

“Managing Asymmetric US-China Competition in Southeast Asia”

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Thank you to the committee for the opportunity to testify today. My testimony draws on ongoing analysis on strategic competition in Southeast Asia for the Wilson Center and my other affiliations¹. It is informed by trips within the last two years to 10 of the 11 countries in Southeast Asia (all except Myanmar given the ongoing civil war). It is also a product of hundreds of conversations with policymakers and experts in all of those 11 countries, a portion of which is publicly available on the twice-weekly *ASEAN Wonk* newsletter in order to highlight diverse regional voices. I will also draw on my book *Elusive Balances: Shaping US-Southeast Asia Strategy*, which examines U.S. commitment to the region across the past half-century².

My testimony will cover three points:

1. The US and China are engaged in high-stakes asymmetric competition in Southeast Asia.
2. China has made some gains within limits, but the region and other powers are not standing still.
3. The US should focus on an affirmative “swing sector” competitive approach with partners.

1. The United States and China are engaged in asymmetric competition in Southeast Asia.

It is critical to recognize that the United States and China are engaged in *asymmetric competition* in Southeast Asia, even though this competition is at times presented symmetrically. Put differently, the United States and China have different strengths and weaknesses, and this plays out in how they compete in the region in ways that make like-to-like comparisons less useful. This can begin to be discerned (non-exhaustively) by employing the so-called DIME framework, which analyzes the diplomatic, informational, military, and economic realms (see table below).

Table 1: DIME Framework as Applied to US and China in Southeast Asia

Domain	US Strength	US Limitation	China Strength	China Limitation
Diplomatic	Big partnership network	Cohesion; “Not-like-minded” challenge	Prioritization	Assertiveness
Informational	Free media; dissent as a check	Unclear and messy narrative that changes by administration	Coordinated message	Echo chamber challenge
Military	High-end capabilities	Overmilitarization of relationships.	Proximity; “cheaper” options	Lack of close security partners
Economic	Innovation and standards	Lack of speed in delivery	Economic gravity pull	Coercion risk

¹ The initial portions are drawn from: Prashanth Parameswaran, “Southeast Asia and US-China Competition: Contours, Realities and Implications for the Indo-Pacific,” Wilson Center, December 21, 2023.

² See: Prashanth Parameswaran, *Elusive Balances: Shaping U.S.-Southeast Asia Strategy* (Singapore: Palgrave MacMillan, 2022).

For instance, the US has strengths across DIME – including its allied and partnership network and innovative foreign companies. But it also has limitations, including the lesser weight given to diplomatic resources relative to the military, as well as the difficulty of crafting a clear narrative that sustainably aligns a diverse domestic stakeholders in areas such as advancing a more active trade policy. An additional challenge is crafting policies that are both attractive to Southeast Asia but can also be sustained over time in the U.S. domestic context despite changes in administrations. Within Southeast Asia, US strengths tend to be more visible to long-term security allies such as the Philippines or developed commercial and strategic hubs like Singapore. Washington’s limitations play out more in relatively less like-minded and lesser-developed countries, with Cambodia being a case in point in recent years.

U.S. and Chinese regional visions build on their strengths. Take, for instance, Washington’s free and open Indo-Pacific (FOIP) strategy, which has been sustained with some adjustments across administrations. In Southeast Asia, this has combined areas such as values, partnerships, and military power, with lines of effort including boosting partner maritime defense capacity.

Meanwhile, China’s so-called “community of common destiny for mankind” (CCD) in Southeast Asia uses Beijing’s strengths, such as its geographic proximity and economic heft as the region’s top trading partner and a leading investor. Manifestations have included Belt and Road Initiative projects, subregional initiatives such as the Lancang-Mekong Cooperation mechanism, and the gradual development of security institutions and exercises. China is also leveraging its involvement in trade agreements, including the Regional Comprehensive Economic Partnership (RCEP), a pact that Washington was ineligible to join at the time due to the absence of a US-ASEAN free trade agreement relative to other ASEAN dialogue partners³.

