

The Institute  
for Regional  
Security

# Security Challenges

Vol. 16

No. 3

2020

Special Issue  
The Indo-Pacific:  
From Concept to Contest

David Brewster and Chris Farnham

Zack Cooper

Caitlin Byrne

Kyoko Hatakeyama

Greta Nabbs-Keller

Ian Hall

Michael Clarke

Xue Gong

Joanne Wallis

Huong Le Thu

Ueki Chikako

Jeffrey Wilson



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**Vol. 16 / No. 3 / 2020**

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ISSN 1833 – 1459

## Editors:

**Dr Gregory Raymond**

*Managing Editor*

editor@ifrs.org.au

**Dr Elizabeth Buchanan**

*Managing Editor*

editor@ifrs.org.au

**Chris Farnham**

*Managing Editor*

editor@ifrs.org.au

**Geoff Hunt**

*Production Editor*

wamboolhunt@yahoo.com.au

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Published and distributed by:

The Institute for Regional Security

2/10 Kennedy St

(PO Box 4060), Kingston ACT 2604

T: (02) 6295 1555

W: <https://regionalsecurity.org.au>

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Security Challenges is indexed on EBSCOhost™.

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# From Concept to Contest

David Brewster and Chris Farnham, Guest Editors

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Over the last decade the Indo-Pacific has emerged as an important strategic concept. The idea of the Indo-Pacific springs from the observation that fundamental changes in economic and political dynamics of the littoral states of the Pacific and Indian Oceans means that they should no longer be seen as separate theatres for strategic purposes. Rather, major powers are increasingly interacting along the Eurasian littoral and related maritime zones.

The concept of the Indo-Pacific is dynamic, and indeed is still evolving in response to this changing reality. Analysts will disagree where this new region begins and ends and whether it is a 'region' or a 'strategy'.

Chinese official sources tend to deny the existence of the Indo-Pacific, even if China's regional strategy appears to be very much like an Indo-Pacific strategy. In 2013, while the Indo-Pacific was emerging as a concept in several countries, Chinese leader Xi Jinping announced the launch of the Silk Road Economic Belt and the 21st Century Maritime Silk Road. This initiative, the goal of which is to develop infrastructure linking China to foreign markets from Asia to Europe, has been through numerous name changes since, landing on Belt and Road Initiative (BRI).

India has been pursuing a 'Look East' strategy for decades to foster its presence in Southeast Asia and other Pacific states. This was later renamed the Act East Policy to emphasise the strength of India's commitment to becoming more active in what was long called the Asia Pacific.

Japan has pursued an Indo-Pacific strategy for more than a decade, ever since 2007 when Shinzo Abe made his landmark speech to the Indian Parliament, talking about the "confluence of the seas". Japan has since developed its own 'Free and Open Indo Pacific' strategy which has been adopted by the United States, at least in terminology.

Australia, too, has been an early adopter of the idea of the Indo Pacific, using it in its 2013 Defence White Paper. Australia's commitment to the so-called 'rules-based order' was later detailed in its 2017 Foreign Policy White Paper.

Several Southeast Asian states have also been building Indo-Pacific strategies, beginning with the 'Global Maritime Fulcrum' concept adopted by Indonesia. More recently, ASEAN has adopted an Indo-Pacific strategy that predictably emphasises ASEAN centrality.

This existence of multiple national strategies indicates multiple and potentially competing agendas. Can such visions cohere to build a cooperative strategy across the fields of security, geo-economics, rules and norms? In March 2019, the National Security College at the Australian National University, with support from the Embassy of Japan, hosted an international conference to consider what a free and open Indo-Pacific means in practice, the barriers to achieving such a reality and the opportunities open to regional actors to develop a shared approach to regional security and prosperity.

Key presenters from this conference were invited to submit contributions to this special issue of the *Security Challenges* journal, which considers the drivers for national strategies, the challenges to regional security and the positions open to states to ensure a free and open Indo-Pacific.

Zack Cooper examines the future Indo-Pacific order. Cooper argues that the future regional order will depend on three critical questions: First, will China's rise continue? Second, will America remain engaged in Asia? Third, will regional states pursue autonomy from the United States and China? These questions may be simple, but their answers are complex and together they can yield significant insights about the Indo-Pacific's future.

Caitlyn Byrne examines the Indo-Pacific and associated ideas of a 'rules-based order' through the lens of a strategic narrative. According to Byrne, it is a contest of leadership, influence and ideas, whereby success is ultimately demonstrated through the ability to set the political agenda, while also framing the rules and terms of compliance for that agenda; thus, shaping the future of regional order in the Indo-Pacific.

Kyoko Hatakeyama considers the roles of norms-based diplomacy in the Asian maritime order. Hatakeyama concludes that although China is keen to increase its financial contributions to international institutions and exhibits a willingness to contribute to economic development around the world, its unilateral claims and its attempts to change the maritime status quo indicate a radical form of contestation of the current maritime order.

Greta Nabbs-Keller looks at ASEAN centrality and Indonesian leadership in a contested Indo-Pacific order. She argues that maintaining the prerogative for shaping the emerging architecture, norms and cooperative initiatives of the Indo-Pacific region is of vital importance to Indonesia, lest external powers seek to bypass ASEAN altogether. Indonesia's exercise of diplomatic initiative and leadership, albeit belated, has seen ASEAN regain the driver's seat on the vision for the emerging Indo-Pacific order. However, critical questions remain about ASEAN's unity and resolve.

Ian Hall looks at Indian conceptions of the so-called 'rules-based order'. He argues that the adoption of the language of the 'Rules-Based Order' is one of the most significant changes to Indian foreign policy brought about by the Bharatiya Janata Party-led government, headed by Narendra Modi. Hall concludes that India's conception of the rules-based order may diverge from the understandings of its strategic partners, but the concept and associated language are now embedded in its avowed vision of how the Indo-Pacific ought to operate and manage security challenges.

Michael Clarke examines China's Belt and Road Initiative in continental Eurasia. He concludes that the shifting regional balance of power suggests that China may achieve its objective of predominance along the "Eurasian continuum" of the Indo-Pacific. This would provide it not only with a "logistical power base" for overland trade, communication and energy/resource access to Central Asia, South Asia and the Middle East but potentially a means of mitigating the effects of the further deterioration of great power relations in the maritime dimension of the Indo-Pacific.

Xue Gong asks whether the Indo-Pacific region has become a battlefield of the US-China rivalry. Xue argues that intense strategic rivalry between China and the United States is likely to occur and intensify in Southeast Asia, largely because both China and United States appear to woo this region for geostrategic influence.

Joanne Wallis looks at Australia's response to China's growing presence among the Pacific island states. She argues that Australia needs to recognise that its approach to the Pacific Islands is frequently counterproductive, particularly when perceived domestic political imperatives generate a disconnect with its stated foreign and strategic policy priority of stepping up its relationships in the region. In addition, Australia must ensure that it strikes a balance between expressing its strategic concerns and respecting the sovereign independence of Pacific Island states.

Huong Le Thu considers ASEAN's perspectives towards the Indo-Pacific. She argues that Southeast Asia has been an important venue for the promotion of the US-version of the Free and Open Indo-Pacific strategy. She then tracks the evolution of Southeast Asian views on the concept, from resistance to reticence and more recently to reaction.

Chikako Ueki looks at Japan's liberal deterrence strategy and the key features of Japan's strategy toward China. Ueki considers if Japan has abandoned engagement and if Japan's new strategy is adequate to achieve its objective of maintaining a rules-based order in the Indo-Pacific. Ueki also asks what the cost of maintaining a rules-based order might be, and looks at the role deterrence might play in the Free and Open Indo-Pacific strategy.

Jeffrey Wilson looks at competing blueprints for regional connectivity sponsored by the major powers. He notes that much commentary on Indo-Pacific infrastructure diplomacy has focused on the implications of the Belt and Road Initiative. Some analysts have even identified infrastructure as an emerging front in the so-called 'new Cold War' between China and the United States. However, the popular fixation on the BRI ignores the much wider range of infrastructure initiatives at play in the region. Given the economic and strategic importance of connectivity, many governments have launched programs to help close the region's infrastructure gaps. Each offers a distinctive 'blueprint' for regional connectivity, with different goals, governance arrangements and institutional mechanisms. In this way, these blueprints offer competing geo-economic visions for the future of Indo-Pacific economic integration.

These papers are rounded out with a review by Chris Farnham of Hugh White's new book *How to Defend Australia*. Farnham takes a critical look at many of White's arguments and concludes that stimulating discussion is one of White's key aims in addressing how to secure the nation amidst an uncertain regional order.

Together these papers provide a rich resource for readers interested in the evolution of strategies towards the Indo Pacific.



# The Future Indo-Pacific Order

Zack Cooper

The Indo-Pacific region is transforming as the world's centre of gravity shifts from west to east.<sup>1</sup> It is becoming clear that the region's future will differ greatly from its past, but significant uncertainty remains regarding the path forward. Unfortunately, there is no obvious method to determine how geopolitics will evolve in the next few decades, but this short essay describes several possible regional orders and attempts to identify the major variables that will determine the region's path.

In particular, this essay argues that the future regional order will depend on three critical questions: First, will China's rise continue? Second, will America remain engaged in Asia? Third, will regional states pursue autonomy from the United States and China? These questions may be simple, but their answers are complex and together they can yield significant insights about the Indo-Pacific's future.

Before addressing these questions in detail, it is necessary to identify the most likely potential futures in the Indo-Pacific. Four futures now appear possible: an American-led order, a Chinese-led order, a bipolar order, and a multipolar order. Each of these orders could be described in great detail — and have been elsewhere—but a brief description of each follows below.

**American-led order:** An American-led order would largely resemble the existing order. The United States would continue to develop and advance regional rules and norms, along with its allies and partners. The United States would largely be free to exercise power without significant constraints, permitting Washington to shape the Indo-Pacific region according to its interests and desires.<sup>2</sup>

**Chinese-led order:** A Chinese-led order would represent a fundamental break from the existing order.<sup>3</sup> Beijing would take the leadership role from Washington, allowing the Chinese Communist Party to shape the region's development.<sup>4</sup> Beijing would likely attempt to increase its political, economic, technological, military and cultural influence in the region and beyond.

**Bipolar order:** A bipolar order would meld elements of these two orders. The United States and China would compete across the Indo-Pacific, with each seeking to shape an order favouring its own interests.<sup>5</sup> As in the scenarios described above, regional states would have limited agency; they would be forced to choose sides. A bipolar order would put a premium on the alignment decisions of regional states, but also put them at greater risk.

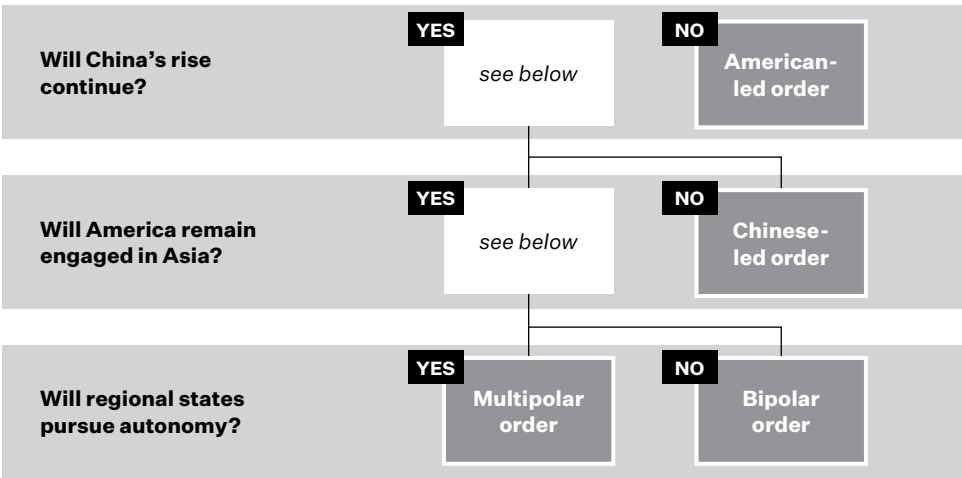
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- 1 Gideon Rachman, *Easternization: Asia's Rise and America's Decline from Obama to Trump and Beyond* (New York: Other Press, 2016).
  - 2 G. John Ikenberry, 'China and the Rest Are Only Joining the American-Built Order', *New Perspectives Quarterly*, vol. 25, no. 3 (June 2008), pp. 18–21, doi.org/10.1111/j.1540-5842.2008.00995.x.
  - 3 Randall L. Schweller and Xiaoyu Pu, 'After Unipolarity: China's Visions of International Order in an Era of U.S. Decline', *International Security*, vol. 36, no. 1 (July 2011) 41–72, doi.org/10.1162/ISEC\_a\_00044.
  - 4 Feng Zhang, 'Chinese Visions of the Asian Political-Security Order', *Asia Policy*, vol. 13, no. 2 (30 April 2018).
  - 5 Evelyn Goh, *The Struggle for Order: Hegemony, Hierarchy, and Transition in Post-Cold War East Asia* (Oxford: Oxford University Press, 2013).

**Multipolar order:** A multipolar order would include three or more states competing for regional power and influence.<sup>6</sup> Potential poles in this system could include not only the United States and China, but also India, Japan, Indonesia, and others. In such an environment, regional states would have greater opportunity to remain non-aligned. Yet, regional rules and norms might also be more contested as the number of poles increases.

Simply identifying these orders is of limited value without some method to assess the likelihood and indications of each occurring. Although there is no doubt that many factors will be critical to determining the Indo-Pacific's future, three questions stand out. First, will China's rise continue? Second, will America remain engaged in Asia? Third, will regional states pursue autonomy from the United States and China? By asking these questions in this order, it is possible to chart the region's likely path in the years ahead.

As shown in Figure 1 below, if China's rise stalls, then the United States will likely continue to lead the regional order. If China's rise continues and America disengages from Asia, then China will likely inherit the mantle of regional leadership. If China's rise continues and America remains engaged, then the order will depend largely on the actions of regional states. If regional states choose to align with the United States or China, then a bipolar order will emerge. If regional states pursue autonomy from these two powers, then a multipolar order is more likely.

**Figure 1: Three Questions about the Indo-Pacific's Future**



Knowing which questions to ask is quite different from knowing the ultimate answers to those questions. And yet, although the future will always remain opaque, it is possible to begin identifying the issues that will determine the region's future path. In so doing, scholars and policymakers can decide how to best devote their time and resources to study and shape the Indo-Pacific region. With this in mind, the sections below briefly outline the key issues related to the three questions raised above.

6 Jack S. Levy and William R. Thompson, 'Balancing on Land and at Sea: Do States Ally against the Leading Global Power?', *International Security*, vol. 35, no. 1 (July 2010), pp. 7–43.

**Will China's rise continue?** Many observers assume that China's rise will continue, largely unabated, into the future. After all, the Chinese Communist Party has successfully engineered forty years of rapid economic growth using a mix of single-party rule and state-directed development. Yet there are many reasons to believe that China is likely to face severe challenges in the years ahead.<sup>7</sup> Beijing must contend with domestic discontent, significant demographic constraints, massive economic expectations, and substantial opposition from neighbouring states. Moreover, Xi Jinping's decision to extend his reign indefinitely introduces greater fragility into the Chinese Communist Party. If Beijing encounters serious challenges — as seems inevitable — it will now prove more difficult to chart a new direction through an orderly succession process.<sup>8</sup> Moreover, simply assuming that rising powers will continue their rise unabated has proven unwise in the past — one need look no further than the Soviet Union's downfall or Japan's economic stagnation. Thus, observers would be wise to consider the possibility that China's rise might stall, while planning for the possibility that Beijing's success could continue.<sup>9</sup> Of course, if China's rise did stall, the outcome could have a severe negative impact on not only the Chinese people, but also China's neighbours, which could be harmed by either a major economic downturn or greater Chinese reliance on nationalistic sentiment.

**Will America remain engaged in Asia?** For seventy years, the United States has underwritten security and prosperity across much of the Asia-Pacific region.<sup>10</sup> Yet, under Donald Trump, concerns have grown that the United States might pursue a more nationalistic 'America First' strategy. Facing substantial political and economic challenges, leaders in Washington might choose to focus on domestic priorities in place of foreign policy objectives. Similar debates about preferencing domestic goals over foreign priorities arose in the 1950s, 1970s and 1990s, so President Trump's efforts to refocus US attention at home are not unprecedented. Yet there is good reason to believe that the United States will remain deeply engaged in the Indo-Pacific region.<sup>11</sup> After all, the United States is a resident power in the Pacific, with people, territory and forces spread across the region. Moreover, concerns about the Chinese Communist Party are driving renewed interest in Asia among policymakers and politicians in Washington. Although political leaders in the United States do not agree on much, there is a growing bipartisan consensus on the need to refocus US attention and resources on the challenge posed by the Chinese Communist Party.<sup>12</sup> The American public lags behind its politicians in this regard, but the Trump administration's 2017 National Security Strategy has altered the debate. Therefore, although multiple scenarios are possible, it would be unwise to assume that the United States will withdraw from the Indo-Pacific.

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7 David M. Lampton, 'China: Challenger or Challenged?', *The Washington Quarterly*, vol. 39, no. 3 (2 July 2016), pp. 107–19, doi.org/10.1080/0163660X.2016.1232638.

8 Alanna Krolkowski, 'Brittle China? Economic and Political Fragility with Global Implications', *Global Policy*, vol. 8, no. S4 (2017), pp. 42–53, doi.org/10.1111/1758-5899.12434.

9 David Shambaugh, 'Contemplating China's Future', *The Washington Quarterly*, vol. 39, no. 3 (2 July 2016), pp. 121–30, doi.org/10.1080/0163660X.2016.1232639.

10 Michael J. Green, *By More Than Providence: Grand Strategy and American Power in the Asia Pacific since 1783* (New York: Columbia University Press, 2017).

11 Kurt M. Campbell, *Pivot: The Future of American Statecraft in Asia* (New York, NY: Twelve, 2016).

12 It should be noted, however, that this consensus may not extend beyond politicians in Washington, as the American public and a large portion of the academic community remain unconvinced that tougher policies are warranted. See, for example, M. Taylor Fravel, J. Stapleton Roy, Michael D. Swaine, Susan A. Thornton and Ezra Vogel, 'China Is Not an Enemy', *Washington Post*, 3 July 2019, <www.washingtonpost.com/opinions/making-china-a-us-enemy-is-counterproductive/2019/07/02/647d49d0-9bfa-11e9-b27f-ed2942f73d70\_story.html> [Accessed 1 May 2020].

**Will regional states pursue autonomy from the United States and China?** Many observers discount the importance of the choices of other regional states in determining regional orders. This instinct is partially due to the fact that the Indo-Pacific order has been bipolar or unipolar for most of recent memory, thereby limiting the choices available to other regional players. Yet, the power trajectories and alignment decisions of regional states should not be overlooked. If the United States and China continue to be major players in the Indo-Pacific, then regional states will have a choice to make. They will be forced to either choose to align with one of the great powers, or to seek to maintain autonomy.<sup>13</sup> Asian leaders are fond of saying that they do not wish to choose between the United States and China.<sup>14</sup> After all, bandwagoning with one of the great powers would provide a security guarantor, but risk angering the opposing side. Maintaining autonomy would provide leverage and agency to regional states, while also increasing the likelihood that a multipolar order would emerge.<sup>15</sup> Moreover, if the United States and China appear focused on a bilateral confrontation and unwilling to take into account the interests of third parties, then regional states may not see the benefits of alignment. Therefore, leaders in Beijing and Washington should not assume that the Indo-Pacific order will become bipolar. It may be more likely that regional states opt for autonomy to maximise their freedom of action.

What does the future hold for the Indo-Pacific region? As is noted above, wise observers will admit that the region's path has not yet been determined. But there is enough evidence to suggest some early indicators of the likely future path. In particular, there is reason to believe that the answer to each of these three questions is likely to be a qualified yes. Yes — China will continue rising, albeit at a slower pace. Yes — the United States will stay engaged in Asia, although distracted by domestic and global challenges. And yes — regional states will favour autonomy over alignment, as they have increasingly done in recent years. If this assessment is correct, then the most likely outcome in the Indo-Pacific is a multipolar order.

A multipolar order would fully satisfy neither the United States nor China, each of which would prefer to lead a unipolar regional order. However, a multipolar order would be largely acceptable to states across the Indo-Pacific, many of which appear to see this configuration as increasingly advantageous given Beijing's assertiveness and Washington's unpredictability.

Although American policymakers might not desire a multipolar order, they would enjoy real benefits if one emerges. Most other possible regional poles are democratic and share significant interests with the United States. From an American perspective, India, Japan, Indonesia and others could therefore prove valuable balancers to China's rise.<sup>16</sup>

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13 Darren J. Lim and Zack Cooper, 'Reassessing Hedging: The Logic of Alignment in East Asia', *Security Studies*, vol. 24, no. 4 (2 October 2015), pp. 696–727, doi.org/10.1080/09636412.2015.1103130.

14 Lee Hsien Loong, Speech to the Shangri-La Dialogue, Singapore, 31 May 2019, CNA, Mediacorp, <www.channelnewsasia.com/news/singapore/lee-hsien-loong-speech-2019-shangri-la-dialogue-11585954> [Accessed 1 May 2020].

15 Evelyn Goh, 'How Should Southeast Asia Respond to the South China Sea Ruling?', East Asia Forum, 17 July 2016, <www.eastasiaforum.org/2016/07/17/how-should-southeast-asia-respond-to-the-south-china-sea-ruling/> [Accessed 1 May 2020].

16 Thoughtful expositions on regional views of Asian order are included in the roundtable 'Contending Visions of the Regional Order in East Asia', *Asia Policy*, vol. 13, no. 2, 30 April 2018.

Washington would be forced to sacrifice some agency in regional decision-making, but it would also be allowed to shed some of the burden for maintaining the existing regional order. This analysis does not suggest that a multipolar order is inevitable, but it does imply that experts should think more carefully about the contours of such an order in the Indo-Pacific region.

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*Dr Zack Cooper is a research fellow at the American Enterprise Institute, a co-director of the Alliance for Securing Democracy, an adjunct assistant professor at Georgetown University, a lecturer at Princeton University and an associate at Armitage International. Zack has previously served in the Pentagon and the White House as special assistant to the Principal Deputy Under Secretary of Defence for Policy and as assistant to the Deputy National Security Advisor for Combatting Terrorism at the National Security Council.*

# Securing the ‘Rules-Based Order’ in the Indo-Pacific: The Significance of Strategic Narrative

Caitlin Byrne

The rules-based order is under challenge on a number of fronts. China as a rising power is naturally a major challenger, and its rise has created significant uncertainty about the kind of order that will prevail within the Indo-Pacific into the future. Other external forces at play — from the shifting nature and multipolar distribution of power across the region, to the emergence of new demands and sites for political contest, and the impact of new threats including climate change — are all exerting different pressures on the rules-based order. Add to this the fact that rules are not intended to be static fixtures of global order. They shift and evolve to meet the needs and expectations of those that set, enforce and comply with them. Amid this context of re-ordering, this paper argues that there is a more significant contest underway in the Indo-Pacific: the contest for strategic narrative. It is a contest of leadership, influence and ideas, whereby success is ultimately demonstrated through the ability to set the political agenda, while also framing the rules and terms of compliance for that agenda; thus, shaping the future of regional order in the Indo-Pacific.

