

FINANCIAL TIMES  
21-11-18

# Superpower rivalry puts the squeeze on south-east Asia

*Smaller nations should not have to chose between the US and China*

The editorial board

Henry Paulson, former US Treasury secretary, warns of an “economic iron curtain” descending as rivalry between the US and China deepens. Lee Hsien Loong, Singapore’s prime minister, says that, as tensions flare, south-east Asian nations may be forced to choose which side to be on. The position of smaller nations caught in the middle is already uncomfortable. It will become more so if Washington and Beijing persist in imposing their own exclusive rules. Yet neither side appears willing to work towards an accommodation that is in their own interests.

The annual heads of government meeting of the Asia-Pacific Economic Cooperation last weekend showed the shape of things to come. Apec is usually little more than a feel-good photo opportunity for leaders from a jumble of nations that happen to border the Pacific. But on Sunday, for the first time in its 29-year history, the group failed to agree on a joint communiqué. The reason for this dysfunction was a stand-off between the US and China after Beijing objected to language about “unfair trade practices” that it saw as an American attack.

It was just the latest example of a fraying multilateral institution falling victim to great power rivalry. Donald Trump’s disdain for traditional allies and multilateral action is well-documented. High-handed and clumsy Chinese diplomacy receives less attention but is no less an obstacle to the global co-operation Beijing claims to seek.

During the Apec meeting in Papua New Guinea, accredited journalists were arbitrarily shut out of some events by Chinese security officials. According to widespread reports, confirmed by Papua New Guinea’s foreign minister but denied by Beijing, several Chinese diplomats tried to barge their way into the foreign minister’s office in an attempt to change the Apec communiqué at the last minute. Several Papua New Guinea officials also complained that they were “bullied” by members of the Chinese delegation.

Just when the US president’s bluster and belligerence have given Beijing a chance to offer a more graceful alternative, Chinese officials seem bent on abandoning their diplomatic skills. In doing so, they damage China’s case.

Beijing has showered much recent largesse on Papua New Guinea. Even the road leading to the Apec meeting venue was built with Chinese money. But over the weekend, the US agreed to join Australia in expanding a naval base in the tiny nation, a move calculated to counter rising

Chinese influence in the Pacific. As one western diplomat put it: “China paid for the road and a lot of the meeting but America got the naval base.”

The outcome of this evolving battle is no more certain to go Beijing’s way elsewhere. Take the Philippines. Xi Jinping, China’s president, offered billions of dollars in investment and joint oil exploration in the South China Sea during a visit to Manila this week. But the desire of Rodrigo Duterte, his Philippine counterpart, to tilt towards China is not shared by all his country’s institutions or indeed the populace. **The inroads that Beijing makes with such forays will be vulnerable to reversal the day Mr Duterte goes.**

In the short term, superpower rivalry might allow smaller nations in the region to leverage more from both the US and China. That will only be the case so long as the curtain Mr Paulson warns of does not actually fall. Few nations in Asia want to pick a side if it does. Nor, aside from a handful of client states, would they necessarily choose the hegemon on their doorstep if forced to do so. That is good reason for Beijing to row back on the more imperious tactics it has deployed of late.