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Southeast Asia and US-China Strategic Competition

Implications for Strategic Stability, Deterrence, and Nonproliferation

EDITED BY
DAVID SANTORO

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Background

In the spring of 2025, the Pacific Forum conducted a workshop on "Southeast Asian Views on Rising US-China Strategic Competition and Implications for Strategic Stability, Deterrence, and Nonproliferation" in Bangkok, Thailand. Approximately 20 scholars and officials from Southeast Asia and the West attended, all in their private capacity.

The off-the-record discussions provided an opportunity to discuss, in regular meeting sessions, the following topics: the strategic landscape in the Indo-Pacific, especially in Southeast Asia; China's strategic behavior and its military – nuclear – modernization; the US and allied response so far; and the Southeast Asian response, as of now. The workshop also included a two-move scenario-based exercise featuring an escalating crisis and contingency over Taiwan.

This report lists all key findings and recommendations from the workshop.

<u>Key findings and recommendations from presentations and discussions in regular meeting sessions</u>

Often deemed to be "the new center of gravity" in the era of US-China strategic competition, Southeast Asia nonetheless has not been sufficiently in focus in the West. Southeast Asian views of, and actions to address, the competition, especially as it related to strategic stability, deterrence, and nonproliferation, remain largely understudied, and thus too often unknown.

So, just as Western countries should make every effort to re-learn quickly much of the Cold War's key terms, concepts, and practices to navigate this new era effectively, they should also devote considerably more attention to, and learn about, ongoing dynamics in Southeast Asia, because this subregion is, more than any other, on the front lines of US-China strategic competition.

Southeast Asians are generally clear-eyed about the new security environment, its key features, and the current and looming dynamics. They see increased potential for crises, conflicts, and even confrontations between the United States and China, as the competition continues to heat up. In addition to expressing concerns about the possibility of escalating accidents or incidents over the South China Sea, Taiwan, or the Korean Peninsula (especially the first two, because the implications for them would be far-reaching), they worry about the impact of new and emerging technologies, which, as one participant noted, "will likely enhance not just the unpredictability of wars, but also their lethality and reach."

Southeast Asians also see the looming emergence of nuclear power in the region as a potential source of instability. So, while committed to investing in small modular reactors to enhance their energy security and help their transition to a greener economy, many Southeast Asian countries are concerned by the geopolitical challenges that nuclear power development could pose, and especially what could happen in the event of regional crises or contingencies. Some said that they want to avoid at all costs a situation similar to the one that has been taking place over the Zaporizhzhia Nuclear Power Plant in Ukraine.

Examining the geopolitical impact of the emergence of nuclear power in Southeast Asia is thus an important topic of research. That topic should also be on the agenda of existing regional security dialogues, both at the track-1 and track-2 levels. In the case of the latter, discussions should take place under the auspices of the Pacific Forum-led "Nuclear Energy Experts Group" of the multilateral "Council for Security Cooperation in the Asia Pacific," known as the CSCAP NEEG.

While all Southeast Asians fear to be "caught in the middle" of the intensifying US-China strategic competition or, worse, a US-China crisis, conflict, or open war, they do not have a uniform response to this problem. Some, such as the Philippines, which has, of late, been the target of intense Chinese coercive actions, have chosen rapprochement with the United States. By contrast, others, such as Indonesia, believe that their best bet is not to choose, i.e., to adopt an equidistant approach to the United States and China, with some in that group de facto leaning more towards China, as is the case of Lao PDR or Myanmar.

Southeast Asia, in other words, is split between those who opt for using their alliance relationship with the United States to maintain their independence and those, on the contrary, who think that sticking to nonalignment is how they will best preserve themselves. Regardless of their approach, however, it is important to note that Southeast Asian countries all have the same goal: secure their sovereignty and promote stability so that they can prosper economically. They value, in sum, the preservation of the status quo.

Conducting a more granular typology of each specific Southeast Asian country's positions and responses to the US-China strategic competition would be a good first step to helping better understand, and therefore better address, strategic thinking and behavior in the subregion.

Note, for instance, the complexity of the Vietnam case. Hanoi is worried about developments in the South China Sea and their potential impact on its security. Yet the careful balancing of its relationships with China and the United States makes it challenging for Vietnam to turn to Washington for support. This is an important finding because it may well be a problem that the United Kingdom or others in Europe could help address.

Southeast Asians contend that there is no strategic stability at the moment, either at the global or regional – Indo-Pacific – levels. One participant said that the current strategic situation was "in flux," and another insisted that "there can't be strategic stability without

nuclear parity," adding that "a major problem is that China has a significant advantage over the United States when it comes to non-strategic nuclear weapons." Southeast Asians, therefore, are deeply worried about the current strategic landscape, and its general trajectory.

In this context, Southeast Asians concurred that, while they are not directly involved in these dynamics, they should strengthen their own resilience, notably in the maritime domain, which many regard as "increasingly connected to strategic stability." Doing so is important, they say, because it will help improve their agency and thus influence, as will, they argue, the preservation and even the strengthening of the Southeast Asian Nuclear-Weapon-Free Zone, dubbed SEANWFZ. The latter is the legally binding treaty that makes Southeast Asia free of nuclear weapons and other weapons of mass destruction, and which the five permanent members of the United Nations Security Council, all "nuclear-weapon states" as defined by the Nuclear Nonproliferation Treaty, are yet to endorse.

To be sure, many Southeast Asians are also quick to stress that there are nonetheless hard limits to what they can do and how much they can influence or shape, highlighting that their fate will remain largely dependent on US and Chinese decisions.

In that spirit, a good topic of research would be an in-depth analysis of "the realm of the possible" for Southeast Asia in, for lack of better terms, the "strategic nuclear" area. Of note, however, the latter needs to be broadly defined in a Southeast Asian context: strategic stability and, by extension, issues pertaining to nuclear weapons are, by and large, foreign concepts for Southeast Asians, who would rather talk about balancing major powers and building regional capacity and resilience, especially in the maritime domain.

By and large, Southeast Asians do not dispute that Beijing is engaged in a crash nuclear build-up. They wonder about the "true scale and scope" of that program, however, and highlight that, from their perspective, it is not a gamechanger. Western explanations that the Chinese build-up is revolutionary, both because it adds to the complexity of an already extremely charged nuclear environment and because it transforms that environment because opposing "nuclear blocs" are emerging as a result, did not appear convincing to them.

Significantly, a few Southeast Asians also stressed that asking the empathic question of why Beijing has opted for a build-up is perfectly legitimate. As one participant put it: "Did we really expect China to maintain a small nuclear arsenal even as its power grows, and as the security environment is deteriorating dangerously, and fast?"

Still, Southeast Asians are concerned by the apparent rapid pace of development of the Chinese nuclear arsenal, and especially the lack of transparency about its key features, and its goals. There was agreement and understanding that in that context the United States and others would have to make assessments and defense planning decisions based on worst-case scenarios.

Of note, while some Southeast Asians argue that Beijing would be inclined, for reputation purposes, to honor its longstanding "no-first-use policy," many acknowledged that in an intense crisis or conflict situation (notably over Taiwan), China would most probably threaten to use – perhaps even outrightly use – nuclear weapons. In that context, two Southeast Asians said that the build-up is "undoubtedly" meant to enable Chinese conventional aggression in that it will provide a "nuclear cover" to prevent or, at a minimum, complicate greatly responses by the aggressed nation and its allies, as described in the academic literature by the "stability-instability paradox".

More work is needed to increase knowledge of, and, insofar as possible, align thinking in, Southeast Asia about the Chinese nuclear build-up and its strategic consequences and implications. Doing so is important and within reach because the pool of Southeast Asian national security experts and strategists interested in this topic is very limited – Southeast Asian participants confessed as much – and knowledge appears too often colored by Southeast Asian countries' political relationships with the United States and China.

What's more, greater Southeast Asian alignment about the challenges posed by the Chinese nuclear build-up should be seen as a first step towards mounting an international pressure campaign against Beijing to request that, at a minimum, greater transparency about its nuclear arsenal and the goals of the build-up.

Southeast Asians understand, in current circumstances, that the United States and its allies are interested in building a stronger and more cohesive collective security, even collective defense regime in the Indo-Pacific, including via new platforms, mechanisms, and arrangements, such as the Quadrilateral Security Dialogue, which includes Australia, India, Japan, and the United States, or the Australia, United Kingdom, and United States security partnership (dubbed AUKUS), among others.

Some Southeast Asian countries are fully onboard with that approach. Two representatives from the Philippines, for instance, said the following in reference to the new, emerging US-Japan-Philippines trilateral engagement: "We've learnt that we've been getting the same results from Beijing whether we choose to appease or confront, so building a regime that prevents Chinese aggression or the emergence of China as a regional hegemon is the way to go."

While understanding US/allied motivations, other Southeast Asians are more skeptical. They worry about the implications for the Association of Southeast Asian Nations (ASEAN), especially its longstanding centrality in the institutional architecture of the wider Indo-Pacific. They fear, in other words, a loss of "ASEAN control," even as they admit that the Association was never designed to resolve major-power issues, let alone confrontation, and, what's more, that it has failed to address much less difficult problems in its own backyard, such as, of late, the ongoing civil war in Myanmar.

Southeast Asians also have questions about the new, emerging regional platforms, mechanisms, and arrangements. One participant, for instance, stressed that the United

States and its allies always insist that AUKUS "is not against anybody" and asked: "Then what is it against, or what is it meant to achieve exactly?"

In light of such skepticism and questions, those involved in strengthening the region's security and defense architecture should develop a much better narrative and socialize it in a much more systematic manner with all regional countries, notably in Southeast Asia. This is important, and not a waste of time because Beijing and Moscow are behind sophisticated campaigns of mis- and dis-information about these topics, and such campaigns are effective; false information about AUKUS has been especially abundant, for instance.

In so doing, the rule of the game should be transparency. Of note, for instance, one Indonesian participant highlighted that Jakarta and Canberra had a "2+2 Ministerial Dialogue" just a few days before AUKUS was announced, and he said that Australian officials did not even give a heads-up to their Indonesian colleagues. As he put, "that's not good practice, and it's undermining greatly and unnecessarily potential Indonesian support."

At the most general level, Southeast Asians recognize that the United States and its allies have been, as one participant put it, "a stabilizing force" for the region, and that's why they, by and large, welcome increased US involvement. Southeast Asians also describe growing involvement by China as "potentially good," but stress that "Beijing's very and, it seems, increasingly hostile approach has had a chilling effect." Of late, particularly worrisome to all Southeast Asians has been Chinese coercive actions against the Philippines, and the potential impact on shipping lanes should the situation morph into an open conflict or war.

Southeast Asians, therefore, see deterrence as essential to manage current and looming regional dynamics, and are increasingly vocal about the need to strengthen it. They also quickly make two additional points, however:

First, the United States and its allies should focus considerably more on "non-military deterrence," and in that context, Southeast Asians talk about the need for much greater economic engagement between them and the West. In addition to being good in and of itself, they stress that such an engagement is also essential to counter China more effectively.

Second, Southeast Asians point out that deterrence is only one side of the coin. They say that reassurance, too, is crucial. In that spirit, and in reference to Taiwan, several Southeast Asian participants insisted that there should be clarity both about what we are trying to prevent – deter – and about what happens if we do.

Both are important topics of research.

<u>Key findings and recommendations from the scenario-based exercise</u>

The scenario-based exercise featured a two-move escalating crisis over Taiwan involving an invasion of the Island by the People's Liberation Army (PLA) that turns into a broader

contingency as Beijing launches an attack against US forces in the Philippines and in the East China Sea, all the while as it is making military threats against any country that decides to intervene or assist an intervention to counter ongoing PLA operations.

After initial questions about the US willingness to respond to such an incident or to let the invasion proceed unimpeded, participants concurred that the United States would want (have) to act. Of note, questions about US intentions were raised because, as one participant insisted: "Washington has just abandoned Ukraine in part on the argument that there is a big ocean that separates the United States from Ukraine, so who's to say that it would want to step up and rescue Taiwan, especially given that the ocean that separates the United States and the Island is a lot bigger?"

Still, most participants noted, though not with high confidence, that the United States had identified China as its number one competitor and that it would thus be inclined to get involved.

Unsurprisingly, at the outset of the crisis, the Southeast Asian reaction was overwhelmingly motivated by an interest in preventing escalation and in restoring the status quo – peace – as quickly as possible, even as participants talked about the need to evacuate their nationals from Taiwan. Southeast Asians all stressed that they would not want the crisis to lead to the use of force, let alone to nuclear threats or, worse, nuclear use.

Most Southeast Asians insisted that the subregion, by and large, would want to remain neutral and stay completely out of the crisis/conflict.

Not everyone agreed, however. Case in point: representatives from the Philippines insisted that it would be important for Manila "to stand by Washington" given their treaty alliance, adding that "if Taiwan falls, we could very well be next on China's hit list." Representatives from the Philippines also stressed that they would reach out to other US allies, notably Japan and Australia, and discuss response options with them as well. (Participants agreed that US allies, notably Japan and Australia, would most likely follow the US lead and get involved as well.)

A Singaporean participant, meanwhile, noted that Singapore would want to discourage the United States from responding militarily but insisted that Singaporean authorities would provide Washington the support it needs and wants if a decision to intervene were made.

There was agreement among many, however, that China would probably have the upper hand in the conflict because Beijing would quickly establish sea and air superiority in and around Taiwan, likely before the United States and its allies can respond in any serious manner. A few participants disagreed, noting that the PLA has little war experience and, more importantly, that it would be facing a very capable US-led coalition.

More fundamentally, several participants noted that there would be more than "just" a major asymmetry of geography in China's favor: there would also be a major asymmetry of

stakes. As one participant put it, "the situation would be existential for China, and the United States's only choice to regain the initiative would be to conduct military actions on Chinese territory, which would constitute a major escalation and an action that Washington might thus not want to risk, especially because US stakes in the conflict would be lower than China's."

Several participants asked, in these circumstances, why the United States would then want to get involved in the first place. The response appeared clear to many: Washington would want to make the threat of action very real, including possibly by making nuclear threats, hoping that doing so would force Beijing to back down. If push came to shove, however, many argued that US officials would likely fold.

There was agreement that the situation would be extremely dangerous and could very well degenerate and lead to nuclear exchanges.

The discussion then moved onto the importance of increased US presence in the region and the need to develop a credible collective strategy of denial, i.e., a multilateral effort that convinces Beijing that any attempt by the PLA to seize Taiwan militarily would fail, and that even in the event it succeeded, the long-term consequences for China would be so painful that going down that road in the first place would appear prohibitive.

Fleshing out what that effort looks like and what it would mean for Southeast Asia in terms of roles and responsibilities is an important topic for further research.

Finally, and significantly, Southeast Asian participants confessed that there has been little thinking in Southeast Asian capitals about the impact of a contingency over Taiwan, and of what the fall of Taiwan would mean for the subregion. They concurred that more thinking and work in this area should be a priority, both at the subregional level (in Southeast Asia) and at the broader Indo-Pacific level and beyond, i.e., with the involvement of US allies and partners.

In that spirit, Western countries should consider encouraging more discussions on these themes and topics with and among Southeast Asians. Additionally, helping train the next generation of Southeast Asian strategic thinkers and doers by offering training courses, degree scholarships, or various forms of fellowship support would be a good and wise long-term investment.

David Santoro

President

Pacific Forum

What are the lessons of ASEAN's experience during the Cold War?

By
Renato Cruz De Castro

Introduction

In the second decade of the twenty-first century, an emergent and aggressive China is undermining the regional balance of power and seems determined to upend the post-1945 order led by the United States. Beijing seeks to create a new type of great power relations that requires revising the existing regional order, which it sees as unjust and disadvantageous to itself and its goals. [1] Leveraging its newfound and comprehensive economic and military power, China's actions to reshape that order impact regional stability. The result is rising competition with the United States.

In mid-2019, the ten members of Association of Southeast Asian Nations (ASEAN) adopted the Indonesian-sponsored non-binding "ASEAN Outlook on the Indo-Pacific" (AOIP). [2] Despite disagreements between member states, the AOIP is a testament to ASEAN's determination to respond to rising US-China competition and assert its centrality in the region.[3]

The AIOP is a response to the US Indo-Pacific Strategy, which was designed to balance China's growing regional influence.[4] The document does not mention the United States or China by name and tiptoes around the contentious South China Sea dispute by referring to "unresolved maritime disputes and unsustainable exploitation of marine resources and maritime pollution." [5] It articulates ASEAN's role in fostering cooperation, peace, and a culture of dialogue.[6] It envisions the Pacific and the Indian Oceans not as a contiguous territorial space but as a closely integrated and interconnected region. It further emphasizes ASEAN's comprehensive security approach through joint maritime undertakings, sustainable cooperative development projects, and other areas of collaboration or connectivity.[7]

ASEAN's adoption of the AOIP reflects its interest in balancing the two great powers and acting as a broker. ASEAN intends to serve as the intermediary between the United States and China. That approach enables ASEAN to pursue a policy of selective engagement, in that it can choose to collaborate with the United States or China if and when what they propose aligns with its interests and values.[8] The goal is to enable ASEAN to 1) act as a mediator between the United States and China from a strong negotiating position and 2) engage with the United States and China, while maintaining and ensuring ASEAN's unity and cohesion.

