constraints of U.S. influence in this region. Now, the U.S. is changing in important ways right now that will lead it to embrace a multipolar Southeast Asia, despite the rhetoric in Washington. The U.S. is no longer interested in being principally responsible for security in this region. There is also a quiet acknowledgement that U.S. power will be unable to shape the region on its own. Certainly, this is the message coming out of the Biden Administration. And if a multipolar Southeast Asia ensures that no single country dominates this region, that will be enough for Washington.

And China, of course, recognises the costs of forcing alignment in Southeast Asia. Beyond maritime claims, China shows tiny intention of threatening the security of Southeast Asian countries. If Southeast Asia stays on its current track, it's very likely that China will act with restraint in this region.

Thank you very much for your attention. My apologies for going a bit long. I look forward to your reactions. After we're done, during the break and at the very end of the session, we have a couple of copies of the hardcover edition outside in the lobby, or you can also go use this QR code to find the book if you're interested. Thank you very much.

**Dr. Anuson Chinvanno**

I'd like to thank Mr. Parks for giving us the details and conclusions from his book. I hope that people will be interested in reading it later on. We still have a little time for questions. Maybe a few questions if people would like to address them to Mr. Parks. No question? Okay, it means Mr. Parks made it very clear. Nobody has any question.

In that case, I'd like to thank Tom Parks again for allowing us to host this event to introduce his book. Thank you very much.

And now, we will take a short break, 10-15 minutes, so that we can reset the stage for our next session, which will be a discussion by our three panellists. Thank you.

## Seminar

### “Southeast Asia: Navigating a New Cold War?”

---

#### Speakers:

Ambassdor Sihasak Phuangketkeow<sup>3</sup>

Dr. Pipat Luengnaruemitchai<sup>4</sup>

Dr. Cheng-Chwee Kuik<sup>5</sup>

#### Moderated by

Dr. Anuson Chinvanno

#### Dr. Anuson Chinvanno

Excellencies, ladies and gentlemen, could you retake your seats? So that we can restart our seminar.

We will start the second session, which will be a panel discussion on the subject of *Southeast Asia: Navigating a new Cold War?* May I request the panellists to join me on stage, please?

Excellencies, ladies and gentlemen, we will start our panel discussion, which is the second part of our event here this afternoon. I won't spend a lot of time making introduction to our panellists. I think they're quite well known, and their current designations are shown on the backdrop. It will show you that they are from three different sectors of society: Ambassador Sihasak Phuangketkeow a former diplomat, Professor Dr. Kuik Cheng-Chwee, a well-known academic from Malaysia, and, Dr. Pipat Luengnaruemitchai, a business executive from Thailand. So, we will start our discussion on the topic of *Southeast Asia: Navigating a new Cold War?* And I will start with Ambassador Sihasak. I will ask him whether he thinks that there is a new Cold War. If there is, how do we navigate it? If there isn't, then that's good news. If there isn't, then how does he see the development of geopolitics, and how will that influence the direction of cooperation in Southeast Asia? Please, Ambassador Sihasak, you can start.

#### Ambassador Sihasak Phuangketkeow

Thank you, Ambassador Anuson, and good afternoon to all of you. Being a retired diplomat, I hope that I could be very frank and very candid with you today. Of course, you asked me whether we have a new Cold War brewing or not. I think the reality is that we have a very intense intensification of geopolitical competition between the United States and China. But I'm not sure whether we can label it a new Cold War because, in actual fact, great power competition has always been a fact of international life. So, in a way, the competition between the United States and China is nothing new.

---

<sup>3</sup> former Permanent Secretary, Ministry of Foreign Affairs, Thailand

<sup>4</sup> Managing Director, Kiatnakin Phatra

<sup>5</sup> Professor and Head, Centre for Asian Studies, Institute of Malaysian and International Studies, National University of Malaysia (UKM)

When the United States was competing with the Soviet Union, we had no hot war, we had a lot of proxy wars. But I'm not sure if we could have a hot war if the relations between the two superpowers, the US and China, are not handled well. And we know what the issues are, especially the issue about Taiwan. So, I think what we have to avoid, first of all, is being stuck on outdated terminology because that may lead us to misinterpretation of the nature of the conflict, the trajectory, and the challenges ahead. That's the first point.

The other concern I have with the present geopolitical competition and now geoeconomic competition between the US and China is that it's taking place in an international environment that is more complex. We're facing global shifts. We're facing a lot of disruption. This makes the relationship more complicated. It puts countries like ours in a more difficult position to navigate the challenges of the geopolitical competition between the two major superpowers.

First, you have the diffusion of power. We live in a multipolar world now. Then you have the global shift from the West to the East, and I think Thomas (Parks) talked about Asia being at the crossroads of being the centre of gravity of economic development, assuming greater strategic importance. So, Asia, East Asia, or Indo-Pacific, whatever you call it, is where the interests of major powers converge, compete, but hopefully not collide.

The international order as we know it, which was established after World War II, is being challenged by China and the new emerging powers. But when I say challenged, I don't mean that China is seeking to overhaul the international order, but the international order that we have now is a liberal international order, very much dominated by Western countries and Western values. I think China and other emerging powers would like an international order that better reflects the distribution of power today, better reflects all the realities that we see right now, and perhaps give the new powers, the emerging powers, China, a greater say in the shaping of the international system.

We are also going through greater fragmentation of the international order. It's obvious that we have what we call de-globalization. I don't know whether it has got to that extent, but globalization has slowed. And then we see the rise of very fervent nationalism, protectionism, and sinophobia. I think all this works against the multilateral international order, and we see the erosion of multilateralism and multilateral institutions. But at the same time, the paradox is that we're facing many global challenges which requires international cooperation, especially leadership on the part of the major powers. So, the competition between the United States and China is more complicated because it's taking place at a time when the international order is becoming more fragmented.