## Establishing the Rules-Based Order

The ‘rules-based order’ refers in a general sense to the body of rules, norms and institutions that regulate the behaviours and interactions of sovereign states and other actors in the global system.<sup>1</sup> It is an order that is most visibly founded on the United Nations (UN) and Bretton Woods institutions under the global stewardship of the United States. The grand aim of the rules-based order today is to ensure, to the greatest extent possible, that all nations can share in the benefits of peace and prosperity. Importantly, and despite arguments to the contrary, Robert Kagan reminds us that such grand aims are not born of naive optimism but, instead, from hard experience and pessimism sourced from “two catastrophic global wars, the Holocaust, man-made famines, the rise of fascism and communism and near death of liberalism and democracy in Europe”.<sup>2</sup>

The existing ‘rules-based order’ neatly encapsulates the “transatlantic moment”,<sup>3</sup> and has gained political currency as a strategic narrative, particularly amongst Western political leaders over the past decade, with many advocating today for its preservation and

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1 Malcolm Jorgensen, ‘Equilibrium & Fragmentation in the International Rule of Law: The Rising Chinese Geo-legal Order’, *KFG Working Paper no. 21*, Berlin Potsdam Research Group “The International Rule of Law – Rise or Decline?”, November 2018.

2 Robert Kagan, ‘The World America Made — and Trump Wants to Unmake’, *Politico*, 28 September 2018.

3 William W. Burke-White, ‘Power Shifts in International Law: Structural Realignment and Substantive Pluralism’, *Harvard International Law Journal*, vol. 56, no. 1 (2017), p. 4.

promotion. Middle power nations including Australia and Japan, having benefited from underlying principles of freedom of navigation, open and fair trade and peaceful settlement of disputes, today locate the ‘rules-based order’ at the heart of their declaratory strategic policy. Such moves signal their commitment to the existing order, their alliance to the United States and their more active strategic role in the region.<sup>4</sup>

The narrative surrounding the ‘rules-based order’, though not without contention,<sup>5</sup> speaks most commonly to an era in which the United States and its European allies wielded such power and influence that they “embedded their particular preferences into the substance of international law”.<sup>6</sup> Greg Raymond notes that they have continued to wield influence to get their way within the established architecture.<sup>7</sup> As such it is not surprising that the ‘rules-based order’ might also be seen as a euphemism for preserving the entrenched interests of the status quo. Malcolm Jorgensen further observes that the rules-based order is predicated on an uncritical universal view of international law embedded in policy and practice in the post-World War Two era, which presumes a similarly universal view of enforcement; “that is, that it should be capable of being enforced equally in respect of all members of the community”.<sup>8</sup> Though critical, Jorgensen’s views reflect the underlying assumptions and ideals of the ‘rules-based order’ as strategic narrative, and suggest “the qualities of unity or coherence of international law as a single normative system”. While it may be simplistic to contest the legitimacy of the ‘rules-based order’ on the strength of these arguments alone, it is worth noting that in today’s world the broad narrative and assumptions underpinning it are deserving of greater attention and critique.

## ‘Rules-Based Order’ under Challenge

Recent structural shifts in the global system have exposed vulnerabilities within the practice and narrative of the ‘rules-based order’. China’s rise is the dominant feature of this shift, and China has been cast, particularly by the United States, as the primary antagonist towards the established order.<sup>9</sup> Not without cause. In certain contexts, China is operating in violation of international law, and setting its own strategic narrative in the process. Persistent militarisation efforts in the South China Sea (SCS), for example, sit in contravention of the UN Convention on the Law of the Sea (UNCLOS). China’s rejection of international arbitration on these matters puts it at odds with the established order,

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4 Nick Bisley and Ben Schreer, ‘Australia and the Rules Based Order in Asia’, *Asian Survey*, vol. 58, no. 2 (March/April 2018), p. 302.

5 For example, Patrick Porter challenges the existence of a unitary order; while others like Peter J. Katzenstein argue that there are different orders in different world regions. See for example, Patrick Porter, ‘A World Imagined: Nostalgia and the Liberal Order’, CATO Institute, 5 June 2018; and Peter J. Katzenstein, ‘The Second Coming? Reflections on a Global Theory of International Relations’, *The Chinese Journal of International Politics*, vol. 11, no. 4 (2019), pp. 373-90. See also Carl Ungerer, ‘Who’s Rules? In Which Order?’, *Australian Outlook*, 25 May 2018.

6 Burke-White, ‘Power Shifts in International Law’, pp. 4-5.

7 Greg Raymond, ‘Fragile and Fracturing or Evolving and Adaptive: Prospects for the Rules-Based Global Order’, *Centre of Gravity Series* no. 34 (Canberra: Strategic and Defence Studies Centre, ANU, 2017), p. 6.

8 Arthur Watts, ‘The International Rule of Law’, *German Yearbook of International Law*, vol. 36, no. 15 (1993), p. 39 cited in Jorgensen, ‘Equilibrium & Fragmentation in the International Rule of Law’, p. 7.

9 See for example, United States, *National Security Strategy of the United States of America*, (Washington DC: President of the United States, 2017), p. 25; and Department of Foreign Affairs and Trade, 2017 *Foreign Policy White Paper* (Canberra: Commonwealth of Australia, 2017), p. 1.

and, with the notable exception of the Philippines, with the expectations of nations within the region.<sup>10</sup> While Beijing argues claims of historical maritime usage, interpretation and jurisdiction, the clear intent of its message is that China's national interests will trump negotiated regional approaches. Reinforced by increasingly assertive, sometimes disruptive, and at times coercive diplomacy, and cast against the backdrop of intense military modernisation and national ambition, it is a message that strikes an ominous tone.

Yet it might also be argued that China is seeking to innovate the 'rules-based order'. The establishment in 2016 of the multilateral Asian Investment and Infrastructure Bank (AIIB) is, according to the UN, "reshaping the landscape of development finance" and mobilising capital for much needed infrastructure projects in the developing world.<sup>11</sup> President Xi's Belt and Road Initiative (BRI) launched in 2013 offers a further example of innovation, again promoting infrastructure and connectivity projects in the region. However, criticisms of BRI's opaque, debt-financed approach and characterisations that it represents "a new form of colonialism" have been damaging.<sup>12</sup> Perpetuating concerns about debt entrapment, unfair labour practices and poor environmental standards in the developing regions while advancing China's strategic advantage, the BRI has lost some of its initial gloss.<sup>13</sup> While outwardly refuting such criticisms, Chinese officials acknowledge, internally at least, the need to improve on BRI project delivery; a response that is consistent with the nature and process of innovation. For example, National People's Congress spokesman and former foreign affairs vice-minister Zhang Yesui addressed the second session of the 13th National People's Congress noting:

Obviously, like other international cooperation initiatives, there will be some difficulties, problems, risks and challenges during the implementation of the Belt and Road Initiative. However, ... with continued overall improvement, ... the Belt and Road Initiative will certainly bring better development and even more rewards to participating nations.<sup>14</sup>

And yet on other matters, China's contribution to maintaining the 'rules-based order' through global governance, peacekeeping, disaster recovery, counterterrorism, anti-piracy operations, global public health and development assistance is notable.<sup>15</sup> Indeed, closer examination of China's rhetoric and action on the regional and global stage reveals a more complex picture. It is neither unsurprising nor entirely unreasonable that China might seek to contest and innovate particular rules underpinning the established order, "like all great powers, China will seek to influence the region to suits its own interest".<sup>16</sup>

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10 Raymond, 'Fragile and Fracturing or Evolving and Adaptive', p. 5.

11 UN Conference on Trade and Development (UNCTAD), 'Keep an Eye on China's Innovations in Development Finance', UNCTAD, 26 February 2018. <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1671> [Accessed 19 May 2020]

12 Lucy Hornby, 'Mahathir Mohamad Warns Against "New Colonialism" During China Visit', *Financial Times*, 20 August 2018.

13 Thitinan Pongsadhirak, 'China Must Be Persuaded to Keep BRI within the International Rules', *Nikkei Asian Review*, 19 September 2018.

14 Laurie Chen, 'China Defends Belt and Road Strategy against Debt Trap Claim', *South China Morning Post*, 5 March 2019.

15 David Shambaugh, 'All Xi, All the Time: Can China's President Live up to His own Top Billing', *Global Asia*, vol. 13, no. 3 (September 2018); Raymond, 'Fragile and Fracturing or Evolving and Adaptive'.

16 Department of Foreign Affairs and Trade, *2017 Foreign Policy White Paper*, p. 26.



Furthermore, China is not the only challenger. An increasingly insular and introspective United States — whose leader prefers ‘deals’ to rules, and the company of rogues over allies — appears intent on withdrawing from, or at least disrupting, the ‘rules-based order’ it once championed. At the same time, emerging multipolarity, particularly in the Indo-Pacific region, will see other powers, including Russia, openly challenge the rules. As Jorgensen observes, the signs of fragmentation are now conspicuously playing out in the region, further jeopardising the resilience of the existing ‘rules-based order’.<sup>17</sup>

The rules constituting the ‘rules-based order’ raise further tensions. They are amorphous, inconsistent and unevenly enforced. In part this is due to the fact, as Raymond suggests, “that all Great Powers intermittently junk adherence to international law when unsuited to their perceived interests”.<sup>18</sup> At the same time of course, rules are not intended to be fixed. They morph and evolve as they are interpreted, tested, enforced, ignored or overturned. Shifting dynamics in the current global landscape will generate more of this movement.<sup>19</sup> Some of it unanticipated. For example, increasing demand for resources, coupled with the impacts of a changing climate — from receding icecaps to rising sea levels — will open up existing sets of rules to new challenge. The emergence of unregulated frontiers — from space to cyber — will create new forms of competition demanding the formulation of new rules. While non-traditional transnational threats — from urban terrorism to climate crisis — will intensify pressure on the rules, and the order they seek to underpin.

## Significance of Strategic Narrative

Against the backdrop of contest and turmoil, the imperative to set the strategic narrative that might best shape the nature of regional order is not to be understated. It is a matter of leadership. Chung In Moon and David Plott note, “It matters immensely who leads a nation, particularly in periods of major transformation, when long dormant tensions or trends assert themselves and begin to reshape political discourse”.<sup>20</sup> Indeed, Joseph Nye makes the point that effective leaders should be attuned to the fact that “political power ... comes from being able to set the agenda and determine the framework for debate”.<sup>21</sup> Embedded in this leadership role is the contemporary imperative to engage and influence wider audiences — those within and beyond the boundaries of the nation-state.

China’s leaders have long understood the significance of narrative. Today President Xi, having firmly located himself as producer and director of the ‘Great Rejuvenation of the Chinese Nation’ is crafting a narrative for China’s return to its rightful place, at the centre of the middle kingdom order. Leveraging his leadership persona on the domestic and global stage, President Xi is actively seeking to establish China’s credibility as a global power that contributes to selective global goods, where it is in China’s interests to do so.

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17 Malcolm Jorgensen, ‘Equilibrium & Fragmentation in the International Rule of Law’.

18 Raymond, ‘Fragile and Fracturing or Evolving and Adaptive’, p. 5.

19 For example, the International Seabed Authority (ISA) is negotiating a mining code to regulate deep seabed mining while receding icecaps expose previously inaccessible mineral deposits in the Arctic to possible mining activity. Rising sea levels challenge the traditional formulation of rules from the demarcation of Exclusive Economic Zones to the recognition of ‘climate refugees’.

20 Chung In Moon and David Plott,

21 Joseph Nye, ‘Donald Trump and the Decline of US Power’, *The Strategist*, Australian Strategic Policy Institute, 12 February 2018.

The BRI, for example, cast as a grand strategy of investment, infrastructure and connectivity, offers the broad platform for China's narrative of benevolent regional leadership.

There are obvious economic incentives incorporated in the Chinese narrative for those that choose to follow it. But, increasingly it is becoming clear that China's narrative is founded in principles of patronage, tilted towards China's strategic advantage and bound by asymmetric systems of influence and control.<sup>22</sup>

Providing a counter-narrative for the future regional order in which all players and powers — great, middle and small — might benefit, is critical. As it currently stands, the established 'rules-based order' is insufficient to counter China's ambitious model. Imperfections arising from its outdated Western bias, inconsistent application and visible impotence in the face of challenge continue to undermine the appeal and credibility. However, moves to reframe that narrative, anchoring the 'rules-based order' at the core of the 'free and open Indo-Pacific' vision, first articulated by Japan's Prime Minister Shinzo Abe, may prove to be more successful.

Drawing on the collective leadership of Abe alongside Indian Prime Minister Narendra Modi and recent Australian Prime Ministers Malcolm Turnbull and Scott Morrison, the narrative of 'a free and open Indo-Pacific' has found its way into mainstream foreign policy discourse at a surprising pace.<sup>23</sup> Malcolm Turnbull promotes the compelling idea that the "adherence to rules delivers lasting peace, where the rights of all states are respected, and where open markets facilitate the free flow of trade, capital, and ideas". Oriented towards shared maritime interests of the region and led by a collective leadership voice, the 'Indo-Pacific vision' offers a contemporary framework for shaping and reinforcing the rules that will contribute to regional order. Provided it is calibrated to the interests and expectations of nations across the region, it has potential to generate wider purchase in a 'rules-based' approach. But, its effectiveness demands clarity and consistency in language, substantiated through policy and demonstrated in cooperative action. At this stage the 'Indo-Pacific' narrative falls short on all counts. Additionally, the potential conflation of an 'Indo-Pacific' vision with a strategic design intended to overtly contain or exclude China is problematic. Nations across the Indo-Pacific are sensitive to the delicate balance that is required in their complex interdependent relationships with China. At the same time, engaging China in the narrative of an Indo-Pacific, underpinned by accepted rules, is critical. While incompatibilities between China's aspirations and those of a free and open Indo-Pacific remain, there may also be points of convergence. As others have argued, China might well be cast as "the quintessential Indo-Pacific power".<sup>24</sup> Yet, to date, too little emphasis is placed on identifying and negotiating common areas of interest, and making the case for collaboration over competition.

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22 Caitlin Byrne, 'Political Leaders and Public Diplomacy in the Contested Indo-Pacific', *The Hague Journal on Diplomacy*, vol. 14, no. 1 (2019), pp. 1-16.

23 While many credit President Trump with mainstreaming the Indo-Pacific concept during his 2017 extended tour of Asia, the credit belongs primarily to Prime Minister Abe, whose consistent championing of the narrative through multiple forums and channels saw it embedded in US strategic and foreign policy language.

24 Rory Medcalf, 'A Term Whose Time Has Come: The Indo-Pacific', *The Diplomat*, 4 December 2012.

## Conclusion

The ‘rules-based order’ is a complex, imperfect and evolving institution. Securing its future demands a more coherent, contemporary and inclusive narrative, underpinned by policy substance, and reinforced through cooperative action. Notions of a ‘free and open Indo-Pacific’ might offer a strategic narrative that is a better fit for our time. The contest to influence narrative is a test of leadership. Leadership matters more in times of crisis, strategic vulnerability and when international conditions are fluid. That time is now. Yet, it is also a test of diplomacy in its many forms — traditional and public, external and domestic — to engage with conventional and less conventional audiences. Carefully calibrated diplomacy that delivers a compelling narrative, supports multifaceted engagement, and substantiates words through deeds will matter in shaping and securing the future of the ‘rules-based order’ in the Indo-Pacific.

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*Professor Caitlin Byrne is the Director of the Griffith Asia Institute, Griffith University and a Faculty Fellow of the University of Southern California’s Centre for Public Diplomacy. Caitlin’s research is focused on Australian diplomacy with a special interest in Australia’s engagement in the Indo-Pacific.*

# Roles of Norms-Based Diplomacy in the Asian Maritime Order

Kyoko Hatakeyama

The underlying principles and norms that support the current US-led security order in the region are being contested by China, which has been increasing in economic and military might. China's contestation is symbolised by its unilateral claims of sovereignty over shoals and reefs in the South China Sea (SCS) as well as its reclamation projects, which have been followed by the establishment of airstrips and military facilities. Correspondingly, China has started to tighten its control over fishing and resource exploitation by other countries in the maritime area it claims as its Exclusive Economic Zone (EEZ). In the East China Sea (ECS), China also claims sovereignty over the Senkaku/Diaoyu Islands, which are administered by Japan, and has repeatedly intruded on Japan's claimed territorial waters. China is keen to increase its financial contributions to international institutions and exhibits a willingness to contribute to economic development around the world. However, its unilateral claims and its attempts to change the maritime status quo indicate a radical form of contestation of the current maritime order.

In response to this perceived change, Japan has begun to become actively involved in SCS issues. Its approach is multidimensional, consisting of strengthening security ties with regional states, creating multinational frameworks in the maritime domain, and emphasising norms such as the rule of law. Japan's emphasis on norms culminated in the announcement of the 2016 Free and Open Indo-Pacific Strategy, which provided a framework for Japan's norms-based diplomacy. Australia also takes a normative approach by emphasising the importance of a rules-based order. Despite their attempts at reinforcing current norms, the Association of Southeast Asian Nations (ASEAN) failed to take unified action, seemingly succumbing to China's charm offensive. Does this failure indicate the limits of the norms-based diplomacy conducted by Japan and Australia? Why do these two states stress norms and rules? This article first analyses why a normative approach is important in dealing with an uncertain regional security situation. Second, it examines the conduct of norms-based diplomacy and its impact in Asia. In conclusion, it argues that norms-based diplomacy is indispensable in sustaining the current regional order. The absence of such an approach would eventually result in the appearance of different norms and, most likely, arbitrary rules.

## Why Is Norms-Based Diplomacy Important?

The current Asian maritime order has been supported by two factors: US primacy and the framework of the United Nations Conventions on the Law of the Sea (UNCLOS), which provides guiding legal principles for states' behaviour in the maritime domain. However, due to China's economic and military ascendancy, the power gap between the United States and China is shrinking. While UNCLOS provides a framework for appropriate state behaviour, there is no overarching authority for enforcing it. In addition, UNCLOS

is ambiguous, allowing for various interpretations by states. For instance, when China harassed the US surveillance ship USNS *Impeccable*, which operated in the SCS in 2009, it justified its behaviour by presenting a different interpretation of UNCLOS. China argued that US military surveillance activities within its resource zone are prohibited by UNCLOS while the United States contended this is not the case. China also rejected a 2016 international tribunal's ruling that denied China's claim to what it sees as its historic right to most of the SCS. Although such behaviour bewildered other states, China justified its response by arguing that these actions were justifiable, lawful and reasonable because the disputed areas are China's maritime territory. In fact, China contests the interpretations made by other states rather than laws *per se*.<sup>1</sup> However, presenting a different interpretation of particular laws does not necessarily allow a contestant to take unilateral action and thereby change the status quo in a disputed area. If any interpretation is legitimate, any action can be justified, leading to a world governed by arbitrary rules.

Moreover, China presents us with a complicated picture, making it difficult for the international community to take a unified and resolute attitude. For instance, China offers a huge market to international trade, which in turn supports the economies of many other countries. Although China's militarisation of the SCS concerns many states, it also shows its readiness to maintain public goods such as freedom of navigation.<sup>2</sup> In addition, China has shown its willingness to contribute to economic development in the region by establishing the Asian Infrastructure Investment Bank (AIIB) as well as the Belt and Road Initiative (BRI). The aim is to replace the image of an aggressive China with that of benign and peaceful China. Due to the country's efforts to portray itself as a responsible power and a driver of economic development, there are no common perceptions or a common thesis of what might constitute a Chinese threat around the world.<sup>3</sup>

However, simply because Chinese behaviour does not clearly violate international law, acquiescing to such behaviour is not an appropriate response. Accepting the accumulation of debatable precedents might lead to a waning norm.<sup>4</sup> This in turn would allow a different norm to emerge, leading to new rules. Acquiescing to China's unilateral behaviour would therefore weaken the current norms and shared understandings that underpin UNCLOS. It would eventually result in a different type of order favourable to China.

To maintain the current rules-based order, countries should demonstrate rejection of China's attempts by employing both normative and material power. The US Freedom of Navigation in the SCS is one example of such a position. However, simply implementing a containment strategy by force is a strategic mismatch, even if it looks effective. Any approach that takes advantage of material strength should be supplemented by a normative approach – for instance, by articulating the meaning of norms to support UNCLOS. ASEAN may otherwise accept China's interpretations, resulting in the emergence of different and arbitrarily imposed rules.

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1 Ian Hall and Michael Heazle, 'The Rules-Based Order in the Indo-Pacific: Opportunities and Challenges for Australia, India, and Japan Policy Brief', *Regional Outlook Paper*, no. 50, Griffith Asia Institute, 2017, <[www.griffith.edu.au/data/assets/pdf/file/0023/108716/Regional-Outlook-Paper-50-Hall-Heazle-web.pdf](http://www.griffith.edu.au/data/assets/pdf/file/0023/108716/Regional-Outlook-Paper-50-Hall-Heazle-web.pdf)> [Accessed 13 January 2019].

2 Statement by China's Foreign Minister. See, Wang Yi, 'Statesmen's Forum: Wang Yi, Minister of Foreign Affairs, PRC', CSIS, 25 February 2016, <[www.csis.org/events/statesmens-forum-wang-yi-minister-foreign-affairs-prc](http://www.csis.org/events/statesmens-forum-wang-yi-minister-foreign-affairs-prc)> [Accessed 1 July 2018].

3 Kai He, 'Three Faces of the Indo-Pacific: Understanding the "Indo-Pacific" from an IR Theory Perspective', *East Asia*, vol. 35 (2018), pp. 149–61.

4 Alan Bloomfield, 'Norm Antipreneurs and Theorizing Resistance to Normative Change', *Review of International Studies*, vol. 42, no. 2 (2016), pp. 310–33.

How, then, can we reinforce a norm? A state that has sufficient power resources is liable to act as an ‘antipreneur’ to defend an entrenched norm against a challenger.<sup>5</sup> Measures a norm protector may use include articulating the norm, arguing in its favour, and implementing practical actions that embrace the norm.<sup>6</sup> Articulating an embedded norm and arguing for it help contribute to restating its existence and clarifying its meaning. Implementing concrete support such as joint training and education contributes to installing standardised procedures, everyday practices and routine tasks. Such measures may seem trivial and unrelated. However, existing norms are underpinned and cyclically reproduced by the specific routinised actions that embrace them. These measures therefore reinforce a normative structure.