ASEAN's twenty-first-century policy of selective engagement is based on its Cold War-era equibalancing gambit. During the Cold War, this budding regional organization pursued a policy of equibalancing between the United States and its allies versus the Soviet Union and the client states. With that approach, ASEAN managed the regional involvement of external powers to achieve regional stability.

This analysis explores how ASEAN is managing the current US-China strategic competition in the Indo-Pacific. It examines ASEAN's efforts to develop a strategy that relies on its longstanding policy of equibalancing between great powers.

ASEAN during the Cold War

ASEAN was formed in 1967 as a regional organization of small and middle powers with limited military and economic capabilities. ASEAN maintains a low level of codification and institutionalization and relies on informal approaches to practice its member-state commitment to non-interference in the affairs of other member states, the non-use of force and the settlement of conflicts through peaceful means.[9] It operates on the principle of consensus when making decisions. In practice, it has focused on the lower bar of conflict

[1] M. Lida, "China's Foreign Strategy Causes Friction with the Existing World Order" in M. Lida, (Ed.) *NIDS China Security Report 2019: China's Strategy for Reshaping the Asian Order and its Ramifications*. (Tokyo: The Japan Times, LTD, 2019). pp. 6-23.

[2] Asia News Monitor. "Indonesia: ASEAN Leaders Agree to Adopt ASEAN Outlook on Indo-Pacific," *Asia News Monitor*, (June 25, 2019). p. 1.

[3] B. Singh, B., & T.Z. Henrick, *ASEAN Outlook on Indo-Pacific: Seizing the Narrative?* Singapore: S. Rajaratnam School of International Studies (2020). p.1.

[4] BBC Monitoring Asia-Pacific, "ASEAN Foreign Minister to Seek Common Indo-Pacific Strategy," *BBC Monitoring Asia-Pacific*, (January 18, 2019) pp. 1-2.

[5] H.Y. Tan, "ASEAN Tiptoes around Contentious Issues," *The Strait Times*, (June 24, 2019).p.2.

[6] Asia News Monitor, "Indonesia: ASEAN Leaders Agree," p.1.

[7] Amitav Acharya, "Why ASEAN's Indo-Pacific Outlook Really Matters," *The Australian Financial Review*, (August 12, 2019) p. 10.

[8] Shoji Tomotaka, "ASEAN's Neutrality: A Survival amid U.S.-China Confrontation," in M. Masayuki (Ed.) *The Shifting Dynamics of Great Power Competition*. (Tokyo: The Japan Times, LTD, 2023).pp. 89-110.

[9] C.A. Kupchan, *How Enemies Become Friends: The Sources of Stable Peace.* (Princeton, New Jersey, United States of America: Princeton University Press, 2010).

management or reduction rather than conflict resolution.[10]

Southeast Asia was an arena for great powers' competition during the Second World War and again during the Cold War. The reason was simple: the subregion has no country with sufficient economic or military might to prevent external powers from exerting their power and influence.

Five original member states—Indonesia, Malaysia, the Philippines, Singapore, and Thailand—formed ASEAN and designed a strategy of equibalancing between great powers in an effort to keep them at bay during the Cold War. The five non-communist Southeast Asian states used ASEAN to keep North Vietnam, China, and the Soviet Union in check, while relying on outside external powers like the United States for security assistance. Yet they steered clear of being overly reliant on the United States and transforming the organization into one that focused on collective defense like the North Atlantic Treaty Organization or the discredited Southeast Asian Treaty Organization.

Pitting one great power against another enabled ASEAN to limit the ability of these powers to interfere or exert too much influence in Southeast Asian affairs. It empowered ASEAN to exercise autonomy and impartiality. With that strategy, smaller powers fostered diplomatic linkages and economic activities with competing great powers, allowing them not only to influence these powers' policies, but also to insulate themselves from undue external influence. In short, that strategy enables smaller states not only to maneuver and survive, but also to gain some control on strategic dynamics.

Celebrating the ASEAN Way

ASEAN survived the Cold War, standing as a cohesive regional group that had developed a unique and successful approach to peace, stability, and development in East Asia.[11] However, it has been a weak organization, hampered by chronic internal disputes among its five original member-states. Still, it helped foster new ideas about East Asian regionalism and remains the region's most successful organization, as US alliances have dominated the scene.

The ASEAN approach is often referred to as the "ASEAN Way," the distinctive approach to interstate relations and regional cooperation marked by the avoidance of formal mechanisms and legalistic procedures for decision-making, quiet diplomacy, projection of adversarial posturing in negotiations, and sublimating and diffusing conflicts instead of resolving them.[12] ASEAN celebrated the success of the ASEAN Way when the five original member states were handed the leadership role of forming the ASEAN Regional Forum in the early 1990s.

ASEAN then proceeded to reconstruct the norm of common security so that its institutional expression conformed with the ASEAN Way and acknowledged ASEAN as the leading platform for developing a broader regional security organization.[13] Based on consensus, ASEAN developed an informal dialogue system.

Amidst the celebration and euphoria of ASEAN's success as the only multilateral organization that survived the Cold War, the member-states, however, overlooked two critical factors: 1) ASEAN's relative cohesion as a regional association because of its five original member states; and 2) Southeast Asia was a peripheral part of the Cold War rivalry between the United States and Soviet Union.

Expansion and geopolitical divides

In the early 1990s, ASEAN pursued its "One Southeast Asia" goal, which was marked by efforts to create an inclusive regional organization. That involved ASEAN member-states incorporating other Southeast Asian states into a regional organization. In July 1995, Vietnam became ASEAN's seventh member. In 1997, ASEAN admitted Laos and Myanmar. In April 1999, Cambodia became the 10th member of ASEAN.

The expansion of ASEAN created a geopolitical divide within the organization, between continental Southeast Asian states such as Cambodia, Laos, and Myanmar, which share common borders with China and are under pervasive Chinese economic and

[10] Andrew Yeo, *Asia's Regional Architecture: Alliances and Institutions in the Pacific Century.* (Stanford, California, United States of America: Stanford University Press, 2019).

[11] Amitav Acharya, *The Making of Southeast Asia: International Relations of a Region*. (Singapore: Oxford University Press, 2012).

[12] *Ibid.*

[13] Yeo, "Asia's Regional Architecture."

diplomatic influence, and the five littoral Southeast Asia states: Indonesia, Brunei, Singapore, Malaysia, and the Philippines.

Continental Southeast Asia states feel that they have no choice but to bandwagon with China. Littoral Southeast Asian states, however, are separated from continental Asia by the South China Sea, which insulates them more from direct Chinese influence and power. As a result, littoral Southeast Asian states adopt policies ranging from hard balancing, soft balancing, accommodation, and even ambivalence.[14]

In July 2012, Beijing used this geopolitical divide during the 45th ASEAN Annual Meeting in Phnom Penh. This was the first time in the ASEAN's history that the ministerial meeting did not issue a formal communique. This failure stemmed from Cambodian Foreign Minister Hor Nam Hong's objection to any mention of the 2012 Scarborough Shoal stand-off between Filipino and Chinese civilian vessels, and to the Vietnamese and Filipino proposals to include the various marine incidents involving their ships and Chinese patrol boats. By vetoing any reference to the 2012 Scarborough Shoal standoff, Cambodia supported and took China's position that the South China Sea dispute should not be discussed in international forums, especially if it involves external powers, preferring instead bilateral negotiations with individual Southeast Asian claimant states.[15]

The US-China strategic competition and the end of equibalancing

The South China Sea imbroglio is an important issue in the US-China strategic competition in the Indo-Pacific. The United States uses its naval power to enforce the freedom of navigation operations and to deny China's excessive claims in the South China Sea, which Beijing has of late advanced in an increasingly aggressive manner. [16] The United States has also restructured its Indo-Pacific forces to confront China and better respond to conflicts in the South China Sea.[17]

Southeast Asian states have responded by equibalancing the United States and China. In particular, Indonesia, Singapore, Thailand, and Vietnam pursued their respective versions of selective engagement in dealing with both powers. But China's emergence as a military and economic power and the growing perceptions of a diminished US presence in the region have forced ASEAN member-states to reexamine their security interests.

Some Southeast Asian states have decided to diverge from ASEAN's policy of equibalancing. Cambodia, Laos, and Myanmar have moved away from the strategy of selective engagement and opted to bandwagon with Beijing. Others, such as the Philippines, have pursued hard balancing against China, especially when it comes to the South China Sea dispute. Manila has also strengthened its alliance with the United States and developed security partnerships with other US allies such as Japan, South Korea, and Australia.

These developments have had significant implications for ASEAN cohesion. They have eroded ASEAN's centrality and its ability to manage relations with the great powers, weakening its preference for not taking sides in the deepening twenty-first-century great power competition.

Learning from the Cold War

An important lesson ASEAN can derive from its Cold War experience is that Southeast Asia is a subregion that attracts the attention of great powers. During the Cold War, these Southeast Asian states applied a policy of equibalancing one great power against the other. Given the return of great power competition to the region, ASEAN should return to its diplomatic gambit of equibalancing between China and the United States and opt for selective engagement.

Unfortunately, ASEAN today is weaker and less cohesive than during the Cold War because of the geographic divide created by its post-1991 expansion. In 2012, China exploited that divide during the ASEAN Summit in Phnom Penh, Cambodia.

US-China strategic competition further opens this geopolitical divide within ASEAN. The Philippines, Cambodia, Laos, and Myanmar have opted for alignment policies (with the United States in the case

[14] Hubert Murray, *Under Beijing Shadow: Southeast Asia's China Challenge*. (Lanham, Maryland: Rowman and Littlefield, 2020).

[15] Ralf Emmers, "ASEAN's Search for Neutrality in the South China Sea," *Asian Journal of Peacebuilding*, 2(1), (2014). pp. 61-77.

[16] National Institute for Defense Studies. *NIDS China Security Report: NIDS China Security Report 2018*. (Tokyo, Japan : The Japan Times LTD, 2018).

[17] Bill Gertz. "U.S. Bolstering Pacific Military Forces to Counter Massive Beijing Buildup: Pacific Commander Calls China Greatest Long-Term Threat," *Real Clear Defense*, (February, 13, 2019). p. 1.

of the Philippines and with China in the case of Cambodia, Laos, and Myanmar) instead of ambiguous equibalancing policies through selective engagement. That has weakened the regional organization's cohesion. ASEAN member-states should consider building institutions for security cooperation, which requires a strong and centralized leadership endowed with vigorous bargaining capabilities to navigate the various actors' preferences and organization constraints.[18] Failure to do so could be fatal to ASEAN, and that would place Southeast Asia in a difficult position.

In these circumstances:

1. ASEAN should review and revitalize its diplomatic and strategic goals. ASEAN member states should review their original goal of solely pursuing cooperation. They should consider other forms of interstate work short of integration.

2. ASEAN should pay more attention to its original goal of economic cooperation and integration—ASEAN member states should jump start the association's original goal of economic cooperation/integration. It should develop the political well to take the tentative steps of creating a ASEAN free-trade area, and later a customs union. An economically integrated ASEAN will enable its member states to pursue diplomatic and strategic autonomy vis-à-vis the great powers in the region.

3. ASEAN should create Organizational Institutions that Could Foster Greater Cooperation and even Integration—throughout its history as a regional organization, ASEAN member-states have prevented the creation of any powerful secretariat or commission that can manage the association on the day-to-day basis and formulate plans for further cooperation and integration. The member states should consider strengthening the ASEAN secretariat and forming a permanent working council below the ASEAN summit that could further enhance ASEAN cooperation.

4. ASEAN should consider reforming its informal process of consultation and reliance on unanimity in decision-making. ASEAN member states have relied on a constant process of mutual consultation and unanimity in decision-making. Unfortunately, these processes have caused paralysis in ASEAN. Member states should examine how the Association could go beyond constant consultation and organizational stagnation due to its reliance on consensus-building rather that decision actions.

5. ASEAN should strengthen and institutionalize security cooperation among themselves and with external powers. Although ASEAN is not a military alliance, its member states hold military exercises and maintain security relations with each other and with external powers. They should deepen these activities.

[18] Yeo "Asia's Regional Security Architecture."

Contrasting Southeast Asian views on US-China strategic competition

By
Ngo Di Lan

Introduction

The past several years, particularly between 2022 and 2025, witnessed Southeast Asia emerging as a focal point of intensifying strategic competition between the United States and China. During the latter part of the Biden administration, US officials frequently referred to the region as "the new center of gravity," signaling elevated strategic interest. Yet this rhetorical emphasis was not always matched by consistent policy execution, leaving many Southeast Asian governments uncertain about the durability of US engagement. The return of President Donald Trump to the White House in January 2025 introduced unexpected policy shifts, notably hefty tariffs imposed on many Southeast Asian economies, which unsettled the region's economic calculus and raised uncertainties about US commitment and predictability.[1]

Meanwhile, China under Xi Jinping sought to deepen its regional engagement, emphasizing ideological affinity, strategic infrastructure initiatives such as the Belt and Road Initiative, and economic interdependence to position itself as a stabilizing alternative amid perceived US volatility.[2] At the same time, however, Beijing's tone toward the region grew more assertive, which several regional experts increasingly characterize as "hostile" or "aggressive," a trend that has had a chilling effect on some bilateral relationships.

Rather than forming a coherent regional response to these dynamics, Southeast Asian states have exhibited diverse perceptions and strategies reflecting their distinct historical experiences, economic structures, and security priorities. What follows is a comparative analysis of eight Southeast Asian countries—Vietnam, Indonesia, the Philippines, Malaysia, Thailand, Singapore, Cambodia, and Laos—to illustrate how varying national outlooks on US-China rivalry shape policy preferences and diplomatic behavior.[3] Understanding these divergent views is crucial not only to better understand regional dynamics, but also to effectively manage strategic tensions and foster regional stability.[4]

Southeast Asian views

Vietnam

Vietnam's strategic outlook toward US-China competition is influenced by historical experiences, geographical proximity, and economic pragmatism. Traditionally wary of external dependence, Vietnam carefully manages its relations with both China and the United States to maximize its national autonomy. The relationship with China is multifaceted: it is marked by ideological solidarity as fellow socialist states, but also complicated by maritime territorial disputes. Recent high-level visits by Xi Jinping to Vietnam in 2023 and 2025 underscored mutual socialist rhetoric, yet practical cooperation primarily focused on economic and non-sensitive military exchanges, signaling Vietnam's cautious approach.[5]

Conversely, Vietnam's deepening ties with the United States, notably the elevation to a "comprehensive strategic partnership" in 2023, reflect Hanoi's strategic hedging in response to concerns over maritime sovereignty.[6] Economically, Vietnam benefitted significantly from US supply-chain diversification away from China, becoming a key manufacturing hub for US brands.[7] Vietnam thus continues to balance economic ties with China with an ever deepening partnership with the United States, maintaining autonomy without fully aligning with either power.

The Philippines

The Philippines' strategic approach toward US-China competition has shifted significantly under President Ferdinand Marcos Jr. since 2022. Similar to Hanoi, Manila has serious concerns over its maritime sovereignty in the South China Sea, which have

[1] "Southeast Asian Governments React to Punitive Trump Tariffs," *The Diplomat*, April 2025, https://thediplomat.com/2025/04/southeast-asian-governments-react-to-punitive-trump-tariffs/.

[2] "China's Xi to Visit Three Southeast Asian Nations This Month," *Channel News Asia*, April 2025, https://www.channelnewsasia.com/east-asia/xi-jinping-sea-tour-malaysia-cambodia-vietnam-china-tariffs-5056911.

[3] Brunei and Myanmar are not included in this analysis due to limited public articulation of strategic outlooks in Brunei's case, and Myanmar's exceptional post-coup context.

[4] "Critical Issues for the United States in Southeast Asia in 2025," The Asia Foundation, October 2024, https://asiafoundation.org/wp-content/uploads/2024/10/Critical-Issues-for-the-United-States-in-Southeast-Asia-in-2025.pdf.

[5] "China's Xi Jinping Hails Ties with Vietnam Ahead of Southeast Asia Tour," *The Diplomat*, April 2025, https://thediplomat.com/2025/04/chinas-xi-hails-ties-with-indonesia-ahead-of-southeast-asia-tour/.

[6] "Vietnam's Delicate Balancing Act Between the US and China," *Responsible Statecraft*, April 2025, https://responsiblestatecraft.org/vietnam-tariffs/.