Now, is it a new Cold War? Well, if you think of the days of the Soviet Union and the United States in competition, I think maybe it's not the same because as my friend Bilahari Kausikan, and I often refer to him, says during the Cold War, you had two systems, one led by the United States and Western countries, the other led by the Soviet Union, and China was at that time together with the Soviet Union and the other socialist countries. There was hardly any connection between the two systems. And the objective was a victory of one over the other system. I think that's one feature of the Cold War. Second, the Soviet Union was a formidable power, but it's nowhere near as formidable as China is right now. The Soviet Union had political power, its sphere of influence, it had political-military power, but economically, it was

very weak. It faced a lot of internal problems. And when Gorbachev came in with Perestroika and Glasnost, this eventually led to the collapse of the Soviet on its own.

It's difficult to compare what's happening now with the Cold War at that time. Right now, the competition between the United States and China has all the semblance of a Cold War. We have moved from engagement to confrontation, and in fact, it has become very adversarial. We've talked about decoupling, now de-risking, and also there is this element of containment. If you look at the structure that the United States is setting up now, the QUAD, AUKUS, if you look back to the days of the Cold War, obviously, the structure that's being created is meant to contain or deter China.

One concern that I have is about this rhetoric of the world being divided into democracies and authoritarian regimes because I don't think the world can easily fit into those two categories. Where does Thailand lie? Where is Singapore? Where are the other countries? But the truth is that the competition between China and the US is a competition in the same system. China has benefited from the global economy. And there's a lot of interdependence between the two countries. In fact, in spite of this talk about decoupling, trade between the US and China has grown and reached record levels. But I think what we have to be mindful of is that the competition between China and the United States is not because of any particular issues; it's structural. You have a rising power, and you have an established power. And according to the theory of Thucydides, they are going to clash. Because the past record shows that when you have a rising and established power, they've gone to war many times in the past. And so, China is not a competitor like the Soviets; China is a peer competitor, whether in terms of the economy, political influence, military strength, or technology capacity. So, the challenge is very real.

Moreover, the competition is caught in domestic politics, making it even more difficult to manage the relationship. Now, in the United States, everything is blamed on China. And in China also, everything is blamed on the Americans. And now you have the Ukraine issue. Ukraine has really complicated the competition even more. And so China is now lumped together with Russia as the so-called—not the aggressor but supporting aggression. So what is the way forward?

One concern that I haven't mention is Taiwan. If Taiwan is not handled carefully, this could lead to hostility and maybe war between the two countries. So it's not simply a Cold War, but it has the potential to be a hot war. But I'm always being a diplomat; I'm always hopeful, and I have a lot of optimism that in the end, rationality will prevail and diplomacy will prevail. And I think for both countries, the realities are sinking in now. Their relationship is too interdependent for both countries to continue with the present course that they're pursuing. If they continue, it will be to the detriment of both countries and to the detriment of all of us as a whole. So, it's important now that they've done the posturing. They're trying to find what is the right tune to tango, and they have to manage their relationship.

I think you have to put issues into various baskets: issues where you can work together, issues where your interests diverge and you need to work more, and issues where you have shared interests, like climate change. And look at, how to work on these issues. So, it will be both competition and cooperation.

I think it's important because we live not in a bipolar world, as Thomas said, but we live in a multi-polar world. And the fact that we have many poles, even though we have two very powerful poles, would provide a kind of stabilizing, restraining, moderating effect on the competition between the two major powers. So, a multilateral order coexisting with a bilateral order may be the way how the international system is shaped. But the challenge for countries like Thailand and ASEAN is how to navigate the challenge. And, of course, we always say we don't want to take sides, but it's not so easy. I think you cannot always be neutral. If you're neutral, I think sometimes you'll be torn apart. And the space for neutrality is often limited. So we don't take sides, but I think we have to take a stand, unavoidably. Take a stand on the basis of what constitutes our interest. Take a stand on what are the principles that we adhere to.

But again, as my friend Bilahari said, when you have competition, you also can create certain agency, if you know how to position yourself well. And for ASEAN, for that agency to come about, and this is where we have the problem because we need ASEAN to be cohesive and united. But I'm afraid that ASEAN is not as cohesive and united as it once was. I go back to the day when we had the original five members. It was much easier to work within ASEAN, as we shared the same strategic thinking and strategic perception. But with 10, it's very different. And now it's even more difficult because we are pulled left and right because of the geopolitical competition. But if we're going to achieve this cohesion and relevance and centrality, I think the key is we have to think about national and regional interests as going together. And this is the concept of national and regional resilience that the Indonesians have always been talking about when it comes to ASEAN strength. Because countries have to think that the best way to pursue their national interest is when the region is strong, and the region is strong when each country is strong. So, it's important for each country to think not just about their national interest but also about the regional interest, the interest of ASEAN. That way, we can strengthen our unity and cohesion.

Coming to the last point, which is about fostering a multipolar regional order, it's easier said than done because you want to engage countries like Japan, which is the most trusted country; India, which is a growing power; Korea, which is also an emerging power; Australia, a middle power with a lot of influence. A multilateral order gives us room to manoeuvre. The many poles ensure a certain degree of strategic autonomy for us. We're not playing one against the other, but I think it gives us greater freedom. If we're going to be able to engage the other powers, they have to see the importance of ASEAN. So, it comes back again to ASEAN that it needs to prove its strategic importance, relevance, and centrality as we navigate these challenges. You can call it a new Cold War, not a new Cold War or whatever. These are my thoughts at the beginning. Thank you.

### **Dr. Anuson Chinvanno**

Thank you very much, Ambassador Sihasak, for kicking off our discussion. I can understand the point about the comparison made between the current situation and the old Cold War is probably not appropriate. As I said at the beginning, this theme was worded in such a way as to provoke our thinking about it and see where we stand in the current situation.

Next, I will move on to Professor Cheng-Chwee Kuik. He's a champion of the theory on hedging. Those who follow the discussion about geopolitical competition may have been



familiar with the idea, but I just like to start off on that point by quoting something that is actually 150 years old.