## Norms-Based Diplomacy in Asia

As a beneficiary of the current maritime order, Japan, which possesses ample power resources, is apt to play a role as a norm defender. Norms emphasised by Japan are the rule of law, refraining from coercion, and the peaceful settlement of disputes.<sup>7</sup> However, due to its aggressive history before and during the Pacific War, some may see Japan’s active involvement in the SCS as suspicious. Therefore, alignment with countries such as Australia or India would be helpful in reassuring regional states and enhancing the legitimacy of Japan’s position. Like Japan, Australia has underscored the concept of a ‘rules-based order’ over the past decade. This emphasis was accentuated in the 2016 Defence White Paper, in which ‘rules-based order’ was mentioned no fewer than forty-eight times. This stands in clear contrast to the country’s past posture given that the term was not used at all in foreign policy or defence white papers prior to 2009.<sup>8</sup>

However, mere articulation is not sufficient. Such efforts should be supplemented by practical actions such as joint training, technical support and education. This support then serves to install standardised operations, routine tasks and everyday practices, which in turn buttress the normative structure. For example, the practical support provided by the Japan Coast Guard (JCG) not only strengthened the capacities of the coast guard agencies of regional states as law enforcement institutions; it also enabled Japan to convey the importance of the rule of law through communication.<sup>9</sup> Similarly, Australia stepped up its support, revealing a plan to set up an Australia-Pacific Security College to strengthen the ability of Pacific governments with which Australia has strong long-term ties to enforce laws and protect their sovereignty.

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5 Ibid., p. 321.

6 Antje Weiner, ‘A Theory of Contestation: A Concise Summary of Its Argument and Concepts’, *Polity*, vol. 49, no. 1 (2017), pp. 109–25.

7 For an example, see ‘The 13th IISS Asian Security Summit: The Shangri-La Dialogue, Keynote Address by Shinzo Abe, Prime Minister of Japan’, Ministry of Foreign Affairs Japan, 30 May 2014, <[www.mofa.go.jp/fp/nsp/page4e\\_000086.html](http://www.mofa.go.jp/fp/nsp/page4e_000086.html)> [Accessed 15 June 2017].

8 Nick Bisley, ‘Australia’s Rules-Based International Order’, Australian Institute of International Affairs, 27 July 2018, <[www.internationalaffairs.org.au/australianoutlook/australias-rules-based-international-order](http://www.internationalaffairs.org.au/australianoutlook/australias-rules-based-international-order)> [Accessed 3 February 2019].

9 For details, see Kyoko Hatakeyama, ‘Middle Powers’ Roles in Shaping East Asian Security Order: Analysis of Japan’s Engagement from a Normative Perspective’, *Australian Journal of Politics and History*, vol. 65, no. 3 (2019), pp. 466–81.

However, it could be argued that ASEAN's failure to take unified action illustrates the limited impact of norms-based diplomacy. Partly because of its promotion of the 'ASEAN way', which emphasises consensus among members, as well as ASEAN neutrality, the organisation has proved unable to find an effective solution to maritime disputes with China. In 2012, the ASEAN Foreign Ministers' meeting failed to issue a joint statement for the first time in forty-five years because Cambodia, which has close ties to China, opposed criticising that country. When Laos was ASEAN Chair in 2016, the organisation again failed to issue a statement supporting the 2016 tribunal ruling. Despite winning the ruling, the Philippines also modified its approach towards China and began improving bilateral relations. By setting the dispute over the Scarborough Shoal aside, Manila regained access to fishing grounds near the shoal and obtained economic assistance from China. For the Philippines, even though the number of its fishermen is small, fishing is a traditional and symbolic industry that attracts public attention.<sup>10</sup> Recovering access to fishing grounds appeared more important than adhering to the rule of law.

Moreover, China has taken initiatives to deepen maritime cooperation with ASEAN. It established a China-ASEAN Maritime Cooperation Fund in 2011. It also concluded a maritime partnership with ASEAN to promote cooperation in areas such as safety of navigation, maritime environment, and search and rescue operations.<sup>11</sup> In 2016, China launched the China-ASEAN College of Marine Science.<sup>12</sup> By providing such inducements, China vigorously tried to appease ASEAN countries vexed by its unilateral actions.

Nevertheless, ASEAN does not totally accede to China's actions. This is illustrated by ASEAN's attempt to conclude a Code of Conduct with China to curb the latter's unilateral actions. Security ties between ASEAN and Japan continue to deepen. In particular, JCG's grassroots support has borne fruit to some degree. The Philippines Coast Guard has begun to sail far out to sea and patrol its EEZ for law enforcement purposes using vessels provided by Japan. Such law enforcement operations should lead to internalisation of the norm, which translates to resistance to China's unilateral actions. The 2015 ASEAN declaration indicated its concern over a perceived change in the regional maritime order and its inclination to underline the importance of the rule of law as a norm. It also stated its readiness to utilise the Expanded ASEAN Maritime Forum (EAMF), a multilateral framework that embraces the United States, Australia and India.<sup>13</sup> ASEAN's willingness to seek a solution within EAMF implies that member states are ready to sustain the current rules-based order. More recently, the 2018 ASEAN summit declaration was more assertive, highlighting the need for 'respect for the rule of law' and stating its apprehension at China's unilateral actions in the SCS.<sup>14</sup>

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10 Interviews with academics at the University of the Philippines Diliman and researchers at the National Defence College in the Philippines, December 2016.

11 Cai Penghong, 'China-ASEAN Maritime Cooperation: Process, Motivation, and Prospects', China Institute of International Studies, 25 September 2015, <[www.ciis.org.cn/english/2015-09/25/content\\_8265850.htm](http://www.ciis.org.cn/english/2015-09/25/content_8265850.htm)> [Accessed 3 February 2019].

12 'China-ASEAN College of Marine Sciences', College of Ocean and Earth Sciences, Xiamen University, 19 July 2016, <[coe.xmu.edu.cn:82/ContentShow.aspx?Id=COEE\\_4\\_1](http://coe.xmu.edu.cn:82/ContentShow.aspx?Id=COEE_4_1)> [Accessed 5 July 2018].

13 ASEAN, ASEAN 25: Forging Ahead Together (Jakarta: ASEAN Secretariat, November 2015) <[www.asean.org/wp-content/uploads/2015/12/ASEAN-2025-Forging-Ahead-Together-final.pdf](http://www.asean.org/wp-content/uploads/2015/12/ASEAN-2025-Forging-Ahead-Together-final.pdf)> [Accessed 2 February 2018].

14 ASEAN, 'Chairman's Statement of the 32nd ASEAN Summit', Singapore, 28 April 2018, <[asean.org/storage/2018/04/Chairmans-Statement-of-the-32nd-ASEAN-Summit.pdf](http://asean.org/storage/2018/04/Chairmans-Statement-of-the-32nd-ASEAN-Summit.pdf)> [Accessed 20 January 2019].

## Conclusion: Implications for Future Strategy

The current regional maritime order underpinned by US primacy and UNCLOS is being weakened as a result of China turning its contested claims into a *fait accompli*. While China is contesting the interpretations of rules embodied by UNCLOS, it waits for a chance to replace the United States and change current rules in a way that serves its national interests. However, simply adopting a balancing strategy in order to sustain the regional maritime order is not proving as effective as expected given current competition in the area of interpretations. Some states such as Japan and Australia therefore embarked on norms-based diplomacy in order to underpin the normative structure of the current order. Acquiescing to the challenge would lead to a change of the regional order. Relying on norms-based diplomacy, while supporting the current US presence in the region, is essential to underpinning the current maritime order even though it may not produce immediate or tangible results.

As the Philippines' turnaround illustrates, less powerful states tend to be attracted by the provision of incentives. Although ASEAN was launched to prevent interventions by major states, it is susceptible to foreign pressure. Sitting back and watching China's charm offensive may well result in existing norms weakening. It then allows for a new norm to emerge, leading to the emergence of a different regional order. Countries possessing sufficient resources therefore need to remind ASEAN of the importance of the embedded norms through articulation, argument and practical measures. Such support will not only boost ASEAN's confidence but also reinforce the normative structure underpinned by UNCLOS. Rules are not immutable; however, change should be sought by peaceful means and produce benefits to all parties.

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*Dr Kyoko Hatakeyama is Professor at the University of Niigata Prefecture in Japan and former research analyst in charge of security situations in Asia and Europe at the Ministry of Foreign Affairs of Japan. Her research interests include Japan's foreign policy, maritime policy, peacekeeping policy and international relations.*



# ASEAN Centrality and Indonesian Leadership in a Contested Indo-Pacific Order

Greta Nabbs-Keller<sup>1</sup>

*The Asia-Pacific, reconceptualised as the 'Indo-Pacific', in recognition of Beijing's strategic reach into the Indian Ocean and East Africa, as well as the demographic, political and economic significance of Indian Ocean states, demands new visions and modalities of cooperation to sustain regional stability and prosperity. Located at the crossroads of a two ocean system, the conceptions and agency of Southeast Asian states in regional political affairs matter. Maintaining the prerogative for shaping the emerging architecture, norms and cooperative initiatives of the Indo-Pacific region is of vital importance to Indonesia, lest external powers seek to bypass ASEAN altogether. Indonesia's exercise of diplomatic initiative and leadership, albeit belated, has seen ASEAN regain the driver's seat on the vision for the emerging Indo-Pacific order. However, critical questions remain about ASEAN's unity and resolve.*

As Australia's strategic policy community grapples with the uncertainties of a transitional regional order with its attendant challenge to US hegemony, established norms and modes of governance, understanding Southeast Asian perceptions of major power competition becomes increasingly important. The Asia-Pacific, reconceptualised as the 'Indo-Pacific', in recognition of Beijing's strategic reach into the Indian Ocean and East Africa, as well as the demographic, political and economic significance of Indian Ocean states, demands new visions and modalities of cooperation to sustain regional stability and prosperity. Located at the crossroads of a two-ocean system, the conceptions and agency of Southeast Asian states in regional political affairs matter. For states straddling key maritime and land corridors between the Indian Ocean and South China Sea, their geographic location underpins their strategic importance to the region's major powers, including the United States, India, Japan, China and Russia.

Southeast Asia is no stranger to the uncertainties posed by major power contest. From the 1950s to the early 1990s, the subregion was the site of protracted armed conflict in the Indochinese states of Vietnam, Laos and Cambodia. These conflicts were propelled by proxies of the major powers: the United States, China or the Soviet Union. United States and Chinese forces were also engaged in direct military campaigns against the Vietnamese. Cold War ideological rivalries played out in dramatic terms in Malaysia's and Indonesia's domestic politics. In the latter case, around half a million alleged Indonesian Communist Party (PKI) supporters were annihilated following a 1965 counter coup, which brought the military-backed Suharto regime to power.

Southeast Asian perceptions of major powers vary depending on geographic location, national political conceptions and levels of economic dependence on external powers.

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<sup>1</sup> The author would like to acknowledge the contributions of two anonymous reviewers who provided valuable and constructive comment.

Singaporean Prime Minister Lee Hsien Loong differentiated Southeast Asian perceptions through their relative geographic proximity to China: “If you are a landlocked state on China’s borders, you see the world differently from an archipelagic state which is further away and does business not only with one major partner, but with many different partners”.<sup>2</sup> Academics and regional political analysts tend to draw a distinction between mainland and maritime Southeast Asian states when characterising differences in strategic perceptions. ASEAN-China historian Geoff Wade, for example, characterised Laos, Cambodia and Myanmar as effective “client states” of China. Noting China’s “long tradition ... [of] keep[ing] neighbouring polities either divided from each other or incorporated within [a] Chinese polity”, he predicted the inevitable division of ASEAN into mainland and maritime blocs.<sup>3</sup>

The contemporary reality is somewhat more nuanced and complex, however. Mainland Myanmar has demonstrated pushback against Beijing in recent years, as symbolised by Naypyidaw’s stalling on the controversial Chinese-funded Myitsone Dam project and through enhanced maritime cooperation with the Indian Navy.<sup>4</sup> Through renegotiation of the terms of the Chinese-funded Kyaukpyu deep-water port and industrial zone in 2018, with support from a specialist US government team of economists, diplomats and lawyers, Myanmar was able to reduce its debt burden from US\$7.3 billion to 1.3 billion.<sup>5</sup> Maritime Southeast Asian state, the Philippines, previously Southeast Asia’s most vocal critic of China for its permanent maritime presence in its Exclusive Economic Zone (EEZ), has, under President Rodrigo Duterte, been more critical of the US treaty relationship and sought to expand economic ties with Beijing.<sup>6</sup> Vietnam, which for centuries has lived with the looming threat across its northern border, balances a fraternal relationship with the neighbouring Chinese Communist Party, while hedging against Beijing’s assertiveness in the Paracel and Spratly islands through strong defence partnerships with Russia, India and the United States.<sup>7</sup> In Cambodia, recent reports of a secret pact with China, which would provide the People’s Liberation Army (PLA) exclusive rights to Cambodia’s Ream naval base located in the Gulf of Thailand, has alarmed some in Southeast Asia, concerned about the erosion of core principles in ASEAN’s Zone of Peace, Freedom and Neutrality (ZOPFAN) and Phnom Penh’s willingness to cede ever greater sovereignty to Beijing.<sup>8</sup>

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- 2 Lee Hsien Loong, Prime Minister of Singapore, in ‘ASEAN countries Must Deal with China Tensions: Singapore’s Lee Hsien Loong’, *The Australian*, 16 March 2018, <[www.theaustralian.com.au/nation/foreign-affairs/asean-countries-must-deal-with-china-tensions-singapores-lee-hsien-loong/news-story/f13d599881d4d36e93f27a0044f7cfaf](http://www.theaustralian.com.au/nation/foreign-affairs/asean-countries-must-deal-with-china-tensions-singapores-lee-hsien-loong/news-story/f13d599881d4d36e93f27a0044f7cfaf)> [Accessed 20 March 2019].
  - 3 Geoff Wade, ‘ASEAN Divides’, *New Mandala*, December 2010, <[www.newmandala.org/wp-content/uploads/2010/12/Wade-ASEAN-Divides.pdf](http://www.newmandala.org/wp-content/uploads/2010/12/Wade-ASEAN-Divides.pdf)> [Accessed 19 June 2013].
  - 4 Collin Koh, ‘Opinion: How Myanmar is Benefiting from the China-India Rivalry’, *South China Morning Post*, 2 December 2017, <[www.scmp.com/news/china/diplomacy-defence/article/2122187/opinion-how-myanmar-benefiting-china-india-rivalry](http://www.scmp.com/news/china/diplomacy-defence/article/2122187/opinion-how-myanmar-benefiting-china-india-rivalry)> [Accessed 9 April 2019].
  - 5 Ben Kesling and Jon Emont, ‘U.S. Goes on the Offensive Against China’s Empire-Building Funding Plan’, *Wall Street Journal*, 9 April 2019, <[www.wsj.com/articles/u-s-goes-on-the-offensive-against-chinas-empire-building-megaplan-11554809402](http://www.wsj.com/articles/u-s-goes-on-the-offensive-against-chinas-empire-building-megaplan-11554809402)> [Accessed 14 August 2019].
  - 6 ‘Xi’s Manila Visit Yields Raft of Deals as Duterte Furthers Embrace of China’, *Japan Times*, 21 November 2018, <[www.japantimes.co.jp/news/2018/11/21/asia-pacific/xi-manila-visit-yields-raft-deals-duterte-furthers-embrace-china/#.XK1M5KAzZDM](http://www.japantimes.co.jp/news/2018/11/21/asia-pacific/xi-manila-visit-yields-raft-deals-duterte-furthers-embrace-china/#.XK1M5KAzZDM)> [Accessed 9 April 2019].
  - 7 Wu Shang-Su, ‘Deterrence under the Dragon’s Shadow: Vietnam’s Military Modernisation’, *The Interpreter*, Lowy Institute, 28 March 2018, <[www.lowyinstitute.org/the-interpreter/deterrence-under-dragon-s-shadow-vietnam-s-military-modernisation](http://www.lowyinstitute.org/the-interpreter/deterrence-under-dragon-s-shadow-vietnam-s-military-modernisation)> [Accessed 20 March 2019].
  - 8 Indonesian diplomats are reportedly very concerned about the Ream development and the erosion of core principles around ‘neutrality’ inherent in the 1971 ZOPFAN declaration. Confidential discussion with Indonesian foreign ministry (Kemlu) official, 19 August 2019. The *Wall Street Journal* first reported on the Ream pact in July 2019, citing US intelligence reports. See Kesling and Emont, ‘U.S. Goes on the Offensive’.

Notwithstanding differences in strategic perceptions, a collective Southeast Asian view of major power competition is best expressed through the Association of Southeast Asian Nations (ASEAN) and its strategic buffer function vis-à-vis major powers considered external to Southeast Asia. Established initially as an anti-communist grouping by Indonesia, Malaysia, Singapore, Thailand and the Philippines in 1967, ASEAN became a vital tool for managing the regional distribution of power. Declaratory non-alignment, an abiding commitment to multilateralism and the imperative to preserve strategic autonomy has fundamentally shaped Southeast Asia's collective response to major power competition. Throughout its five-decade history, ASEAN has been influenced strongly by Indonesia's independent and active (*bebas-aktif*) foreign policy disposition, and its leadership and agency in Southeast Asian diplomacy. In Indonesia's conception of the regional order, national and regional resilience were inextricably linked. President Suharto articulated Indonesia's vision for Southeast Asia vis-à-vis major powers in the early 1970s; a vision which remains equally relevant today.

In the long term, we want the nations of Southeast Asia to have the joint capacity to manage their own future and not let that future be determined or interfered with by external powers. A [strong] Southeast Asia can achieve welfare and prosperity for its peoples; it can possess a regional resilience which in turn, will provide a bigger contribution to world peace generally.<sup>9</sup>

Through ASEAN, Southeast Asian states have sought to maintain both a US strategic commitment to the region and enmesh China in norms of peaceful dispute resolution and a web of regional multilateral fora.<sup>10</sup> Preserving ASEAN's centrality through multilateral fora like the ASEAN Regional Forum (ARF), the East Asia Summit (EAS) and the plethora of other ASEAN-anchored mechanisms can be understood as a way of maintaining ASEAN's relevance and capacity to manage the regional distribution of power. As one Indonesian foreign policy intellectual conveyed it: "Having India, Australia and New Zealand in the EAS by default enables ASEAN to be in the middle. We don't want Asia defined by race. We want membership open so China cannot be dominant".<sup>11</sup>

ASEAN has long been focused on an enmeshment strategy of China, but its socialisation of Beijing into Southeast Asian norms of dialogue and consensus appears to have ultimately failed to constrain Beijing.<sup>12</sup> Impelled, however, by national development objectives, Southeast Asian governments seek to leverage the immense opportunities inherent in China's signature infrastructure and connectivity program, the Belt and Road Initiative, while trying to preserve a degree of political and strategic policy autonomy. For a number of Southeast Asian states, the China threat, as expressed through the South China Sea territorial disputes, Illegal Unreported and Unregulated Fishing (IUU), the presence

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9 President Suharto, speech to the People's Representative Council (DPR), August 1973 in Departemen Luar Negeri, *Sejarah Diplomasi Republik Indonesia: Dari Masa ke Masa, Buku IVA Periode 1966-1995* [Diplomatic History of the Republic of Indonesia: From Era to Era, Book IVA, Period 1966-1995], (Jakarta: Panitia Penulisan Buku Sejarah Diplomasi Republik Indonesia, 1996), pp. 193-94.

10 Evelyn Goh, 'Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies', *International Security*, vol. 32, no. 3 (Winter, 2007/2008), pp. 113-57.

11 Confidential interview with Indonesian foreign policy expert, Jakarta, 2012.

12 Huong Le Thu, 'Why the Region Has Given Up on 'Shaping China'', in *Disruptive Asia 2018*, *Asia Society*, <asiasociety.org/australia/why-region-has-given-shaping-china> [Accessed 9 April 2019]. For analysis of China's socialisation by international institutions see Alastair Iain Johnston, *Social States: China in International Institutions, 1980-2000* (Princeton: Princeton University Press, 2008).

of Chinese migrant workers and large trade deficits, conflate with the highly sensitive domestic political issue of ethnic Chinese minorities. This typically results in reticence by Southeast Asian governments to publicly criticise Beijing, lest such criticisms incite latent anti-Chinese sentiment amongst the region's domestic polities.<sup>13</sup>

In response to China's seemingly inexorable rise and doubts about the US commitment to the region, particularly under the Trump administration, leading ASEAN states, such as Indonesia, continue to pursue a range of soft balancing strategies through defence engagement and maritime infrastructure development cooperation with India and Japan. In accordance with its traditional leadership role and *primus inter pares* status in ASEAN, Jakarta has recently taken the lead in reconceptualising the place of ASEAN at the centre of a broader Indo-Pacific order, but not without some pointed criticism domestically. In 2016, a group of prominent Indonesian foreign policy actors issued a statement of concern in response to a perceived dearth of leadership by Jakarta in response to China's growing militarisation of the South China Sea and Beijing's *divide et impera* tactics within ASEAN.<sup>14</sup>

Indonesia's recognition of the increasing geopolitical fusion of the Asia-Pacific and Indian Ocean regions was first evident in foreign policy discourse around a decade ago.<sup>15</sup> However, it was the 2014 election platform (*visi, misi dan program aksi*) of Indonesian presidential running mates Joko Widodo and Jusuf Kalla that firmly posited Indonesia at the centre of the emerging Indo-Pacific order, declaring itself as a 'Global Maritime Fulcrum' (*Poros Maritim Dunia, PMD*).<sup>16</sup> The PMD, in essence a maritime development doctrine, committed to expanding Indonesia's defence, political and economic engagement with the Indian Ocean states, both at the bilateral and multilateral level — the latter through the Indian Ocean Rim Association (IORA). It prioritised the "consolidation of Indonesia's leadership in ASEAN" and committed to "strengthening ... the regional architecture (especially the East Asia Summit) in order to prevent the hegemony of major powers".<sup>17</sup> The PMD was enunciated in greater substance in the 2017 'Indonesian Ocean Policy' (*Kebijakan Kelautan Indonesia*), which reaffirmed Indonesia's "full" sovereignty over its maritime domain and attempted a more coherent policy framework for maritime affairs.<sup>18</sup>

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13 Joe Cochrane, 'Indonesia, Long on Sidelines, Starts to Confront China's Territorial Claims', *New York Times*, 10 September 2017, <[www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html?module=inline](http://www.nytimes.com/2017/09/10/world/asia/indonesia-south-china-sea-military-buildup.html?module=inline)> [Accessed 7 December 2019].