[7] "Vietnam Emerges as Key Alternative Manufacturing Hub Amid US-China Tensions," RAND Corporation Report, 2024, https://www.rand.org/content/dam/rand/pubs/research_reports/RR4400/RR4412z6/RAND_RR4412z6.pdf.

shaped its increasing alignment with the United States. The signing of the General Security of Military Information Agreement, known as GSOMIA, with the United States in November 2024 marked an enhancement in defense and intelligence cooperation. [8] Enhanced military exercises and procurement of advanced weapon systems further reflect Manila's decision to reinforce security ties with Washington, driven by heightened security threats in maritime areas disputed with China.[9]

Despite this security alignment, economic linkages with China remain significant, including infrastructure investments and trade. Manila continues to carefully manage economic interdependence with China, reflecting a strategic balancing act driven by pragmatic considerations.[10] However, the Philippines' increased reliance on US security guarantees signals a nuanced but discernible shift toward greater strategic caution vis-à-vis China.

Indonesia

Indonesia adopts a consistently pragmatic and neutral stance toward great-power rivalry, shaped by its size, strategic location, and perception as the informal leader of ASEAN, which Southeast Asian countries consider to be, as they always have, the key regional institution.

Indonesian leaders has hitherto emphasized multipolarity and strategic autonomy, avoiding explicit alignment with either superpower. However, recent years witnessed Jakarta's deepening relationship with Beijing through strategic cooperation, especially in maritime security and defense technology, contributing to Indonesia's overall goal of maintaining peace and stability in the maritime domain.[11] China's Belt and Road Initiative also aligns closely with Indonesia's infrastructure and economic priorities, enhancing bilateral cooperation without overt strategic alignment.[12]

Simultaneously, Indonesia cautiously engages with the United States, particularly on issues such as maritime security, defense capability building, and regional stability initiatives. [13] Jakarta manages its diplomatic interactions to minimize friction between the two great powers, maintaining neutrality to protect its economic growth and regional influence. Thus, Indonesia's strategy seeks equilibrium, maintaining beneficial ties with both Washington and Beijing while cautiously positioning itself as a stabilizing regional actor.

Malaysia

In recent years, Malaysia's strategic positioning has reflected a subtle but notable shift toward deeper engagement with China, especially under Prime Minister Anwar Ibrahim. While still officially maintaining a neutral foreign policy and affirming ASEAN centrality, Malaysia has leaned into expanded economic and political ties with Beijing, including high-level exchanges, increased infrastructure investments, and greater rhetorical alignment on regional trade and development narratives.[14]

This trend has coincided with a careful effort to avoid friction with Washington, especially in light of renewed US tariff measures and anxieties over "rebadging" of Chinese exports through Southeast Asian partners. Malaysian leaders have sought to preserve market access and investor confidence, while signaling that their deepening relationship with China does not equate to strategic alignment. Nevertheless, the perception of greater receptivity toward China has grown, reinforced by diplomatic statements highlighting shared development goals and mutual respect for sovereignty and non-interference.[15]

[8] "Philippines, U.S. Sign Military Intelligence Sharing Agreement," *The Diplomat*, November 2024, https://thediplomat.com/2024/11/philippines-us-sign-military-intelligence-sharing-agreement/.

[9] "Philippines-US Security Cooperation Intensifies Amid China's Assertiveness," Substack Analysis, 2025, https://substack.com/home/post/p-160588407.

[10] "China-Philippines Bilateral Trade, Investment, and Future Prospects," China Briefing, 2024, https://www.china-briefing.com/news/china-philippines-bilateral-trade-investment-and-future-prospects/.

[11] "Indonesia-China Maritime Cooperation and Strategic Partnerships," *Journal of Asian Security Studies*, 2023, https://www.scirp.org/journal/paperinformation?paperid=119752.

[12] "China's Belt and Road Initiative Investments in Indonesia," Carnegie Endowment for International Peace, 2024, https://carnegieendowment.org/posts/2025/04/a-second-trump-term-will-southeast-asia-tilt-toward-china?lang=en.

[13] "Indonesia Plays a Pivotal Role in ASEAN Amid US-China Rivalry," *Modern Diplomacy*, August 2024, https://moderndiplomacy.eu/2024/08/21/indonesia-plays-a-pivotal-role-in-asean-in-responding-to-the-us-china-rivalry/.

[14] "Chinese Investments in Malaysia Unlikely to Trigger U.S. Tariffs," *The Malaysian Reserve*, February 2025, https://themalaysianreserve.com/2025/02/17/chinese-investments-in-malaysia-unlikely-to-trigger-us-tariffs/.

[15] Ministry of Foreign Affairs, Malaysia. "Joint Statement between the People's Republic of China and Malaysia on Building a High-Level Strategic Malaysia-China Community with a Shared Future." Accessed April 17, 2025. https://www.kln.gov.my/web/guest/-/joint-statement-between-the-people-

As ASEAN Chair in 2025, Malaysia has also used its platform to steer discussions away from overt geopolitical rivalry and toward economic integration, digital cooperation, and infrastructure connectivity—areas where Chinese initiatives align closely with Malaysian priorities. This approach reflects a broader effort to insulate national interests from external pressures, while quietly adapting to the gravitational pull of China's regional presence.

Thailand

Thailand's response to intensifying US-China competition has been marked by cautious pragmatism and economic vulnerability. Historically aligned with the United States for defense while economically intertwined with China, Thailand faces increased pressure as competition escalates. Economic analyses project negative impacts from US tariffs imposed by the Trump administration, anticipating decreased exports to the United States and a slowdown from reduced Chinese economic growth and tourism.[16]

Strategically, Thailand has sought to maintain a balanced approach, preserving defense links with both powers but avoiding explicit alignment. Its strategic ambiguity, however, increasingly reveals vulnerabilities to external pressures. The Thai government's cautious stance reflects internal complexities and a preference for stability over strategic assertiveness, which limits its ability to clearly articulate or implement proactive policies in response to the shifting geopolitical landscape.[17]

In navigating US-China tensions, Thailand prioritizes short-term economic stabilization and diplomatic caution. While economically sensitive, Thailand remains wary of openly choosing sides, continuing its historic role as a diplomatic balancer, albeit under increasingly challenging circumstances.

Singapore

Singapore navigates US-China competition through sophisticated strategic management, emphasizing neutrality, economic openness, and diplomatic caution. Its policy approach seeks to balance deep security cooperation with the United States against substantial economic and diplomatic ties with China. For instance, Singapore hosts critical US naval assets at Changi Naval Base, yet consistently clarifies that it does not host permanent US bases to avoid antagonizing China.[18]

Singapore's careful diplomatic timing demonstrates its strategic calibration: shortly after renewing defense agreements with the United States, it simultaneously upgraded defense cooperation agreements with China. [19] This approach, while complex, illustrates Singapore's commitment to strategic impartiality and maintaining the trust of both major powers.

Economically, Singapore's vulnerability to external shocks became apparent with Trump's sweeping tariffs, prompting adjustments to its growth forecasts due to anticipated negative impacts on global trade. Despite these challenges, Singapore continues promoting multilateralism, rule-based order, and stability in regional institutions, leveraging its position as a diplomatic hub to advocate balanced engagement.[20] Its policies underline the importance of maintaining credibility as an impartial intermediary, supporting regional stability without committing exclusively to either power.

Cambodia

Cambodia's approach to US-China competition has been shaped by close economic and diplomatic ties with Beijing. Chinese investment and assistance have become central to Cambodia's economic development, including major infrastructure projects such as the Belt and Road Initiative. Phnom Penh views China as the primary economic partner and

s-republic-of-china-and-malaysia-on-building-a-high-level-strategic-malaysia-china-community-with-a-shared-future-1.

[16] "Thailand's Economy to Face Five Main Challenges in 2025: Expert," VietnamPlus, April 2025, https://en.vietnamplus.vn/thailands-economy-to-face-five-main-challenges-in-2025-expert-post307705.vnp.

[17] "U.S.-China Competition in Southeast Asia under the Second Trump Administration," *The Diplomat*, March 2025, https://thediplomat.com/2025/03/us-china-competition-in-southeast-asia-under-the-second-trump-administration/.

[18] "Singapore's Strategic Balancing Act Amid U.S.-China Rivalry," RAND Corporation, 2024, https://www.rand.org/pubs/commentary/2023/01/bidens-southeast-asia-policy-improves-in-second-year.html.

[19] "Singapore Slashes 2025 GDP Growth on Escalating U.S.-China Trade War," ICIS News, April 2025, https://www.icis.com/explore/resources/news/2025/04/14/11092279/singapore-slashes-2025-gdp-growth-on-escalating-us-china-trade-war.

[20] "Betting on the Bulldozer: Why Most of Southeast Asia Is Warming to Trump 2.0," ISEAS Fulcrum, February 2025, https://fulcrum.sg/betting-on-the-bulldozer-why-most-of-southeast-asia-is-warming-to-trump-2-0/.

political ally, significantly influencing Cambodia's foreign policy orientation. [21]
In recent years, particularly under Prime Minister Hun Manet, Cambodia has sought to deepen this relationship while managing perceptions among its ASEAN neighbors. The controversial redevelopment of the Ream Naval Base, supported by Chinese funding, has intensified concerns from the United States about potential military uses by China, although Cambodian officials have consistently maintained its peaceful intentions. [22]

Cambodia's ties with the United States have been strained by concerns over democratic governance, human rights issues, and military alignment with China. The punitive tariffs announced by President Trump further exacerbated this friction, highlighting Cambodia's economic vulnerability. Cambodia thus faces the strategic challenge of managing its deepening alignment with China without isolating itself regionally or provoking increased diplomatic friction with the United States and other ASEAN members. [23]

Laos

Laos maintains a cautious and pragmatic approach to the growing US-China competition, primarily influenced by its geographic position, economic constraints, and historical alignment patterns. Vientiane's foreign policy emphasizes economic development and stability, largely achieved through strong alignment with China's Belt and Road Initiative. Chinese investment has significantly expanded Lao infrastructure, energy, and transportation sectors, reinforcing its economic dependency on Beijing.[24]

Unlike other Southeast Asian states, Laos maintains minimal direct engagement with the United States, reflecting a relatively quiet diplomatic relationship. This limited US engagement contrasts starkly with the depth of its relationship with China. Lao policy carefully avoids taking explicit positions on regional geopolitical issues, preferring quietism to active diplomatic engagement in contentious issues. [25]

Laos faces the long-term strategic challenge of managing economic reliance on China, particularly in the context of broader regional concerns about economic autonomy and sustainability. Its cautious neutrality provides stability but may increasingly limit its diplomatic options if US-China tensions escalate further. Thus, Laos exemplifies a country attempting quiet neutrality while heavily economically integrated with one major power. [26]

Comparative analysis and strategic implications

Contrasting regional outlooks: Strategic diversity as reality

Southeast Asia's responses to intensifying US-China competition between 2022 and 2025 reveal profound and deliberate differences in strategic outlooks, shaped by varied historical experiences, governance systems, economic dependencies, and geopolitical circumstances.

Countries directly impacted by territorial disputes, such as Vietnam and the Philippines, perceive major power rivalry predominantly as a national security issue. They are motivated by the imperative of safeguarding sovereignty, employing proactive yet cautious balancing strategies to mitigate risks. Vietnam combines pragmatic economic diversification with selective security engagement, while the Philippines opts for heightened US security cooperation to counter immediate threats. Despite these shared concerns, the intensity and methods of their balancing significantly diverge due to differences in leadership, internal politics, and historical context.

By contrast, countries like Indonesia and Malaysia approach great-power rivalry primarily through the lens of regional stability and economic resilience. They stress ASEAN-led diplomacy, advocating multipolarity and neutrality rather than explicit

[21] "Xi Jinping's 2025 Southeast Asia Tour Highlights China's Strategic Interests," *FirstPost*, April 2025, https://www.firstpost.com/explainers/amid-us-china-tariff-war-why-xi-jinpings-southeast-asia-tour-matters-13879778.html.
[22] "Cambodia-China Relations and Military Cooperation at Ream Naval Base," *AP News*, April 2025, https://apnews.com/article/01f767c9917098378ada2ac64a06b7ba.
[23] "Cambodia's Economic Vulnerabilities and China's Growing Influence," Carnegie Endowment for International Peace, April 2025, https://carnegieendowment.org/posts/2025/04/a-second-trump-term-will-southeast-asia-tilt-toward-china?lang=en.
[24] "China's Belt and Road Investments in Laos," *NIICE Commentary*, 2024, https://niice.org.np/archives/8127.
[25] "Southeast Asia's Strategic Dilemmas Amid US-China Rivalry," Asia Society Policy Institute, April 2025, https://asiasociety.org/policy-institute/us-china-southeast-asia-relations-second-trump-administration.
[26] "China Proposes New Initiatives of Cooperation with ASEAN," VietnamPlus, April 2025, https://en.vietnamplus.vn/china-proposes-new-initiatives-of-cooperation-with-asean-post309925.vnp.

alignment. Their strategic worldviews prioritize diplomatic engagement, collective institutional frameworks, and careful management of external pressures to preserve regional autonomy and economic stability. These countries perceive overt alignment as inherently risky, emphasizing long-term multilateral solutions rather than immediate bilateral security commitments.

Thailand and Laos illustrate another distinct set of strategic calculations marked by caution and passivity. Their responses reflect structural vulnerabilities and domestic constraints. Thailand's ambivalence arises from conflicting economic and security dependencies, generating strategic inertia rather than clear balancing or alignment. Laos's quiet neutrality is underpinned by significant economic reliance on China, restricting its diplomatic flexibility and regional role, highlighting a strategy of deliberate disengagement rather than proactive balancing or hedging.

Finally, Singapore and Cambodia represent distinct poles of strategic outlook. Singapore's sophisticated neutrality embodies pragmatic realism, seeking equilibrium and regional stability through careful diplomatic calibration and institutional engagement. Cambodia's outlook is shaped by acute economic dependence and political alignment with China, constraining its strategic autonomy and regional credibility, resulting in isolation rather than engagement in collective regional balancing.

Thus, strategic diversity in Southeast Asia is not an aberration but rather a fundamental reality driven by complex national and regional factors. Recognizing these varied outlooks is essential for any coherent approach to managing regional tensions and avoiding policy missteps.

Managing strategic diversity: Strategic pathways forward

The diverse strategic outlooks across Southeast Asia are a challenge that needs to be corrected, but a geopolitical reality that should be understood and engaged with skillfully. Preserving regional stability in the context of major power rivalry will depend less on forging consensus and more on managing divergence—working with, rather than against, the grain of regional pluralism.

First, any country seeking effective engagement with Southeast Asia must refrain from a one-size-fits-all strategy. Each country's calibration of its relations with the United States and China is shaped by distinct risk perceptions, institutional constraints, and domestic priorities. Deepening defense cooperation with countries facing acute maritime concerns may be appropriate in some cases, but elsewhere, economic engagement, infrastructure partnerships, and inclusive diplomatic gestures are more likely to resonate. Flexibility and attentiveness to local strategic cultures are essential.

Second, regional institutions—especially ASEAN—remain indispensable despite their imperfections. Multilateral platforms offer neutral ground where trust can be built incrementally, and where diverse actors can coordinate without being forced into binary choices. Supporting ASEAN-led mechanisms such as the Regional Comprehensive Economic Partnership, ongoing dialogues on the South China Sea, or the emerging Digital Economy Framework provides constructive outlets for navigating tensions without escalating them.

Third, continuity and predictability in external engagement matter as much as content. China has been displaying a much higher degree of consistency both in policy and rhetoric in recent years, despite its conflict of interests with some Southeast Asian countries. By contrast, recent erratic shifts in US trade policy or episodic diplomatic attention risk undercutting regional confidence. A steadier US presence—one that combines principled commitment with more active and consistent diplomatic engagement—can signal reliability and restore credibility in a region increasingly attuned to power shifts.

Finally, widening the aperture beyond traditional security concerns can open new avenues for cooperation. Climate adaptation, technology governance, critical infrastructure, and pandemic resilience are all areas where collaboration is both feasible and desired across Southeast Asia. Engagement on such issues not only meets local priorities but also helps anchor relationships in domains less prone to zero-sum dynamics.

Ultimately, Southeast Asia's strategic diversity is not a weakness but a stabilizing force—an ecosystem of varying perspectives that resists domination by any single power. Navigating this complexity will require

patience, consistency, and the ability to think in gradients rather than absolutes. Those who can engage the region on its own terms will find not only willing partners, but also resilient ones.

