

STATEMENT OF

THE HONORABLE DAVID B. SHEAR  
FORMER U.S. AMBASSADOR TO VIETNAM;  
FORMER ASSISTANT SECRETARY OF DEFENSE FOR ASIAN  
AND PACIFIC SECURITY AFFAIRS

BEFORE THE

U.S. HOUSE FOREIGN AFFAIRS COMMITTEE  
SUBCOMMITTEE ON ASIA, THE PACIFIC, CENTRAL ASIA, AND  
NONPROLIFERATION

ON

STRENGTHENING TIES WITH SOUTHEAST ASIA

SEPTEMBER 28, 2021

Mr. Chairman,

It's an honor to appear before the Sub-committee today to address the topic of U.S.-Southeast Asian relations.

## I. Introduction

Southeast Asia offers us big geopolitical and geoeconomic opportunities in the coming years, and to exploit those opportunities properly we'll need to:

- engage more intensively in the region at the Presidential and senior-most levels and enlist our allies and partners in a vigorous regional diplomacy;
- devise a coherent, region-wide economic strategy, and
- deploy our military forces in ways that deter aggression and best fit regional strategic realities.

We will make progress in encouraging democracy and human rights in Burma and elsewhere only on the basis of a stronger American role in the regional political and economic balance of power.

## II. Southeast Asia's Growing Importance

Twenty to thirty years from now Southeast Asia will be one of the fulcrums of world geo-economic power. The ten countries of the Association of Southeast Asian Nations (ASEAN) boast a combined population of 660 million and a GDP of three trillion dollars. Post-COVID, ASEAN economies will likely grow by an average 5.5%, and the ASEAN region will be the world's fourth largest economy by 2030. The U.S. exported \$122 billion in goods and services to ASEAN in 2020. The Asian Development Bank estimates that the region will require almost \$23 trillion in infrastructure investment for the next ten years to keep up with economic growth, and the digital economy likely

to exceed \$300 billion by 2025.<sup>1</sup> Outside countries capable of expanding and deepening their economic relationships in Southeast Asia will write the rules and set the standards for future development, trade, and investment.

Southeast Asia will also be one of the world's fulcrums of geopolitical power. The South China Sea holds 11 billion barrels of oil and 190 trillion cubic feet of natural gas in proved and probable reserves. More than half of the world's annual merchant fleet tonnage passes through the Straits of Malacca, Sunda, and Lombok. Almost a third of global crude oil and over half of global LNG trade pass through the South China Sea. According the Energy Information Agency, 90% of Chinese, Japanese, and South Korean crude oil shipments transit this crowded waterway. The country whose influence dominates the rim of the South China Sea will hold the ticket to regional pre-eminence.<sup>2</sup>

Simply put, we won't be able to generate influence throughout the Indo-Pacific region and we won't be able to compete with China unless we up our game in Southeast Asia.

The United States wants a peaceful and prosperous international order in Southeast Asia in which countries of the region can relate to one-another and to the world freely and openly in accordance with their own interests. The Southeast Asians' desire for national autonomy, economic development, and a peaceful international environment is congruent with our interests. They want a regional balance of power that permits them maximum national autonomy and diplomatic maneuverability in a field crowded by great powers. They know that they can't pursue these goals effectively without strong American regional engagement in all its forms.

---

<sup>1</sup> ASEAN Matters for the U.S.: <https://www.eastwestcenter.org/system/tdf/private/2021-asean-matters-for-america.pdf?file=1&type=node&id=40776>

<sup>2</sup> Energy Information Agency: [https://www.eia.gov/international/analysis/regions-of-interest/South\\_China\\_Sea](https://www.eia.gov/international/analysis/regions-of-interest/South_China_Sea)

There are nevertheless limits to how far and how fast we can go. Asians also need to pursue the huge economic and other opportunities that friendly relations with China offer. China is everyone's largest trading partner, Chinese state run enterprises are increasingly active regionally, and the Belt and Road Initiative loudly if sometimes hollowly promises to fulfill many of the region's infrastructure needs. It's only natural that Southeast Asian elites would want us to value our bilateral relationships with them for their own sake without treating them as pawns in a U.S.-China strategic game.