14 See Evan A. Laksmiana, 'A Statement on the South China Sea Ruling', *New Mandala*, 27 July 2016, <[www.newmandala.org/statement-south-china-sea-ruling/](http://www.newmandala.org/statement-south-china-sea-ruling/)>, [Accessed 10 October 2017].

15 Anthony Milner and Astanah Abdul Aziz, 'Can Indonesia Rescue the Idea of the "Indo-Pacific", and Should It?', *The Strategist*, Australian Strategic Policy Institute, 2 November 2018, <[www.aspistrategist.org.au/can-indonesia-rescue-the-idea-of-the-indo-pacific-and-should-it/](http://www.aspistrategist.org.au/can-indonesia-rescue-the-idea-of-the-indo-pacific-and-should-it/)>, [Accessed 25 March 2019].

16 '3 'Berdaulat dalam bidang politik, berdikari dalam bidang ekonomi dan berkepribadian dalam Kebudayaan', *Jokowi-Jusuf Kalla 2014, Jalan Perubahan Untuk Indonesia Yang Berdaulat, Mandiri Dan Berkepribadian: Visi, Misi Dan Program Aksi*, [Path to Change for an Indonesia which is Sovereign, Self-sufficient and United: Jokowi-Jusuf Kalla 2014, Vision, Mission and Action Program], Jakarta, May 2014, <[kpu.go.id/koleksigambar/VISI\\_MISI\\_Jokowi-JK.pdf](http://kpu.go.id/koleksigambar/VISI_MISI_Jokowi-JK.pdf)>, 3. "Jalan perubahan untuk Indonesia yang berdaulat, mandiri dan berkepribadian: visi misi" [Accessed 21 October 2014].

17 Ibid.

18 *Dokumen Nasional Kebijakann Kelautan Indonesia, Lampiran 1 Peraturan Presiden Republik Indonesia Nomor 16/2018 Tentang Kebijakan Kelautan Indonesia* [Indonesian Ocean Policy National Document, Attachment 1 of Presidential Decree, No. 16/2017 on the Indonesian Ocean Policy], <[sipuu.setkab.go.id/PUUdoc/175145/lampiran%201%20perpres%2016%20th%202017.pdf](http://sipuu.setkab.go.id/PUUdoc/175145/lampiran%201%20perpres%2016%20th%202017.pdf)> [Accessed 18 August 2019].

The policy, however, came under subsequent criticism for failing to articulate clearly how it would “interact with and affect regional geopolitics” or would realise the seven GMF pillars “without a single, authoritative agency”.<sup>19</sup>

Prior to 2018, Indonesia’s leadership in response to regional geopolitical challenges at the multilateral level appeared wanting. With an executive distracted from late 2016 by the domestic political turmoil associated with the Jakarta gubernatorial and presidential elections, it seemed ASEAN had lost its prerogative in managing the destabilising effects of intensifying major power competition. Spurred in part by concerns over the 2017 re-establishment of the US, Australia, Japan and India-convened Quadrilateral Security Dialogue (now referred to as the ‘Quad’), espousing its ‘Free and Open Indo-Pacific’ concept, Indonesia’s Ministry of Foreign Affairs (Kemlu) commenced refinement of an alternate Indo-Pacific framework for cooperation in early 2018. Rebadged at a March 2019 High Level Dialogue in Jakarta as simply ‘IPC’ (Indo-Pacific Cooperation), the IPC mandate mirrored PMD objectives in bridging “ASEAN-led mechanisms, particularly the East Asia Summit (EAS) with other non-ASEAN regional mechanisms in the Indo-Pacific region”.<sup>20</sup> Its emphasis on transparency and inclusivity was an attempt by Indonesia and other ASEAN states to counter the formation of perceived anti-China coalitions, such as the Quad, which Southeast Asian states believed would further undermine trust and escalate strategic rivalries.<sup>21</sup>

In line with Indonesia’s preference to ‘lead from behind’ in ASEAN, Kemlu committed to presenting the IPC as an ASEAN, rather than unilateral Indonesian initiative. The IPC was formally endorsed by leaders at the 34th ASEAN Summit as the ‘ASEAN Outlook on the Indo-Pacific’. The Outlook, which is more of a vision for the Indo-Pacific, is focused strongly on areas of functional cooperation in the maritime domain, climate change and disaster risk reduction, sustainable development and economic cooperation.<sup>22</sup> Although it reaffirms ASEAN centrality, the Treaty of Amity and Cooperation and adherence to UNCLOS, the Outlook does not prescribe any concrete measures to mitigate escalating major power tensions or prevent China’s coercive conduct in the South China Sea. Nevertheless, it has been welcomed by the United States, Australia and Japan, considered external to the sub-region, but vital parties, nevertheless, to an open, rules-based Indo-Pacific order. Australian Prime Minister Scott Morrison acknowledged “Indonesian President Widodo’s vision and leadership in developing ASEAN’s ‘Outlook on the Indo-Pacific’”, declaring Australia’s “vision of the Indo-Pacific has ASEAN at its core”.<sup>23</sup>

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19 S. F. Muhibat, ‘Indonesia’s New Ocean Policy: Analysing the External Dimension’, *Maritime Affairs: Journal of the National Maritime Foundation of India*, vol. 13, no. 2 (December 2017), pp. 50–61; and E. Laksmiana, ‘Indonesian Sea Policy: Accelerating Indonesia’s Global Maritime Fulcrum?’, *Asia Maritime Transparency Initiative*, 23 March 2017, <[amti.csis.org/indonesian-sea-policy-accelerating/](http://amti.csis.org/indonesian-sea-policy-accelerating/)> [Accessed 15 March 2019].

20 Retno LP Marsudi, ‘Insight: Time to Deepen Indo-Pacific Cooperation’, *The Jakarta Post*, March 2019, <[www.thejakartapost.com/academia/2019/03/20/insight-time-to-deepen-indo-pacific-cooperation.html](http://www.thejakartapost.com/academia/2019/03/20/insight-time-to-deepen-indo-pacific-cooperation.html)> [Accessed 15 March 2019].

21 S. F. Muhibat and M. H. A. Dzakwan, ‘Indonesia and the Quad: Can’t or Won’t Decide?’, *The Strategist*, Australian Strategic Policy Institute, 7 December 2018, <[www.aspistrategist.org.au/indonesia-and-the-quad-cant-or-wont-decide/](http://www.aspistrategist.org.au/indonesia-and-the-quad-cant-or-wont-decide/)> [Accessed 15 March 2019].

22 Association of Southeast Asian Nations, ‘ASEAN Outlook on the Indo-Pacific’, <[asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific\\_FINAL\\_22062019.pdf](http://asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf)> [Accessed 11 July 2019].

23 Hon. Scott Morrison, PM Australia, Address to Asialink ‘Where We Live’, <[asialink.unimelb.edu.au/stories/australia-and-the-indo-pacific-an-address-by-prime-minister-scott-morrison](http://asialink.unimelb.edu.au/stories/australia-and-the-indo-pacific-an-address-by-prime-minister-scott-morrison)> [Accessed 17 July 2019].

The US State Department issued a press release which saw a “strong convergence between the principles enshrined in ASEAN’s Indo-Pacific outlook — inclusivity, openness, a region based on rule of law, good governance, and respect for international law — and the vision of the United States for a free and open Indo-Pacific”.<sup>24</sup>

Maintaining the prerogative for shaping the emerging architecture, norms and cooperative initiatives of the Indo-Pacific region is of vital importance to Indonesia. Jakarta’s exercise of diplomatic initiative and leadership, albeit belated, has seen ASEAN regain the driver’s seat on an inclusive vision for the emerging Indo-Pacific order. However, critical questions remain about ASEAN’s unity and resolve. With growing pressures from China on states’ political, territorial and economic sovereignty, the normative foundations of ASEAN as a strategic buffer against external powers are facing increasing pressure. Such pressures mean that the material capabilities and diplomatic agility of influential Southeast Asian states, such as Indonesia, but also Singapore and Vietnam, to balance external power influence will acquire greater significance. As ASEAN’s *primus inter pares* actor, how Indonesia exercises its leadership unilaterally, bilaterally and multilaterally in Southeast Asia will inevitably shape the stability and prosperity of the Indo-Pacific order.

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*Dr Greta Nabbs-Keller is a Research Fellow Southeast Asia and the Indo-Pacific at The University of Queensland’s Centre for Policy Futures and Adjunct Lecturer- School of Political Science and International Studies. Her research interests focus on how Southeast Asian states are managing major power contest in the Indo-Pacific and what this means for Australia’s policy choices.*

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24 US State Department US Mission to ASEAN, ‘The United States Welcomes the “ASEAN Outlook on the Indo-Pacific”’, <[asean.usmission.gov/the-united-states-welcomes-the-asean-outlook-on-the-indo-pacific/](https://asean.usmission.gov/the-united-states-welcomes-the-asean-outlook-on-the-indo-pacific/)> [Accessed 14 August 2019].

# India and a Regional Rules-Based Order: Equity and Inclusion

Ian Hall

The adoption of the language of the ‘Rules-Based Order’ (RBO) is one of the most significant changes to Indian foreign policy brought about by the Bharatiya Janata Party-led government, headed by Narendra Modi, which first came to power in May 2014. It went hand in hand with three other important developments. The first was the deliberate effort to find a new set of concepts to inform and articulate Indian foreign policy to replace older Nehruvian ideas like ‘non-alignment’ and ‘strategic autonomy’ — an effort that eased the adoption of the language of the RBO.<sup>1</sup> The second was the assumption of a more assertive stance concerning China. And the third was an intensification of cooperation and dialogue with key strategic partners in the Indo-Pacific, which began with a flurry of personal diplomacy by the new Prime Minister and Sushma Swaraj, his External Affairs Minister, during their first eight months in office.<sup>2</sup> During that time, Modi went to Japan, the United States and Australia, while Swaraj travelled to Singapore, Vietnam and South Korea, both making clear that New Delhi was keen to deepen bilateral ties with all.

The Modi government’s embrace of the language of the RBO was initially signalled in late January 2015, when Barack Obama became the first US President to be guest of honour at India’s annual Republic Day parade. That event was marked by the release of the ‘India-US Delhi Declaration of Friendship’, which committed both states to uphold and extend an “open, just, sustainable, and inclusive rule-based global order”.<sup>3</sup> Thereafter, the Modi government made a series of similar pledges. Variations appear in later joint statements issued by India and a number of other partners. In the ‘Vision 2025’ document published after Japanese Prime Minister Shinzo Abe met Modi in New Delhi in December 2015, for example, the two leaders declared their “unwavering commitment to realise a peaceful, open, equitable, stable and rule-based order in the Indo-Pacific region and beyond”.<sup>4</sup> India’s brief statement acknowledging the first meeting of the reconstituted Quadrilateral

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- 1 Ian Hall, *Modi and the Reinvention of Indian Foreign Policy* (Bristol: Bristol University Press, 2019). On the lasting influence of concepts derived from Jawaharlal Nehru’s time in office (1947–64), see Pratap Bhanu Mehta, ‘Still Under Nehru’s Shadow? The Absence of Foreign Policy Frameworks in India’, *India Review*, vol. 8, no. 3 (2009), pp. 209–33.
  - 2 On these two developments, see especially Kanti Bajpai, ‘Narendra Modi’s Pakistan and China Policy: Assertive Bilateral Diplomacy, Active Coalition Diplomacy’, *International Affairs*, vol. 93, no. 1 (2017), pp. 69–92.
  - 3 ‘India-US Delhi Declaration of Friendship’, 25 January 2015, Ministry of External Affairs, India: Media Centre, <[www.mea.gov.in/bilateral-documents.htm?dtl/24727/indiaus+delhi+declaration+of+friendship](http://www.mea.gov.in/bilateral-documents.htm?dtl/24727/indiaus+delhi+declaration+of+friendship)> [Accessed 26 July 2019].
  - 4 Joint Statement on India and Japan Vision 2025: Special Strategic and Global Partnership Working Together for Peace and Prosperity of the Indo-Pacific Region and the World, 12 December 2015, Ministry of External Affairs, India: Media Centre, <[www.mea.gov.in/bilateral-documents.htm?dtl/26176/Joint\\_Statement\\_on\\_India\\_and\\_Japan\\_Vision\\_2025\\_Special\\_Strategic\\_and\\_Global\\_Partnership\\_Working\\_Together\\_for\\_Peace\\_and\\_Prospersity\\_of\\_the\\_IndoPacific\\_R](http://www.mea.gov.in/bilateral-documents.htm?dtl/26176/Joint_Statement_on_India_and_Japan_Vision_2025_Special_Strategic_and_Global_Partnership_Working_Together_for_Peace_and_Prospersity_of_the_IndoPacific_R)> [Accessed 26 July 2019]. See also the reference to a ‘rules-based international order’ in the ‘India-Japan Joint Statement during the visit of Prime Minister to Japan’, Ministry of External Affairs, India: Media Centre, 11 November 2016, <[www.mea.gov.in/bilateral-documents.htm?dtl/27599/indiajapan+joint+statement+during+the+visit+of+prime+minister+to+japan](http://www.mea.gov.in/bilateral-documents.htm?dtl/27599/indiajapan+joint+statement+during+the+visit+of+prime+minister+to+japan)> [Accessed 26 July 2019].



Dialogue (the Quad), in November 2017, also referred to necessity for a “free, open, prosperous and inclusive Indo-Pacific”.<sup>5</sup> And similar language appeared in a series of speeches by Modi and his ministers and officials, including the Prime Minister’s keynote at the 2018 Shangri-La Dialogue, which placed the idea of an RBO at its core, and laid out more clearly than any of his other public statements his government’s preferred order.<sup>6</sup>

From these statements, it was clear that though they share core elements, India’s vision of the RBO is distinct from the American, Australian and Japanese versions. The most obvious point of difference is the insistence that the order must not just be ‘free and open’, but also ‘equitable’ and ‘inclusive’.<sup>7</sup> The interpolation of these principles demonstrates the flexibility — critics would say the vagueness — of the concept of the RBO. Crucially, however, they allowed New Delhi to contrive an understanding of the order that held more appeal to Southeast Asian states sceptical of American, Australian and Japanese understandings, helping to draw them towards a broad consensus on the rules and norms that should underpin international relations in the Indo-Pacific.<sup>8</sup>

## Shangri-La Signals

At the Shangri-La Dialogue, Modi delivered a characteristically expansive speech that provided the longest and clearest account we have of New Delhi’s concept of the RBO and India’s relationship to it. He called — significantly — for a “*democratic* and rules-based order” (my italics) to prevail. He argued that agreed rules and norms were needed now more than ever, as “we live on the edge of uncertainty, of unsettled questions and unresolved disputes; contests and claims; and clashing visions and competing models”. He warned against a “return to the age of great power rivalries” in Asia, insisting that such a situation would put peace and prosperity at risk. He observed that “our friendships are not alliances of containment”, and that India’s “engagement in the Indo-Pacific Region ... will be inclusive”. But he also insisted that it is “normal to have partnerships on the basis of shared values and interests” and that India would continue to work with partners “individually or in formats of three or more, for a stable and peaceful region”.<sup>9</sup>

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5 The original title for this minilateral was the ‘Quadrilateral Security Dialogue’ or QSD. When reconstituted it was termed simply ‘Consultations on the Indo-Pacific’. See ‘India-Australia-Japan-US Consultations on Indo-Pacific’, Ministry of External Affairs, India: Media Centre, 12 November 2017, <[mea.gov.in/press-releases.htm?dtl/29110/IndiaAustraliaJapanUS\\_Consultations\\_on\\_IndoPacific\\_November\\_12\\_2017](http://mea.gov.in/press-releases.htm?dtl/29110/IndiaAustraliaJapanUS_Consultations_on_IndoPacific_November_12_2017)> [Accessed 26 July 2019].

6 Prime Minister’s Keynote Address at Shangri La Dialogue, 1 June 2018, Ministry of External Affairs, India, <[www.mea.gov.in/Speeches-Statements.htm?dtl/29943/Prime+Ministers+Keynote+Address+at+Shangri+La+Dialogue+June+01+2018](http://www.mea.gov.in/Speeches-Statements.htm?dtl/29943/Prime+Ministers+Keynote+Address+at+Shangri+La+Dialogue+June+01+2018)> [Accessed 26 July 2019].

7 None of the other Quad partners refer to an ‘equitable’ or ‘inclusive’ RBO in their corresponding statements. See the 2017 iterations, all dated 12 November: Heather Nauert, ‘Australia-India-Japan-U.S. Consultations on the Indo-Pacific’, Press statement, Department of State, <[www.state.gov/r/pa/prs/ps/2017/11/275464.htm](http://www.state.gov/r/pa/prs/ps/2017/11/275464.htm)> [Accessed 26 July 2019]; Ministry of Foreign Affairs of Japan, ‘Australia-India-Japan-U.S. Consultations on the Indo-Pacific’, <[www.mofa.go.jp/press/release/press4e\\_001789.html](http://www.mofa.go.jp/press/release/press4e_001789.html)> [Accessed 26 July 2019]; ‘Australia-India-Japan-United States consultations on the Indo-Pacific’, Media release, Department of Foreign Affairs and Trade, Australia, <[dfat.gov.au/news/media/Pages/aus-india-japan-us-consultations-on-the-indo-pacific.aspx](http://dfat.gov.au/news/media/Pages/aus-india-japan-us-consultations-on-the-indo-pacific.aspx)> . See also India’s 2018 statement: ‘India-Australia-Japan-US Consultations’, 7 June 2018, <[www.mea.gov.in/press-releases.htm?dtl/29961/IndiaAustraliaJapanUS+Consultations](http://www.mea.gov.in/press-releases.htm?dtl/29961/IndiaAustraliaJapanUS+Consultations)> [Accessed 26 July 2019].

8 For their Indo-Pacific, see ‘ASEAN Outlook on the Indo-Pacific’, ASEAN, 23 June 2019, <[asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific\\_FINAL\\_22062019.pdf](http://asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf)> [Accessed 26 July 2019].

9 Prime Minister’s Keynote Address at Shangri La Dialogue.



Manifestly, the Shangri-La speech had several different aims. The most prominent was to try to reassure Southeast Asian states that India's use of terms like the RBO or the 'Indo-Pacific' — associated as they are with US approaches to the wider region — did not imply that New Delhi intended to act high-handedly towards them or blindly follow Washington's lead.<sup>10</sup> Here, equity was paramount. Modi made a point of arguing that India would do its utmost to uphold the "sovereignty and territorial integrity, as well as equality of all nations, irrespective of size and strength". Simultaneously, he sought to signal to India's Quad partners that New Delhi was committed to that initiative, and that it is also deeply concerned about China's recent behaviour in the Indo-Pacific.<sup>11</sup>

At Shangri-La, however, Modi went to considerable lengths not to criticise China directly, supposedly in keeping with the 'Wuhan spirit' some argued infused Sino-Indian relations after the informal summit Modi and Xi Jinping held in that city in April 2018.<sup>12</sup> The Wuhan meeting had followed more than a year of tension between the two arising from various issues, including New Delhi's unusually vehement denunciation of the Belt and Road Initiative (BRI) on the eve of the Xi's Belt and Road Forum (BRF) in mid-May 2017 and the standoff in Bhutan a few weeks later between the Indian army and the People's Liberation Army, which generated dire threats of punishment from Beijing should New Delhi not back down.<sup>13</sup> But while the Wuhan summit seems to have produced some kind of understanding between Modi and Xi to reduce bilateral tensions, the Shangri-La speech made it plain that although New Delhi was willing to hold off on direct criticism, it was still deeply concerned about China's behaviour. Moreover, the speech made clear, New Delhi was committed to the theory and realities of the RBO as one of the means of managing the challenges China poses to India and the region.

## Rules and Restraints

The Shangri-La speech demonstrated that under Modi, India had determined that the language and the concept of the RBO were powerful instruments for pushing back against a range of problems generated by China's recent foreign policy. These include the danger of Southeast Asia falling under Beijing's sway; the handling of territorial disputes, including its own contested border with China; and geostrategic dilemmas for India arising from the BRI and Beijing's economic statecraft.<sup>14</sup>

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10 Ian Hall, 'Modi Plays by the "Rules" at Shangri-La', *The Interpreter*, Lowy Institute, 4 June 2018, <[www.lowyinstitute.org/the-interpreter/india-plays-by-the-rules-at-shangri-la](http://www.lowyinstitute.org/the-interpreter/india-plays-by-the-rules-at-shangri-la)> [Accessed 26 July 2019].

11 Dhruva Jaishankar, 'India and the Indo-Pacific Balance at Shangri-La', *Hindustan Times*, 5 June 2018, <[www.hindustantimes.com/opinion/india-and-the-indo-pacific-balance-at-shangri-la/story-VrHEb6pndYMNk2YpKDcfvM.html](http://www.hindustantimes.com/opinion/india-and-the-indo-pacific-balance-at-shangri-la/story-VrHEb6pndYMNk2YpKDcfvM.html)> [Accessed 26 July 2019].

12 On the Wuhan summit, see especially Tanvi Madan, 'Dancing with the Dragon? Deciphering India's China Reset', *War on the Rocks*, 26 April 2018, <[warontherocks.com/2018/04/dancing-with-the-dragon-deciphering-indias-china-reset/](http://warontherocks.com/2018/04/dancing-with-the-dragon-deciphering-indias-china-reset/)> [Accessed 26 July 2019].

13 For India's official view of BRI, see especially 'Official Spokesperson's Response to a Query on Participation of India in OBOR/BRI Forum', Ministry of External Affairs, India: Media Centre, 13 May 2017, <[mea.gov.in/media-briefings.htm?dtl/28463/Official+Spokespersons+response+to+a+query+on+participation+of+India+in+OBOR+BRI+Forum](http://mea.gov.in/media-briefings.htm?dtl/28463/Official+Spokespersons+response+to+a+query+on+participation+of+India+in+OBOR+BRI+Forum)> [Accessed 26 July 2019]. On the standoff, see Sumit Ganguly and Andrew Scobell, 'The Himalayan Impasse: Sino-Indian Rivalry in the Wake of Doklam', *The Washington Quarterly*, vol. 41, no. 3 (2018), pp. 177-90.

14 On the latter topic, see especially William J. Norris, *Chinese Economic Statecraft: Commercial Actors, Grand Strategy, and State Control* (Ithaca and London: Cornell University Press, 2016).