Precarious peace: US-China strategic competition and the future of Southeast Asia

By
Ristian Atriandi Supriyanto

Introduction

From this day forward, our country will flourish and be respected again all over the world. We will be the envy of every nation, and we will not allow ourselves to be taken advantage of any longer. During every single day of the Trump administration, I will, very simply, put America first.[1]

US President Donald Trump "Liberation Day" speech, January 20, 2025

China's development over the past seven decades is a result of self-reliance and hard work, not favors from others. China does not flinch from any unjust suppression.[2]

People's Republic of China President Xi Jinping, April 11, 2025

Great power competition will always be present in Southeast Asia. The only variance lies in its intensity and manifestation. The first Trump administration referred to China as its "strategic competitor," while the latter lashed out at the US "hegemonic, domineering, and bullying practices."[3] Resentment between the two great powers seems mutual, antagonism is apparent, and military conflict is not unthinkable. Southeast Asia's stability is caught between, and ransomed by, the conflicting interests of the United States and China. Washington and Beijing are pressing Southeast Asian countries to vilify the other and take sides. As Singapore's prime minister Lawrence Wong put it on April 4, 2025, "Global institutions are getting weaker; international norms are eroding. More and more countries will act based on narrow self-interest, and use force or pressure to get their way."[4]

President Xi's maritime nationalism has led China's People's Liberation Army (PLA) and its paramilitaries to challenge US sea control; that is, the US ability to use the sea for its own purpose, while denying its use by others. China's expansionist and assertive behavior within its so-called "near waters," particularly in the Taiwan Strait, East China Sea, and South China Sea, has turned its strategic competition with the United States seaward. The region's primary organization, the Association of Southeast Asian Nations (ASEAN) recognize this precarious situation in its "Outlook on the Indo-Pacific," saying, "The existing and arising geopolitical challenges facing countries in the region also revolve around maritime issues such as unresolved maritime disputes that have the potential for open conflict."[5]

Strategic competition in Southeast Asia has intensified significantly over the past decade and has shaped the region's economic, political, and security landscape. How this strategic competition plays out and how Southeast Asians respond centers around four factors, what I call the "Four A's."

The Four A's

The first "A" is the actors: leaders and policymakers. In 2024, Donald Trump was re-elected as the US president for a second term. As during his first term (2016-2020), Trump pursues "America First," which includes a hardening stance against China. Against widespread criticisms and protests, Trump has sought to impose global tariffs to "make America great again," even against the interests of its allies and partners.[6] At the same time, he has vowed to expand US military presence in the Indo-Pacific, specifically within China's near-waters, thus risking more unfriendly maritime interactions, if not brinkmanship, between US and Chinese maritime assets. Facing Trump, President Xi said he is "not afraid," and the Chinese Commerce Ministry has stated that China is determined "to fight [Trump] to the end."[7] During the centenary of the Chinese Community Party (CCP), Xi likened China to "a great

[1] Donald Trump, "The Inaugural Address," *The White House,* January 20, 2025, https://www.whitehouse.gov/remarks/2025/01/the-inaugural-address/

[2] Ministry of Foreign Affairs (MFA) of the People's Republic of China (PRC), "Xi Jinping Meets with Spanish Prime Minister Pedro Sánchez," April, 11 2025, https://www.fmprc.gov.cn/mfa_eng/xw/zyxw/202504/t20250411_11593363.html.

[3] U.S. Department of Defense, *Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military's Competitive Edge,* p. 1, https://media.defense.gov/2020/May/18/2002302061/-1/-1/1/2018-NATIONAL-DEFENSE-STRATEGY-SUMMARY.PDF; MFA PRC, "U.S. Hegemony and Its Perils," February 20, 2023, https://www.mfa.gov.cn/eng/zy/gb/202405/t20240531_11367483.html.

[4] Lawrence Wong, "Transcript of Prime Minister and Minister for Finance Lawrence Wong's video message on Implications of the US Tariffs, April 4, 2025," *Prime Minister's Office Singapore,* https://www.pmo.gov.sg/Newsroom/Transcript-of-PM-Lawrence-Wong-video-message-on-US-tariffs.

[5] "ASEAN Outlook on the Indo-Pacific", https://asean.org/wp-content/uploads/2021/01/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf.

[6] As Australian prime minister Anthony Albanese puts it, "nowhere on Earth is safe" from Trump's tariffs. Kate Lyons and Nick Evershed, "'Nowhere on Earth is safe': Trump imposes tariffs on uninhabited islands near Antarctica," *The Guardian,* April 3, 2025, https://www.theguardian.com/us-news/2025/apr/03/donald-trump-tariffs-antarctica-uninhabited-heard-mcdonald-islands.

[7] Nectar Gan, "Xi says China 'not afraid' as Beijing raises tariffs on US goods to 125% in latest escalation of trade war," *CNN,* April 12, 2025, https://edition.cnn.com/2025/04/11/business/china-xi-jinping-first-comment-trade-war-us-intl-hnk/index.html.

wall of steel" against "any foreign force" trying "to bully, oppress, or subjugate us."[8] Days before Trump began his second term, Xi warned US President Joe Biden not to cross China's "red lines" on Taiwan.[9]

The second "A" is the ambitions of national leaders. Both Trump and Xi are relatively more ambitious than their predecessors. Compared to his predecessor Joe Biden, President Trump has enacted ambitious policies that some have seen as self-damaging, such as a trade war with China. On his so-called "Liberation Day," Trump asserted that "[a]mbition is the lifeblood of a great nation, and, right now, our nation is more ambitious than any other."[10] Xi, too, held grander ambitions than his predecessor Hu Jintao, even presiding over the latter's fall from grace as it was aired on live television—a rare occurrence, even in China.[11] Grander ambitions also defined some Southeast Asian leaders. For instance, Philippine President Ferdinand Marcos Jr allowed the International Criminal Court to arrest his predecessor Rodrigo Duterte, a president with friendlier disposition towards China.[12] Unlike Duterte's, Marcos's administration presaged a tougher stance against China; there have already been several skirmishes between Chinese and Filipino vessels, causing Filipino injuries. On March 28, 2025, Trump's Defense Secretary Peter Hegseth and his Philippine counterpart reaffirmed that the US-Philippines Mutual Defense Treaty "extends to *armed* attacks against either country's armed forces, aircraft, and public vessels—including those of their coast guards—anywhere in the South China Sea."[13] Still, it begs the question: what about China's *unarmed* attacks, such as with vessel ramming and water cannon, as is currently the case?

The third "A" is the ability, either national or allied/coalitional, to deliver threats or use of armed or unarmed force to alter the behavior of others. While not embroiled in an arms race yet, the United States and China are competing to maintain or gain a military edge. In April 2025, Admiral Samuel Paparo, the commander of the US Indo-Pacific Command, said that "China is developing and integrating cutting-edge technologies—AI, hypersonic and advanced missiles, and space-based capabilities—at an alarming space."[14] Moreover, Paparo was concerned that "all of the shipbuilding in the United States of America is east of Panama Canal, but the preponderance of the threat is in the Pacific" at a time when US shipbuilding only constitutes 1 per cent of the global output.[15] In 2024 alone, by contrast, China built more than half of the world's total shipping tonnage.[16] Moreover, while the military is the state's main instrument for an armed force, paramilitary organizations have risen to exercise unarmed coercion. Although "not yet formally established as a state organ," China's so-called "maritime militias" are "often employed in "a gray zone situation," namely "a state of emergency that occurs prior to an outright conflict."[17] In the South China Sea, for example, "maritime militias create grey-zone situations and actively support China's territorial claims," under the cover of "their ostensibly benign fishing activities."[18]

The final "A" is the actions taken or considered to fulfil ambitions. Such actions may involve threats or use of force, depending on the ambitions of the actors whether to pursue their maximum aims or search for compromises. Wherever compromises are not possible, the risk of military conflict tends to grow despite deterrence. Such a conflict can still be avoided through diplomatic talks and risk reduction measures to ameliorate tensions, a general willingness to cooperate with allies and potential

[8] "Full text of Xi Jinping's speech on the CCP's 100th anniversary," *Nikkei Asia,* July 1, 2021, https://asia.nikkei.com/Politics/Full-text-of-Xi-Jinping-s-speech-on-the-CCP-s-100th-anniversary.

[9] MFA PRC, "President Xi Jinping Meets with U.S. President Joe Biden in Lima," November 17, 2024, https://www.fmprc.gov.cn/eng/xw/zyxw/202411/t20241117_11527672.html.

[10] Trump, "The Inaugural Address."

[11] Stephen McDonell, "Hu Jintao: The mysterious exit of China's former leader from party congress," *BBC,* October 23, 2022, https://www.bbc.com/news/world-asia-china-63358627.

[12] Luki Aulia, "Rodrigo Duterte, Former Philippine President Arrested at Airport," *Kompas,* March 11, 2025, https://www.kompas.id/artikel/en-mantan-presiden-filipina-duterte-ditangkap-di-bandara.

[13] Italics added. US Department of Defense, "United States–Philippines Joint Statement on Secretary Hegseth's Inaugural Visit to the Philippines," March 28, 2025, https://www.defense.gov/News/Releases/Release/Article/4137869/united-statesphilippines-joint-statement-on-secretary-hegseths-inaugural-visit/.

[14] "Statement of Admiral Samuel J. Paparo, Commander, U.S. Indo-Pacific Command, U.S. Indo-Pacific Command Posture, April 2025," p. 2, https://www.armed-services.senate.gov/imo/media/doc/testimony_of_adm_paparo.pdf.

[15] US Senate Committee on Armed Services, "To Receive Testimony on the Posture of United States Indo-Pacific Command and United States Forces Korea in Review of the Defense Authorization Request for Fiscal Year 2026 and the Future Years Defense Program," April 10, 2025, https://www.armed-services.senate.gov/imo/media/doc/4102025fulltranscript.pdf, p. 74. See also, U.S. Government Accountability Office, "U.S. Navy Shipbuilding Is Consistently Over Budget and Delayed Despite Billions Invested in Industry," April 8, 2025, https://www.gao.gov/blog/u.s.-navy-shipbuilding-consistently-over-budget-and-delayed-despite-billions-invested-industry.

[16] Tao Mingyang, "China leads three shipbuilding indicators for 15th year," *Global Times,* January 16, 2025, https://www.globaltimes.cn/page/202501/1327019.shtml.

[17] Kentaro Furuya, "Law Enforcement Measures Against Chinese Maritime Militia," *International Law Studies,* 100:672 (2023): 674.

[18] Furuya, "Law Enforcement Measures," pp. 677-78.

adversaries alike, and some political bargaining among the strategic competitors.

Each of the future scenarios below illustrates possible outcomes that could result from the ambitions and courses of actions by some of the key actors in the United States, China, and Southeast Asia.

Future #1: More of today

The present state of precarious peace in Southeast Asia could persist, influenced at times by diplomatic rows between the United States and China over military and maritime incidents. In this future, competitive ambitions and abilities would lead to more maritime standoffs involving China and the United States, although both sides would try to exercise restraint for fear of sparking an unwanted and inadvertent military conflict. The US Navy would continue to exercise Freedom of Navigation Operations near, within, or through China's so-called "near waters," thus risking more confrontations with Beijing's maritime assets in the area.[19] In this future, the United States would also rely on allies and partners to maintain strategic pressure on China. Minilateral initiatives, such as the Australia-United Kingdom-United States (AUKUS) partnership would be front and center to support US military deployment and exercises in the region.

It is unclear, however, if such posturing would deter China. The Philippine maritime standoffs with China in the South China Sea have not had much of an effect.[20] Instead, Beijing has upped the ante and tried to mobilize other Southeast Asian countries to accuse the Philippines of being a US proxy and a usurper of regional stability.

Other Southeast Asian countries, even those who are claimant states, are using ASEAN to promote regional unity, while at the same time refusing to get drawn into the China-Philippine dispute, claiming that the dispute is a bilateral matter between the two countries. By distancing themselves from the Philippines, other Southeast Asian countries can continue to reap benefits from economic cooperation with China.

This future is unlikely to unfold, for two reasons. First, neither China nor the United States is content with the status quo. China insists that the Philippines must vacate the Second Thomas Shoal, where Manila had stranded its warship, BRP *Sierra Madre,* in 1999. The United States, meanwhile, seems unclear whether it wants to risk a war with China over Philippine occupied maritime features. Still, in a move that has angered China, the United States has deployed mid-range missiles in the Philippines, warning Manila that US-Philippine joint military installations identified under the Enhanced Defense Cooperation Agreement could become targets in a conflict.[21]

Second, some Southeast Asian countries, notably the Philippines today, have pressed their claims or policies, regardless of whether a great power backs them. Manila's intent to launch a second arbitration case against Beijing is a case in point. After securing a legal win at the Permanent Court of Arbitration on July 12, 2016, President Marcos has been engaged in lawfare against China's "gray zone" activities, continuing to deploy Philippine coast guard assets to resupply soldiers stationed onboard the *Sierra Madre*, even amidst the use of Chinese unarmed force.[22] These ambitions, however, stem from a specific actor: President Marcos.

Elsewhere, Indonesia's President Joko Widodo exhibited tough policies on China's maritime encroachment in his first term. That didn't last, however, as Widodo failed to firmly endorse the Arbitral Tribunal ruling of July 12, 2016, which invalidated China's claims in the South China Sea.[23]

But for other ASEAN countries, balancing China is not the preferred option, either because they may not have any territorial or maritime dispute with Beijing or are willing to shelve such disputes in return for

[19] US Department of Defense Report to Congress, *Annual Freedom of Navigation Report: Fiscal Year 2023.*" At https://policy.defense.gov/Portals/11/Documents/FON/DoD%20FON%20Report%20for%20FY23%20(Corrected).pdf.

[20] Jeffrey Ordaniel and Jay Tristan Tarriela, "Advancing a Rules-based Maritime Order in the South China Sea: Outcome Document from the Manila Dialogue on the South China Sea 2024," *Issues & Insights*, 25:1 (2025): 3, https://pacforum.org/wp-content/uploads/2025/02/Issues-and-Insights-The-Manila-Dialogue.pdf.

[21] John Eric Mendoza, "25 areas in PH possible targets of China hypersonic missile attack – Imee Marcos," *Inquirer.net,* July 3, 2024, https://www.inquirer.net/407954/25-areas-in-ph-possible-targets-of-china-hypersonic-missile-attack-imee-marcos/.

[22] Embassy of the Philippines in Beijing, "Statement on the 05 August 2023 Incident on the Ayungin Shoal," August 8, 2023, https://beijingpe.dfa.gov.ph/announcements/1148-statement-on-the-05-august-2023-incident-on-the-ayungin-shoal.

[23] Ristian Atriandi Supriyanto, "Indonesia's ASEAN leadership lost at sea," *East Asia Forum,* September 16, 2016, https://eastasiaforum.org/2016/09/16/indonesias-asean-leadership-lost-at-sea/.

Chinese economic largess, including through its Belt and Road Initiative. Plainly, they would rather keep ASEAN united by not openly confronting Beijing. In that spirit, ASEAN issued a joint statement on "Maintaining and Promoting Stability in the Maritime Sphere in Southeast Asia" in December 2023. Alluding to the China-Philippine standoff, ASEAN viewed "with concern the recent developments in the South China Sea" and urged all parties to "exercise self-restraint…of activities that would complicate or escalate disputes and affect peace and stability."[24]

Future #2: Past is future

If the past is any guide, there is the potential for some form of reconciliation between the United States and China. Similar to the China-US rapprochement of the 1970s, Trump could reach a deal with Xi in the 2020s. China could agree to reduce US trade deficits by importing more US goods. In return, Trump could acknowledge China's "sphere of influence" in Asia and pursue a neo-"Monroe Doctrine," reorienting the United States' focus on the Western hemisphere as reflected in its current efforts at claiming Canada as the 51st state, acquiring Greenland from Denmark, and taking ownership of the Panama Canal. Southeast Asians might hail such a Xi-Trump economic deal if they reassure markets and regional currency rates.

Southeast Asia, however, would likely not return to the days when US sea control was unrivalled by China. For all intents and purposes, Xi is unlikely to cede China's control of near waters and would resist a US offshore strategy because he is bent on challenging US maritime operations in China's near waters. As China's foreign minister Wang Yi puts it, the "United States cannot act with impunity and the wheels of history must not be turned back."[25] The days of US unfettered maritime access in China's near waters are thus over.

Southeast Asian countries are adjusting to China as an emerging maritime great power. China's commercial ships dominate the regional export markets. Some, such as Thailand and Myanmar, have bought warships from China. Indonesia has acquired Chinese missiles and indicated it might buy more arms from China.[26] In this sense, even Southeast Asian military "abilities" leveraged China's own arms industries, which deters them from pursuing policies as firm as the United States might like to see.

After all, why should they pursue such policies when China is the region's top trading partner and, in some cases, the very source of investments? Having China as their trade partner means they accept that China's interest in freedom of navigation is as legitimate as that of the United States and its allies. Talks in Washington of a US-led maritime blockade of China's important shipping routes, such as the Malacca Strait, or even Trump's potential tariffs on China-built ships, have caused regional consternation because they could work against Southeast Asia's economic well-being.[27] The same is true of a Chinese maritime blockade of Taiwan, which is an important economic partner for many Southeast Asian countries. Southeast Asians, therefore, have no interest in seeing US-China strategic competition escalate, especially in the maritime space.