Three weeks ago, we had a discussion in this very room. We launched a book on Thailand's or Siam's, as we were known at the time, Foreign Relations under the reign of King Rama the Fourth, or King Mongkut, who was King between 1851 and 1868. During that time, we also faced the same problem of great power competition, but it was Britain and France then. And we had a lot of problems with the French over Cambodia. And the king decided to send a special envoy to negotiate with the French government under Emperor Napoleon III. He sent this envoy to Paris in 1867. And in his communication with his envoy, which I find very interesting, he said in his letter, and I quote, '*Should we give ourselves up to the crocodile or should we swim out to sea to lean on the whale?*' That was a very famous quote. And he also continued, '*What I say here applies not only to the present but also to the time of our children and grandchildren.*' So, he, of course, made a prediction that is still true today, 150 years later. With that in mind, my question is, although I'm not identifying who's the crocodile and who's the whale, should we give ourselves up to the crocodile, or should we swim out to sea to be with the whale? Or should we hedge?

### **Professor Kuik Cheng-Chwee**

Thanks very much. Very good afternoon to everyone. Before I address the very difficult question asked by Dr. Anuson, let me first thank the organisers, both ISC and The Asia Foundation, particularly Anuson and also Tom, for having me here—such a pleasure to join this group of distinguished panellists. Let me just pick up a few things as a response. On hedging, I would say that I have two answers. The first, very short answer is: If you want to know more about hedging, please read Tom Park's new book. There is a good elaboration and also citing of the literature concepts of the contestation about hedging. So that's the first answer. The second answer is slightly longer, and I'm going to avoid the crocodile issue by highlighting the nature of Hedging. Hedging is not about making speculation. It's about avoiding speculation. Contrary to what some might think hedging is about, I don't think any of us here or in any country wants to speculate who will be the crocodile and so on. That's not what hedging is all about. Hedging, in layman's terms, can mean, I think, that let's not put all eggs in any basket, any single basket, and the basket can be about big powers or, as Khun Sihasak mentioned, it's about issues, right? Depending on what issue you invest in, your "policy eggs" are in different baskets. So, many other examples also reflect hedging as a human instinct. For example, we say that let's not burn bridges because you will never know. And there are also many other notions of '*what if*' or '*just in case*'. This is instinctively human behaviour.

So, hedging is certainly *at ease* for human behaviour. And in fact, the list can go on. Before I go into the more academic part, I do want to clarify that even today, hedging in international studies remains a very contested concept. You can have three different reactions: either you like it, you hate it, or you love it, it's just like durian: responses to durian, either you like it, you hate it, or you really love it. So, hedging is an instinctive behaviour in the sense that under two specific conditions, all state actors will hedge in one way or another. Two conditions: high stakes. When the stakes are high, you need to hedge. If the stakes are low, you don't have to do anything; you can do whatever you want, right? Relationships with big powers, especially

competing powers, and how a smaller country in Southeast Asia is between the US' and China's positions are matters of high stakes. It is also a matter of high uncertainty, and that is the essence of hedging. If things are certain, if you know who is the crocodile, who is the principal threat, and you know what is the solution, there is a principal solution that you can count on no matter what, then no need to hedge. You take a position; you go for it. Not necessary to hedge. Hedging is very costly, very complicated, and uncertain, but the alternative to hedging, especially in the current context, would be too high, which is why, despite the fact that as US-China rivalry intensifies, the space for manoeuvring is shrinking, but even realizing this reality, the prevailing reality, smaller countries in Southeast Asia continue to hedge in one way or another.

Again, what are the kinds of indicators? I think Tom, during his excellent presentation and also in his book, has illustrated a number of indicators. As an academic, let me highlight three indicators that when you see them, not just one but all three, you know that someone, some country, is hedging. Even though, bearing in mind that hedging is a policy, hedging is a policy without pronouncement. You do not see and hear hedging being told to the whole world, "*Hey, I'm hedging*", right? That would defeat the purpose. So, hedging means that you just do it. But if certain actions or combinations of actions reflect these three defining attributes, you know someone is hedging, whether or not they say it openly.

Number one, hedging, as I made clear earlier on, is fundamentally about impartiality, neutrality, and non-alignment, but it is not passive neutrality. Hedging, first and foremost, is about the active form of neutrality. Active neutrality is the first defining element. I think Tom early on also highlighted the word agency to capture the active element of it, active neutrality. So this is very different from a historical non-alignment and so on and so forth because if you declare passively, reactively, that is not hedging. Hedging has to be active neutrality. The second element is if you just have active neutrality, that's not enough. The second element is about diversification. It's a human instinct thing. Human instinct does not want to put all eggs in anyone basket because you will never know what will happen. Today's principal threat might become secondary, and today's friends might become tomorrow's problem, and so on and so forth. We do know our leaders come and go, intentions change, and relationships evolve. You would never know from history. So diversification in both economic and strategic - military aspects is a human instinct. But you do not just diversify. Hedging means inclusive diversification. If you are just diversifying within one camp rather than all camps, especially competing camps, that is not hedging. Hedging means that as you upgrade your relationship with one side, one power, make sure that you do it inclusively. You are no longer hedging when you stop doing that inclusive diversification. So, let me repeat the two essential elements: active neutrality and inclusive diversification.

Thirdly, hedging is not just about the middle position between the US and China. That is part of it. More importantly, hedging is about the opposite position. Opposite position in what ways? You need to offset. You need to offset that because if you keep moving in one direction, you get some benefits but also expose yourself to a larger risk. And therefore, it is necessary to do some strategic offset. Strategic offset and prudent offsets will be the third and also the final element of strategic hedging in one way or another.

You see many, many examples. For example, Vietnam, on the one hand, has upgraded a defence partnership with the United States and also some "like-minded countries

strategically”, but at the same time, offset that by party-to-party political channels, After the 20th Party Congress, which foreign leader was the first to visit Beijing to say hi to Xi Jinping? Vietnamese leader. Indonesia, under Jokowi, takes a very firm position on the Natuna, South China Sea issue. Jakowi makes it a point to have a series of military exercises, making it a point that he will be there to tell the domestic and external audience that he is not soft on China when it comes to territory and sovereignty issues. But at the same time, offset that through multiple pragmatic developmental and also people-to-people and leader-to-leader interactions. A few weeks after the military exercises, Indonesia and China held high-level, senior ministers’ meetings on a two-plus-two arrangement, strategy and economics. The examples can go on and on and on.