For China, this rise, in what might be termed its Community of Common Destiny narrative, is natural given its history and status as benign on aggregate for Southeast Asia, even though the region itself has mixed views Beijing’s vision amid a trust deficit. China also attempts to frame Washington as an extraregional actor stirring up regional trouble, while at the same time promoting “Asia for Asians” initiatives that in fact reinforce its own dominance (one official described it to the author as nothing less than a “China-first concept in an Asia-first disguise” to create an exclusive China-Southeast Asia community reinforcing Beijing’s dominance).

The stakes in U.S.-China competition in Southeast Asia are high for the United States. To start, Southeast Asia as an aggregate unit is the world’s third-largest population center and fifth-largest economy. Among other things, the region hosts sea lanes that carry a significant portion of the world’s trade and energy, partly a source of what China has termed its so-called “Malacca Dilemma.” Southeast Asia is also home to the Association of Southeast Asian Nations (ASEAN) that – notwithstanding its limitations recognized by policymakers in the region – is the Indo-Pacific’s diplomatic convenor by default and has helped manage historically contentious intraregional ties. Given these various markers of significance, a Southeast Asia that either falls under greater Chinese control or is increasingly unstable amid Beijing’s bid for dominance would have profound implications for U.S. interests.

³ While it is yet to be admitted, China has also applied to join both the Digital Economic Partnership Agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

The stakes are also high for Southeast Asian states themselves. Southeast Asia is no stranger to major power competition: the region was under major power influence for centuries, from empires and open maritime routes linking it to China, India, the Middle East, and Europe to colonization. Southeast Asian states have also adjusted to multiple balance of power shifts over the decades. But Southeast Asia's leaders today worry that an overly narrow focus on U.S.-China competition risks derailing the so-called "Asian century"⁴. This prism may also detract from other priorities such as growing domestic pressures to deliver growth and stresses on regional institutions such as ASEAN amid the proliferation of crises from Myanmar to the South China Sea. Malaysia Prime Minister Anwar Ibrahim described this most vividly when he warned that "unfettered" major power rivalry was leading to "a dark, self-destructive action-reaction spiral."⁵ Furthermore, an excessive emphasis on U.S.-China dynamics also obscures the reality that multiple powers are engaging more with Southeast Asia beyond just Beijing and Washington, including countries outside of the Indo-Pacific region. As Vietnam's Prime Minister Pham Minh Chin has put it, Vietnam's desire to "pick no side" is partly rooted in the fact that it is operating in world with "a great many choices."⁶

2. China has made some gains, but the region and other powers are not standing still.

China wants to entrench itself as the leading power in Southeast Asia and the partner of choice for regional countries at the expense of the United States. Chinese officials openly frame this as a choice for Southeast Asian states, and in recent months some have indicated privately that they sense a window of opportunity with the incoming U.S. administration for China to push for more advances in Southeast Asia and the wider Global South. As China's ambassador to ASEAN put it in a forum recently, China sees itself as "the most leading" partner in ASEAN, and "it is self-evident which choice truly aligns with the interests and expectations of countries and people in this region, and which force moves against the historical trend."⁷

China has made notable advances in the region even though it continues to run into challenges. Economically, Chinese firms are highly visible among populations in areas like railways, digital payments or electric vehicles, and Beijing has also long been the region's top trading partner on aggregate (even if key balances often run in its favor). But Beijing's advances have extended far beyond economics and run across DIME. They include media content-sharing agreements to drive China-friendly messaging and scouting military facilities beyond the ongoing scrutiny around Cambodia's Ream Naval Base. While China is occasionally prone to clumsiness in its diplomacy and prefers bilateral pathways, the country's diplomats nonetheless engage actively not just in ASEAN but also in more obscure subregional mechanisms like the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA).

China's limitations are also clear. Polls have repeatedly pointed to the fact that China is the most distrusted power in Southeast Asia alongside its growing influence⁸. And though most of the

⁴ See for instance: Lawrence Wong, "Speech and Q&A at the Nikkei Forum 28th Future of Asia: Leveraging Asia's Power to Confront Global Challenges," Singapore Prime Minister's Office, 25 May 2023.