Future #3: Bleak tomorrow

If the present deterioration in relations continues unabated, as explained in the first scenario, the future for Southeast Asia is bleak. Chinese maritime assertiveness in Southeast Asia may escalate into a covert warfare. Unlike "gray zone" activities, covert warfare seeks to degrade or disable the opponent's ability to fight or defend itself. While gray zone tactics seek to change the status quo incrementally through "salami slicing," covert warfare seeks to shape future battlefields in a way that is favorable to China. Covert warfare is partly reflected in China's tactics of "using the enemy to train the troops," which interestingly, was "first applied in undersea warfare."[28]

[24] "ASEAN Foreign Ministers' Statement on Maintaining and Promoting Stability in the Maritime Sphere in Southeast Asia," December 30, 2023, https://asean.org/wp-content/uploads/2023/12/Final-Draft-ASEAN-FMs-Statement-on-Maintaining-and-Promoting-Stability-in-the-Maritime-Sphere-in-SEA.pdf.

[25] Zhao Jia, "Wang Yi calls for global solidarity to counter US' recklessness," *China Daily*, April 11, 2025, https://www.chinadaily.com.cn/a/202504/11/WS67f90c72a3104d9fd381eda2.html.

[26] Rahman Yaacob, "Southeast Asia's arms suppliers, by the numbers," *The Interpreter*, January 21, 2025, https://www.lowyinstitute.org/the-interpreter/southeast-asia-s-arms-suppliers-numbers.

[27] "The Malacca Myth: Lessons on Economic Warfare from the History of Naval Blockades," *Hoover Institution*, December 14, 2023, https://www.hoover.org/events/malacca-myth-lessons-economic-warfare-history-naval-blockades.

[28] Ryan Martinson and Conor Kennedy, "Using the Enemy to Train the Troops—Beijing's New Approach to Prepare its Navy for War," *China Brief*,

The telltale signs already appear in maritime Southeast Asia and its vicinity. In 2021, Indonesian authorities discovered a Chinese drone in the archipelago, and the presence of Chinese survey and research vessels for underwater research near important choke points, such as near the Malacca and Sunda Straits. In 2024, Vietnam experienced cable-cutting incidents in its waters, possibly due to sabotage.[29] On January 3, 2025, China-owned but foreign-flagged commercial vessels damaged parts of Taiwanese undersea cables, including those that connect Taiwan with the US west coast.[30] The same year, Beijing also revealed it has a ship dedicated to severing undersea cables, indicating that China "regards sabotage and other intentional alteration of cables as just another coercive move in its playbook."[31]

Facing such a bleak tomorrow, Southeast Asians do not, at present, have a clear strategy beyond bilateral strategies and allied deterrence, let alone a multilateral one. ASEAN relies on consensus to work, which is subject to the interests and priorities of each member state. Admittedly, not all ASEAN countries agree that China was the culprit behind gray zone activities, much less maritime escalation. Even if they did, what China does or did could very well be attributed to its perceived containment by the West. Of note, Beijing's narrative that the West seeks to contain China has gained traction in Southeast Asia, especially since AUKUS was announced.[32] John Hemmings argues this narrative aims "to divide American, Australian, and Indian policymakers at the domestic level, and to keep regional states forever on the back foot, forever apologizing for making China 'feel' surrounded."[33] Few ASEAN states, therefore, believe that deterrence is the best way to manage China's rise. Instead, they favor accommodation, binding China to regional norms and rules, however futile this approach might seem in light of frequent regional maritime incidents involving Beijing.

Future #4: Doom and gloom

The worst scenario for Southeast Asia will be a return to Europe's past, especially the early twentieth century. In that future, the United States and China would go beyond competition and become rivals, leading to an arms race similar to the one that took place between Britain and Wilhelmine Germany just before the First World War.

Signs of a potential US-China rivalry are already obvious. Trump's trade war with China has signaled diminishing trust in globalization and the institutions that sustain it. With two of the world's largest economies downscaling trade interdependence through "decoupling" or "de-risking," the chances are slim that they will settle their differences, certainly not on security matters. In these circumstances, the world would revert to power politics, to a world dominated by the United States and China that has multipolar features. While the United States and China are at the top of the world's military pecking order, there are other major military powers, and these powers will pursue their own security. The result, in other words, could be a world where every country is looking out for itself.

Trump's apparent denigration of friends and foes alike may lead to that future. If the allies and partners can no longer count on the United States to defend them, they will seek partnerships with alternative countries, potentially US adversaries. China may appear as a more reliable partner not only in economic terms, but also increasingly as a security and military partner.[34] Beijing seems more than willing to offer its services. In this regard, President Xi's visits to several Southeast Asian countries in

22:6 (2022), https://jamestown.org/program/using-the-enemy-to-train-the-troops-beijings-new-approach-to-prepare-its-navy-for-war/.

[29] Francesco Guarascio, Phuong Nguyen, and Joe Brock, "Exclusive: Inside the U.S. push to steer Vietnam's subsea cable plans away from China," *Reuters,* September 18, 2024, https://www.reuters.com/business/media-telecom/inside-us-push-steer-vietnams-subsea-cable-plans-away-china-2024-09-17/.

[30] Joshua Minchin, "Taiwan charges master of vessel accused of cable cutting," *Lloyd's List,* April 11, 2025, https://www.lloydslist.com/LL1153165/Taiwan-charges-master-of-vessel-accused-of-cable-cutting.

[31] Erin Murphy and Matt Pearl, "China's Underwater Power Play: The PRC's New Subsea Cable-Cutting Ship Spooks International Security Experts," *CSIS,* April 4, 2025, https://www.csis.org/analysis/chinas-underwater-power-play-prcs-new-subsea-cable-cutting-ship-spooks-international.

[32] One example is Ali Wibisono, "Pragmatism at What Limitations? Indonesia's Changing Position towards AUKUS," *IRUI Commentary,* 6:1 (2025), https://ir.fisip.ui.ac.id/storage/2025/03/Vol.-VI-No.1-Mar-2025.pdf.

[33] John Hemmings, "The Myth of Chinese Containment," *The Interpreter,* March 9, 2018, https://www.lowyinstitute.org/the-interpreter/myth-chinese-containment.

[34] Ristian Atriandi Supriyanto and Priska Limandar, *China's Defence Diplomacy Activities in Southeast Asia: Opportunities and Challenges for Indonesia* (Jakarta: Forum Sinologi Indonesia, March 2025). Available for download at https://www.forumsinologi.id/fsi-analysis/chinas-defence-diplomacy-in-southeast-asia-opportunities-challenges-for-indonesia.

April 2025 is illustrative, especially in the context of Trump's broad brushed imposition of tariffs.[35]

In this future, Southeast Asia would face a more dangerous region with either an isolationist or interventionist United States. An isolationist United States would lead to Chinese regional domination, with Southeast Asian countries either compromising their territorial claims for those engaged in disputes with China, or accommodating China's military rise for others. Such a development would leave Southeast Asia at the mercy of China, which would dictate its terms and the conditions of cooperation.

The opposite—an interventionist United States—is also worrying. With China already challenging US sea control in the South China Sea, it is not likely to tolerate any further increase in US military presence within Beijing's near waters. If the United States ramps up operations in the region, more provocations would be likely, the threshold for risky behaviors would decrease, and incidents would become more frequent. In sum, the covert war could quickly degenerate into an overt one.

A US-China maritime conflict in or near Southeast Asia would force regional countries to adopt emergency military measures. US military bases or facilities in regional countries could become a target of Chinese strikes. US deployment of Typhon missiles and other offensive weapon systems could place Manila under direct Chinese attacks.[36] The same fate can befall Singapore as it hosts a US Navy logistical base.[37] By the same token, regional facilities that China may convert or be used for military purposes could become targets for US military offensives, such as the Ream naval base in Cambodia.[38]

Despite not hosting any foreign military facilities, the peace and security of other countries would be no less precarious. The United Nations Convention on the Law of the Sea (UNCLOS) requires that these countries must allow international freedom of navigation, including by foreign military units, through parts of their waters and airspace.[39] By allowing US navigational access through their maritime spaces, Indonesia and Malaysia could be regarded by Beijing as belligerents.[40] Denying such access, however, would put them at odds with the United States and its allies.

Southeast Asian strategic options and preferences

Facing these scenarios, Southeast Asian strategic options are few. Ideally, US maritime supremacy could return to present-day Southeast Asia—the second future. Unlike China, which uses sea control to claim sovereignty and sovereign rights, the United States mainly uses sea control for maritime access through Southeast Asia. With US sea control no longer assured, Southeast Asians should expect more friction, even confrontations, between the US and Chinese navies or other maritime forces in their vicinity. Barring the return of the past where the United States served as the maritime security guarantor, the first future would be Southeast Asia's second preference.

Southeast Asians prefer a region where all great powers, not just China, contribute to peace, stability, and development. They seek safety not from one great power but several and want great powers to keep each other in check without provoking conflict. To paraphrase former Indonesian foreign minister, Marty Natalegawa, a state of "dynamic equilibrium" is one in which "none are dominant and none excluded."[41] This "equilibrium", however, does not have to manifest in geostrategic symmetries. Maritime Southeast Asia was relatively spared from the vagaries of great power competition during the Cold War because of China's inability to exert power across the seas. Today is different. Where, then, are the possible compromises?

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[35] Bill Birtles, "Why Xi's charm offensive through South-East Asia is annoying Trump," *ABC,* April 15, 2025, https://www.abc.net.au/news/2025-04-15/xi-diplomacy-tour-through-asia-riles-trump/105177484.

[36] Ryan Chan, "US Ally Responds to China's Threat," *Newsweek,* February 17, 2025, https://www.newsweek.com/philippines-news-responds-china-threat-us-typhon-missile-system-2032015.

[37] Ian Storey, "Will China Establish Military Bases in Southeast Asia?" *ISEAS Commentary,* No. 2020/149, September 28, 2020, https://www.iseas.edu.sg/media/commentaries/will-china-establish-military-bases-in-southeast-asia/.

[38] Rahman Yaacob, "Partnership of convenience: Ream Naval Base and the Cambodia–China convergence," *Lowy Institute,* December 4, 2024, https://www.lowyinstitute.org/publications/partnership-convenience-ream-naval-base-cambodia-china-convergence.

[39] Donald Rothwell, "AUKUS navigational rights are submerged in regional challenges," *East Asia Forum,* June 7, 2023, https://eastasiaforum.org/2023/06/07/aukus-navigational-rights-are-submerged-in-regional-challenges/.

[40] Dita Liliansa, "AUKUS Two Years On: The View from Indonesia," *Perth USAsia Centre,* September 2023, https://perthusasia.edu.au/research-insights/publications/aukus-series-aukus-two-years-on-the-view-from-indonesia/.

[41] Gregory Poling, "Dynamic Equilibrium: Indonesia's Blueprint for a 21st Century Asia Pacific," *CSIS,* March 8, 2013, https://www.csis.org/analysis/dynamic-equilibrium-indonesias-blueprint-21st-century-asia-pacific.

Diplomatic talks are useful and necessary for peace, but deterrence should remain a critical ingredient to maintain stability. ASEAN, however, is not designed for deterrence, despite Jusuf Wanandi's erstwhile conceptualization of the organization as a "strategic build-up of a force that could withstand communist pressure in the region."[42] ASEAN, plainly, is not and cannot become a collective defense organization. Regional measures require a mix of bilateral, multilateral, and minilateral strategies that offer some forms of intra-regional military cooperation that plug gaps left open by ASEAN.

In the face of the third and fourth futures, Southeast Asians must pursue two parallel, at times contradictory, tracks. The first track is multilateral diplomacy. ASEAN has become a multilateral dialogue and cooperation platform where China and the United States, among other countries, can air their differences and manage disagreements. So long as these differences and disagreements stay in conference rooms, the region can remain at peace and stable. However, once they boil and spill over, Southeast Asia will face greater security risks. In managing such risks, the region combines multilateral diplomacy with the second track in bilateral and minilateral strategies.

The challenge for ASEAN today is to strike a balance between inclusive multilateralism in the first track, and the more exclusive bilateralism and minilateralism in the second track. Bilaterally, some countries have exceptionally close military cooperation with either China or the United States. While publicly rejecting the idea of choosing any side, these nations expect some help from their closest partners or allies in times of military crisis or conflict. Minilateral cooperation, by contrast, is gaining traction, because it navigates between multilateral generalism and bilateral particularism. The emergence of so-called SQUAD involving Australia, Japan, Philippine and the United States is emblematic of minilateralism in the region.[43] But the decision to 'minilateralise' regional cooperation by no means started with SQUAD. The Malacca Straits and Sulawesi coordinated patrols, as well as the Trilateral Dialogue on the Indian Ocean between Australia, India, and Indonesia exemplify minilateral collaboration.[44]

No minilateral initiatives, however, can be allowed to challenge the centrality of ASEAN, which gives Southeast Asians some leverage of a great power, representing a collective voice of over 670 million people and a nearly $3.7 trillion economy. Diplomatically, there is simply no other regional organization that can officially accommodate the competing, if not conflicting, interests of both Washington and Beijing. ASEAN centrality depends, in turn, on the unity of its core, namely the cohesion of Southeast Asian countries themselves, which is thrown in doubt as they pursue, if not prioritize, independent bilateral relations with the United States or China. The State of Southeast Asia Survey 2025 reveals three top concerns among ASEAN experts: ASEAN is slow and ineffective and, therefore, becoming irrelevant; ASEAN is becoming an arena of major power competition; and ASEAN is becoming increasingly disunited.[45] The three are, arguably, interrelated and exist as consequences in sequential order. In response to these challenges, the option to "cooperate with strategic partners and join more minilateral groupings" does not even occupy the top three favored by survey respondents.

Conclusion: A durable peace?

Southeast Asians face four futures. The most desirable future is a return of the past in which strategic competition manifested asymmetrically: China remains an economic great power with little or no ability to replace US security preponderance in Southeast Asian maritime space. But this scenario is unlikely given China's technological advances and rapid military expansion, as well as the declining US shipbuilding capacity. US Defense Secretary Peter Hegseth even depicted a scenario where the United States could lose all of its aircraft carriers to China's hypersonic missiles "in the first 20 minutes of a conflict."[46]

[42] Jusuf Wanandi, *Shades of Grey: A Political Memoir of Modern Indonesia 1965–1998* (Singapore: Equinox Publishing, 2012), p. 199.

[43] Peter Martin and Ben Westcott, "The U.S. is Assembling a 'Squad' of Allies to Counter China in the Indo-Pacific," *Time,* May 3, 2024, https://time.com/6974257/us-australia-japan-philippines-squad-china/.

[44] Ristian Atriandi Supriyanto, "Indonesia and Maritime Security Cooperation in Southeast Asia: A Study of Four Maritime Areas," in *Maritime Cooperation and Security in the Indo-Pacific Region: Essays in Honour of Sam Bateman*, edited by John F. Bradford, Jane Chan, Stuart Kaye, Clive Schofield, and Geoffrey Till (Leiden: Brill, 2023), pp. 364–385.

[45] Sharon Seah et al., *The State of Southeast Asia: 2025 Survey Report* (Singapore: ISEAS Yusof Ishak Institute, 2025), p. 21. Available at https://www.iseas.edu.sg/wp-content/uploads/2025/03/The-State-of-SEA-2025-1.pdf.

[46] Bill Gertz, "Hegseth: Chinese hypersonic missiles could destroy U.S. carriers in minutes," *The Washington Times,* April 16, 2025,

While unlikely, the scenario of a precarious power balance is not beyond reach. Southeast Asians can work toward this future by employing a mix of bilateral, multilateral, and minilateral strategies at its disposal. At the multilateral level, ASEAN remains relevant as the only official dialogue platform in the Indo-Pacific for China and the United States to air their differences and manage disagreements. The "ASEAN Way" of consensus-based approaches, however, have shown some limitations which necessitate—to some extent, demonstrating the salience of—bilateral and minilateral strategies. [47] While multilateral diplomacy is important and necessary, it cannot guarantee peace and stability in its own right. Some Southeast Asian nations recognize the imperative of deterrence in partnerships with the United States and other countries to supplement, not supplant, ASEAN-led multilateralism. Even Indonesia, with its long and proud history of non-alignment, is arguably "far more tolerant of the presence of American hardware and allies in the region than in the past."[48] In other words, China's military rise and maritime expansion will need to be balanced, but should not be contained, by the United States in bilateral and minilateral collaboration with Southeast Asian allies or partners. Only then can regional stability be assured and with it, can a more durable peace arise than the alternative scenarios envisage.

https://www.washingtontimes.com/news/2025/apr/16/pentagon-chief-believes-chinese-hypersonics-could-destroy-us-carriers/.

[47] Rizal Sukma, "If ASEAN is to remain central to the region it must deal with its institutional weaknesses," *East Asia Forum,* September 29, 2024, https://eastasiaforum.org/2024/09/29/if-asean-is-to-remain-central-to-the-region-it-must-deal-with-its-institutional-weaknesses/.