Fundamentally, let me sum up these actions: contradictory, inclusive diversification and active neutrality are just part and parcel of human nature to hedge because things are not nice and uncertain. Things are uncertain because, and this is not about anti-China, not anti-about anti-US. It’s just doing our job as an academic from Southeast Asia. We would have in mind and highlight that countries in Southeast Asia, sensitive about power domination, will have a series of ‘*what if?*’ in mind. What if China becomes more assertive or aggressive? What if the United States reduces its commitment to the region? And this element was there even before Trump.

Now, there are also concerns about Trump and the return of Trump. You cannot blame how smaller countries think. Fundamentally, it’s your own survival. And it is not just about China’s possible aggressiveness, not just about the US’s possible retreat or reduction of commitment, it is also the nature of US-China rivalry that might escalate into military confrontation. And we in Southeast Asia will be among the first to be entrapped. Do you really want to be entrapped? I don’t think that’s an instinctive kind of rational actor. Fundamentally, it’s not just about traditional security and military security issues. There are also non-traditional security issues and also economic crises. No countries or actors in the world know when exactly, for example, an economic crisis or recession will kick in. But you do know that this is a matter of when, how, and how it will affect us.

For Southeast Asia, countries’ performance, legitimation, economic development issues are not just an economic issue, it’s a political issue. Regardless of whether you are in a democratic or non-democratic country, all ruling elites wake up in the morning; they are not thinking about the South China Sea and all that. They are thinking about domestic, domestic, and domestic issue. And that’s the final point. As we are looking into big power competition, nothing personal, but we would act and react to reduce our risk and leverage on the action-reaction in a way that helps the domestic agenda.

I will stop here. Sorry for taking longer than I expected.

### **Dr. Anuson Chinvanno**

You have made an interesting point, which I think we will return to because it ties in with another idea. It is a big question in the region we discussed earlier, that is the question of agency. But I think your point about leaders in Southeast Asia being more concerned about domestic legitimation is well-taken, and I think there are a lot of examples. One of the legitimation is, of course, on economic development. You need to deliver well-being to the

people. And the big power competition has produced some anxiety over that because of issues that's been talked about like decoupling, derisking, and so on and so forth.

So, I would like to turn to our third speaker, Dr. Pipat, to share with us how this question is looked at from the perspective of the private or business sector. How will that affect the region's well-being, and how should we navigate it?

### Dr. Pipat Luengnaruemitchai

Thank you very much, and thank you to the organiser for inviting me to share my thoughts on this. I'm an economist by training, so I feel like the odd man out here, but it's always interesting. As a financial market economist, I have a lot of sympathy for your concept of hedging. Financial hedging, also requires similar elements that you just described.

Before discussing the economics of the effect of the multi-polar world and its impact on ASEAN, I will show you one chart I found in The Economist. I think when we talk about ASEAN and the role of ASEAN within the US-China geopolitical conflicts, I think ASEAN is not uniform; it's not the same. And there's a lot of shades in terms of who's going where. I think we have talked a bit about the reaction of individual countries, so I think that's also important in terms of the sensitivity and domestic politics in terms of aligning themselves with either China or US or something in between. So, my thought is about the economic element of the new Cold War, so to speak. What we actually see during this conflict, if you compare to the old Cold War between the US and the Soviet Union, is that there are more elements used as weapons.

## The shade of bipolar world

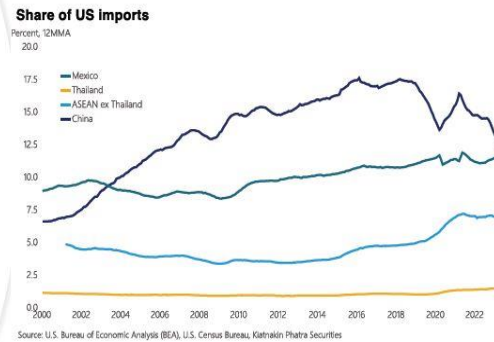


Source: Pipat Luengnaruemitchai

We saw that Trump viewed that trade was a big thing, and investment finances were important tools and leverage in dealing with China. More recently, I think technology is playing a lot more important role, particularly the semiconductor business. The important stress put on Taiwan is a case in point. The US is now leveraging on important technology and putting a lot of pressure on other countries to put pressure on China. And as Ambassador Sihasak said, I think this Cold War could turn hot at any time. So, that's something we should be aware of.

## Nearshoring and Friend-shoring trend

China is no longer the top exporter to the US



Source: Pipat Luengnaruemitchai

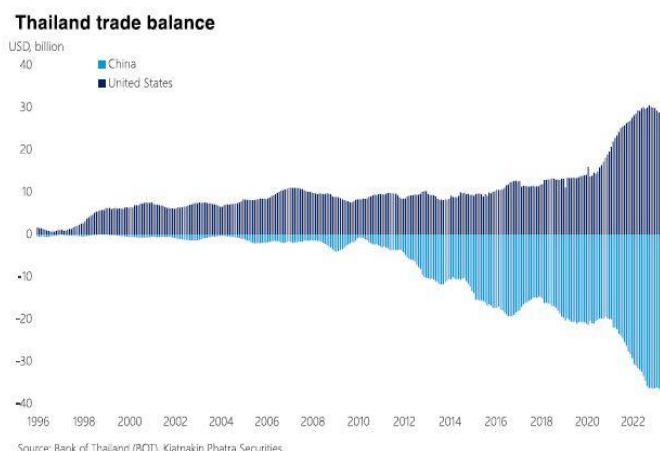
The second point is that we are hearing the terms deglobalization, derisking, reshoring, near-shoring, and friend-shoring. If we look at the data, we actually see a bit of that. Before 2018, China was the top trader with the US. I think it's the biggest exporter to the US. Right now, Mexico overtook them as the biggest trading partner. So, there are some elements of near-shoring and friend-shoring. Even when you look at Thailand, in particular, and this is what Ambassador Sihasak mentioned earlier, Thailand is gaining quite a bit in terms of being a net exporter to the US but at the expense of being a much larger net importer from China. So, some people might say it's actually a manoeuvre by the Chinese to export some of the products to Thailand to reexport to the US to avoid conflicts in terms of trade. What that tells you is that the conflict or the war or the Cold War, is dynamic, particularly when it involves many players, it's not static in the sense that it doesn't involve conflicts between the US and China only, but it involves many other countries. Examples could go on and on. You hear about the 5G issues, involving Huawei as the supplier. Many just take sides in one way or other, or the US pressuring the Netherlands in terms of ASML exporting tools or machinery to China to keep the key elements and the semiconductor production away from China or, China hoarding the rare earth export. So a lot is actually cascading to other countries. But, if you compare this Cold War to the previous Cold War, I think I agree with Ambassador Sihasak again, back then the integration, particularly economic integration between the US and the Soviet Union was a lot lower than China and the US right now. China exports some 600 billion US dollars to the US every year, and the US exports some 150 billion to China every year. China also holds close to 1 trillion of the US Treasury bonds. So, if you try to do something drastic, you're going to hurt yourself; you're going to shoot yourself in the foot. There's a lot more collateral damage in this Cold War that it might stay cold; it stays cold for a while and will play out on many fronts. Hopefully, it doesn't go into the hot zone anytime soon. If it does, there could be a lot more economic damage between the US and China and the collateral damage of the other countries.