For these reasons, Modi's speech was contrived in large part as an appeal to Southeast Asia to take the idea of the RBO seriously.<sup>15</sup> Its message was thinly veiled: there is value to the rules and India will abide by them. Unlike China, Modi implied, India will play by the rules, and not interfere in your internal affairs, treat you disrespectfully or bully you, despite your relative wealth or power, or encroach upon your territory. New Delhi stands for the principles that disputes should be settled peacefully and not by the use of force, subterfuge, or creeping incremental changes to the ground-level status quo of the kind we have seen recently in the South China Sea. India, after all, has witnessed similar acts on its disputed northern border and at Doklam, in Bhutan, in mid-2017. Finally, the speech displayed the value of the notion of an RBO as the basis of a critique of BRI and Chinese geoeconomics more broadly. "Connectivity is vital", Modi observed, echoing New Delhi's earlier statement on the BRF, but "must be based on respect for sovereignty and territorial integrity, consultation, good governance, transparency, viability and sustainability", "must empower nations, not place them under impossible debt burden", and "must promote trade, not strategic competition".<sup>16</sup>

## Conclusion

India's RBO does diverge from the understandings of its strategic partners, but the concept and associated language are now embedded in its avowed vision of how the Indo-Pacific ought to operate and manage security challenges. Consistent with long-standing and well-known preferences, New Delhi's version of the RBO emphasises sovereign equality. Just as importantly, it insists on inclusion — on embracing, as Modi put it (a little clumsily) at the Shangri La Dialogue, "all nations in this geography as also others beyond who have a stake in it".<sup>17</sup> But here New Delhi does not simply mean China, as I have argued — it also means that its concept of the RBO involves giving equal voice not just to the Quad states or to Beijing, but also to smaller players in Southeast Asia and elsewhere.

It should be noted, of course, that the RBO is not the only concept that has underpinned Modi's foreign policy, and that India itself has a contested record in playing by the rules, especially in its own neighbourhood. Older ideas and newer Hindu nationalist understandings have been drawn upon since 2014 to frame and inform New Delhi's conduct of international relations, and they may play a bigger role during Modi's second term in office, following his decisive victory in the May 2019 election. But, as I have tried to show, the notion of an RBO runs through many major statements laying out the Modi government's approach, and there is no reason to think that it will be dropped in the near future. For India, at least, the RBO has proved a useful instrument for critiquing Chinese assertion and appealing to smaller states across the Indo-Pacific, and it will likely remain so for some time to come.

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<sup>15</sup> It might even be understood as an attempt to 'socialise' ASEAN into the RBO — which would be, as an anonymous reviewer pointed out, somewhat ironic, after years of ASEAN attempting to socialise the major powers into following *its* rules and norms in Southeast Asia.

<sup>16</sup> Prime Minister's Keynote Address at Shangri La Dialogue.

<sup>17</sup> *Ibid.*

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*Ian Hall is a Professor of International Relations at Griffith University and the Deputy Director (Research) of the Griffith Asia Institute. He is also an Academic Fellow of the Australia India Institute at the University of Melbourne and the co-editor (with Sara E. Davies) of the Australian Journal of International Affairs*

# The Neglected Eurasian Dimension of the 'Indo-Pacific': China, Russia and Central Asia in the Era of BRI

Michael Clarke

Much commentary and analysis of the Indo-Pacific concept tends to focus on what can be defined as the maritime dimensions of this geographical construct. The "Indo-Pacific", one prominent view suggests, can be understood as an "expansive definition of a maritime super-region centred on South-East Asia, arising principally from the emergence of China and India as outward-looking trading states and strategic actors".<sup>1</sup> While there are good reasons to question the analytical utility of this regional construct, the key point for policy analysis is that it has become "rooted in political practice" within the strategic and security policies of a range of major powers.<sup>2</sup> Here, for instance, the Australian, United States and Japanese governments' framing of their strategic policy via the 'Free and Open Indo-Pacific' label bears the stamp of "practical geopolitical reasoning" that "tends to be of a common-sense type which relies on the narratives and binary distinctions found in societal mythologies".<sup>3</sup>

Such practical geopolitical reasoning is evident in an October 2018 address by Frances Adamson, Secretary of Australia's Department of Foreign Affairs and Trade (DFAT), at the Australian National University. Australia, Adamson remarked, has identified the Indo-Pacific "as being of primary importance" due to "the strategic and economic reality that the most important part of the world for Australia is embraced by these two oceans". Furthermore, this strategic and economic reality underpins Australia's core objective: to ensure the "region evolves in a way that does not erode ... the fundamental principles on which the Indo-Pacific's prosperity and cooperative relations are based" including "respect for international law and other norms", "open markets ... and the free flow of trade, capital, technology and ideas" and "a balance in the region" that "supports all states, large and small".<sup>4</sup>

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1 Rory Medcalf, 'In Defence of the Indo-Pacific: Australia's New Strategic Map', *Australian Journal of International Affairs*, vol. 68, no. 4 (2014), p. 470.

2 Peter Katzenstein, 'Regionalism and Asia', in Shaun Breslin, Christopher Hughes, Nicola Phillips and Ben Rosamond (eds), *New Regionalism in the Global Political Economy: Theories and Cases* (London: Routledge, 2002), p. 105. For a critique of the 'Indo-Pacific' concept see for example, Chengxin Pan, 'The "Indo-Pacific" and Geopolitical Anxieties about China's Rise in the Asian Regional Order', *Australian Journal of International Affairs*, vol. 68, no. 4 (2014), pp. 453-69.

3 John Agnew and Gerard O'Tuthail, 'Geopolitics and Discourse: Practical Geopolitical Reasoning in American Foreign Policy', *Political Geography*, vol. 11, no. 2 (1992), p. 194.

4 Frances Adamson, 'Shaping Australia's Role in Indo-Pacific Security in the Next Decade', address to Women in International Security Series, Australian National University, Canberra, 2 October 2018, Department of Foreign Affairs and Trade, <dfat.gov.au/news/speeches/Pages/shaping-australias-role-in-indo-pacific-security-in-the-next-decade.aspx> [Accessed 9 April 2019].

The ‘Indo-Pacific’ in this construction, then, is not simply an objective description of empirical reality but rather — like all such regional constructs — reflects the strategic, political and economic interests and preferences of its author(s). While advocates argue that the concept is not about structuring an “anti-China alliance” or China “containment” strategy,<sup>5</sup> the ‘Indo-Pacific’ rhetoric is clearly “influenced by the expansion of China in the region rather than the development of the region itself”.<sup>6</sup> Of particular importance has been China’s growing naval presence in the “Indo-Pacific maritime continuum” of the South China Sea, Western Pacific and Indian Ocean.<sup>7</sup> The more recent ‘free and open’ label even more transparently seeks to place the concept in contradistinction to China’s own meta-regional construct, the ‘Belt and Road Initiative’, which the United States (and many of its allies) have come to perceive as offering “a constricting belt or a one-way road” to indebtedness to Beijing.<sup>8</sup>

Much of this debate neglects appropriate consideration of what one could term the ‘Eurasian continuum’ of the ‘Indo-Pacific’ that is largely coterminous with the ‘Silk Road Economic Belt’ element of China’s BRI.<sup>9</sup> Geopolitically, BRI is geared to mitigating the risks stemming from China’s geopolitical hybridity through establishing overland infrastructure and economic linkages across its Eurasian frontiers to connect with South Asia, Central Asia, Russia and Europe.<sup>10</sup> Achievement of this would provide China with a Eurasian ‘safety valve’ in the event of heightened tension and/or conflict in the ‘maritime continuum’ of the ‘Indo-Pacific’, where US naval power remains preponderant.<sup>11</sup> BRI, if successful, could result in:

... an integrated and interconnected Eurasian continent with enduring authoritarian political systems, where China’s influence has grown to the point that it has muted any regional opposition and gained regional acquiescence; a new regional order with its distinctive political and economic institutions, whose rules and norms block the future spread of what the West claims as universal values; and a continental stronghold insulated to some degree from U.S. sea power.<sup>12</sup>

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5 Abigail Grace, ‘Beyond Defining a “Free and Open Indo-Pacific”’, *The Diplomat*, 6 September 2018, <thediplomat.com/2018/09/beyond-defining-a-free-and-open-indo-pacific/> [Accessed 30 March 2019].

6 Jean Loup-Samaan, ‘Confronting the Flaws in the US Indo-Pacific Strategy’, *War on the Rocks*, 11 February 2019, <warontherocks.com/2019/02/confronting-the-flaws-in-americas-indo-pacific-strategy/> [Accessed 3 August 2019].

7 David Scott, ‘Australia’s Embrace of the “Indo-Pacific”: New Term, New Region, New Strategy?’, *International Relations of the Asia-Pacific* (2013), p. 16.

8 Remarks by Vice President Pence at the 2018 APEC CEO Summit, Port Moresby, Papua New Guinea, The White House, 16 November 2018, <www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-2018-apec-ceo-summit-port-moresby-papua-new-guinea/> [Accessed 30 March 2019].

9 Richard Ghiasy and Jiayi Zhou, *Silk Road Economic Belt: Considering Security Implications and EU–China Cooperation Prospects* (Stockholm: SIPRI, 2017), pp. 18–19.

10 See for example, Michael Clarke, ‘The Belt and Road Initiative: Exploring Beijing’s Motivations and Challenges for Its New Silk Road’, *Strategic Analysis*, vol. 42, no. 2 (2018), pp. 84–102; Nadege Rolland, *China’s Eurasian Century? Political and Strategic Implications of the Belt and Road Initiative* (Seattle: National Bureau of Asian Research, 2017); and Yong Wang, ‘Offensive for Defensive: The Belt and Road Initiative and China’s New Grand Strategy’, *The Pacific Review*, vol. 29, no. 3 (2016), pp. 455–63.

11 This view was most overtly stated in Wang Jisi, ‘Marching West, China’s Geo-strategic Re-balancing’, *Huanqiu Times*, 17 October 2012, <opinion.huanqiu.com/opinion\_world/2012-10/3193760.html> [Accessed 13 May 2019].

12 Rolland, *China’s Eurasian Century?*, p. 179.

BRI can therefore be seen as a ‘geo-economic’ project that, in Edward Luttwak’s memorable phrase, combines “the logic of war” with “the grammar of commerce” as it seeks to apply economic means of power to realise strategic objectives.<sup>13</sup> Nowhere is the effect of this more apparent than in Central Asia where BRI looks set to overturn the regional balance between China and Russia in Beijing’s favour. Before exploring this issue it is first necessary to note the bases of Sino-Russian condominium in Central Asia since the end of the Cold War.

## Sino-Russian Condominium in Central Asia

For the majority of the post-Cold War era Central Asia’s regional order has been shaped by “great games” with “local rules”<sup>14</sup> where the largely authoritarian rulers of the Central Asian states have successfully played-off Russian, Chinese and, post-9/11, American interests against each other through ‘multi-vector’ diplomacy to strengthen their own domestic and international standing.<sup>15</sup> In this environment, Moscow and Beijing established a clear *modus vivendi* driven by a convergence of interests at the structural/global, regional and domestic levels.

Structurally, Moscow and Beijing were united by their perceptions of the malign or constraining effects of continued American primacy across a range of issues. This was reflected in significant overlap in Russian and Chinese elite narratives and preferences for a ‘multipolar’ international order, the creation of alternate normative orders to those led by the West, and the protection and reassertion of state sovereignty.<sup>16</sup> This accommodation of each other’s global strategic interests has been most evident in the regional setting of Central Asia. Here, Russia has acceded to China’s efforts to construct a “statist multilateralism” in the form of the Shanghai Cooperation Organization (SCO) focused on Beijing’s Xinjiang-centric security concerns,<sup>17</sup> while China has refrained from overt criticism of Russia’s various interventions in the post-Soviet space such as its wars in Chechnya in the 1990s, the 2008 Russo-Georgia War, and its 2014 intervention in Ukraine and Crimea.<sup>18</sup>

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13 Edward Luttwak, ‘From Geopolitics to Geo-Economics: Logic of Conflict, Grammar of Commerce’, *The National Interest*, no. 20 (Summer 1990), pp. 17-23.

14 Alexander Cooley, *Great Games, Local Rules: The New Great Power Contest in Central Asia* (New York: Oxford University Press, 2014).

15 See for example, Michael Clarke, ‘Kazakh Responses to the Rise of China: Between Elite Bandwagoning and Societal Ambivalence?’, in Emilian Kavalski and Niv Horesh (eds), *Asian Thought on China’s International Relations* (London: Palgrave, 2014); and Avinoam Idan and Brenda Shaffer, ‘The Foreign Policies of Post-Soviet Landlocked States’, *Post-Soviet Affairs*, vol. 27, no. 3 (2011), pp. 241-68.

16 See Thomas Wilkins, ‘Russo-Chinese Strategic Partnership: A New Form of Security Cooperation?’, *Contemporary Security Policy*, vol. 29, no. 2 (2008), pp. 358-83.

17 Nicole Jackson, ‘Trans-Regional Security Organisations and Statist Multilateralism in Eurasia’, *Europe-Asia Studies*, vol. 66, no. 2 (2014), pp. 181-203.

18 See for instance, Peter Shearman and Matthew Sussex, ‘The Roots of Russian Conduct’, *Small Wars & Insurgencies*, vol. 20, no. 2 (2009), pp. 251-75; Aglaya Snetkov and Marc Lanteigne, “‘The Loud Dissenter and Its Cautious Partner’—Russia, China, Global Governance and Humanitarian Intervention”, *International Relations of the Asia-Pacific*, vol. 15, no. 1 (2014), pp. 113-46; and Shannon Tiezzi, ‘China Backs Russia on Ukraine’, *The Diplomat*, 4 March 2014, </thedi.com/2014/03/china-backs-russia-on-ukraine/> [Accessed 5 October 2018].

Regionally, both Moscow and Beijing have sought influence in what they perceive to be a potentially unstable region, albeit for different reasons. For Moscow, its material interests in Central Asia — such as maintaining access to hydrocarbons and Russian control over export routes, combating Islamist terrorism or protecting ethnic Russians — have been framed by the broader goal of maintaining its self-image as a great power.<sup>19</sup> Beijing, in contrast, instrumentalised its approach to the region in order to, first, secure its long-restive province of Xinjiang and, second, to leverage that geopolitical position to pursue broader economic and strategic objectives.<sup>20</sup>

Thus both sought a stable Central Asia via support of its existing largely authoritarian regimes. For Beijing, this was manifested in consistent diplomatic engagement both bilaterally and multilaterally and increased commercial and trade relations. Such was China's success on this latter front that by the close of the 2000s it had overtaken Russia as the region's major trading partner.<sup>21</sup> Moscow, for its part, focused on upholding its position as a 'security provider' for the region through maintenance of Russian forces in Tajikistan after the end of its civil war in 1997 and various security multilateralisms such as the Collective Security Treaty Organization (CSTO).<sup>22</sup>

Essentially, Moscow and Beijing played to their comparative advantages.<sup>23</sup> However, it must be stressed that the relative success of Sino-Russian condominium in Central Asia was also due to the fact that such an arrangement served the domestic interests of the Central Asian states.<sup>24</sup> The Sino-Russian focus, for instance, on embedding principles of sovereignty and non-interference into the SCO played to the domestic security priorities of the region's authoritarian leaders. Economically, meanwhile, increasing engagement with China was also viewed as a useful hedge against dependence on Russia by providing an export market for the region's hydrocarbon resources and an alternative source of investment and capital.<sup>25</sup>

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19 See Andrei P. Tsygankov, 'Vladimir Putin's Vision of Russia as a Normal Great Power', *Post-Soviet Affairs*, vol. 21, no. 2 (2005), pp. 132-58; and Stina Torjesen, 'Russia as a Military Great Power: The Uses of the CSTO and the SCO in Central Asia', in Elana Wilson Rowe and Stina Torjesen (eds), *The Multilateral Dimension in Russian Foreign Policy* (London: Routledge, 2008), pp. 195-206.

20 Michael Clarke, *Xinjiang and China's Rise in Central Asia — A History* (London: Routledge, 2011), pp. 158-168.

21 Niklas Swanstrom, *China and Greater Central Asia: New Frontiers?* (Stockholm: Institute for Security and Development Policy, 2011), pp. 44-45.

22 Kirill Nourzhanov, 'Central Asia's Domestic Stability in Official Russian Security Thinking under Yeltsin and Putin: From Hegemony to Multilateral Pragmatism', in Michael Clarke and Colin Mackerras (eds), *China, Xinjiang and Central Asia: History, Transition and Crossborder Interaction into the 21st Century* (London: Routledge, 2009), pp. 203

23 See Nicola Contessi, 'Foreign and Security Policy Diversification in Eurasia: Issue Splitting, Co-alignment, and Relational Power', *Problems of Post-Communism*, vol. 62, no. 5 (2015), pp. 299-311.

24 Sally N. Cummings, *Understanding Central Asia: Politics and Contested Transformations* (London: Routledge, 2013).

25 Sebastien Peyrouse, 'Chinese Economic Presence in Kazakhstan: China's Resolve and Central Asia's Apprehension', *China Perspectives*, no. 3 (2008), pp. 34-49; and Sadykzhan Ibrahimov, 'China-Central Asia Trade Relations: Economic and Social Patterns', *China & Eurasia Forum Quarterly*, vol. 7, no. 1 (2009), pp. 47-59.

## China, Russia and Central Asia under BRI: Geo-economics in Action?

The increasing encroachment of Chinese power and influence into Central Asia under BRI however, fundamentally challenges this balance. In a strategic context, two dynamics have benefited China's Eurasian push. Russia's influence has been weakened through the economic consequences of declining oil and gas prices and the self-inflicted diplomatic and strategic costs of its interventions in Ukraine, Crimea and Syria. Additionally, the relative decline of US influence in the region as a result of the Obama administration's reorientation of its strategic posture away from the Middle East and Afghanistan toward the 'Indo-Pacific' under the "pivot/rebalance" to Asia has also been of net benefit to Beijing.<sup>26</sup>

Regionally, Russia's ability to offer attractive 'public goods' in security, economic and normative terms to the Central Asian states has declined due to its economic downturn and the costs of its strategic activism elsewhere. Its war with Georgia in 2008 and more recent actions in Ukraine and Crimea have served to heighten long-standing misgivings in regional capitals regarding Russian commitments to the status quo.<sup>27</sup> Economically, Putin's own regional integration project, the 'Eurasian Economic Union' (EAEU) — comprising Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia — amounts to a form of "protective integration" that seeks to embed Russian hegemony in the post-Soviet space through a restrictive customs union.<sup>28</sup>

In contrast, the economic and normative underpinnings of BRI are in some respects complementary to the interests of the Central Asian states. Most immediately, China's focus on greater economic interconnectivity through the improvement of critical infrastructure such as oil and gas pipelines, highways, railways and telecommunications networks gels with the long-held desire of Central Asia's energy rich states to diversify export routes for their oil and gas and need for infrastructure investment.<sup>29</sup> Additionally, a number of the Central Asian states have also identified diversification of their economies beyond resource exports as a core priority for their future economic well-being. Kazakhstan, for example, sees BRI as "an opportunity to acquire new capital inflows and new technologies which are now urgently needed to carry out the country's developmental reforms and programs" under its domestic *Nury Zohl* (Bright Path) development plan.<sup>30</sup> In a normative setting, China's focus on 'development' via BRI also positively counterposes it to recent Russian heavy-handedness.

However, the dilemma for Central Asia is that it may swap structural dependence on Russia for that of China. This may be especially true for weaker states such as Turkmenistan and Tajikistan. Gas-rich Turkmenistan's dependency on China, for example, encompasses two dimensions. As a result of a variety of disputes over pipeline routes with key neighbours

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26 Stephen Blank, 'Whither the New Great Game in Central Asia?', *Journal of Eurasian Studies*, vol. 3, no. 2 (2012), pp. 147-60.

27 Slavomir Horák, 'Russia's Intervention in Ukraine Reverberates in Central Asia', *Central Asia-Caucasus Analyst*, 19 March 2014, pp. 9-12.

28 Ksenia Kirkham, 'The Formation of the Eurasian Economic Union: How Successful is the Russian Regional Hegemony?', *Journal of Eurasian Studies*, vol. 7, no. 2 (2016), pp. 111-28.

29 Carla P. Freeman, 'New Strategies for an Old Rivalry? China–Russia Relations in Central Asia after the Energy Boom', *The Pacific Review*, vol. 31, no. 5 (2018), pp. 635-54.

30 Assel G. Bitabarova, 'Unpacking Sino-Central Asian Engagement along the New Silk Road: A Case Study of Kazakhstan', *Journal of Contemporary East Asia Studies*, vol. 7, no. 2 (2018), p. 162.



and Russia since the late 2000s, China has emerged as the country's only reliable customer via a deal signed between Ashgabat and China National Petroleum Corporation (CNPC) for the supply of 30 billion cubic metres of natural gas per year for thirty years. However, Beijing:

... only paid for half the quantity in cash, and took the other half as repayment of Turkmen debt. Ashgabat received an \$8bn loan from the China Development Bank, in 2009 and 2011, for the South Yolotan-Osman gas deposit (now Galknush gas field), and its gas transportation network.<sup>31</sup>

China is also resource-poor Tajikistan's largest external creditor, with Dushanbe owing over US\$1 billion to China's Export-Import Bank as of 2016. Much of this borrowing has been spent on infrastructure development and hydroelectric power generation, often also involving Chinese companies.<sup>32</sup> Such indebtedness has been a source of controversy in the country after reports in 2011 that, in return for debt relief, Dushanbe agreed to cede territory in the strategic Wakhan corridor to China.<sup>33</sup>

Ultimately, the asymmetric nature of these economic relationships suggests the potential for "consequences that are not necessarily limited to the economy" such as Beijing's implicit expectations of positive "diplomatic stances regarding China's core interests" on behalf of the region's states.<sup>34</sup> In the realm of security provision, the one area where arguably Russian influence has retained its position, China has also increased its efforts, albeit consistently concentrated on its Xinjiang-focused security concerns. In the SCO context, Beijing has pressed for continued regular joint military and counter-terrorism exercises, judicial cooperation on the extradition of suspected 'terrorists', and information sharing.<sup>35</sup> Outside of the SCO setting it has sought a greater security role than in previous years for instance concluding a "four country mechanism" for intelligence sharing and counter-terrorism cooperation between China, Pakistan, Afghanistan and Tajikistan in August 2016.<sup>36</sup> Most eye-catchingly for some observers in this respect has been China's establishment of a 'modest' military outpost — manned by PLA soldiers bearing the insignia of Xinjiang-based units — at Shaymak, Tajikistan, abutting that country's frontier with Afghanistan.<sup>37</sup>

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31 Georgiana Marin, 'Turkmenistan's Gas Hurdles: No End in Sight', Energy Policy Group, April 2017, <[www.enpg.org/wp-content/uploads/2017/10/EPG\\_2017-04-26\\_Marin-Georgiana\\_Turkmenistans-gas-hurdles.pdf](http://www.enpg.org/wp-content/uploads/2017/10/EPG_2017-04-26_Marin-Georgiana_Turkmenistans-gas-hurdles.pdf)> [Accessed 19 April 2019].