[48] Emirza Adi Syailendra and Leonard C. Sebastian, "The Unspoken: Indonesia Navigates Great Power Rivalry," *IDSS Paper,* No. 007/2021, October 22, 2021, https://rsis.edu.sg/wp-content/uploads/2021/10/IP21007-Syailendra_Sebastian-masthead.pdf.

China's nuclear modernization: A view from Southeast Asia

By
Karla Mae G. Pabeliña

Introduction

China's nuclear expansion is the "largest and most rapid modernization campaigns" among the nuclear-armed states.[1] The pace and scope of that expansion have raised speculation and concern among Western experts about China's underlying intentions and the likely impacts on US-China strategic dynamics, and in the broader Indo-Pacific security and beyond.

Below is a Southeast Asian perspective on China's nuclear build-up. The chief argument is that despite China's aggressive actions in the South China Sea, China will not use nuclear weapons against littoral states due to its conventional superiority (vis-a-vis all Southeast Asian states, individually or combined). Further, Southeast Asian states' fear of getting entangled into nuclear crises, particularly in the event of a Taiwan contingency, might be used by China to lay the groundwork for legitimizing a forceful unification with Taiwan and to paralyze Southeast Asian states into further inaction, with potentially serious consequences for the regional order.

Why and the wherefore

The US Department of Defense, in its 2024 report to Congress, claims that China has over 600 operational nuclear warheads in its stockpile, [2] which is a significant increase compared to only four years prior, when Chinese nuclear warheads were estimated to be in the "low-200s." [3] This number is poised to increase to over 1,000 operational nuclear warheads "deployed at higher readiness levels" in 2030. The People's Liberation Army Rocket Force, the branch of China's military responsible for equipping and manning the People's Republic of China's strategic land-based nuclear missile forces, is developing new intercontinental ballistic missiles, as well as low-yield precision strike missiles that will give the Chinese Communist Party "multiple options on the escalation ladder."[4]

Independent observers also estimate 600 warheads in the Chinese arsenal, for delivery by land-based ballistic missiles, sea-based ballistic missiles and bombers.[5] Visible signs of this expansion include the construction of 350 new missile silos and several new bases for road-mobile missile launchers to increase the survivability of its nuclear arsenal.[6] These new silos are more than the projected number of silo-based intercontinental ballistic missiles operated by Russia, and constitute approximately three-quarters the size of the entire United States intercontinental ballistic force. China's at-sea deterrent features a submarine force of six second-generation Jin-class (Type 094) nuclear-powered ballistic missile submarines,[7] and China has also developed new H-6N bombers that can fire air-launched ballistic missiles.[8] A stealth bomber program called the H-20 is widely believed to be underway, though no authenticated first flight or reveal has been made.

The 2023 Report of the Congressional Commission on the Strategic Posture of the United States asserts that at its current pace, China will reach "rough quantitative parity with the United States in deployed warheads by the mid-2030s." [9] The Commission further concludes that China now has "a nascent triad of nuclear delivery systems, and potentially a launch-on-warning posture." [10] The expansion of warhead numbers also presages the possible deployment of theater-range low-yield devices that may reduce China's threshold for use of nuclear weapons. Such low-yield weapons are likely to be delivered via China's significant arsenal of theatre-range weapons, such as the DF-17 hypersonic glide vehicle, DF-26 intermediate-range ballistic missile, and CJ-10 ground-launched cruise missile. This expansion and changing role of nuclear weapons is believed to be in "anticipation of a conflict over Taiwan and perhaps in pursuit of its broader national objectives."[11]

Despite its growing nuclear forces, China's declaratory policy has been constant since 1964. [12] China has declared that "it would not be the first to

[1] Hans M. Kristensen, Matt Korda, Eliana Johns and Mackenzie Knight, "Chinese nuclear weapons," *Bulletin of the Atomic Scientists* 81, no. 2 (2025), 135.

[2] United States Department of Defense, "Military and Security Developments Involving the People's Republic of China 2024," *Annual Report to Congress*, IX.

[3] United States Department of Defense, "Military and Security Developments Involving the People's Republic of China 2020," IX.

[4] United States Department of Defense, "Military and Security Developments Involving the People's Republic of China 2024," 62.

[5] Hans M. Kristensen, Matt Korda, Eliana Johns and Mackenzie Knight, "Chinese nuclear weapons," 144.

[6] *Ibid.*, 152.

[7] *Ibid.*, 155.

[8] Institute for Defense Analyses, "America's Strategic Posture: The Final Report of the Congressional Commission on the Strategic Posture of the United States," October 2023, 91.

[9] *Ibid.*

[10] Institute for Defense Analyses, "America's Strategic Posture," 8.

[11] *Ibid.*

[12] Qiyang Niu, "Nuclear Weapons and China's National Security: Consistency, Evolvement and Risk Management," *Journal for Peace and Nuclear Disarmament*, DOI: 10.1080/25751654.2025.2488183

use nuclear weapons at any time or under any circumstance" and committed "not to use or threaten to use nuclear weapons against non-nuclear states or against nuclear weapon-free zones."[13] The Chinese leadership has reiterated on numerous occasions that China's possession of nuclear weapons are "only for defensive purposes and for breaking the nuclear monopoly and blackmail of the major nuclear powers."[14]

In a working paper submitted during the Second Preparatory Committee for the 2026 Review Conference of Parties to the Treaty on Non-Proliferation of Nuclear Weapons, China asserted that "there will be no final victor in a nuclear war; it will only bring enormous disaster to humankind."[15] While China's lack of transparency makes it difficult to ascertain any of these assertions, President Xi Jinping, in his Report to the 20th National Congress of the Chinese Communist Party asserted that China will "establish a strong system of strategic deterrence" [16] to "deter and manage crises and conflicts, and win local wars."[17]

The exact role that nuclear weapons will play in contingencies within China's periphery remains uncertain.[18] Alastair Johnston asserts that since late 1980s, Chinese strategists have developed a concept of "limited deterrence," which entails the development of "sufficient counterforce and countervalue tactical, theater, and strategic nuclear forces to deter the escalation of conventional or nuclear war."[19] He further argues that "if deterrence fails, this capability should be sufficient to control escalation and to compel the enemy to back down."[20] The abovementioned deployment of theatre-range capabilities, such as the DF-17, DF-26, and CJ-10 would allow China to execute additional nuclear missions beyond strategic warfare, should they desire to do so.

Southeast Asia's muted response?

While China's nuclear modernization has drawn increased attention from the United States and Western defense community, it has not elicited the same level of concern in Southeast Asia. Insofar as the region has issued opinions on nuclear weapons, it has been mostly in the form of blanket statements against the concept of nuclear weapons. Most Southeast Asian countries stress the urgent need for the complete elimination of nuclear weapons, highlighting that the very existence of nuclear weapons, regardless of who possesses them, poses existential risks.

In that spirit, individually and collectively, ASEAN member-states have signed up to all key nuclear disarmament and non-proliferation instruments, such as the Treaty on Non-Proliferation of Nuclear Weapons, the Comprehensive-Nuclear-Test-Ban Treaty, and other regional disarmament initiatives, such as the Southeast Asia Nuclear-Weapon-Free Zone (SEANWFZ) Treaty.

Nine of the ten ASEAN member states have also signed the Treaty on the Prohibition of Nuclear Weapons, with seven (Cambodia, Lao PDR, Malaysia, the Philippines, Thailand, Vietnam, and Indonesia) having already deposited their instruments of ratification. At the Third Meeting of State Parties to the Treaty, a number of Southeast Asian states took leadership roles and stirred discussions on the implementation of the Treaty's Article 4 and explored areas of complementarity with the Treaty on Non-Proliferation of Nuclear Weapons.[21] A declaration was adopted by the state parties to the Treaty on the Prohibition of Nuclear Weapons rejecting the continued reliance on nuclear weapons by some states in their military and security strategies, and the normalization of nuclear rhetoric and any notion of a

[13] Wu Xiu Quan, "1A. China," in Non-Proliferation: The why and the wherefore, edited by Josef Goldlat (Taylor and Francis, 1985), 42.
[14] *Ibid.*
[15] "No-first-use of Nuclear Weapons Initiative", Working paper submitted by China during the second session of the Preparatory Committee for the 2026 Review Conference of the Parties to the Treaty on the Non-Proliferation of Nuclear Weapons, 12 July 2024, https://docs.un.org/en/NPT/CONF.2026/PC.II/WP.33
[16] The State Council of the People's Republic of China, "Full text of the report to the 20th National Congress of the Communist Party of China," 25 October 2022, 48.
[17] *Ibid.*, 49.
[18] See for example, M. Taylor Fravel, Henrik Stålhane Hiim, and Magnus Langset Trøan, "How U.S. Strategy is Fueling Beijing's Growing Arsenal," *Foreign Affairs*, 10 November 2023, https://www.foreignaffairs.com/china/chinas-misunderstood-nuclear-expansion; Tong Zhao, "Political Drivers of China's Changing Nuclear Policy: Implications for U.S.- China Nuclear Relations and International Security," *Carnegie Endowment for International Peace*, 14 July 2024, https://carnegieendowment.org/research/2024/07/china-nuclear-buildup-political-drivers-united-states-relationship-international-security
[19] Alaister Iaian Johston, "China's New "Old Thinking": The Concept of Limited Deterrence," *International Security* 20, no.3 (Winter, 1995-1996), 5.
[20] Ibid., 6.
[21] Thailand (together with Ireland) facilitated the informal working group to "further explore and articulate the possible areas of tangible cooperation between the TPNW and the NPT, and other relevant nuclear disarmament and non-proliferation instruments. Malaysia (together with New Zealand) led the informal working group on the "Implementation of Article 4".

"responsible" behavior with respect to nuclear weapon possession.[22]

That is, as some have pointed out, Southeast Asia "claiming agency in shaping the nuclear normative order by directly challenging the continued possession of nuclear weapons for deterrence." [23] That approach aligns with the region's aspiration to be a zone of peace, freedom, and neutrality (ZOPFAN), and it upholds the region's status as a nuclear-weapon-free zone. Southeast Asia's interest in remaining neutral was originally aimed to "prevent their balkanization in favor of one or another of the great powers interested in the region."[24] As a crucial pillar of the so-called ZOPFAN concept, the SEANWFZ Treaty embodies the collective will of all Southeast Asian countries to "reduce the threat of nuclear conflict towards their own territories."[25] So, Southeast Asians will avoid choosing sides between great powers. They will also avoid indirectly or directly reifying the notion of nuclear weapon possession, or support initiatives that would strengthen nuclear deterrence, and improve nuclear planning or warfighting.

Some analysts opine that "Chinese use of nuclear weapons in a South China Sea scenario is unlikely, due to the focus of the arsenal on strategic deterrence and Beijing's 'no first use' policy." [26] Further, "the PLA's confidence in its growing arsenal of increasingly sophisticated ballistic and cruise missiles to reliably destroy enemy targets and at a significantly reduced risk of nuclear escalation" may ensure that it will use its stock of conventionally-tipped advanced ballistic and cruise missiles before resorting to low-yield nuclear warheads.[27]

In the Philippines, defense planning scenarios analyzing potential conflict with China emphasize Beijing's overwhelming non-nuclear military might, and the threat of *fait accompli* long before an allied response could be mobilized, rather than nuclear threats. [28] The nuclear threat to the Philippines is largely academic and becomes "consequential in the context of the Philippines' alliance with the United States."[29]

Recent Chinese activities may indicate changing Chinese attitudes on nuclear coercion. These include the March 2025 flight of two long-range nuclear-capable H-6 strategic bombers above Panatag (Scarborough) Shoal,[30] and promulgating claims that new Chinese submarines will be used to neutralize the Typhon mid-range capability launcher currently stationed in the Philippines.[31]

Still, the Marcos, Jr. administration has continued its emphasis on nuclear disarmament and non-proliferation,[32] while condemning Chinese coercive actions and rhetoric.[33]

When Southeast Asian experts discuss Chinese nuclear weapons, it is in relation to Taiwan contingencies, deemed the likeliest scenario to result in Chinese use of nuclear weapons. There are concerns that China may be incentivized to use nuclear weapons to "induce paralysis" of the United States' command, control, communications,

[22] Draft declaration of the third Meeting of State Parties to the Treaty on the Prohibition of Nuclear Weapons: "Strengthening our commitment to a world free of nuclear weapons amidst the rising global instability," 7 March 2025, https://docs-library.unoda.org/Treaty_on_the_Prohibition_of_Nuclear_Weapons_-ThirdMeeting_of_States_Parties_(2025)/TPNW_MSP_2025_CRP.4_Draft_political_declaration.pdf

[23] Andrew Futter and Felicia Yuwono, "The Third Nuclear Age in Southeast Asia," Asia-Pacific Leadership Network *Commentaries*, 17 May 2024, https://www.apln.network/analysis/commentaries/the-third-nuclear-age-in-southeast-asia

[24] Purificacion C. Valera-Quisumbing, *Beijing-Manila Detente Major Issues: A Study in China-ASEAN Relations,* (Quezon City: University of the Philippines Law Center and Foreign Service Institute, 1983), 199.

[25] Karla Mae G. Pabeliña, "A Regional Effort Towards Nuclear Disarmament: The SEANWFZ Experience," in "Charting a roadmap for multiparty confidence and security building measures, risk reduction, and arms control in the Indo-Pacific," eds. David Santoro and Miles Pomper, *Issues and Insights*, November 2023, Pacific Forum International, https://pacforum.org/wp-content/uploads/2023/12/Issues-Insights-DAVID-REVISED-1.pdf

[26] Olli Pekka Suorsa, "Attaining All-Domain Control: China's Anti-Access/Area Denial (A2/AD) Capabilities in the South China Sea," Pacific Forum *Issues and Insights* 25, WPS (February 2025), 6.

[27] *Ibid.*

[28] CDR Xylee C. Paculba PN (Ret), LTJG Cris Alessandro O. Cabanilla PN, LT Jhonson P. Lamug PN, and Moses Isaiah B. Palces CivHR, LT Kurl Winston T. Layugan PN, MSgt Robert P Chuidian PN (M) (Res), "The Future of Philippine Naval Warfare" in *President's Papers: The Future of Philippine Warfare Volume 1,* (National Defense College of the Philippines, 2021).

[29] Herman Joseph S. Kraft, "A Philippine Perspective on China's WMD Threat," in *Meeting China's Nuclear and WMD Buildup: Regional Threat Perceptions and Responses*, edited by Bates Gill, (The National Bureau of Asian Research, May 2024), 72.

[30] Greg Torode, "Exclusive: Satellite images show fresh Chinese bomber deployment in South China Sea," *Reuters*, 28 March 2025, https://www.reuters.com/world/asia-pacific/satellite-images-show-fresh-chinese-bomber-deployment-south-china-sea-2025-03-28/

[31] Enoch Wong, "China' new submarine may have Typhon missiles in Philippines in its sights, report says." *South China Morning Post*, 23 February 2025, https://www.scmp.com/news/china/military/article/3299675/chinas-new-submarine-may-have-typhon-missiles-philippines-its-sights-report-says?module=perpetual_scroll_0&pgtype=article

[32] Keynote Address of President Ferdinand R. Marcos, Jr. at the 21st IISS Shangri-La Dialogue, 31 May 2024, https://www.iiss.org/events/shangri-la-dialogue/shangri-la-dialogue-2024/plenary-sessions/keynote-address/

[33] Bea Cupin, "View from Manila: Understanding the US Typhon missile launcher," *Rappler*, 3 February 2025, https://www.rappler.com/philippines/view-manila-understanding-united-states-typhon-missile-launcher/

computers, intelligence, surveillance and reconnaissance (C4ISR) capabilities, to "neutralize or destroy" key United States military assets in Guam, or "to forestall the deployment or reinforcement, simply to buy time for it to isolate the Western Pacific battlement."[34] Further, the South China Sea may be used as a bastion for China's sea-based nuclear forces, with its deep water basins allegedly providing ample hiding spots for Chinese SSBNs.[35]

In the same vein, some US experts recommend that the United States defeat a possible Chinese amphibious invasion of Taiwan using limited nuclear strikes on key Chinese concentrations.[36] Low-yield, non-ballistic nuclear capability such as sea-launched cruise missiles carrying nuclear warheads which can be deployed in the region would provide the US President additional signaling and response options in a crisis.[37] This, too, is of concern to Southeast Asians.

Capitalizing on the region's deep-seated fears of entanglement

Southeast Asians have long feared getting entangled into *any* crisis that could result in nuclear use, be it a potential Taiwan crisis involving China and the United States, escalation over the Korean Peninsula, flare ups between India and Pakistan, or the general East-West rivalry during the Cold War.