Number three is that we are living in a very challenging environment. Particularly, I think technology is shaping the investment. 30 years ago, when you talked about FDI, you were talking about relocation to outsourcing or exploiting cheap labour. But right now, I think you're talking about automation, re-shoring and you actually see some of the relocation back to the advanced economy. That means some of the production is getting cheaper in the advanced

economy compared to the emerging markets. So, the FDI or foreign investment is taking different forms right now. For example, if you look at the EV or electric vehicles which China is a key player, and you actually see that when they talk about investing in Thailand and when we talk to the Chinese manufacturer, the cost of producing an EV over here in Thailand is probably 20% more expensive than producing it in China. And with the FTA between Thailand and China, where we can import EVs from China at zero tariffs, it may not make economic sense to actually have the plants over here. So I think there's also some hedging to do with the Chinese move. But at the same time, that tells you that the scale is very important and that plays a pretty important part in economic warfare.

So, for the key implications for ASEAN, a couple of points. Number one, as we are one of the key players as well in the conflict between China and the US, I think there are some parts that we could stand to benefit from. I mentioned the import from China into Thailand and reexport to the US. Many people mentioned the case of solar panels when the US put a tariff sanction on China. We see that the export of solar panels from Thailand to the US actually tripled over the past few years. And that's quite suspicious. I think President Biden has issued an executive order to put tariffs on Thai exports and the exports from Malaysia, Cambodia, Vietnam, and so forth. There are also some relocations or investments that could benefit the region. At the same time, this chart represents the dumping of the products from China which cannot be exported or subject to higher tariffs going to the US as well.

## Rising trade deficits with China



Source: Pipat Luengnaruemitchai

As we see before COVID, China is the top trading partner of Thailand. Right now, the US is the biggest trading partner. So, that's a big shift in terms of investment and trade. Finally, in terms of what to do, I think that is what we have to think about right now. And a lot is probably just to reiterate the point that was discussed earlier about ASEAN as a region. We are an economy of 10 trillion in terms of GDP and 600 million in terms of population; how can we collaborate, and can we have unity in terms of leverage? Because within the conflict between the two big players, I agree that we have to hedge our bets. Doing it individually is one thing, but how to leverage and do the hedging collectively is another. And hopefully, we don't get

ourselves into too much of a conflict. From the economic point of view, we call it risk management approach. We have to think about each action's probability and potential damage or benefits. That's my last point. Thank you.

### **Dr. Anuson Chinvano**

Thank you very much, Dr. Pipat. I think that gave us some economic perspective to the discussion that we're having. One other thing that I think has been talked about a lot in both Tom's book and the discussion in a lot of seminars in the region is the question of agency. I think this is something that is quite interesting. In this situation of great power competition, how can smaller countries in the region exercise a sort of policy that can fit into this idea that we do have freedom to navigate the competition? That idea is usually termed small country or small state agency. Cheng-Chwee, could you expand a little bit more on that? Because I think it's interesting in the sense that a lot of academics say that countries in ASEAN can manage the great power competition quite well because we do have agency.

### **Professor Kuik Cheng-Chwee**

Thanks very much. Let me begin by quoting what Ambassador Sihasak mentioned earlier. Despite all the growing challenges and increasing rivalry, I think many in the region remain optimistic, although cautiously optimistic. So, to answer that question, I think we are all optimistic in one way or another about the issue of agency because the alternative of showing little or very lower agency would be just too high. This is a point that is related to what Dr. Pipat mentioned early on, where it's not just about the individual countries' actions but also as a group. ASEAN countries, as a group, are an essential platform for countries smaller, and also weaker, countries in Southeast Asia to exercise and assert agency as much as possible. Agency doesn't determine outcome. It doesn't mean that if we have agency, we will be getting the kind of desired outcome we want. But agency does mean that precisely because of the challenges and problems that raise the dangers will always be there. If we don't hang together, we will be hanged separately. Therefore, ASEAN is an essential platform for Southeast Asian countries to assert agency in one way or another, even though we know that it might not necessarily result in the outcome.

Having said that, I guess there are three Is. There are three points that help us actually to understand the role and also the limitation of ASEAN as a regional platform to assert agency. If you understand the three Is, I think you will understand the past, the present, and also the future of ASEAN as a platform for agency. And this is not just about Southeast Asian countries; all dialogue partners should also leverage and realise the three I entities. It is 'imperfect', at times 'ineffectual' but always 'indispensable'. ASEAN cannot solve all the problems, but without ASEAN, all of us are going to have big problems. That, I think, is the best characterization of showing the roles, the importance and also limitations of ASEAN. We are not saying that ASEAN is a magic platform that will solve all the problems, but it does promise some indispensability. Without ASEAN, for example, the intra-Asian problems within Southeast Asia will become much bigger. I'm from Malaysia where we understand and we remember Konfrontasi in the 1960s. In fact, that was the main reason why ASEAN was established in 1967: to prevent confrontations like conflicts involving two or more Southeast Asian countries. Here we are in Thailand; we also understand that Thailand and Cambodia, for

example, have their own bilateral issue. So, we in Southeast Asia realise that to solve or to manage the big power problems, in fact, that is not the only problem. Within Southeast Asia, within the region, the reality is ASEAN is indispensable in managing that kind of intra-ASEAN problem. They will not go away, but with ASEAN, it does help to manage. ASEAN is also indispensable in providing a platform, which Tom elaborated on a lot, where all the competing powers can interact. Having a dialogue is not just about avoiding a conflict and all that. It's also about creating cooperation in the process.