I'll be speaking of "the Southeast Asians" and "the ASEANs" as collectives, but I should note that the region is incredibly diverse geographically, historically, culturally, and politically. No "one size fits all" strategy that focusses only on our competition with China can work. The region's diversity is reflected in ASEAN's lack of unity. ASEAN is not an alliance, and ASEAN as an institution will never be an ally of the U.S., despite the critical importance of continued American engagement in ASEAN regional forums. Southeast Asia is too diverse, and the interests of the ten countries that make up ASEAN are too divergent for it to be that tightly bound together or that tightly tied to the U.S.

### III. Seizing The Opportunities

#### A. A More Vigorous Regional Diplomacy

We need to engage more fully in the region at the Presidential level and enlist our allies and partners in a vigorous regional diplomacy. It is often said that half of Southeast Asia diplomacy is just showing up. For the President to show up consistently in Southeast Asia is indeed important, but even more important is the need for sustained Presidential attention to the task of shifting the American resources necessary to make Southeast Asia a higher strategic priority.

The administration came out of the gate strongly with a March Quad summit and visits to Northeast Asia by Secretaries Blinken and Austin

and to India by Secretary Austin that lead to the Anchorage meeting with the Chinese. Many Southeast Asians welcomed this as a sign of our determination to conduct a muscular regional diplomacy, but they wonder why the President has yet to call any Southeast Asian leaders.

The administration followed up with successful regional visits by the Vice President, Secretary of Defense Austin, and Deputy Secretary of State Sherman. The robust COVID-related diplomacy that we have brought to bear through these engagements is particularly worthy of mention. As of mid-August, the United States had donated more than 23 million doses of COVID-19 vaccines and more than \$160 million in emergency health assistance to ASEAN countries.<sup>3</sup>

But we'll need sustained Presidential attention to Southeast Asia in order for us to generate maximum diplomatic traction. I hope that President Biden will participate fully in this year's APEC and EAS virtual summits and travel to the region as soon as COVID allows. I look forward to seeing the administration's National Security Strategy, National Defense Strategy, a new Indo-Pacific Strategy, and the results of the global posture review. The administration will have an opportunity to demonstrate its commitment to a shift in post-Afghanistan strategic priorities in these documents.

Mr. Chairman, doing diplomacy with Southeast Asia is like eating tofu with chopsticks: if you squeeze too firmly, it falls apart. If you squeeze too softly, it slips away.

But you have to squeeze. If we're going to do serious diplomacy with the Southeast Asians we need ambassadors in ASEAN capitals. We don't have an Assistant Secretary of State for East Asian and Pacific Affairs. We still don't have ambassadors to Thailand, Vietnam, the Philippines, Brunei, Singapore, or ASEAN. In fact, we haven't had ambassadors to Singapore or ASEAN since 2017. Nor do we have ambassadors in Beijing, Seoul, or Tokyo. Our ambassadors are the

---

<sup>3</sup> Department of State: <https://www.state.gov/u-s-support-to-asean-in-fighting-covid-19/>

people on the ground who recognize and pursue opportunities for the U.S. Every day without an ambassador is a day of opportunities lost to American interests.

The Quad, consisting of the U.S., Australia, Japan, and India, is an important diplomatic tool. Many people in the national security community think of the Quad only as a nascent military alliance and want it to act that way. This may reflect the Quad's future value, but its present value is almost entirely diplomatic. The Quad can greatly magnify our diplomatic voice throughout the region and strengthen our diplomatic leverage with the Southeast Asians as well as the Chinese. The March Quad summit hosted by the President addressed the fight against COVID, climate change, and technology cooperation.

The Quad should be part of a broader effort to engage with our allies on Southeast Asian affairs, especially with the Japanese. Japan is still among ASEAN's largest trading partners and between 2015 and 2020 Japan pumped \$102 billion in FDI into ASEAN, more than China. Japan has deep, long-standing links with priority Southeast Asian countries like the Philippines, Vietnam, Indonesia, and Singapore. The Japanese are demonstrating strong leadership in Southeast Asia, and we should not only encourage it, we should figure out how they do it.

## B. A Coherent, Region-wide Economic Strategy

The U.S. economic position in Southeast Asia is impressive. We conducted over \$308 billion in two-way trade with the region in 2020 and between 2015 and 2020 we invested more than \$111 billion in the region, more than any other country.