⁵ See: Anwar Ibrahim, "Keynote Address," Asia Pacific Roundtable, August 10, 2023.

⁶ See: Pham Minh Chinh, "Sincerity, Trust and Responsibility for a Better World," Vietnam Government Portal, May 16, 2022.

⁷ Hou Yanqi, "Keynote Speech by H.E. Hou Yanqi at the ASEAN-China Forum 2024," Speech delivered at the ASEAN-China Forum, November 28, 2024.

⁸ See: ASEAN Studies Center, "State of Southeast Asia Survey," Updated 2025.

regimes in Southeast Asia may not be fully democratic by some metrics and may persist in business with China in spite of threats to national interests, policymakers are wary of backlash by parts of their population against specific Chinese project concerns across areas including finance, labor and environmental standards. China's assertiveness in the South China Sea and the Mekong subregion is also a reminder of the challenge Beijing poses to the interests of some regional states.

Beyond China, regionally, more actors like Australia, India and Japan are shaping the institutional landscape amid China's lingering trust deficit, even if there is still a gulf between these powers and Washington and Beijing that defy simplistic characterizations of bipolar or multipolar realities. Initiatives like Australia's announcement of a new economic strategy out to 2040 or Japan's Asia Zero Emission Community connect major power interests to regional needs and also raise the bar for other powers including the United States. Southeast Asian states are also trying their best to exert their agency amid intensified competition. Examples include Vietnam's upgrading of its multitiered partnerships or Singapore's kickstarting of a new green economy trade joint working group on the sidelines of last year's Asia-Pacific Economic Cooperation forum (APEC) summit⁹.

3. The US should focus on an affirmative “swing sector” competitive approach with partners.

The United States can maximize its success in U.S.-China competition by focusing less on what China is doing and more on an affirmative, focused approach that integrates regional and global allies and partners. Given constraints on time and resources in a global U.S.-China competition across domains as well as ongoing wars outside the Indo-Pacific, the focus should be on providing options and shaping select choices Southeast Asian states are making on their own with what may be termed “swing sectors” that could have long term implications. These “swing sectors” are a narrower set of significant strategic industries or areas that include those carrying a relatively greater risk in national security terms, including artificial intelligence, critical minerals, telecommunications, and strategic infrastructure¹⁰.

Focusing on “swing sectors” has several advantages. First, it goes beyond the notion of “swing states” – a decades-old term used to describe a select group of countries perceived to have significant clout but are not closely aligned with China or the United States (in Southeast Asia, this is perceived to include countries like Indonesia or Vietnam). Focusing on just a few capable, less aligned states understates “swings” that can occur on either end, as seen in the setbacks Washington experienced in its twin treaty alliances with the Philippines and Thailand in the second half of the 2010s. It also risks narrowing engagement around already relatively more “like-minded” partners rather than truly engaging a diverse region. Second, narrowing the focus to certain industries provides guidance for policymakers on where to focus within specific countries given that sectors like telecommunications are relatively more tied to national security and hence present greater risks than other sectors like retail. Third and finally, it shifts the focus from aggregate U.S. approaches (e.g. a “small yard, high fence approach”) to ask what choices states are making with respect to key areas, alternatives, and architectures that could have long term implications.

⁹ See: New Zealand Foreign Affairs and Trade, “Public Consultations: Green Economy Joint Working Group with Chile and Singapore,” November 14, 2024.

¹⁰ For more on this point, see: Prashanth Parameswaran, “Southeast Asia's Real Choices Lie Beyond the ‘Swing State’ Paradigm,” *The Diplomat*, June 28, 2024.