One good example is RCEP (Regional Comprehensive Economic Partnership) involving 15 countries. That's a clear evidence to support that when ASEAN is indispensable, it is indispensable not only for ASEAN countries but also for the willing partners out there. RCEP comprises 15 countries: all 10 ASEAN countries plus Japan, China, South Korea, Australia, and New Zealand. Whenever India is ready, India can join. So those are the kinds of regional public goods where ASEAN lives, despite all the limitations, does allow ASEAN countries to assert agency as much as possible. There is no guarantee of an outcome, but it does provide more space for pursuing cooperation that is good for the region and all the dialogue partners.

### **Dr. Anuson Chinvano**

Thank you very much. Ambassador Sihasak, would you like to say something about agency?

### **Ambassador Sihasak Phuangketkeow**

Yes, we talk about agency all the time. We also talk about centrality all the time, and we keep talking until we believe it's true. But I think agency to me is really about ASEAN sticking together. You know if we don't hang together, we will be hung separately. It's a concept that's easily spoken, but it's not so easy. When I was SOM, co-chairing with my Chinese colleague on the South China Sea, we found it very difficult for ASEAN to establish a common position in negotiating with the Chinese, and the Chinese would not allow us to establish a common position also. So, agency is not easy. How do we establish a common position despite having different perceptions of what constitutes national and regional interests?

But I think what is important is that in the midst of the geopolitical competition between the two major powers, we should be clear-eyed about the strategy of the two major powers and not be captured by the strategy of the two powers and not be a pawn in the broader game of geopolitics. So with China, I think we have to be very clear that we have to live with China. There is no way that we can afford to go against China or have hostile relations with China. We have to live with China, but I recall to this day what my Vietnamese colleague said about China. He told me, and I think this applies to all the ASEAN countries, that there is nothing detrimental about China. It's the reality of living and dealing with major powers. He told me that anybody who aspires to be a leader of Vietnam has to be able to do two things: to live with China and to stand up to China. So, I think this is what we have to, all of us, have to think about. We need to live with China. We have to benefit from China's rise, but at the same time, we have to manage the vulnerabilities that come with China's rise.

Secondly, I think we need the United States. We need the engagement of the United States to provide the kind of balance of power that is needed in the region. But we cannot afford to be captured by the United States when it comes to containing and isolating China because



we can't. China is the reality that we deal with every day. So, how do we navigate this dilemma and try to find the kind of course that best serves our interests? To do that, we have to position ourselves well. We have to work together. We have to think about national and regional interests in order that we have greater resilience. So that's the additional comments that I have on this idea of agency. Thank you.

### **Dr. Anuson Chinvanno**

Thank you very much. We still have about 15-20 minutes or so. So, I'd like to open it to our colleagues from the floor, whether you would like to put some questions to our panellists or you would like to make some comments or share your thoughts.

### **Ambassador Pradap Pibulsonggram**

Maybe, I can break the ice.

What I'm seeing, I think, is a natural evolution of a country with power. After the world war, you have the United States, But China will have to grow, and you've seen China has grown. Russia is breaking out, and Russia has to grow. If it will expand its influence, for sure, it's just a natural thing. We have seen this through history. Germany, do you think Germany will be contained the way it is? We see Japan. All these countries with historical power in the past, it's natural they will grow.

We have to navigate whatever we have to. We have to live in this region, as another speaker pointed out. But I still believe it's not Cold War, it's not an ideological fight like in the past. But I like the word 'value diplomacy'. I like that word, and I believe in it. You see, it's a country with a regime with strong power, be it a communist country, a socialist country, a dictatorship, an authoritarian country, whatever it is, and they are extreme. You have a country that likes liberal democracy. I'm for liberal democracy. I don't like strong power - regime countries.

The benefit that accrues from whatever regime is attached to which spectrum of the political system you are. In China, since Deng Xiaoping, you have a regime that opened up, opened to the West, expanded the business practice until they became successful, and they have built up their own network of business groups. And then you have Xi Jinping, who came up unhappy with the old regime, maybe with the old cronies, business cronies. So he built up a new one anyway.

But what I'm saying is that, yes, we have to do self-preservation. In every country, we have to ensure self-preservation through various strategies and policies. And ASEAN, we have to remain the way we have been. We have a country with a communist regime, we have a country with a democratic regime, we have a country with an absolute monarchy. But we will hang on together, and we are indispensable or relevant. It doesn't matter as long as we don't fight with each other. We have seen that since the beginning, we have not fought against each other, only Thailand and Cambodia on the Preah Vihear issue.

So, I think we have to face all these challenges in the future. As Ambassador Anuson pointed out, we have stayed the same course since King Rama IV. And let's see whether we can manage that. Now that we have a new government, I hope Ambassador Sihasak has some good input into the new foreign policy. And let's see whether he can manage what he has been preaching today or not. Thank you. This is a comment, not a question.

### **Dr. Anuson Chinvano**

Thank you very much for the comment. Can I ask Cheng-Chwee a question? I think it's interesting when you said that part of the hedging is 'active neutrality', as you called it. I just wonder how do you practice active neutrality.

### **Professor Kuik Cheng-Chwee**

Thank you very much for this very difficult and penetrating question. Let me address that, perhaps by highlighting what I thought were three emerging points that best reflect Southeast Asian approaches and narratives that I think are examples of active neutrality. These three might add to what Tom mentioned earlier. Tom was making a passing comment earlier that both the US and China are getting frustrated about Southeast Asian countries. These three points might highlight and deepen that even more.

Number one, the first point that I think is quite clear is that countries in Southeast Asia have been trying very hard to encourage, even quietly, some kind of 'constraintment' but caution against 'containment'. So, for Southeast Asia, active neutrality means, whether we say it openly or not, the position has always been we welcome some form of constraintment, but we caution against the danger of going too far. When constraintment becomes containment, there will be a new Cold War, and everybody will be in trouble. So, constraintment would mean we welcome efforts by various countries individually or in a group that help constrain any power. We believe in the balance of power; power can also be balanced vis-a-vis themselves. But we do not want to go too far. So, constraintment but not containment. That's number one.