32 Danny Andersen, 'Risky Business: A Case Study of PRC Investment in Tajikistan and Kyrgyzstan', *China Brief*, vol. 18, no. 14 (2018), <[jamestown.org/program/risky-business-a-case-study-of-prc-investment-in-tajikistan-and-kyrgyzstan/](http://jamestown.org/program/risky-business-a-case-study-of-prc-investment-in-tajikistan-and-kyrgyzstan/)> [Accessed 21 August 2019].

33 'Tajikistan, Turkmenistan Submit to Chinese Capture', *Eurasianet*, 24 June 2016, <[eurasianet.org/tajikistan-turkmenistan-submit-chinese-capture](http://eurasianet.org/tajikistan-turkmenistan-submit-chinese-capture)> [Accessed 15 March 2019].

34 Julien Vercueil, 'Taming the Bear while Riding the Dragon? Central Asia Confronts Russian and Chinese Economic Influences', *Revue de la Regulation*, vol. 24, no. 2 (2018), <[journals.openedition.org/regulation/13626?lang=en](http://journals.openedition.org/regulation/13626?lang=en)> [Accessed 18 March 2019].

35 See Richad Weitz, 'The Shanghai Cooperation Organization: A New Force in Asian Security?', *Korean Journal of Defense Analysis*, vol. 23, no. 1 (2011), p. 133; and Mariya Y. Omelicheva, 'Eurasia's CSTO and SCO: A Failure to Address the Trafficking/Terrorism Nexus', *PONARS Eurasia Policy Memo*, no. 455, January 2017.

36 'China Joins Afghanistan, Pakistan and Tajikistan in Security Alliance', *Reuters*, 4 August 2016, <[in.reuters.com/article/china-security/china-joins-afghanistan-pakistan-tajikistan-in-security-alliance-idINKCN10F1FN](http://in.reuters.com/article/china-security/china-joins-afghanistan-pakistan-tajikistan-in-security-alliance-idINKCN10F1FN)> [Accessed 9 February 2019].

37 Gerry Shih, 'In Central Asia's Forbidding Highlands, A Quiet Newcomer: Chinese Troops', *Washington Post*, 18 February 2019, <[www.washingtonpost.com/world/asia\\_pacific/in-central-asias-forbidding-highlands-a-quiet-newcomer-chinese-troops/2019/02/18/78d4a8d0-1e62-11e9-a759-2b8541bbbe20\\_story.html](http://www.washingtonpost.com/world/asia_pacific/in-central-asias-forbidding-highlands-a-quiet-newcomer-chinese-troops/2019/02/18/78d4a8d0-1e62-11e9-a759-2b8541bbbe20_story.html)> [Accessed 17 May 2019].

In Central Asia, then, China has taken significant strides towards becoming, if not the predominant, then certainly the most powerful external actor next only to Russia. And it has done so in a manner consistent with the logic of 'geo-economics'. As Russian analyst Igor Torbakov notes, Beijing:

... has become Central Asia's leading trading partner (having pushed Russia out of this position); deeply penetrated the region's commodities sector as dozens of Chinese businesses cut lucrative deals with local companies; made regional states dependent on China by providing large scale credits to local governments; played a key role in the major overhaul of the region's infrastructure, seeking to enhance interdependency between ex-Soviet Central Asia and Chinese Central Asia [i.e. Xinjiang]; and last but not least, tapped into the region's rich hydrocarbon resources by constructing two major energy pipelines — the ones that for the first time in many decades do not traverse Russian territory.<sup>38</sup>

This shifting balance suggests that China may achieve its objective of predominance along the 'Eurasian continuum' of the Indo-Pacific. This would provide it not only with a 'logistical power base' for overland trade, communication and energy/resource access to Central Asia, South Asia and the Middle East but potentially a means of mitigating the effects of the further deterioration of great power relations in the maritime dimension of the Indo-Pacific.

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*Dr Michael Clarke is an Associate Professor at the ANU National Security College. His work focuses on the history and politics of the Xinjiang Autonomous Uyghur Region, the People's Republic of China, Chinese foreign and security policy, American grand strategy, Central Asian geopolitics and nuclear proliferation.*

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<sup>38</sup> Igor Torbakov, 'Managing Imperial Peripheries: Russia and China in Central Asia', in Thomas Fingar (ed.), *The New Great Game: China and South and Central Asia in the Era of Reform* (Stanford: Stanford University Press, 2016), p. 259.

# China's Economic Statecraft: The Belt and Road in Southeast Asia and the Impact on the Indo-Pacific

Xue Gong

The Belt and Road Initiative (BRI), is China's grand plan to revive the ancient trade routes across land and sea. Under the BRI platform, Beijing has pledged to invest billions of dollars in infrastructure sectors across Eurasia (Economic Belt) and the Indo-Pacific (Maritime Silk Road). Without doubt, the huge investment, together with China's growing power, has inevitably generated significant geostrategic repercussions in regions where geopolitical contestations between China and the United States are already on the rise.<sup>1</sup> In the eyes of many Chinese analysts, however, the BRI is more for defensive purposes, primarily serving as a direct response to the Obama administration's "strategic rebalance" in the Asia Pacific region in 2011.<sup>2</sup> Regardless of the motivations behind BRI, be they domestic economic or geopolitical, the BRI has produced significant regional strategic repercussions. To counter the influence of BRI, Washington has become more determined to promote the Free and Open Indo Pacific strategy (FOIP)<sup>3</sup> that was initiated by Japan as early as 2007. Aware of the repercussion, Beijing has repeatedly highlighted that its BRI was not meant to counter FOIP.<sup>4</sup> However, Beijing barely uses or adopts the 'Indo-Pacific' concept in public. Ostensibly, BRI and FOIP are often compared and treated as tools of rivalry to counter each other's influence.<sup>5</sup>

This paper sets to address the following questions. Will the Indo-Pacific region become a battlefield of US-China rivalry? And how do the dynamics between BRI and FOIP impact the region? It argues intense strategic rivalry between China and the United States is likely to occur and intensify in Southeast Asia, largely because both China and the United States appear to woo this region for geostrategic influence.

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- 1 See the debate in Xue Gong, 'The Belt & Road Initiative and China's Influence in Southeast Asia', *The Pacific Review*, vol. 32, no. 4 (2019), 635-65.
  - 2 Xue Li, 'Meiguo zai pingheng zhan lve yu zhongguo yidaiyilu' [Rebalance strategy of the United States and China's Belt and Road], *Shijie jingjiyu zhengzhi* [World Economics and Politics], vol. 5 (2016), pp. 56-73.
  - 3 Department of Defense, 'Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region', 1 June 2019, <media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF> [Accessed 16 October 2019].
  - 4 For instance, Wang Peng, 'BRI Not Meant to Counter US Indo-Pacific Strategy', *Global Times*, 25 February 2019.
  - 5 Jonathan Fulton, 'The Gulf between the Indo-Pacific and the Belt and Road Initiative', *Rising Powers Quarterly*, vol. 3, no. 2 (2018), pp. 175-93; Shino Watanabe, 'China's Infrastructure Development in the Indo-Pacific Region: Challenges & Opportunities', CSIS, 11 April 2019, <www.cogitasia.com/chinas-infrastructure-development-in-the-indo-pacific-region-challenges-opportunities/> [Accessed 15 October 2019].

The paper has three sections. The first discusses why China prioritises Southeast Asia amid strategic competition with the United States. It is followed by discussion on China's implementation of BRI and the response from the region. The final section provides analysis of Chinese perceptions of FOIP, primarily collected from Chinese scholars, before the paper concludes with prospects and implications for the region.

## Wooing Southeast Asia for Geostrategic Goals

Situated at the very centre of the Indo-Pacific region, Southeast Asia has long been listed as a strategically important region for China's foreign relations and national security. A stable and positive relationship with the region will serve a number of China's interests such as development of its maritime economy, energy security, and maritime claims in the South China Sea. Compared to other regions in China's neighbourhood such as Northeast Asia, Central Asia and South Asia, Southeast Asia has the most diverse cooperation (political, economic and cultural) with China. Moreover, the centrality of ASEAN in regional multilateralism and its stated neutrality in great power competition adds to its geostrategic importance to China. To secure a robust relationship with Southeast Asia, China has been conscientiously using economic statecraft since the early 2000s to woo countries in this region.<sup>6</sup> In the process, China's growing economic influence in the region has helped shape an evolving bifurcated regional order — with US leadership in regional security and emerging Chinese centrality in regional economics.<sup>7</sup>

However, due to China's assertiveness in the South China Sea, Washington adopted the Pivot to Asia strategy (later renamed as a 'strategic rebalance') to counter the growing challenges in the region. Chinese scholars point out that the US Pivot has mitigated Beijing's influence and created challenges in China's regional security environment.<sup>8</sup> In the maritime area, Beijing perceives the involvement of Washington in the South China Sea dispute as a threat to its attempt to negotiate the Code of Conduct for the maritime dispute.<sup>9</sup> In the Mekong, Washington improved and strengthened its ties with Mekong countries at bilateral and subregional levels. Washington has been using the Lower Mekong Initiative to influence water governance and strengthened its non-traditional security role in areas such as law enforcement, humanitarian assistance and disaster relief. In response to the Pivot, Chinese President Xi Jinping proposed a new Asian regional security vision, calling for a security based on 'an Asia for Asians' at the Conference on Interaction and Confidence Building Measures in Asia.<sup>10</sup> In 2017, China issued a white paper on China's policies on Asia-Pacific security cooperation.

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6 Joshua Kurlantzick, *Charm Offensive: How China's Soft Power Is Transforming the World* (New Haven: Yale University Press, 2008).

7 Steven Denney, 'Understanding 21st Century East Asia: The Bifurcated Regional Order and Competing-Hubs Theory', *Yonsei Journal of International Studies*, vol. 4, no. 2 (Fall/Winter, 2012), pp. 243–68.

8 Du Lan and Cao Qun, 'Guanyu nanshaihezuojizhihua jianshe de tantao [Discussion on building institutions of the South China Sea]', *Guoji wenti yanjiu* [International studies] vol. 2, 2018, pp. 83–95.

9 Xinhua Net, 'Waijiaobu: Meiguo youguan nanshai wenti de yanglun wanggu shishi, bendiqu guojia he renmin buhui shangdang [Ministry of Foreign Affairs (People's Republic of China): The comments on the South China Sea by the United States overlooks the fact, regional states and people will not be deceived]', 22 July 2019, <[www.xinhuanet.com/2019-07/22/c\\_1124785196.htm](http://www.xinhuanet.com/2019-07/22/c_1124785196.htm)> [Accessed 14 August 2019].

10 *Global Times*, 'Xi Defines New Asian Security Vision at CICA', 22 May 2014, <[www.globaltimes.cn/content/861573.shtml](http://www.globaltimes.cn/content/861573.shtml)> [Accessed 16 October 2019].

Again, it is focused on the creation of an Asian regional security framework,<sup>11</sup> in an attempt to weaken the US role in Asian security.<sup>12</sup>

Realising the daunting challenges in maintaining relations with the region, especially in the South China Sea dispute, China has attempted to use BRI as economic statecraft to enhance mutual trust. The BRI was also partially a countermeasure to the Obama administration's Trans-Pacific Partnership (TPP) scheme, which many analysts perceived as an effort to contain China's growing economic influence.<sup>13</sup>

To incentivise other states to participate in the BRI, China highlighted the BRI's benefits for the long-term economic development of many countries. Chinese leaders, media and analysts have reiterated that the BRI can sustain and revitalise globalisation by improving infrastructure connectivity and by promoting regional and global trade. They also claimed that the BRI is part of the Chinese effort to provide public goods. For example, China proposed the Lancang-Mekong Cooperation (LMC) as part of the BRI in Southeast Asia. It has supported projects related to poverty reduction, growth of small and medium-sized enterprises, agriculture, training in water resource management and education under the LMC.

## Regional Repercussions

The expansion of Beijing's influence through economic statecraft, as well as its assertive activities in the South China Sea have generated tremendous geopolitical repercussions in Asia and beyond. Explicitly targeting the BRI, former US Secretary of State Rex Tillerson warned China's BRI was a form of "predatory economics" that uses debts to acquire strategic assets and political influence over debtor nations.<sup>14</sup> The 2017 US National Security Strategy implicitly mentioned that the BRI was a Chinese attempt to "displace the United States in the Indo-Pacific region".<sup>15</sup> Vice President Pence stated at the Hudson Institute in October 2018 that China's port investments "may soon become a forward military base for China's growing blue-water navy". Therefore, Washington should strengthen partnerships across the Indo-Pacific region to "advance our vision of a free and open Indo-Pacific".<sup>16</sup> The 2019 US Department of Defense Indo-Pacific Strategy

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11 Ministry of Foreign Affairs of People's Republic of China, 'China's Policies on Asia-Pacific Security Cooperation', 11 January 2017, <[www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1429771.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1429771.shtml)> [Accessed 12 June 2019].

12 Xue Gong, 'Non-traditional security cooperation between China and South-East Asia: implications for Indo-Pacific geopolitics,' *International Affairs*, vol. 96, no. 1, (January 2020), pp. 29–48.

13 Frank Tang, 'How Does China's "One Belt, One Road" Match Up against the TPP?', *South China Morning Post*, 24 January 2017.

14 Krishnadev Calamur, 'China vs. America in a Financial Game of "Risk"', *The Atlantic*, 18 October 2017, <[www.theatlantic.com/international/archive/2017/10/china-investments/543321/Brahma](http://www.theatlantic.com/international/archive/2017/10/china-investments/543321/Brahma)> [Accessed 15 October 2019].

15 Joel Wuthnow, 'Securing China's Belt and Road Initiative: Dimensions and Implications', Testimony before the US-China Economic and Security Review Commission hearing on 'China's Belt and Road Initiative: Five Years Later', 25 January 2018, <[www.uscc.gov/sites/default/files/Wuthnow\\_USCC%20Testimony\\_20180123.pdf](http://www.uscc.gov/sites/default/files/Wuthnow_USCC%20Testimony_20180123.pdf)> [Accessed 16 October 2019].

16 'Remarks by Vice President Pence on the administration's policy toward China', The Hudson Institute, 4 October 2018, <[www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-administrations-policy-toward-china/](http://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-administrations-policy-toward-china/)> [Accessed 16 October 2019].

Report also emphasised that Washington is seriously concerned about “China’s potential to convert unsustainable debt burdens of recipient countries or sub-national groups into strategic and military access”.<sup>17</sup> In general, BRI is perceived to serve as a formidable challenge to the US strategic position in the Indo-Pacific region, particularly in Asia.<sup>18</sup>

Similar to Washington’s refusal to join BRI, New Delhi has openly opposed the BRI due to security and geopolitical concerns. It has been said that China’s maritime investments in Indian Ocean countries such as Myanmar, Pakistan and Sri Lanka would inevitably pose threats to India’s security.<sup>19</sup>

Therefore, regional states, especially the major players, have been contemplating new strategies and policies in reaction to Beijing’s growing clout. Washington has reportedly begun financial arrangements in cooperation with allies and partners to counter China’s BRI financing.<sup>20</sup> For example, the US Chamber of Commerce’s US–India Business Council along with the US–Japan Business Council, launched the Indo-Pacific Infrastructure Trilateral Forum to promote the private sector in India.<sup>21</sup> Washington also launched the Better Utilization of Investment Leading to Development (BUILD) Act, to counter China’s BRI in the Indo-Pacific region.<sup>22</sup> To further engage with the region and perhaps compete with China, Washington announced an investment package of US\$113 million for technology, energy and infrastructure initiatives at the ASEAN ministerial-level meetings in August 2018. The United States also pledged nearly US\$300 million of new security funding for Southeast Asia.<sup>23</sup>

China’s strong push into Southeast Asian infrastructure financing and development has spurred Japan’s economic activism in the region. Japan has launched its Partnership for Quality Infrastructure scheme, increased the lending of the Asian Development Bank, and co-launched the Asia-Africa Growth Corridor with India to cover the Indian subcontinent, Africa, Middle East and Mekong subregion.<sup>24</sup>

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17 Department of Defense, ‘Indo-Pacific Strategy Report’.

18 Christopher Layne, ‘The US–Chinese Power Shift and the End of the Pax Americana’, *International Affairs*, vol. 94 no. 1 (2018), pp. 89–111.

19 Paulo Vicente dos Santos Alves and Fabian Salum, ‘China’s Colonial Ambitions’, *Knowledge: Insead* blog, 15 May 2017, <knowledge.insead.edu/blog/insead-blog/chinas-colonial-ambitions-6081?utm\_source=INSEAD+Knowledge&utm\_campaign=9243749cae-EMAIL\_CAMPAIGN\_2017\_05\_18&utm\_medium=email&utm\_term=0\_e079141ebb-9243749cae-249894885> [Accessed 16 October 2019].

20 Joel Wuthnow, ‘From Friend to Foe-ish: Washington’s Negative Turn on the Belt and Road Initiative’, *The Asan Forum*, 21 May 2018, <www.theasanforum.org/from-friend-to-foe-ish-washingtons-negative-turn-on-the-belt-and-road-initiative/> [Accessed 16 October 2019].

21 ‘Indo-Pacific Infrastructure Forum Launched to Tap Private Sector in India, United States and Japan’, *The Economic Times*, 15 May 2018, <economictimes.indiatimes.com/news/economy/infrastructure/indo-pacific-infrastructure-forum-launched-to-tap-private-sector-in-india-us-japan/articleshow/64171805.cms> [Accessed 16 October 2019].

22 For example, Acting Secretary of Defense Patrick M. Shanahan’s Remarks at the IISS Shangri-La Dialogue 2019, Singapore, 1 June 2019, US Department of Defense, <dod.defense.gov/News/Transcripts/Transcript-View/Article/1871584/acting-secretary-shanahans-remarks-at-the-iiss-shangri-la-dialogue-2019/> [Accessed 15 October 2019].

23 ‘Pompeo Announces \$113 Million in New US Initiatives in “Indo-Pacific”’, CNBC, 30 July 2018, <www.cnbc.com/2018/07/30/pompeo-to-announce-initiatives-focusing-on-digital-economy-energy-an.html> [Accessed 8 April 2019].

24 Dipanjan Roy Chaudhury, ‘Pushing Back against China’s One Belt One Road, India, Japan Build Strategic “Great Wall”’, *The Economic Times*, 16 May 2017, <economictimes.indiatimes.com/news/economy/infrastructure/pushing-back-against-chinas-one-belt-one-road-india-japan-build-strategic-great-wall/articleshow/58689033.cms> [Accessed 16 October 2019].

In addition, the proliferation of emerging minilateral or trilateral initiatives in recent years is also evidence of attempts by regional powers to develop a regional order. These attempts include a trilateral cooperation agreement between India, Japan and Vietnam in December 2014.<sup>25</sup> Although people may argue that the number of economic packages developed by Australia or India will not match China's, these initiatives in Southeast Asia can diversify economic relations of the region to a certain extent.

The regional repercussions show major regional players are seriously concerned about the growing influence of BRI. The FOIP strategy, initiated by Japan as early as 2007 but now actively promoted by the United States with support from its allies and partners, is perhaps the most significant geopolitical reaction that other powers in the region have forged to mitigate the influence of China.

## Chinese Perceptions of FOIP and Its Amended Approach in BRI

In general, there are few official statements on FOIP from Chinese leaders; however, in March 2018 the Minister of Foreign Affairs Wang Yi told reporters that the Indo-Pacific concept is “like the sea foam in the Pacific or Indian Ocean” and that it “may get some attention, but soon will dissipate”.<sup>26</sup> The fact of an almost official silence on the concept of the ‘Indo-Pacific’ has shown Beijing’s reluctance to acknowledge this concept in replacement of ‘Asia Pacific’. Most Chinese policy analysts share a common perspective on FOIP. They agree that FOIP under the Trump administration is a continuation of Obama’s Pivot to Asia, which is to contain China’s rise by strengthening the US security network of allies and strategic partners in the Indo-Pacific region.<sup>27</sup>

At the initial stage, most Chinese scholars agreed that FOIP lacked substance and implementation.<sup>28</sup> This is because, while FOIP reflects a shared idea among the original Quad members, there is little consensus about the content and implementation of this grand strategy.<sup>29</sup> Therefore, the actual negative impact on China would be relatively limited. However, as the repercussions evolve, they regard FOIP as a “basis” of activities for mitigating China’s influence and believe that the impact should not be underestimated.<sup>30</sup> In the economic arena, for example, the Mekong countries that have received many economic benefits from China’s LMC expressed their support for the

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25 Jagannath Panda, ‘The India-Japan-Vietnam Trilateral: An “Inclusive” Proposition’, Commentary, Italian Institute for International Political Studies, 16 April 2019, <[www.ispionline.it/sites/default/files/publicazioni/commentary\\_panda\\_16.04.2019.pdf](http://www.ispionline.it/sites/default/files/publicazioni/commentary_panda_16.04.2019.pdf)> [Accessed 31 July 2019].

26 ‘Foreign Minister Wang Yi Meets the Press’, Ministry of Foreign Affairs of the People’s Republic of China, 9 March 2018, <[www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1540928.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1540928.shtml)> [Accessed 14 June 2018].

27 Lin Minwang, ‘The Construction of Indo-Pacific and the Tensions of Geopolitics in Asia’, *Foreign Affairs Review*, vol. 1 (2018), pp. 16-35; Zhao Qing, ‘The Concept of “Indo-Pacific” and Its Implications for China’, *Contemporary International Relations*, vol. 7 (2013), pp 14-22.

28 Zhang Jiadong, ‘Telangpu kouzhong de Yintai zhanlve zhishige gainian, erqie hai mianlin wu da ganga [Indo-Pacific is just a concept, and it still faces five areas of problems]’, China Thinktanks, December 2017, <[www.chinathinktanks.org.cn/content/detail?id=3031934](http://www.chinathinktanks.org.cn/content/detail?id=3031934)> [Accessed 31 March 2019].

29 Peter Dombrowski and Simon Reich, ‘Does Donald Trump Have a Grand Strategy?’, *International Affairs*, vol. 93 no. 5 (2017), pp.1013-37.

30 Ye Hailin, ‘Yintai gainian de qianjing yu zhongguode yingdui celve [Prospect of the Indo-Pacific and the strategy of China]’, *Yinduyang jingjiti yanjiu* [Indian Ocean Economic Studies], vol. 2 (2018), pp. 1-14.



implementation of Japan's FOIP concept in 2018.<sup>31</sup> A more alarming matter to China is the security pressure placed on the Quad. Different from FOIP that has a geo-economic rationale, Quad showcases the security dimension of this formation.<sup>32</sup> Some Chinese scholars suggest that the promotion of the Quad would intensify competition and conflict induced by the US-dominated security network, resulting in disturbance to regional stability in the future.<sup>33</sup>

Facing these challenges, Beijing has adopted various strategies to mitigate the pressure posed by FOIP in the region. China not only improved its relationship with Japan by promoting joint investment in the third market but also improved strategic detente with India. In Southeast Asia, one of the steps was China's effort to accelerate negotiation of the Regional Comprehensive Economic Partnership (RCEP).<sup>34</sup> Some Chinese policy analysts even openly suggest China's participation in the Comprehensive Progressive Trans-Pacific Partnership (CPTPP) to strengthen its position in the region.<sup>35</sup> The BRI, in particular, has continued to be seen as Beijing's most useful strategic tool in response to the FOIP. It has been explicitly seen in the second BRI International Cooperation Summit in April 2019.