An affirmative U.S. swing sector approach with partners in Southeast Asia could include designated priority areas within four sectors:

- **Drive regional and bilateral arrangements around key technological areas including artificial intelligence.** The United States should build out and institutionalize a sustainable, technology-specific cooperation vertical with Southeast Asian states to ensure this remains a continuous priority across U.S. administrations, including high-level summits. This should build on previous work including the ASEAN-U.S. Leaders' Statement on Artificial Intelligence publicized at the U.S.-ASEAN Summit in Vientiane in October 2024¹¹. Technology is a key U.S. strength, and Southeast Asia is deepening its focus on the digital realm via initiatives such as the ASEAN Guide on AI governance and ethics as well as the Digital Economy Framework Agreement (DEFA). ASEAN also has a succession of active chairs in the coming years with an interest in this domain including the Philippines in 2026 and Singapore in 2027. Collaborating with Southeast Asian states in tech areas like semiconductors could also be a valuable touchpoint as early starters like Malaysia look to climb the value chain and emerging economies like Vietnam develop trusted partner "ecosystems" requiring range of capabilities including human capital. Bilateral tech partnerships should also be considered over time as with one cultivated with Singapore¹².
- **Facilitate maritime (and underwater) domain awareness adoption and capacity-building.** The United States should seek to facilitate more maritime domain awareness (MDA) adoption and capacity-building in Southeast Asia¹³. In addition to the fact that this is key to addressing China's maritime assertiveness in areas like the South China Sea, MDA is useful for a range of maritime challenges including marine sustainability and disaster management. The focus should be on promoting "common desktop" approaches that help countries navigate the marketplace of proliferating MDA products and address concerns on duplication and compatibility. Multi-country or public-private partnerships should be considered to mitigate costs, reduce geopolitical sensitivities and empower local communities to utilize MDA technology for use cases like IUU fishing or environmental disasters. While these approaches will need to be tailored for each country, the Philippines offers one example of multi-country approaches such as Canada's Dark Vessel Detection Program and the US SeaVision program. Conversations on the underwater domain should also include sharing best practices on subsea cables as ASEAN builds on previous regional guidelines.
- **Cultivate inclusive cooperation around critical minerals and rare earths.** The United States should work with other like-minded partners as well as Southeast Asian states to cultivate more inclusive cooperation around critical minerals and rare earths. The demand for collaboration in this space has already been clear, with countries like Indonesia and the Philippines approaching the United States previously regarding deals. Beyond individual agreements, Washington and its partners should also help lead conversations on how to adopt more inclusive and sustainable approaches in areas like mining and processing given the role

¹¹ See: U.S. Mission to ASEAN, "ASEAN-US Leaders' Statement on Promoting Safe, Secure and Trustworthy Artificial Intelligence," October 11, 2024.

¹² See: ASEAN Wonk, "Upgraded US-Singapore Partnership Takes Shape Across Technology Domains," October 15, 2023.

¹³ For more on this point mentioned in a recent report, see: Prashanth Parameswaran, "Southeast Asia Maritime Security and Indo-Pacific Strategic Competition," Wilson Center, March 13, 2025.

of other actors in this space including China. In cases like Myanmar or Laos, this issue touches on other sensitive areas including state control and China dependency.

- **Foster sustainable critical infrastructure ecosystems.** The United States should work with partners to deepen cooperation on strategic infrastructure with Southeast Asian states given the importance of this domain on its own terms and China’s ongoing pursuit of “dual use” infrastructure touchpoints. Collaboration should adopt a comprehensive ecosystem approach that emphasizes both “hard infrastructure” and “soft infrastructure,” with the latter including a focus on areas like setting up ways to evaluate incoming investments short of full screening; national categorizations of critical infrastructure and supporting assessments on strategic projects such as ports as we have seen U.S. allies such as Australia and the European Union do. Where required, the U.S. government, relevant stakeholders and partners should also be prepared to offer quick alternatives to compete. It took some time before alternatives like an O-RAN (Open Radio Access Network) architecture to emerge in the telecom space to offset Huawei’s dominance, while some officials in Laos contended that few competing alternatives were readily available when the state-run electricity corporation entered into a power-grid sharing agreement with a Chinese state-run firm in 2021. On a more positive note, creative solutions by Washington and its partners helped the Philippines avoid China taking over a bankrupt strategic shipyard in Subic Bay¹⁴.

¹⁴ See: Ralf Rivas, “American Firm’s Buyout of Hanjin Shipyard a Win for Philippine Military – DOF,” *Rappler*, April 25, 2022.