Even on economic issues, I think active neutrality will also mean that we welcome diversification, but we do not like decoupling. We do not think that it is feasible or desirable.

And more fundamentally, the third point would be about the points Tom highlighted earlier on. We want multipolar, we do not want bipolar. We think that multipolarity is good for all countries. So, many actions by ASEAN countries, individually or as a group, have been trying to promote multipolarity but say no to bipolarity. A quick example would be, as a group, ASEAN countries have welcomed and also make sure that no single power dominates. When China wanted to upgrade the China-ASEAN relationship into a comprehensive strategic partnership, ASEAN countries did not deny it, did not say no, but delayed for a while, and then eventually said that we would do that with China and Australia. And so China and Australia were at the same time upgraded to ASEAN's comprehensive strategic partnership. That is a form of group-level active neutrality, sending a signal to all powers that, nothing personal, we just want to make sure that we are neutral and that there is space to remain neutral.

At the individual level, you see that all ASEAN countries have adopted a two-pronged strategy on almost everything. As a group, ASEAN countries have tried to avoid endorsing openly the QUAD and AUKUS. Some countries expressed their concern. But, in reality, we have always been trying to be pragmatic and engaged and to pursue partnerships with almost every power in order to ensure that no single power dominates and some form of balance of power will be there to constrain, but not to contain, to diversify but without being entrapped into the kind of decoupling because decoupling will result in a bifurcation. When bifurcation in an economic and technological sense happens, it will evolve into a strategic and all other elements. Because of that, bipolarity would continue to be a real threat and also a trap for all

of us in the region. The multipolar should be the way and also the direction for ASEAN countries as a group and individually, along with dialogue partners, to promote and practice active neutrality.

### **Dr. Anuson Chinvanno**

So that's clearer about active neutrality. Another question that I think we haven't discussed quite fully is actually the question of the US commitment to the region. To say commitment is a little strong, but at least US interest in the region. In the last maybe six or seven years, at least, you can see the change from the Obama Administration to Trump and then back to Biden. And then, Cheng-Chwee, you just mentioned the word "bifurcation" in technology and finance and that kind of thing. I think that is something that is worrying to a lot of countries in the region. If it happens, how do we manage it? Maybe Dr Pipat can say a little bit more about the possibility that we may have two separate technological and financial markets or whether that is a little far-fetched.

### **Dr. Pipat Luengnaruemitchai**

That's a very tough one, and I think economically, for Thailand in particular, and ASEAN in general, the US probably wants to show commitment to the region for sure because this is a big market where the growth is. I think Tom highlighted that. But at the same time, you see the movement in terms of the new investment trend that the US interest is probably depending less and less on investing in emerging markets because of the technological change. With a lot of automation and new technology, they want to secure lots of those in terms of new investments. So, you see many new investments picking up in the US thanks to the SHIP Act, Inflation Reduction Act, and all these things. The role of the US government in subsidizing investment to relocate back to the US itself is increasing.

So, you see less and less in terms of the role of the US in FDI in the region while you continue to see China's role in diversifying some of the investments abroad. I think that's a bit more contrast. So, you actually see relatively, I think, right now, in terms of foreign direct investment, China is playing a relatively more active role as an investor. If you look at the new FDI investors or the industrial estate land sales, it's all Chinese. So, you actually see growing interest and influence in terms of Chinese investors in the region. Or if you look at food service, there are a lot more Chinese restaurants around. In terms of the financial market, I think that's less of an issue because the trend in terms of technology is probably less. The role of the Western countries, the US, and all, are still very important.

### **Ambassador Sihasak Phuangketkeow**

As a policy maker of the Thai government, I think this is a question that I have to really ponder very carefully because the sustainability of US commitment is something that is subject to domestic politics. So, what we have to do is to make sure that US commitment is sustainable and to make sure that we remain relevant and of strategic importance. But I'm afraid that, you know, the United States has never had an enduring strategic interest on Mainland Asia. Strategic interest has been mainly on maritime, the sea lanes. And so, this sustainability of US commitment is something that is in the minds of many policymakers because when we go back to the Vietnam War, what happened. You had the Nixon Doctrine and then bye-bye. Remember

the Bush Administration? It was all about terrorism. And you probably forgot about China's rise and then focused a lot on the Middle East. And then suddenly you realise that China has already risen, and so you have this pivot to Asia. After the pivot to Asia, you had Trump, who was very unpredictable, hit hard at China and hit hard at allies. And now you have Biden, who sees China as the overarching challenge.

So, what we really like to see is, first, sustained commitment on the part of the United States. Second, we'd like to see consistent policy on the part of the United States. And I think this is very important when we talk about the role of the United States in the region.

### **Dr. Anuson Chinvanno**

Would you like to react to that, Tom? Because I think the question of continuity in that sense is quite important to Southeast Asian policymakers.

### **Mr. Thomas Parks**

Sure, it's very common when I'm in the room, and people say things about the United States, they look at me. I'm actually not a US official and never have been. But I would say, the US is distracted, and always has been. If you meet a US official in the State Department, they have a portfolio that spans the entire world, and it is just very hard for them to focus on Southeast Asia consistently the way that Japan can, the way that China can, the way that other key powers, like India and Australia, can.

What I think is changing, which is part of the motivation for this book, is that we shouldn't worry much about this. In fact, actually, it's fine if Japan, India, Australia and other countries that are partners of the United States play a direct or a much more direct role than the US in engaging in the region. They do it on their own terms; the US is okay with that. That is actually good for all of us. In my view, if we continue to focus on that they're allies of the US, so are they acting at the behest of the US? If you look for evidence that they're actually acting at the behest of the US, you find very little evidence. I was once an Australian official and saw very little evidence that Australia is acting at the behest of the United States in this region. So, as a result, we have this burgeoning web of cooperation which benefits everybody.