To reduce geopolitical tensions and doubts, Chinese leadership downplayed the BRI hype and dismissed geopolitical implications by redefining the commercial aspects of the initiative at the second BRI Summit.<sup>36</sup> Other major powers' criticisms have led Beijing to also consider improving transparency, rules and standards in the implementation of BRI projects. This stems from China's realisation that the proliferation of BRI projects has resulted in regional pushback, as seen in the cancellation of projects in Malaysia and downsizing of projects in Myanmar. The regional pushback will eventually hurt its strategic interests in the region.

Although alternative initiatives by other powers arising from competition with BRI may offset the attraction of the Chinese BRI, Beijing will continue to build networks of economic cooperation in the Indo-Pacific region through the BRI in Southeast Asia. There are three main roles for the BRI to continue to play.

First, many Chinese analysts indicate that China is more confident of the success of BRI in Southeast Asia than in other regions.<sup>37</sup> Despite the pushing back of some of the projects in Malaysia, the reality is that most Southeast Asian states have not publicly joined the United States to resist or antagonise China, even on issues related to the South China

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31 Ministry of Foreign Affairs of Japan, 'Tokyo Strategy 2018 for Mekong-Japan Cooperation', 9 October 2018 <[www.mofa.go.jp/mofaj/files/000406731.pdf](http://www.mofa.go.jp/mofaj/files/000406731.pdf)> [Accessed 8 April 2019].

32 Muhammed Saeed, 'From the Asia-Pacific to the Indo-Pacific: Expanding Sino-U.S. Strategic Competition', *China Quarterly of International Strategic Studies*, vol. 3, no. 4 (2017), pp. 499–512.

33 For example, see Xia Liping and Zhong Qi, 'A Review on Trump Administration's Indo-Pacific Strategy', *Contemporary International Relations*, vol. 1 (2018).

34 Shang Kaiyuan, 'China to Accelerate Negotiations on Regional Trade Pact: Official', *People's Daily*, 12 March 2019, <[en.people.cn/n3/2019/0312/c90000-9555276.html](http://en.people.cn/n3/2019/0312/c90000-9555276.html)> [Accessed 15 October 2019].

35 Wang Huiyao, 'Zhudong jiaru CPTPP, yi jiaqun lai wei zhongmei maoyi zhengduan "jianzhen"' [Take the initiative to Join CPTPP to reduce the tensions from Sino-American Trade War], *Financial Times* (Chinese), 8 January 2019, <[www.ftchinese.com/story/001080979?full=y&archive](http://www.ftchinese.com/story/001080979?full=y&archive)> [Accessed 14 October 2019].

36 'Xi Jinping zai di erjie yidai yilu guoji hezuo gaofeng luntan kaimushi shang de zhuzhiyanjiang [Keynote speech by Xi Jinping in the second Belt and Road Forum for International Cooperation]', 26 April 2019, <[www.beltandroadforum.org/n100/2019/0426/c26-1261.html](http://www.beltandroadforum.org/n100/2019/0426/c26-1261.html)> [Accessed 16 October 2019].

37 *Beijing Daxue Yidai Yilu Wutong Zhishi Yanjiu Ketizu* [The Belt and Road Initiative: Report on Five Connective Index] (Beijing: Jing Ji Ri Bao, 2016).



Sea disputes. On the possibility of some regional states wanting ASEAN as a group to be more closely aligned with the FOIP, Beijing may be able to leverage its better ties with a few mainland Southeast Asian states. For example, China has conducted the annual Sino-Cambodian humanitarian assistance and disaster relief exercise (Dragon Gold) since 2018. It was interpreted as Cambodia distancing itself from the United States after Phnom Penh also suspended the Angkor Sentinel exercise (an annual bilateral military exercise) with Washington in 2017.

Second, China is keenly aware that the diminishing leadership role of the United States in multilateral economic cooperation is likely to create opportunities to further consolidate its influence in the Indo-Pacific region. Since the United States has pulled back from previous commitments to move away from institutionalised regional and global engagement, China has taken the opportunity to capitalise on this abrupt change. China appears to have committed more resources to Southeast Asia than the United States. In contrast, the ‘America-First’ narrative of the Trump administration is further eroding US credibility. The Trump administration abandoned the Trans-Pacific Partnership (TPP), retreated from some multilateral institutions and even threatened to wage trade war against its allies. The uncertainties of US commitment have triggered Japan to support China’s economic push for a third market cooperation.<sup>38</sup> The questionable commitment to and uncertain economic returns of FOIP also drive Southeast Asian states to adopt a ‘wait-and-see’ attitude.

Third, China sees the BRI as a potential tool to prevent Southeast Asian countries from forming a coalition against China. Or, economic cooperation will at least help persuade most regional states to maintain a neutral stance towards the Indo-Pacific vision. It is clear that ASEAN and its member states were reluctant to endorse FOIP under US leadership<sup>39</sup> when ASEAN issued the ASEAN Outlook on the Indo-Pacific (AOIP). Indeed, AOIP contains elements that are shared with BRI such as inclusiveness and economic cooperation.<sup>40</sup>

## Conclusion

After Chinese President Xi Jinping enshrined his political legacy of BRI into the Chinese Communist Party’s constitution in 2017, many believed that China’s BRI would continue to play a significant role in China’s neighbourhood diplomacy. Because of Xi’s personal ambition in “striving for achievements”, greater geopolitical competition between China and other major players can be expected. Due to the significant and growing strategic trust deficit between China and the United States, the stated ‘inclusiveness’ in both BRI and FOIP seems to exclude one other. It is likely that the rivalry between the two through BRI and FOIP will contribute to the ‘Thucydides trap’ narrative.<sup>41</sup>

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38 ‘China, Japan Push for Free Trade as Both Grapple with Trump Demands’, *The Wall Street Journal*, 26 October 2018 <[www.wsj.com/articles/china-japan-sign-a-flurry-of-infrastructure-deals-as-abe-visits-beijing-1540534260](http://www.wsj.com/articles/china-japan-sign-a-flurry-of-infrastructure-deals-as-abe-visits-beijing-1540534260)> [Accessed 8 April 2019].

39 Nurliana Kamaruddin, ‘ASEAN’s Strategic Engagement in the Unwieldy Indo-Pacific’, *The Interpreter*, Lowy Institute, 5 August 2019, <[www.lowyinstitute.org/the-interpreter/asean-s-strategic-engagement-unwieldy-indo-pacific](http://www.lowyinstitute.org/the-interpreter/asean-s-strategic-engagement-unwieldy-indo-pacific)> [Accessed 14 October 2019].

40 Association of Southeast Asian Nations, ‘ASEAN Outlook on the Indo-Pacific’, 23 June 2019, <[asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific\\_FINAL\\_22062019.pdf](http://asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf)> [Accessed 15 October 2019].

41 Graham Allison, *Destined for War: Can America and China Escape Thucydides’s Trap?* (New York: Houghton Mifflin Harcourt, 2017).

The geopolitical rivalry and the contested trade war between the United States and China will only strengthen the belief in China that Southeast Asia is an ever-important region for both geopolitical and geo-economic reasons. Beijing's engagements with Southeast Asia through BRI are poised to help China maintain and strengthen its relations with ASEAN countries. This is very clear in its economic cooperation with the region.

Yet despite the erosion of Washington's role, regional players are not seen as bandwagoning with China. It is almost impossible for Beijing to dictate ASEAN's posture towards the FOIP. The fact that ASEAN issued the AOIP may have disappointed China as Beijing does not like other regional states to follow the Indo-Pacific rhetoric<sup>42</sup> by emphasising the importance of international laws in addressing regional maritime disputes. It is also likely that some ASEAN states, especially those claimant states in the South China Sea, may be prepared to lend stronger support to some elements of FOIP when it comes to maritime security.

Southeast Asia will witness intensifying competition for influence between the two major powers given its strategic importance. However, due to the contestation and uncertainty amid major power rivalry, this region is also expected to see a more complex multipolar trend with different players affecting the regional order. At least for now, rather than bandwagoning with any of the major powers, regional states are more likely to continue to muddle through the evolving regional construct.

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*Xue Gong is Assistant Professor in S. Rajaratnam School of International Studies, Nanyang Technological University. She holds a PhD in International Political Economy at NTU. Her current research interests include International Political Economy, China's economic diplomacy, regionalism and governance.*

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42 Such observation is reflected in the discussions with Chinese scholars affiliated to the Chinese government.

# How Should Australia Respond to China's Increased Presence in the Pacific Islands?

Joanne Wallis

Australia and its partners face a challenge when expressing their concern about China's increased presence in the Pacific Islands: how can they address their legitimate strategic concerns while at the same time avoiding making Pacific Island states feel insecure? This article argues that Australia needs to do two things. First, recognise that its approach to the Pacific Islands is frequently counterproductive, particularly when perceived domestic political imperatives generate a disconnect with its stated foreign and strategic policy priority of stepping up its relationships in the region. Second, ensure that it strikes a balance between expressing its strategic concerns and respecting the sovereign independence of Pacific Island states. Pacific Island states do not necessarily share the same geostrategic perspective as Australia, and may perceive that, by framing its region of primary strategic interest as the Indo-Pacific, Australia is dragging them into geostrategic competition of which they do not want to be part.

In the 2013 Defence White Paper the Australian Government first explicitly identified its zone of strategic interest as the Indo-Pacific.<sup>1</sup> While there has been much academic and policy debate about the Indo-Pacific concept, the question of how the Pacific Islands fit into this strategic region has been overlooked.

This changed in 2018 when Dame Meg Taylor, Secretary General of the Pacific Islands Forum, emphasised her concern about the “recasting of geostrategic competition and cooperation under the rubric of the ‘Indo-Pacific’”.<sup>2</sup> A week earlier, the Samoan Prime Minister Tuilaepa Sailele Malielegaoi delivered a speech in which he highlighted the “real risk of privileging Indo over the Pacific”.<sup>3</sup> Both were concerned that the Indo-Pacific formulation encourages external powers to overlook the particularities and interests of the Pacific Islands and to see the region primarily through the lens of geostrategic competition between major powers, which they say has “inculcat[ed] a far-reaching sense of insecurity”.<sup>4</sup>

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1 Department of Defence, *Defence White Paper 2013* (Canberra: Commonwealth of Australia, 2013).

2 Meg Taylor, ‘Keynote Address by Secretary General Meg Taylor to the 2018 State of the Pacific Conference’, Canberra, Australian National University, 8 September 2018, Pacific Islands Forum Secretariat, <[www.forumsec.org/keynote-address-by-secretary-general-meg-taylor-to-the-2018-state-of-the-pacific-conference/](http://www.forumsec.org/keynote-address-by-secretary-general-meg-taylor-to-the-2018-state-of-the-pacific-conference/)> [Accessed 8 April 2019].

3 Tuilaepa Sailele Malielegaoi, ‘Speech by the Hon Prime Minister Tuilaepa Sailele Malielegaoi on Pacific Perspectives on the New Geostrategic Landscape, Sydney, Lowy Institute, 30 August 2018, <[www.lowyinstitute.org/publications/speech-hon-prime-minister-tuilaepa-sailele-malielegaoi-pacific-perspectives-new](http://www.lowyinstitute.org/publications/speech-hon-prime-minister-tuilaepa-sailele-malielegaoi-pacific-perspectives-new)> [Accessed 8 April 2019].

4 Ibid.

This highlights the challenge that Australia and its partners face when expressing their concern about China's increased presence in the region: how can they address their legitimate strategic concerns while at the same time avoiding making Pacific Island states feel insecure?

## China in the Pacific Islands

Before answering this question, it is necessary to understand what China is doing in the Pacific Islands. During the 1980s and 1990s China's interest was driven primarily by its competition with Taiwan for diplomatic recognition. More recently China's strategic interests shifted to focus on signals intelligence monitoring.<sup>5</sup> There has also been speculation that China wants to establish a military presence, culminating in a 2018 report that China was in talks to build a military base in Vanuatu.<sup>6</sup> Although both the Chinese and Vanuatu governments quickly denied this report,<sup>7</sup> there are increasing military ties and defence cooperation briefings between certain Pacific Island states and China. These activities have contributed to a sense of 'China threat'<sup>8</sup> and there are claims that the Pacific Islands could provide a testing ground for China's strategic power.<sup>9</sup> Indeed, there is speculation that China's increasing footprint in the Pacific Islands forms part of its island-chain strategy.<sup>10</sup>

Others argue that the Pacific Islands are "marginal in China's strategic landscape".<sup>11</sup> Although there are signs that it is becoming more purposeful, until recently China's influence in the region seems to have grown more by accident than by design. After Fiji's 2006 military coup, Australia and its partners attempted to isolate the military regime. As a result, Fiji accelerated its 'Look North' foreign policy and sought closer engagement with China, other East Asian partners and global emerging powers. Even though Australia and its partners have been rebuilding their relationships with Fiji since 2012, China remains a key partner.

Chinese President Xi Jinping visited Papua New Guinea for the November 2018 APEC meeting, and in 2014 he visited Fiji. On both occasions he met with leaders of those Pacific Island states that recognise China. On both occasions Xi announced 'strategic partnerships' with those states. Papua New Guinea, Vanuatu, Fiji, Samoa and Tonga

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5 Paul Buchanan, 'A New Containment Policy in the South Pacific', *Scoop Independent News*, 24 February 2012, <[www.scoop.co.nz/stories/HL1202/S00206/paul-buchanan-a-new-containment-policy-in-the-south-pacific.htm](http://www.scoop.co.nz/stories/HL1202/S00206/paul-buchanan-a-new-containment-policy-in-the-south-pacific.htm)> [Accessed 8 April 2019].

6 David Wroe, 'China Eyes Vanuatu Military Base in Plan with Global Ramifications', *Sydney Morning Herald*, 9 April 2018, <[www.smh.com.au/politics/federal/china-eyes-vanuatu-military-base-in-plan-with-global-ramifications-20180409-p4z8j9.html](http://www.smh.com.au/politics/federal/china-eyes-vanuatu-military-base-in-plan-with-global-ramifications-20180409-p4z8j9.html)> [Accessed 8 April 2019].

7 Ben Smee and Dan McGarry, "'Impossible": China Denies Planning Military Base in Vanuatu', *The Guardian*, 10 April 2018, <[www.theguardian.com/world/2018/apr/10/concerns-china-in-talks-with-vanuatu-about-south-pacific-military-base?CMP=share\\_btn\\_tw](http://www.theguardian.com/world/2018/apr/10/concerns-china-in-talks-with-vanuatu-about-south-pacific-military-base?CMP=share_btn_tw)> [Accessed 8 April 2019].

8 Ron Crocombe, *Asia in the Pacific Islands: Replacing the West* (Suva: University of the South Pacific, 2007).

9 John Henderson and Benjamin Reilly, 'Dragon in Paradise: China's Rising Star in Oceania', *The National Interest*, no. 72 (Summer, 2003), pp. 94-104.

10 Chang Sen Yu, 'The Pacific Islands in China's Strategy for the 21st Century', in Chang Sen Yu (ed.), *2014-2015 Dayangzhou lanpi shu* [2014-2015 Blue Book of Oceania], 2nd edn (Beijing: Social Sciences Academic Press, 2015).

11 Jian Yang, 'China in the South Pacific: Hegemon on the Horizon?', *Pacific Review*, vol. 22, no. 2 (2009), p. 145.

have also signed up to China's One Belt, One Road initiative. Chinese corporations also undertake logging projects, develop fisheries enterprises and conduct mineral extraction in the region.

Although it continues to try, China has had limited success influencing the Pacific Islands Forum, of which Australia and New Zealand are members. It has instead focused on the Melanesian Spearhead Group, including financing its secretariat and headquarters in Vanuatu. China has also invested in cultural diplomacy, including television broadcasts, and after Australia abandoned its shortwave radio frequencies, in many places China has taken them up. China has expanded its student and professional exchange programs and encouraged tourism. There has also been a long history of Chinese migration to the Pacific Islands and, although Chinese average less than 1 per cent of the total population of the region, they play an influential role in local political and economic life.

## Implications for Pacific Island states

There is concern that China's increased presence in the Pacific Islands may encroach on the sovereignty of Pacific Island states.<sup>12</sup> Most notable is the idea that China is engaging in 'debt-trap diplomacy'.<sup>13</sup> This is based on the claim that, if Pacific Island states fail to repay their loans, China could seek to swap the debt for infrastructure, with dual-use facilities such as commercial ports potentially converted into military bases. However, the risk of this occurring in the Pacific Islands has been disputed; most debt in the region is domestic, and only Tonga is in debt distress because of Chinese loans.<sup>14</sup>

Moreover, while some Pacific leaders have enthusiastically signed up to Chinese loans, there is growing regional concern about their impact. This highlights that Pacific Island states are not 'passive dupes' to Chinese influence; Pacific leaders are aware of the regional geopolitical context and the challenges of dealing with China.<sup>15</sup> There have been some well-publicised examples of Pacific leaders resisting Chinese pressure. For example, at the September 2018 Pacific Islands Forum meeting the head of the Chinese delegation was refused the opportunity to speak, despite making his displeasure loudly known. At the November 2018 APEC meeting Papua New Guinea Foreign Minister Rimbink Pato reportedly refused to meet with Chinese officials who were said to be seeking to influence the final communique.<sup>16</sup> However, there are examples of apparent Chinese

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12 David Wroe, 'Australia Will Compete with China to Save Pacific Sovereignty, Says Bishop', *Sydney Morning Herald*, 18 June 2018, <[www.smh.com.au/politics/federal/australia-will-compete-with-china-to-save-pacific-sovereignty-says-bishop-20180617-p4zm1h.html](http://www.smh.com.au/politics/federal/australia-will-compete-with-china-to-save-pacific-sovereignty-says-bishop-20180617-p4zm1h.html)> [Accessed 8 April 2019].

13 Sam Parker and Gabrielle Chefetz, *Debtbook Diplomacy: China's Strategic Leveraging of its Newfound Economic Influence and the Consequences for U.S. Foreign Policy* (Cambridge, MA: Harvard Kennedy School, 2018), <[www.belfercenter.org/sites/default/files/files/publication/Debtbook%20Diplomacy%20PDF.pdf](http://www.belfercenter.org/sites/default/files/files/publication/Debtbook%20Diplomacy%20PDF.pdf)> [Accessed 8 April 2019].

14 Rohan Fox and Matthew Dornan, 'China in the Pacific: Is China Engaged in "Debt-Trap Diplomacy"?', *DevPolicy blog*, Development Policy Centre, 8 November 2018, <[www.devpolicy.org/is-china-engaged-in-debt-trap-diplomacy-20181108/?print=print](http://www.devpolicy.org/is-china-engaged-in-debt-trap-diplomacy-20181108/?print=print)> [Accessed 8 April 2019].

15 Anna Powles, Joanne Wallis and Tess Newton-Cain, 'Chinese Whispers and Pacific Agency', *The Interpreter*, Lowy Institute, 22 October 2018, <[www.loyyinstitute.org/the-interpreter/chinese-whispers-and-pacific-agency](http://www.loyyinstitute.org/the-interpreter/chinese-whispers-and-pacific-agency)> [Accessed 8 April 2019].

16 Natalie Whiting and Stephen Dziedzic, 'APEC 2018: Chinese Officials Barge into PNG Foreign Minister's Office after Being Denied Meeting', *ABC News*, 18 November 2018, <[www.abc.net.au/news/2018-11-18/chinese-officials-create-diplomatic-storm-at-apec/10508812](http://www.abc.net.au/news/2018-11-18/chinese-officials-create-diplomatic-storm-at-apec/10508812)> [Accessed 8 April 2019].

influence succeeding. For example, at APEC Tonga signed onto China's One Belt, One Road initiative and was given a five-year reprieve in its debt repayments. This is even though then Tongan Prime Minister, Akilisi Pohiva, had previously made public calls for China to forgive Tonga's debt.<sup>17</sup>

Another risk is that Chinese influence undermines democracy and the rule of law. There were signs of this during the APEC meeting. For example, when President Xi held a working dinner with leaders of eight Pacific Island states, Pacific Islander and international journalists were barred from entering the meeting. This caused considerable anger and anxiety amongst Pacific journalists, who play a key role in facilitating transparency and democracy in the region.<sup>18</sup> There have long been concerns about the impact of China's 'chequebook diplomacy'.<sup>19</sup> Much Chinese aid is on the form of concessional loans, but it also includes untied and unconditional grants; China prides itself on a 'no strings attached' approach.<sup>20</sup> Of course, there are strings, as for many years this aid was primarily aimed at competing with Taiwan for diplomatic recognition. It now seems to have an additional aim of acquiring influence over regional governments. This aid has contributed to official corruption and political instability, exemplified by the post-election riots in Solomon Islands and Tonga in 2006, which were incited in part by local resentment about the perceived influence of Chinese and Taiwanese interests on certain political leaders.

## Implications for Australia and Its Partners

The most serious implication for Australia and its partners is the risk of China establishing a military base in the region. This poses an existential threat to Australia, which has long identified that one of its primary strategic interests is in ensuring that no potentially hostile power gains a foothold in the region from which it could threaten Australia.<sup>21</sup> The Pacific Islands also lie across some of Australia's most important sea and air lines of communication.

Another risk is that China's loans and aid foster corruption and instability. This can undercut Australia's purported efforts to strengthen democracy and the rule of law in the region (noting that Australia also undermines these efforts, such as through its offshore processing regime<sup>22</sup>). Australia and New Zealand have already had to mount stabilisation missions to quell the violence that occurred in Honiara and Nukualofa in

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17 Joyetter Feagaimaali'i-Luamanu, 'Pohiva Says "Slow Down" on Chinese Loans', *Samoa Observer*, 14 August 2018, <[www.samoasobserver.ws/category/samoa/28806](http://www.samoasobserver.ws/category/samoa/28806)> [Accessed 8 April 2019].

18 Natalie Whiting, 'China Boots Media from Pacific Island Leaders Meeting with Chinese President Xi Jinping', *ABC News*, 18 November 2018, <[www.abc.net.au/news/2018-11-16/media-kicked-out-of-xi-jinping-pacific-leaders-meeting/10506666](http://www.abc.net.au/news/2018-11-16/media-kicked-out-of-xi-jinping-pacific-leaders-meeting/10506666)> [Accessed 8 April 2019].