These deep-seated fears provided the impetus for the establishment of SEANWFZ and the participation of Southeast Asian states in the negotiations for the Treaty on the Prohibition of Nuclear Weapons. The fear that the region will be caught in a crossfire between the United States and China has of late animated public debates in various Southeast Asian capitals.[38] At best, such fears will lead to further indecision from Southeast Asian leaders, and a scramble for reassurances. It is thus not surprising that when China reaffirmed its readiness to accede to SEANWFZ, the region's response was positive. This is despite concerns that China would use SEANWFZ as a legal cover for its anti-access/area-denial strategy, which is aimed at "denying the military power projection of superior adversaries in China's near neighborhood."[39] China's proposal of a "mutual no-first-use of nuclear weapons" during Second Preparatory Committee for the 2026 Review Conference of Parties to the Treaty on Non-Proliferation of Nuclear Weapons has received the same positive attention of the region (and the broader non-aligned movement) for the same reason.[40]

Further, from a Southeast Asian perspective, highlighting the Chinese nuclear threat and the possibilities of nuclear use in situations such as a Taiwan contingency may ironically be a boon for China. Some in Beijing might conclude that it is an influence campaign[41] and that it justifies a forceful unification with Taiwan. With a majority of Southeast Asian states already sending mixed signals to tacit leaning towards Beijing's position,[42] it would not take much for pro-China actors in these countries to use a heightened nuclear threat to justify allowing China to violently take Taiwan if in return Beijing promised to spare the region from nuclear war. Unlike Europe, which seems more cohesive regionally in their position in the Russia-Ukraine war, Southeast Asian states are less resistant to coercion or appeals to appeasement. Beyond Taiwan, placing Chinese nuclear weapons at the forefront of Chinese activities may further discourage Southeast Asians from asserting their agency vis-a-vis China, as seen by past statements from former Philippine President Rodrigo

[34] Collin Koh, "Keeping One at Arm's Length: The Missile and Nuclear Dimension of China's Counter-Intervention Strategy in the Western Pacific," Pacific Forum *Issues and Insights* 25, WPS (February 2025), 2.
[35] Collin Koh, "Keeping One at Arm's Length," 4.
[36] See for example, Greg Weaver, "The Role of Nuclear Weapons in a Taiwan Crisis," Atlantic Council, Scowcroft Center for Strategy and Security, *Issue* Brief, November 2023; Matthew Kroenig, "Deliberate Nuclear Use in a War over Taiwan: Scenarios and Considerations for the United States," Atlantic Council, Scowcroft Center for Strategy and Security, October 2023.
[37] Kyle Balzer, "SLCM-N and the deterrence value of ambiguity," *Breaking Defense Opinion & Analysis*, 28 February 2024, https://breakingdefense.com/2024/02/slcm-n-and-the-deterrence-value-of-ambiguity/
[38] See for example, Simon Hutagalung, "Caught in the Crossfire: How Asia Can Steer the Future Amid US-China Power Struggles- Analysis," *Eurasia Review*, 1 September 2024, https://www.eurasiareview.com/01092024-caught-in-the-crossfire-how-asia-can-steer-the-future-amid-us-china-power-struggles-analysis/; Prashanth Parameswaran, "Southeast Asia's Taiwan Scenario Stakes Go Far Beyong US-China Competition," *The Diplomat*, 15 February 2024, https://thediplomat.com/2024/02/southeast-asias-taiwan-scenario-stakes-go-far-beyond-us-china-competition/; Drew Thompson, "Intensifying US-China Competition Creates New Challenges for Southeast Asia," *Lee Yuan Yew School of Public Policy*, 29 May 2020, https://lkyspp.nus.edu.sg/gia/article/intensifying-u.s.-china-competition-creates-new-challenges-for-southeast-asia
[39] Hoang Thi Ha, "Why China Supports the Southeast Asia Nuclear Weapon-Free Zone," *Fulcrum*, 14 June 2023, https://fulcrum.sg/why-china-supports-the-southeast-asia-nuclear-weapon-free-zone/
[40] Benjamin Hautecouverture, "Chinese no-first-use: a strategic signalling device, diplomatic tool, and dogmatic reality," *Fondation pour la recherche stratégique* Note 05/2025, https://www.frstrategie.org/sites/default/files/documents/publications/notes/2025/062025.pdf
[41] Cheng Deng Feng and Tim Boyle, "Exposing China's Legal Preparations for a Taiwan Invasion", *War on The Rocks*, 11 March 2025, https://warontherocks.com/2025/03/exposing-chinas-legal-preparations-for-a-taiwan-invasion/
[42] Benjamin Herschovitch, "Five One-Chinas: The contest to define Taiwan," *Lowy Institute*, January 2025, https://lowy-institute.github.io/publications/2025/HERSCOVITCH-Five-One-Chinas-Contest-to-define-Taiwan.pdf

Duterte, where he invoked hyperbolic fears of nuclear war to justify appeasement policies toward China whenever Beijing conducted aggressive acts against Manila.[43]

Moving forward: Defanging the nuclear threat?

Despite these divergent perceptions, Southeast Asian states and the United States have common interests in ensuring that no one state has hegemony over the region. As a result, they should work together and do the following:

Avoid forcing Southeast Asian states into the nuclear weapons discourse

Southeast Asian states have rejected the notions and logic of nuclear weapons and nuclear deterrence as a matter of principle and committed themselves to promoting nuclear nonproliferation and disarmament. Any discourse that would raise the value of nuclear weapons and nuclear deterrence is thus likely to cause fears and derail any constructive discussion. Doing so may also highlight the discriminatory nature of the Treaty on the Nonproliferation of Nuclear Weapons or indirectly promote acquisition of nuclear weapons among regional states. As mentioned earlier, Southeast Asian states collectively prefer avoiding "taking sides." So, forcing a Southeast Asian comment or response to China's nuclear arms buildup would be counterproductive.

Regional dialogue within the context of the ASEAN Regional Forum (ARF) should be further encouraged particularly on issues such as reducing nuclear risk, promoting transparency on modernization efforts by nuclear weapon possessors, and the development of a new arms control architecture. So far, the Philippines and Australia have organized three ARF nuclear risk reduction workshops since 2020. More should be done in that space.

Strengthen conventional deterrence for and with Southeast Asian allies and partners, while limiting or decoupling nuclear signaling from the United States' regional deterrence efforts

As it seeks to fulfill its commitments to allies and partners in the region, the United States should limit deployments that would seem to violate SEANWFZ, such as visits of nuclear-armed submarines. Regardless of the United States' intent with such deployments, the result will only give China pretext to cajole Southeast Asian states to limit if not reject the presence of US forces, which would alter the regional balance of power and undermine US efforts to build partner capacities and improve regional security.

While China will be critical of any effort by the United States and Southeast Asian allies and partners to build up defenses, it is imperative for the United States to decouple its efforts aimed at helping Southeast Asian states, such as the Philippines, to build conventional deterrence, from efforts intended to bolster nuclear deterrence.

The United States, however, can further support Southeast Asian capacity-building by promoting regional defense industry cooperation, the conduct of freedom of navigation and overflight operations in the South China Sea, sharing intelligence and information about Chinese nuclear deployments, as well as enhancing training to address Chemical, Biological, Radiological, and Nuclear contingencies.

Provide concrete counter-proposals to China's arms control initiatives

On February 8, 2025, President Donald Trump said he intended to restart nuclear arms control talks with Russia and China.[44] Since then, however, the United States has yet to provide concrete details. China, meanwhile, has submitted a working paper with nineteen suggestions for the current review cycle of the Treaty on the Nonproliferation of Nuclear Weapons. These include non-targeting of nuclear weapons on other states, reduction of alert status, prohibition on the deployment of global anti-missile systems, and support for nuclear-weapon-free zones, among others. Regardless of China's sincerity to implement these measures, Southeast Asians will regard them in a positive light, especially if the United States remains silent about these issues.

Conclusion

The region is at the cusp of a major inflection point. Despite the problems posed by Chinese aggression

[43] "Philippine's Duterte Says Fishing Boat Not Worth 'Nuclear War,'" *Wall Street Journal*, 19 June 2019, https://www.wsj.com/video/opinion-phillipine-duterte-says-fishing-boat-not-worth-nuclear-war/801A03F5-4248-4808-AB21-B031499D1F36

[44] Zeke Miller and Michelle L. Price, "Trump wants denuclearization talks with Russia and China, hopes for defense spending cuts," *Associated Press News*, 14 February 2025, https://apnews.com/article/trump-china-russia-nuclear-bbc1c75920297f1e5ba5556d084da4de

against several Southeast Asian states in the South China Sea, it is clear that most in the subregion are unwilling to embrace the logic of nuclear deterrence, as is the case of the United States and its allies. The United States must thus tread carefully. Southeast Asia still seems to regard the United States more positively than China,[45] but the pendulum could well swing again in China's favor, even amidst blatant disregard for the rules-based order, institutions, and norms the region has long upheld for its prosperity, security and stability.

[45] Sharon Seah et al, "The State of Southeast Asia 2025 Survey Report," *ISEAS-Yusof Ishak Institute,* March 2025, https://www.iseas.edu.sg/wp-content/uploads/2025/03/The-State-of-SEA-2025-1.pdf

US partnership in Southeast Asia: The deployment of civilian nuclear energy for strategic stability

By
Alvin Chew

Introduction

As the world advances in technology such as digitalisation and artificial intelligence (AI), nuclear energy is making a comeback due to the increasing demand for more reliable electricity to power up the global economies. Currently, the world has 440 nuclear power plants (NPPs) operating in 32 countries, which accounts for about 10% of electricity produced globally. [1] According to estimates from the International Atomic Energy Agency (IAEA), the present global nuclear energy capacity of 400 GW is set to more than double to 950 GW by 2050. The advent of small modular reactors (SMRs) will potentially contribute to this nuclear renaissance.

The world is also on the cusp of dangerous global warming, which requires countries to transit to greener economies, notably by using nuclear energy. Several countries have thus pledged to triple global nuclear capacity at the United Nations Climate Change Conference COP29, which is driving a resurgence in nuclear energy.

China's ambitious target to achieve carbon neutrality by 2060 requires the country to triple its nuclear capacity to 15% by 2050. [2] It currently operates 58 reactors, with 30 under construction and plans to add about 6-8 reactors annually. At such pace, China will become the largest nuclear energy producer by 2030, overtaking the United States and France. [3]

China's nuclear industry is primarily driven by domestic demand. Through its Belt and Road Initiative, no country in Southeast Asia has committed to importing Chinese nuclear reactors.

Nuclear energy should be ubiquitously deployed to help newcomer countries reduce their carbon emissions. As there is no NPP operating in Southeast Asia, the region will be an emerging market for the potential deployment of NPPs and SMRs, complementing renewables to provide a stable and clean source of baseload power, further fuelling the propensity towards a nuclear renaissance.

In this regard, the United States should tap into the emerging market of Southeast Asia to balance China's investment of renewables in the region. In the past, the United States has helped several countries in the region with civilian nuclear programs. Washington should build on this work and help the region embrace nuclear energy, both because it is in the interests of Southeast Asian governments and because it will help to balance China. [4]

Prospects for nuclear energy in Southeast Asia

Southeast Asia relies mainly on fossil fuels for its electricity production. With rapid economic expansion, high population growth, as well as commitments to achieve net-zero carbon emissions, three countries in this developing region have concrete plans to deploy nuclear energy in the coming decades.

The Philippines has one of the highest electricity prices in the region, with 60% of its electricity generated by fossil fuels. With electricity demand expecting to triple by 2040, the country looks to the nuclear option as a clean source of energy, and to address climate change as well as energy security challenges. In 2024, its Department of Energy introduced the Nuclear Energy Roadmap to have commercially operational NPPs by 2032. [5]

Indonesia, meanwhile, is rich in natural gas, which it exports globally. Its venture into nuclear energy is not primarily for electricity production, but rather technological advancement. The country has the largest nuclear infrastructure in the region. It operates 3 research reactors and many of its experts are stationed at the IAEA. Indonesia has partnerships with several nuclear advanced countries and is already developing Generation IV advanced reactors. Most recently, it is seeking international partnerships for the development of its 40 MW advanced reactor,

[1] 'Nuclear Power In The World Today', *World Nuclear Association*, updated Apr 2025, https://world-nuclear.org/information-library/current-and-future-generation/nuclear-power-in-the-world-today

[2] 'China's Nuclear Power Program: A Blueprint for Global Competitiveness', *Nuclear Business Platform*, https://www.nuclearbusiness-platform.com/media/insights/chinas-nuclear-power-program-a-blueprint-for-global-competitiveness#:~:text=By%202050%2C%20China%20targets%20nuclear%20energy%20to%20account,years%20what%20took%20the%20U.S.%20nearly%2040%20years.

[3] R. Shetty, 'China will generate more nuclear power than both France and the US by 2030', *The Diplomat*, Aug 2024, https://thediplomat.com/2024/08/china-will-generate-more-nuclear-power-than-both-france-and-the-united-states-by-2030/

[4] E. Mills, 'Will ASEAN be the World's most attractive region in 2025', *World Economic Forum Annual Meeting*, Jan 2025. https://www.weforum.org/stories/2025/01/asean-attractive-region-in-2025-leaders-at-davos/

[5] 'DOE unveils nuclear energy roadmap, to offer 1200MW by 2032', *Power Philippines News*, Sep 2024. https://powerphilippines.com/doe-unveils-nuclear-energy-roadmap-to-offer-1200-mw-by-2032/

PeLUlt-40. It had initially planned to deploy nuclear energy by 2036, but recently, it has accelerated the deployment of its first plant, between 2030 and 2034.[6]

In 2008, Vietnam passed a law on the adoption of nuclear energy and, in 2010, inked respective deals with Russia and Japan for assistance in financing and building Vietnam's NPPs at 2 different sites of central Ninh Thuan province. In 2016, the National Assembly shelved its plan, citing financial constraints. In 2024, however, lawmakers in Vietnam amended the Power Development Plan, PDP8, to include nuclear power into its energy mix because its reliance on intermittent solar power was deemed insufficient to propel its energy growth. In 2025, Vietnam resumed its agreement with Russia and said it would also engage other partners to develop NPPs in the Ninh Thuan and other provinces, with the earliest deployment by 2031.[7]

Some ASEAN countries are also considering the nuclear energy option but have yet to make any decision. Malaysia had initially established the Malaysia Nuclear Power Cooperation (MNPC) with plans to operate 2 NPPs by 2021. However, Kuala Lumpur postponed these plans after the Fukushima Daiichi nuclear accident. In 2018, a change in administration led to the disbandment of the MNPC. In 2024, however, the National Energy Council endorsed the adoption of nuclear energy into the 13th Malaysia Plan, as part of Malaysia's goal to achieve net-zero carbon emissions by 2050. However, deployment will not occur before 2035.[8]

Singapore faces an energy security challenge as 95% of its electricity is produced from natural gas, which are all imported. Due to its small territorial land space, solar energy will only account up to 10% of its electricity mix in 2050. It thus needs clean electricity. As a result, nuclear energy is under consideration to shore up its energy resilience, but Singapore has yet to make any decision on deployment as it strives to build up its capability to assess the safety and security aspects of SMRs and advanced reactor technologies. In 2024, and in that spirit, Singapore signed a bilateral 123 Agreement with the United States.[9]

Furthermore, Southeast Asia has also established the ASEAN Power Grid, whereby electricity can be traded within the region. Currently, ASEAN Power Grid consists of 18 inter-connecting projects among the countries in the region.[10] To decarbonise these regional power grids, nuclear energy will be the only viable clean source that can provide stable baseload electricity. Countries in the region will thus consider the nuclear option favorably as energy security will be enhanced via the ASEAN Power Grid.

Attractiveness of small modular reactors in Southeast Asia

The IAEA classifies an SMR as having an output of less than 300 Mwe. Such an output is intuitively safer for newcomer countries in the region. They can start with a smaller sized reactor and gain the necessary skills to operate larger reactors if they so wish, and as their grid capacities expand.

The flexibility of site locations associated with SMRs will also suit the needs of many countries in Southeast Asia. SMRs and advanced reactors with passive safety features will have less conservative safety parameters that can allow these reactors to be deployed closer to dense urban population centres, where demand for electricity are highest. In the region, grid capacities can be small and decentralised in some parts of Indonesia and the Philippines due to the archipelagic geography. Therefore, SMRs are more suited to provide electricity to these remote areas.