So, I don't get so worried about whether the US is focusing enough on this region. I worry about the US withdrawing because I think that would be destabilizing, but I don't see that as likely or on the horizon. So, we're moving into a direction where it's just a bigger, more complex region but where the US is not so central and not so principal in terms of the way that we all engage in the region. And I just think that's a good thing.

So, the thing about the Biden Administration is, even though the rhetoric about pushing back on China is often very strong, and that comes from different corners in Washington, actually, there are a lot of very thoughtful people inside the administration who have to play that game, but I think they realise that this type of direction is actually important for the US, and all the talk about strengthening alliances and getting closer to our friends, etc., that's part of this, right? There are different disagreements within that, but I guess I'm just not quite as worried about the US which is sort of disengaging. Thanks.

**Dr. Anuson Chinvanno**

Thank you. I don't think we actually worried so much about disengagement, but I think, as Ambassador Sihasak said, it's the consistency of US policy that makes us unsure. And so we would have difficulty factoring that into our own policy, and how we come up with our policy is again back to uncertainty. But that's a reality we have to live with because I think that's the nature of your democratic system, and we have to deal with that.

I think we have come to the end of our discussion. As I said, the theme was to provoke some thoughts, and I think our speakers, the panellists, have done an excellent job in provoking our thoughts. We'll see how that translates into measures, policies, of ASEAN countries in the future. With that, please give our panellists a round of applause. I'd like to thank all of you for your interest in attending this discussion. And we hope to be able to welcome you to our future events. Thank you very much.

### Biography of Speakers

#### **Dr. Cheng-Chwee Kuik**

Dr. Cheng-Chwee Kuik is Associate Professor and Head of the Centre for Asian Studies, the Institute of Malaysian and International Studies at the National University of Malaysia, and a nonresident fellow at the Foreign Policy Institute, SAIS, Johns Hopkins.

#### **Dr. Pipat Luengnaruemitchai**

Dr. Pipat Luengnaruemitchai is a managing director and the co-head of the CIO office at Phatra Wealth Management. He leads a team of analysts responsible for giving clients investment advice on global asset allocation as well as product selection.

#### **Ambassador Sihasak Phuangkitkeow**

Ambassador Sihasak Phuangkitkeow was former Vice Minister for Foreign Affairs under the government of Prime Minister Srettha Thavisin. He is one of Thailand's most senior career diplomats. His most recent postings were as Thai Ambassador to Japan between 2015-2016 and subsequently as Thai Ambassador to France between 2016-2018, during which he concurrently served as the Thai Permanent Delegate to UNESCO and his country's representative to the OECD. Throughout his career, he assumed a number of key positions both at home and abroad.

#### **Mr. Thomas Parks**

Thomas Parks is The Asia Foundation's Vice President for Strategic Partnerships. As a member of the Executive Team, he plays a central role in shaping the Foundation's overall strategy for impact and thought leadership. Tom is the author of *Southeast Asia's Multipolar Future: Averting a New Cold War* (Bloomsbury Academic, 2023), a book on the geopolitics of Southeast Asia. From 2017 to February 2024, he was the Foundation's country representative in Thailand, where he managed programs on economic development, education reform, digital technology, and international relations.



Introduction of the book

**“SOUTHEAST ASIA’S MULTIPOLAR FUTURE:  
AVERTING A NEW COLD WAR?”**

by Mr. Thomas Parks

Thailand Country Representative, The Asia Foundation



Speakers

**Seminar on**



**Amb. Sihasak Phuanketkeow**

Former Permanent Secretary,  
Ministry of Foreign Affairs,  
Thailand

**Dr. Pipat Luengnaruemitchai**

Managing Director,  
Kiatnakin Phatra



**SOUTHEAST ASIA:  
NAVIGATING A  
NEW COLD WAR?**



**Dr. Cheng-Chwee Kuik**

Professor and Head, Centre  
for Asian Studies,  
Institute of Malaysian  
and International Studies  
National University of Malaysia  
(UKM)



**29 AUGUST 2023**



**13.00 – 16.00 HRS.**



**SURASAK BALLROOM 1  
EASTIN GRAND HOTEL SATHORN**

**Dr. Anuson Chinvano**

Director of ISC  
Moderator



## Photos of the Event



Mr. Thomas Parks



### Moderator and Speakers

(left to right) Dr. Anuson Chinvano, Ambassador Sihasak Phuanketkeow, Dr. Cheng-Chwee Kuik and Dr. Pipat Luengnaruemitchai



**The International Studies Center (ISC)** aims to encourage the studies and analyses of relevant policies and issues in various aspects of diplomacy and international affairs, including foreign policy, international economics, international law, and international and regional organizations, as well as to create opportunities for policy and issue related discussion for the benefit of the formulation and conduct of diplomacy and foreign policy, while promoting public awareness and understanding of major foreign policy issues, through such activities as lectures, seminars, experts discussion, publications and broadcast.

Seminar Report is a series in ISC's publications which records proceeding from seminars, discussions and book launches organised by the International Studies Center.

*ISC Seminar Report Series*

**Seminar Report**

**Book Launch and Discussion | Rivers of Iron: Railroads and Chinese Power  
in Southeast Asia**

**by David M. Lampton, Selina Ho and Cheng-Chwee Kuik (Authors)**

ISBN 978-616-341-109-9

**Seminar Report**

**ISC Special Lecture | International Law and Emerging Technologies**

**by Professor (Emeritus) Vitit Muntarbhorn**

ISBN 978-616-341-146-4

**Seminar Report**

**Book Launch “Southeast Asia’s Multipolar Future: Averting a New Cold War”  
and Seminar “Southeast Asia: Navigating a New Cold War?”**

**by Mr. Thomas Parks (Author), Ambassador Sihasak Phuangketkeow,  
Dr. Pipat Luengnaruemitchai and Dr. Cheng-Chwee Kuik**

ISBN 978-616-341-150-1



**INTERNATIONAL STUDIES CENTER (ISC)**

The Government Complex (Building B, 8th Floor),  
Chaengwatthana Road, Bangkok 10210, Thailand

**email:** [isc@mfa.go.th](mailto:isc@mfa.go.th)

**website:** [www.isc.mfa.go.th](http://www.isc.mfa.go.th)