But we need to be stronger. As far as I can tell, we haven't had a comprehensive regional economic strategy since 2016. I'm going to let my colleague address this issue in detail, but we need a credible geoeconomic approach because regional geopolitics and geoeconomics are intimately linked.

I understand the domestic politics of free trade agreements, but from a strategic point of view our failure to join the Trans-Pacific Partnership (TPP) was a blunder. As you all know, the Japanese deftly intervened in 2017 to save the TPP without us. Outside the TPP, we'll have a lot less say in regional rule making and standard setting, especially if the Chinese is admitted.

An effective geo-economic strategy must also include increased American participation in the great Southeast Asian infrastructure build-out. The Senate should confirm the President's nominees for Development Finance Corporation (DFC) CEO (Scott Nathan) and Exim-Bank President and Chair (Reta Jo Lewis) as soon as possible so that these institutions can gear up. I doubt that we'll ever match Japanese (\$259 billion) or Chinese (\$157 billion) infrastructure funding levels, but Congressional support of the DFC and the Ex-Im Bank offers us a way to stay in the game.

### C. Building Conventional Deterrence

Strengthening conventional deterrence in Southeast Asia is a critical task. The Pacific Deterrence Initiative is an important approach to enhancing the credibility of the our deterrent. I strongly endorse the DoD's effort to increase joint force lethality, enhance our posture, and strengthen allies and partners.

The Indian Ocean approaches to the Malacca Strait, the South China Sea, and the Mekong River are Southeast Asia's strategic centers of gravity. These are the areas on which Southeast Asians depend for their livelihood and on which so many conflicting regional and global interests converge. Our continued naval access to the South China Sea will rely more on how deftly we manage our relations with the Philippines, Vietnam, Singapore, and Indonesia than on how many Freedom of Navigation Operations we conduct. Our continued command of the western approaches to the Malacca Strait will depend on the level of our cooperation with India and Australia. In this regard the establishment of AUKUS and our agreement on the provision of

nuclear powered submarine technology to Australia was an important step forward.

It's necessary to point out that American strategic posture in Southeast Asia differs markedly from our posture in Northeast Asia. In Northeast Asia we have a clear forward line of defense, numerous forward-deployed forces, and strong, capable allies. It's just the opposite in Southeast Asia, where we have a more ambiguous line defense, many fewer forces, and far less capable allies. Given these facts, as well as Southeast Asian interest in balancing between the U.S. and China, we probably can't replicate our Northeast Asian posture. The ambiguity of the situation is encompassed in our contrasting relationships with the Philippines and Singapore. Our treaty ally the Philippines is ambivalent about hosting U.S. forces. Singapore is not a treaty ally but hosts rotationally deployed American littoral combat ships and a Navy command. We'll have to be both agile and patient in our effort to build a more distributed force.

#### IV. Balancing our Interests

The tragic situation in Burma reflects the hard choices and limited options that U.S. policy makers face in engaging Southeast Asia. Burma has rich resources and a population that seeks both democracy and development. It is also increasingly strategic. Burma shares a 1,300 mile border with the PRC. The Chinese have built oil and gas pipelines through Burma to the Andaman Sea and are fond of calling Burma "China's west coast." The two countries share a huge cross-border trade, and thousands of Chinese immigrants have filtered into the country. The Chinese built gas and oil pipelines connecting Kunming with Kyaukphyu on the Andaman Sea in 2013 and 2017 and hope to build road and rail links along with several economic zones. The Trump and Biden Administrations did the right thing by sanctioning Burmese entities responsible for the genocide in Rakhine State and for the February coup. Targeted sanctions hold those responsible accountable for their acts while shielding the Burmese people from economic harm.



## V. Conclusion

Mr. Chairman, if we fail to seize the economic and strategic opportunities that Southeast Asia offers to us the American people's security and prosperity someone else will, and our security and prosperity will suffer. Only broadly based diplomatic, economic, and military efforts, consistently supported by the highest levels of the U.S. Government will allow us to pursue those opportunities effectively.

A Vietnamese saying current among Hanoi Communist Party elites captures the problem all Southeast Asian countries face. The saying goes: "If you get too close to the Chinese, you lose the country. If you get too close to the Americans, you lose the party." Not all Southeast Asian countries are run by Communist Parties, but this saying demonstrates that to succeed anywhere in Southeast Asia, we'll need to squeeze the tofu just right.