In addition, SMRs are factory assembled and transported to the site, thus eliminating the risk of construction delays that had plagued most of the conventional large NPP projects. The assembly of SMR components done via 3D printing will be more efficient compared to building a reactor on site. An SMR assembled in a factory will lead to a smaller upfront cost, which many newcomer countries will find more economically attractive. Furthermore,

[6] 'Indonesia outlines plans for first nuclear power plant', *Nuclear Engineering International*, Jun 2024. https://www.neimagazine.com/news/indonesia-outlines-plans-for-first-nuclear-power-plant/?cf-view

[7] 'Vietnam to talk soon with foreign partners on nuclear power plants', *Reuters*, updated Feb 2025. https://www.reuters.com/business/energy/vietnam-talk-soon-with-foreign-partners-nuclear-power-plants-2025-02-04/

[8] 'Malaysia to adopt nuclear power as energy source -Rafizi Ramli', *New Straits Times*, Nov 2024. https://www.nst.com.my/business/corporate/2024/11/1130064/malaysia-adopt-nuclear-power-energy-source-rafizi-ramli

[9] 'Joint Statement on the signing of the US-Singapore 123 Agreement, *Singapore Ministry of Foreign Affairs Press Statement*, Jul 2024. https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2024/07/20240731--123A-Joint-Agreement

[10] ASEAN Centre for Energy, *ASEAN Power Grid Interconnections Project Profiles*, Nov 2024. https://aseanenergy.org/wp-content/uploads/2024/11/ASEAN-Power-Grid-Interconnections-Project-Profiles.pdf

having a reactor connected earlier to the grid will ease the financial burden of utility companies, as revenue from electricity production could be streamed in much earlier compared to the construction of large NPPs.

Why would Southeast Asian countries benefit from a US nuclear partnership?

China is the leading investor in energy infrastructure in ASEAN and has introduced the "Clean Prosperity Plan," which highlights its policy support for specific renewable energy projects to catalyse investment and job creation in the region.[11] The plan enables China to invest heavily in renewable energy, including 80 hydropower dams along the Mekong River in Laos as well as the largest solar power industry cluster in Vietnam.

China, however, has not been successful in exporting its NPPs or SMRs to the region because it has not signed onto any liability conventions of the IAEA, which means that no insurance community is willing to compensate in the event of a nuclear crisis. That has limited its venture into the ASEAN market because nuclear safety is deemed paramount, especially for newcomer countries. In terms of advanced reactor technology, China is the first country to connect a Generation IV SMR to its grid, but at present, its regulators are not forthcoming to share and export the advanced technology.

The US National Regulatory Commission (NRC) is the gold standard, notably since the passing of the 2024 ADVANCE Act (Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy Act for 2024) to licence new SMRs and fuels, while maintaining its core mission on nuclear safety and security.[12] Several regional countries are aligned with the US NRC licensing principles and, therefore, are inclined to partner with the United States to deploy SMRs in the region.

In the Philippines, while the Korean Hydro and Nuclear Power is currently assessing to rehabilitate the Bataan NPP,[13] Manila is also looking into the possible deployment of the VOYGR SMR by NuScale.[14] Concurrent to signing the 123 Agreement in 2023, the Philippines has also embarked on the US Foundational Infrastructure on the Responsible Use of Small Modular Reactor Technology (dubbed FIRST) program to build capability and capacity in understanding SMRs and advanced reactor technologies.[15]

Indonesia signed several agreements with nuclear countries to cooperate on developing its reactor. In 2014, it formed a partnership with the Japan Atomic Energy Agency to develop large-scale advanced reactor. In 2015, it partnered with Rosatom to build a prototype of an advanced test reactor to be sited at Serpong. In 2016, it signed agreements with China National Nuclear Corporation (CNNC) to develop advanced reactors with plans to site them at Kalimantan and Sulawesi for power supply and industrial heat purposes. These efforts had cemented Indonesia's effort in developing its indigenous High Temperature Gas Reactor (HTGR), a Generation IV type of SMR.

Indonesia also has an ongoing 123 Agreement with the United States. In 2018, Indonesia was working with US-based Thorcon Power to develop an advanced reactor that will run on thorium fuel.[16] Although the reactor is currently still in its design phase, the mechanism of partnership was made possible with the establishment of PT Thorcon Power in Indonesia, which is a subsidiary of Thorcon International based in Singapore. Such a partnership will be challenging with Chinese nuclear companies such as CNNC, which are mostly state-owned.

The other ASEAN country with plans to deploy nuclear power is Vietnam, which signed the US 123 Agreement in 2014. Although it has selected Russia to build its first NPP, Vietnam is nevertheless open to other countries for its subsequent NPP projects. As the largest exporter of nuclear reactors worldwide, Russia also operates through a state-owned institution, Rosatom, to export its reactors globally.

[11] 'China's Cooperation with Southeast Asia to Support an Ambitious Clean Energy Transition by 2030', *Asia Society Policy Institute Report*, Mar 2024. https://asiasociety.org/sites/default/files/2024-03/China-Southeast Asia Clean Energy Cooperation - Report.pdf

[12] US 118th Congress, *ADVANCED Act 2024*, Jul 2024. https://www.congress.gov/118/plaws/publ67/PLAW-118publ67.pdf

[13] 'Korea to assess rehabilitation of Philippine plant', *World Nuclear News*, Oct 2024, https://www.world-nuclear-news.org/articles/korea-to-assess-rehabilitation-of-philippine-plant

[14] 'US firm plans to build small nuclear plants in the Philippines', *The Straits Times*, Nov 2024, https://www.straitstimes.com/asia/se-asia/us-firm-plans-to-build-small-nuclear-power-plants-in-the-philippines

[15] 'PH, US forge Agreement on Peaceful Use of Nuclear Energy', *Philippines Presidential Communications Office News Release*, Nov 2023. https://pco.gov.ph/news_releases/ph-us-forge-agreement-on-peaceful-use-of-nuclear-energy/

[16] 'Nuclear Power in Indonesia', *World Nuclear Association*, updated Feb 2025. https://world-nuclear.org/information-library/country-profiles/countries-g-n/nuclear-power-in-indonesia

Vietnam's nuclear deal with Russia hinges largely on the financial support that Moscow would be providing Hanoi.

Investment in nuclear energy, along with other energy infrastructure, requires massive upfront capital, which if done via state-owned enterprises, could cause developing countries in the region to accumulate substantial debts. China's Belt and Road Initiative is often accused of practising "debt trap diplomacy," as Laos, for instance, has still not found an exit to its debt crisis.[17] In addition, cooperation with state-owned enterprises can lead the vendor state to leverage its strategic – NPP – assets to advance its interests, and the client state can also suffer inadvertently if the vendor state is caught in a geopolitical crisis. Because it is engulfed in its war with Ukraine, for instance, Russia has delayed the delivery of NPPs to Turkey.[18] Newcomer countries, therefore, should look to form partnerships with commercial enterprises, which are more stable.

In the current strategic environment, where China has yet to gain international acceptance of its reactor design and Russia is focused on the Ukraine war, the United States should thus make every effort to enter the "blue ocean" nuclear market in Southeast Asia, especially given the longstanding credibility of the US NRC licensing principles in providing safe and secure nuclear technology. There are challenges ahead, however.

Safeguards by design

Every country in Southeast Asia is a signatory to the Nonproliferation Treaty (NPT), and Article III sets forth that all Non-Nuclear Weapon States (NNWS) must conclude safeguard arrangements with the IAEA. [19] Under the Comprehensive Safeguards Agreement (CSA), the IAEA is authorized to conduct safeguard inspections on all nuclear facilities in the country.

Presently, the IAEA has only established safeguard protocols for conventional light-water reactors. Some SMRs uses High Assay Low-Enriched Uranium (HALEU) fuel, and the IAEA needs to establish mechanisms to ascertain the quantity of plutonium and fissile materials in the spent nuclear fuels. For Generation IV advanced reactors, the IAEA has yet to establish any safeguard mechanisms and, until then, it will be a challenge to deploy these reactors in Southeast Asia. For example, the Hermes reactor by Kairos Power, which has obtained construction license from the US NRC, is a Generation IV reactor that uses TRISO fuels and molten salt as coolants. Although Google has agreed to purchase up to 7 Hermes reactors to power their data centres,[20] these advanced reactors will not be able to be commercially exported to Southeast Asia unless Kairos Power works with the IAEA to establish safeguard mechanisms.

Safeguards, along with Safety and Security, forms the conceptual "3S framework" in the design of a nuclear facility, but the component of safeguards is usually least emphasized because advanced reactor technologies have been mostly pioneered by nuclear weapon states (NWS), which do not have a CSA but instead a Voluntary Offer Agreement with the IAEA. Hence, the IAEA has called for the "Safeguards by Design" initiative, [21] which requests vendors to incorporate safeguard requirements into the planning and design phases of the facility. It is imperative, therefore, that the US NRC, which licenses SMRs and advanced reactors, work with the IAEA to include a safeguard requirement in their licensing process so that these commercial advanced reactors can be exported globally.

Spent fuel management

A worrying issue that impedes newcomer states from adopting the nuclear option occurs at the back end of the fuel cycle. The management of nuclear spent fuel and radioactive wastes is an integral component of the IAEA Milestones Approach for newcomer states. Most countries adopt an open-fuel cycle, as reprocessing spent fuels raises the risk of proliferation.

[17] K. Barney, R. Rajah and M. Cooray, 'Trapped in Debt: China's Role in Lao's Economic Crisis', *Lowy Institute Analysis*, Apr 2025. https://www.lowyinstitute.org/publications/trapped-debt-china-s-role-laos-economic-crisis

[18] 'Russia sanctions delay nuclear plant in Turkey', *Nuclear Newswire*, Jul 2024. https://www.ans.org/news/article-6178/russian-sanctions-delay-nuclear-plant-in-turkey/

[19] United Nations Office for Disarmament Affairs, *Treaty on the Non-Proliferation of Nuclear Weapons (NPT)*, Jul 1968. https://disarmament.unoda.org/wmd/nuclear/npt/text

[20] M. Moore, 'Google orders small modular nuclear reactors for its data centres', *Financial Times*, Oct 2024. https://www.ft.com/content/29eaf03f-4970-40da-ae7c-c8b3283069da

[21] J. Whitlock, "Safeguards By Design: Designing Nuclear Facilities with Safeguards in Mind", *IAEA Bulletin on Safeguards, Vol 63-3*, Oct 2022. https://www.iaea.org/bulletin/safeguards-by-design-designing-nuclear-facilities-with-safeguards-in-mind

As such, the spent fuels from existing NPPs are stored on site temporarily until the plant has been decommissioned. However, the modularity and factory-assembled features of SMRs call for innovative deployment and fuel management systems. For example, an SMR can be assembled and fuelled at the factory. After its operation, the entire unit will be replaced by a new SMR unit, and the other one taken back to the factory for refuelling. In such a case, the plant operator will have no access to the front and back ends of the fuel throughout the entire operations, thereby strengthening the nonproliferation aspect of SMR design and deployment.

Spent fuels take-back option has been offered by Russia (and possibly China) or can be shipped to France for reprocessing to reduce the quantity of nuclear wastes. It will be attractive for newcomer states not having to deal with high-level radioactive wastes, but more importantly, such options strengthen the NPT because fissile materials will reside within NWS.

Unlike Russia or China, nuclear vendors in the United States are not state-owned, and thus unable to commit to passing national policies to take back or repossess spent fuels. To remain competitive, then, the US industry should help to coordinate the management of future spent fuels in the region or invest in setting up permanent underground waste repositories in the region. Significantly, the bilateral 123 Agreement that countries signed with the United States hinges on nonproliferation principles: the agreement is not only an export control mechanism for proliferation-resistant technologies but can – and should – be broadened to offer solutions for countries adopting the open-fuel cycle option.

Conclusion

Southeast Asia is a region of high potential growth for the energy sector. Currently, however, it lacks nuclear energy as a sustainable fuel for its economic development. China has been the biggest investor in clean energy in the region but has no footprint of any nuclear reactor to be exported into the region. Russia can provide the expertise to fill the nuclear space, but cooperation with Moscow in the current geopolitical climate does incur considerable challenges. Furthermore, both China and Russia nuclear constructors are state-owned entities, which will likely entail rigid financial arrangements.

Nuclear energy is needed in Southeast Asia for energy resilience as well as combatting the global impacts of climate change, but the skills necessary to adopt nuclear energy, particularly from the safety, security, and safeguard (3S) aspects, is still nascent in the region. As such, the region should form strategic partnerships with countries that have strong 3S culture for the responsible deployment of civilian nuclear energy.

The United States is well-positioned to be a major player in this regard, due to its expertise and experience and, as mentioned, the fact that US nuclear vendors are commercial entities, which allows for more flexible financing schemes in a partnership.

Still, there remain considerable challenges associated with the deployment of SMRs, particularly at the safeguards level. The region does not have the technical expertise and will require the assistance of supplier countries to work with the IAEA in developing viable safeguard protocols for these novel platforms of advanced reactors to be deployed safely and securely. It is all the more important to conclude strategic partnerships with the United States, as in addition to being in a position to deploy proliferation-resistant technologies, Washington has provided the assistance the region needs as it embraces nuclear power.

ABOUT THE AUTHORS

DAVID SANTORO is the President and CEO of the Pacific Forum. He specializes in strategic and security issues with a regional focus on both Asia and Europe. Dr Santoro's current interests focus on great-power dynamics, US alliances, and deterrence, particularly the role of China in an era of nuclear multipolarity. In 2021, Lynne Rienner published his volume on *U.S.-China Nuclear Relations – The Impact of Strategic Triangles*. Dr Santoro also leads several of the Forum's track-1.5 and track-2 strategic dialogues. Before joining Pacific Forum, Santoro worked on similar issues in France, Australia, Canada, and the United Kingdom. In the spring of 2010, Dr Santoro was also a visiting fellow at New York University's Center on International Cooperation and, in 2010-2011, he was a Stanton nuclear security fellow at the Institute for International Strategic Studies in London.

RENATO CRUZ DE CASTRO is a distinguished professor at the Department of International Studies, De La Salle University, Manila, and holds the Dr. Aurelio Calderon Chair in Philippines-American Relations. Professor De Castro has written over 100 articles on international relations and security that have been published in several scholarly journals and edited works in the Philippines, Japan, South Korea, Canada, Malaysia, France, Singapore, Taiwan, Germany, the United Kingdom, the Netherlands, Australia, and the United States. In 2019, the Board of Trustees of the Philippine Political Science Association (PPSA) announced that Professor De Castro is the most prolific Filipino Political Scientist in terms of scholarly publication and one of the top 10 Filipino Political Scientists in terms of several citations. The 2022 AD Scientific Index ranked him 92nd among the top 100 scientists in the Philippines and one of the top 50 Social Scientists in the country. AD Scientific Index also ranked him as the number one Filipino Political Scientist in publications and citations. On December 20, 2024, the AFP Chief-of-Staff, Lt. General Romeo Brawner Jr. awarded Professor De Castro with the Sandigan AFP Stakeholder Award for his "extensive research, public education initiatives, and active involvement in institutions has significantly played a fundamental role in advancing the knowledge of regional security dynamics and its implications for Philippine sovereignty and regional security." He earned his Ph.D. from the Government and International Studies Department of the University of South Carolina as a Fulbright Scholar in 2001. He obtained his B.A. and two master's degrees from the University of the Philippines.

DR. NGO DI LAN is a researcher at the Institute for Foreign Policy and Strategic Studies, Diplomatic Academy of Vietnam. He earned his PhD from Brandeis University, specializing in state responses to territorial fait accompli. Dr. Ngo's current research focus lies in the intersection of Artificial Intelligence and international relations, particularly the implications of AI for international security and its strategic integration into national security policy planning.

RISTIAN ATRIANDI SUPRIYANTO (Andi/Ristian) is a lecturer with the Department of International Relations and researcher at the ASEAN Study Center, FISIP, Universitas Indonesia (UI). He is also a research fellow with the Indonesia Sinology Forum (FSI), Jakarta, and PhD scholar at the Strategic and Defence Studies Centre, Australian National University. Ristian obtained a Master of Science in Strategic Studies from the S. Rajaratnam School of International Studies, Nanyang Technological University (RSIS-NTU) in Singapore and a Bachelor of Social Science in International Relations from UI. Before joining UI, he worked for the Maritime Security Programme at RSIS-NTU. Andi comments and writes numerous works on sea power, maritime security, strategic studies, and international relations. His works include "Naval Modernisation in Southeast Asia: Problems and Prospects for Small and Medium Navies" (Palgrave, 2018) with Geoffrey Till. Submitted in March 2025, Ristian's doctoral thesis is titled "Competing over America in the Cold War: Australia-Indonesia Relations, 1945-1978."

KARLA MAE G. PABELIÑA is an Associate Fellow of the Asia-Pacific Leadership Network. She is a recipient of the UN Office for Disarmament Affairs Women Scholarship for Peace (Global South: Asia- Pacific), as well as the 2017 United Nations Fellowships on Disarmament. She has been actively involved in Track II dialogues on Nonproliferation and Disarmament in the Asia-Pacific through the Council for Security Cooperation in the Asia-Pacific.

ALVIN CHEW is Senior Fellow of the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU). His research covers the broad spectrum of civilian application of nuclear energy as well as non-proliferation. Alvin teaches the module *Strategic Industries and Technology Planning* at RSIS.