19 Graeme Dobell, 'Australia Warns China, Taiwan against Chequebook Diplomacy', *Correspondents Report*, ABC, 30 April 2006, <[www.abc.net.au/correspondents/content/2006/s1626719.htm](http://www.abc.net.au/correspondents/content/2006/s1626719.htm)> [Accessed 8 April 2019].

20 Wen Jiabao, 'Win-Win Cooperation for Common Development', speech at the Opening of the First Ministerial Conference of the China–Pacific Island Countries Economic Development and Cooperation Forum, Fiji, 5 April 2006, <[www.gov.cn/english/2006-04/05/content\\_245681.htm](http://www.gov.cn/english/2006-04/05/content_245681.htm)> [Accessed 8 April 2019].

21 Joanne Wallis, *Pacific Power? Australia's Strategy in the Pacific Islands* (Melbourne: Melbourne University Press, 2017).

22 Joanne Wallis and Steffen Dalsgaard, 'Money, Manipulation and Misunderstanding on Manus', *Journal of Pacific History*, vol. 51, no. 3 (2016), pp. 301-29.

2006. And, if Pacific Island states are destabilised, this makes them more vulnerable to potentially hostile external influences.

## What Can Australia and Its Partners Do?

After years of relative neglect, the Australian Government is now taking its strategic interests in the Pacific Islands very seriously. In 2017 the government announced its intention to ‘step up’ its engagement with the Pacific Islands and devoted a whole chapter of the 2017 Foreign Policy White Paper to the region.<sup>23</sup> In November 2018 Australian Prime Minister Scott Morrison fleshed out Australia’s ‘step up’ during a major foreign policy speech, which included a raft of new economic support for the region, as well as an increased diplomatic presence and enhanced security cooperation, including partnering with Papua New Guinea to redevelop the Lobrum naval base on Manus Island.<sup>24</sup> The 2019 Budget saw funding directed away from other regions, so that 35 per cent of all Australia aid goes to the Pacific Islands.<sup>25</sup> A dedicated ‘Office of the Pacific’ has been created in the Department of Foreign Affairs and given the status of being one of the agency’s six organisational groups.

But, Australia’s policy approach to the Pacific Islands is frequently counterproductive, particularly when perceived domestic political imperatives see the government adopt policies that undermine its stated foreign and strategic policy priority of stepping up its relationships in the region. This is exemplified by Australia’s approach to climate change, which Pacific Islands Forum leaders specifically identified as the region’s priority in the 2018 *Boe Declaration*,<sup>26</sup> and in asylum seeker processing and resettlement. Other decisions, like the one to cut funding for Pacific television broadcasting and close shortwave radio, undermine Australia’s influence in the Pacific Islands for no apparent reason other than the government’s ideological objections to the ABC.<sup>27</sup>

While Prime Minister Morrison likes to talk about Australia and the Pacific Islands as ‘family’,<sup>28</sup> Australia needs to recognise that its strategic and security concerns will not always be the same as its so-called family members. Pacific Island states are sovereign; they are entitled and able to execute their own foreign and strategic policies. In fact, Pacific Islands’ leaders have expressed their concerns about the Indo-Pacific framing that

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23 DFAT, ‘Stepping-up Australia’s Pacific Engagement’, 2017, <dfat.gov.au/geo/pacific/engagement/Pages/stepping-up-australias-pacific-engagement.aspx> [Accessed 8 April 2019]; Department of Foreign Affairs and Trade, *2017 Foreign Policy White Paper* (Canberra: Commonwealth of Australia, 2017).

24 Scott Morrison, ‘Australia and the Pacific: A New Chapter’, speech, Lavarack Barracks, Townsville, 8 November 2018, <www.pm.gov.au/media/address-australia-and-pacific-new-chapter> [Accessed 8 April 2019].

25 Helen Davidson, ‘Foreign Aid Declines Further in Australian Budget, with Focus on Pacific’, *The Guardian*, 3 April 2019, <www.theguardian.com/australia-news/2019/apr/03/foreign-aid-declines-further-in-australian-budget-with-focus-on-pacific> [Accessed 8 April 2019].

26 Pacific Islands Forum, *Boe Declaration on Regional Security*, 5 September 2018, <www.forumsec.org/boe-declaration-on-regional-security/> [Accessed 8 April 2019].

27 Graeme Dobell, Geoff Heriot and Jemima Garrett, *Hard News and Free Media as the Sharp Edge of Australian Soft Power* (Canberra: Australian Strategic Policy Institute, 2018), <s3-ap-southeast-2.amazonaws.com/ad-aspi/2018-09/Hard%20news%20and%20Free%20media.pdf?g.8XK\_1xuWupM0mXAvBFHlykgEVI3e\_S> [Accessed 8 April 2019].

28 Morrison, ‘Australia and the Pacific’.

Australia uses and have advanced the alternative concept of the 'Blue Pacific'.<sup>29</sup> Dame Meg Taylor has argued that this formulation could see Pacific Island states "exercising stronger strategic autonomy", "understanding ... the strategic value of our region" and "maintain[ing] our solidarity in the face of those who seek to divide us".<sup>30</sup> This suggests that Pacific Island states want Australia and its other partners to take their interests seriously and view them as valuable in their own right, rather than as strategic stepping stones or buffer states.

Australia needs to do two things. First, recognise that its approach to the Pacific Islands is frequently counterproductive, particularly when perceived domestic political imperatives generate a disconnect with its stated foreign and strategic policy priorities. And, second, have more honest conversations with Pacific Island states regarding its strategic concerns about China's increased presence in the region. These conversations need to recognise that Pacific Island states are sovereign and do not necessarily share the same geostrategic perspective as Australia, particularly with respect to China. They also need to recognise that, by framing its region of primary strategic interest as the Indo-Pacific, Australia may contribute to insecurity in the Pacific Islands, particularly if this framing is interpreted as dragging the region into geostrategic competition of which it does not want to be part.

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*Dr Joanne Wallis is an Associate Professor in the Strategic and Defence Studies Centre, College of Asia and the Pacific at the Australian National University. From July 2020 she will be Professor of International Security at the University of Adelaide. Her research focuses on peacebuilding, security and strategy in the Pacific Islands.*

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29 Tuilaepa Lupesoliai Sialele Malielegaoi, 'Opening Address by Prime Minister Tuilaepa Sialele Malielegaoi of Samoa to open the 48th Pacific Islands Forum 2017', 5 September 2017, <[www.forumsec.org/opening-address-prime-minister-tuilaepa-sialele-malielegaoi-samoa-open-48th-pacific-islands-forum-2017/](http://www.forumsec.org/opening-address-prime-minister-tuilaepa-sialele-malielegaoi-samoa-open-48th-pacific-islands-forum-2017/)> [Accessed 8 April 2019].

30 Taylor, 'Keynote Address'.



# Southeast Asia and Indo-Pacific Concepts: From Resistance to Reticence to Reaction

Huong Le Thu

The Indo-Pacific concepts have been front and centre for a number of the most important actors in the region — the United States, Japan, India and Australia. While their respective understandings of the Indo-Pacific are yet to be developed, one thing is clear — the “Indo-Pacific” needs to be taken note of. Southeast Asia has been an important venue for the promotion of the Free and Open Indo-Pacific (FOIP) strategy — or at least the US version of it. It was in Da Nang, Vietnam, at the APEC Summit in November 2017 that US President Donald Trump first used the terminology. In the following months, a number of important speeches and discussion on the concept further elaborated the American, Australian, Indian and Japanese views on the Indo-Pacific. In June 2018 at the Shangri-La Dialogue in Singapore, speeches delivered by the US Defence Secretary, then General Mattis, India’s Prime Minister Narendra Modi, and the Japanese and Australian Defence Ministers, Itsunori Onodera and Marise Payne, all laid out the importance of the concept and emphasised ASEAN centrality. Later that year at the November East Asia Summit (EAS), US Vice-President Mike Pence gave his articulation of the United States’ preferred vision of the regional order. In 2019, similar efforts to promote the FOIP were made by US Admiral Philip Davidson, the Indo-Pacific Commander, who toured Southeast Asia, including Singapore, Vietnam and the Philippines.

From an Australian perspective, Foreign Minister Julie Bishop and Defence Minister Christopher Pyne both made public speeches in Singapore, in March 2017 and January 2019, which further promoted the Indo-Pacific principles. The Indo-Pacific has been referred to as a region, rather than espousing what a strategy or a plan behind it would be. As Bishop said: “The Indo-Pacific region has a long way to go. We have no option but to preserve and strengthen the liberal rules-based order if peace, stability and prosperity is to continue”.<sup>1</sup> The rules-based order figured in Christopher Pyne’s speech at the IISS Fullerton Forum in January 2019:

The Indo-Pacific we aspire to is one underpinned by the rules based order, which is open, inclusive, robust and free of coercion.(...) We value its importance and presence in establishing and promoting the norms and principles that have underpinned the region’s security and prosperity.<sup>2</sup>

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1 Julie Bishop, ‘Change and Uncertainty in the Indo-Pacific: Strategic Challenges and Opportunities’, speech, 28th IISS Fullerton Lecture, March 2017, <[www.foreignminister.gov.au/minister/julie-bishop/speech/change-and-uncertainty-indo-pacific-strategic-challenges-and-opportunities](http://www.foreignminister.gov.au/minister/julie-bishop/speech/change-and-uncertainty-indo-pacific-strategic-challenges-and-opportunities)> [Accessed 14 January 2020]

2 Christopher Pyne, Keynote address at 2019 IISS Fullerton Forum, Singapore, 27-29 January 2019, <[www.iiss.org/events/fullerton-forum/fullerton-forum-2019](http://www.iiss.org/events/fullerton-forum/fullerton-forum-2019)> [14 January 2020].

In other words, since first enunciated in 2017, much of the articulation of the Indo-Pacific has occurred in Southeast Asia.

Yet, despite those efforts, the region remains largely confused and reluctant to address the Indo-Pacific concept. According to a recent survey of around 1,000 Southeast Asian elites (see Figure 1), more than 61 per cent of respondents thought that the Indo-Pacific concept “is unclear and needs further elaboration”. As many support as are suspicious of the concept; a quarter thought that the Indo-Pacific agenda was to contain China.<sup>3</sup>

Southeast Asian leaders have been reluctant to embrace the term ‘Indo-Pacific’.<sup>4</sup> Partly this was because of sensitivities towards the relationship with Beijing, but also partly because it remains unclear to them what support for the Indo-Pacific would entail or commit to.

In Australian strategic circles, there seems to be a growing tendency to look at Southeast Asia with frustration. There is frustration towards ASEAN because of its inconclusive ‘ASEAN Way’, emphasising process over progress. There is also frustration towards individual Southeast Asian states for ‘not standing up enough’ against China in the South China Sea, ‘not pushing back enough’ against the Belt and Road Initiative or even not supporting the Indo-Pacific concept enough. But the level of understanding of motivations and decisions of the Southeast Asian states remains incomplete and uneven.

In 2020 the ISEAS-Yusof Ishak Institute regional survey showed that 54% of all respondents in ten ASEAN states still consider that the Indo-Pacific concept is unclear and requires further elaboration.<sup>5</sup>

This sense of frustration partially comes from an assumption that after all, Australia and Southeast Asia, like the rest of the world, are facing similar challenges coming from the ongoing global changes and are affected by the same geopolitical turbulence. But recent developments suggest that Southeast Asian strategies to deal with the pressure are increasingly different from those that Australia pursue.

Southeast Asia, although often described as one region, is in fact a collection of actors with very diverse interests and strategies for responding to pressure. The region’s importance has been self-evident, and its centrality has been recognised time and again in presentation of the Indo-Pacific strategies across Japan, Australia, the United States and India. In the current context of the Sino-US great power competition the region’s alignment politics is of additional importance. Understanding the nuanced, and often diverging, factors determining those alignment politics is essential for a successful strategy. The aforementioned frustration about ASEAN’s resistance to act more decisively (and more importantly, more supportively of the Australian and American policies) is not accompanied by solid cognition of Southeast Asians’ motivations.

ASEAN’s apparent coolness toward the Indo-Pacific strategy can be explained in terms of some long-term trends, which a successful Indo-Pacific strategy should have been able to address.<sup>6</sup>

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3 ASEAN Studies Centre, *The State of the Southeast Asia: 2019 Survey Report* (Singapore: ISEAS-Yusuf Ishak Institute, 2019).

4 John Lee, ‘The Free and Open Indo-Pacific and implications for ASEAN’, *Trends in Southeast Asia*, vol. 13 (2018).

5 “The State of Southeast Asian: 2020 Survey Report”, ISEAS-Yusuf Ishak Institute, Singapore 2020. P. 32

6 Huong Le Thu, ‘Three Traps in Building the Indo-Pacific Narrative thus far’, *The Pacific Forum PacNet* No. 43, 22 June 2018, <[www.pacforum.org/analysis/pacnet-43-three-traps-building-indo-pacific-narrative-thus-far](http://www.pacforum.org/analysis/pacnet-43-three-traps-building-indo-pacific-narrative-thus-far)> [14 January 2020].

Just as the American version of Free and Open Indo-Pacific cannot be separated from its new China policy, views from Southeast Asia on the FOIP are not divorced from perceptions of the United States under the Trump administration. And in Southeast Asian perceptions, the US commitment to Southeast Asia is sharply declining. Just like Australia, Southeast Asians are concerned about China's creeping aggressiveness and its revisionist ambitions. But unlike Australia, Southeast Asians have lived with this perception of threat for a while longer. What is seen as changing fast is in fact not China, but the United States. Judging from the perceptions, the confidence in the United States has declined considerably. In sum, some 68 per cent of the surveyed believe that the Trump's administration decreased (or substantially decreased) engagement with Southeast Asia in 2019.<sup>7</sup> That view only worsened in the following year with 77 per cent of the respondents believing that the US engagement in the region has decreased.<sup>8</sup>

In fact, similar views were voiced during the Obama administration's Pivot to Asia. Obama was popular but the value of his administration's Rebalance to Asia was doubted. The reluctance to address China's assertiveness is now one of the most frequent criticisms of Obama's legacy. The Philippines in particular have been burnt over Obama's declaration that "the US will not go to war over some rocks".<sup>9</sup> This cast doubt over Washington's reliability and resulted in tempering Southeast Asia's appetite to stand up to Beijing's coercion. The US insistence in not taking sides and in avoiding supporting any party's claims, and instead supporting rhetorically international law — namely the UNCLOS which the United States has not ratified — was interpreted as unreliability. In the 2016 presidential campaign, Trump's 'America First' caused anxiety among Asian partners and allies.

What makes the Southeast Asians uneasy about the Indo-Pacific concept, or more precisely the FOIP, is that its articulation is increasingly in conflict with Washington's language about competing with China. Both recent National Security and National Defence Strategies have identified Beijing as a long-term strategic competitor of the United States and a challenger to the rules-based international system. The campaign promoting the FOIP is increasingly seen in the region as pressure to 'take sides'. Hosting the ASEAN Summit in November 2018, Singapore's PM Lee Hsien Loong said:

We can all see the growing geopolitical uncertainties. At the same time, each ASEAN Member State is subject to different pulls and pressures from different powers. In these circumstances, all the more we must stay united and strive to maintain our cohesion and effectiveness. That is the only way for ASEAN to remain relevant and to be of value to our members as well as to our external partners.<sup>10</sup>

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7 *The State of the Southeast Asia: 2019 Survey Report* (Singapore: ISEAS-Yusuf Ishak Institute, 2019), p. 16 Question 15.

8 "The State of Southeast Asian: 2020 Survey Report", ISEAS-Yusuf Ishak Institute, Singapore 2020. P. 39

9 'Remarks by President Obama and Benigno Aquino III of the Philippines in Joint Press Conference', Office of the Press Secretary, The White House, 18 April 2014 <<https://obamawhitehouse.archives.gov/the-press-office/2014/04/28/remarks-president-obama-and-president-benigno-aquino-iii-philippines-joi>> [Accessed 14 January 2020]

10 Huong Le Thu, 'Southeast Asians Hope for Neutrality, Prepare for a Choice', Pacific Forum PacNet No. 75, 20 November 2018, <[www.pacforum.org/analysis/pacnet-75-southeast-asians-hope-neutrality-prepare-choice](http://www.pacforum.org/analysis/pacnet-75-southeast-asians-hope-neutrality-prepare-choice)> [14 January 2020].

If embracing the FOIP means adopting the American vision — the confrontational approach the Trump administration is taking towards China — then ASEAN nations are not likely to support it. On the perceptions level, the damage has been done: the majority of Southeast Asians believe that the United States and China are on a collision course. Interestingly, there is little blame given to Beijing for getting onto that collision course, but rather it is associated with Trump's unconventional approach to foreign policy.

In other words, the main difference between how Southeast Asia and Australia view the current great power competition is that, unlike Canberra, the majority of ASEAN member-states see neither China nor the United States as benign. Hence, if the FOIP continues to be 'all about China', Canberra may find that the level of alarm raised by Beijing's behaviour is dissimilar in neighbouring Southeast Asia.

Seeing the FOIP only through Washington's diplomatic language would be incomplete, if not misleading. The good news is that Southeast Asians' confidence and trust towards Japan is consistently steadfast and it is not surprising that they are most comfortable with Tokyo's version of the FOIP. In fact, the Japanese version is the oldest and most developed vision, with a strong focus on development and connectivity. Among the main areas for developing the strategy are:

- 1) Developing an environment for international peace, stability and prosperity, and sharing universal values;
- 2) Addressing global issues toward achieving Sustainable Development Goals and promoting human security;
- 3) Economic diplomacy that aims at "quality growth" together with developing countries and contribute to regional revitalization.<sup>11</sup>

Most recently, ASEAN leaders have embarked on the process of developing their own version of the 'Indo-Pacific', which is said to converge with the Japanese FOIP strategy. At the 34th ASEAN Summit in June 2019, ASEAN leaders formally adopted 'The ASEAN Outlook on the Indo-Pacific' (AOIP).<sup>12</sup> The Outlook reaffirmed long-standing norms present in the diplomatic life of this regional institution, such as ASEAN centrality, the value of dialogue and cooperation for the sake of development and prosperity, and so on. It specifically rejects and opposes zero-sum great power competition as detrimental to both the prosperity and the multilateralism of the region. Interestingly, the AOIP rejects the Indo-Pacific as a continuous territorial space, instead it is made up of two distinct regions: the Asia-Pacific and the Indian Ocean. Nevertheless, the AOIP gives priority focus to maritime cooperation, connectivity and infrastructure — issues that have been an ASEAN focus for a long time. The AOIP is neither innovative nor even substantive. But it represents an effort to showcase ASEAN's diplomatic leadership and an attempt to reiterate what Southeast Asians consider as important — growth and the rejection of great powers' zero-sum competition.<sup>13</sup>

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11 'Priority Policy for Development Cooperation FY2017: Key Areas', International Cooperation Bureau, MOFA Japan, April 2017, <[www.mofa.go.jp/files/000259285.pdf](http://www.mofa.go.jp/files/000259285.pdf)> [Accessed xx Month 20xx].

12 ASEAN OUTLOOK ON THE INDO-PACIFIC, 22 June 2019, <[asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific\\_FINAL\\_22062019.pdf](http://asean.org/storage/2019/06/ASEAN-Outlook-on-the-Indo-Pacific_FINAL_22062019.pdf)> [14 January 2020].

13 Huong Le Thu, 'ASEAN's Long and Winding Way to the Indo-Pacific', *The Strategist*, Australian Strategic Policy Institute, 29 June 2019, <[www.aspistrategist.org.au/the-long-and-winding-way-to-the-indo-pacific/](http://www.aspistrategist.org.au/the-long-and-winding-way-to-the-indo-pacific/)> [14 January 2020]

To be sure, ASEAN's attitudes towards FOIP — even after adopting AOIP — have been more reactive than proactive, and perhaps a level of frustration towards it is well founded. But to gain stronger support for the evolving many versions of the FOIP, Tokyo, Washington, Canberra and New Delhi should work towards stronger coordination of their strategies to reduce the level of confusion as well as individual governments' efforts. In shaping the strategies, it is important for those who build the strategies to understand the complexities of that vast region and its multifaceted needs.

Arriving at the AOIP — the blueprint for the region's approach to the Indo-Pacific — might seem to be a diplomatic accomplishment. But the critical question — and deciding factor for the AOIP impact, as well as ASEAN's centrality — is where to from here? Does ASEAN have an intention to continue with another document on the Indo-Pacific, develop a strategy or move on to implementing it? All of that remains unclear, if not unlikely, but it is also contingent on how the United States, Japan and other actors develop their Indo-Pacific concepts. In any case, ASEAN remains reactive, rather than leading, in the Indo-Pacific discourse.

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*Dr Huong Le Thu is a Senior Analyst at the Australian Strategic Policy Institute where she works on security and foreign policy issues in Asia, and regional politics of alignment.*

# Japan's China Strategy: The End of Liberal Deterrence?

Chikako Kawakatsu Ueki

This paper analyses Japan's security strategy towards China through an examination of the following questions. What are the key features of Japan's strategy toward China? Has Japan abandoned engagement? Is Japan's new strategy adequate to achieve its objective of maintaining a rules-based order in the Indo-Pacific? By what means and at what cost might a rules-based order be maintained? And what role does deterrence play in the Free and Open Indo-Pacific strategy?

These questions are important in understanding Japan's strategy and its implications and effectiveness. Under Prime Minister Shinzo Abe, Japan has made several significant changes to its national security policy, moving away from its traditional pacifist posture. The new National Defense Program Guidelines (NDPG), announced in December 2018, are the latest of such efforts to upgrade Japan's defence capabilities. Examining Japan's strategy will help us understand Japan's intentions and capabilities.

The maintenance of a rules-based order has been promoted as an important strategic goal by Japan as well as by the United States and Australia. While there is little disagreement about the importance of a rules-based order, the actual content and the necessary means to achieve this goal are less clear. This paper seeks to offer a foundation for future debate.

This paper argues that while Japan's new strategy has increased its efforts in balancing China in several new areas, Japan has not abandoned the engagement part of its strategy towards China. The new NDPG will increase Japan's capabilities to counter potential threats from China. However, the strategy is insufficient to realise Japan's strategic objective of maintaining a rules-based order in the Indo-Pacific. To this end, it is important to build a multilateral institution and bind China within that institution. A clear consensus on the costs of violating rules is also necessary in order to prevent defections from institutional rules.

The remainder of this paper will first examine and compare Japan's past and current strategy towards China. Special attention is paid to the new NDPG to identify whether Japan has shifted its strategy away from engagement and toward balancing. Japan's strategy is then examined to evaluate if it is sufficient to realise its strategic goal. Finally, some recommendations are offered to improve the likelihood of the strategy in realising a rules-based order in the region.

## Japan's China Strategy — Past

Japan's strategy towards China has often been described as one of hedging based on uncertainty about the future. This assumes that Japan is unsure about China's future behaviour and thus combines balancing and engaging measures to hedge its bets on

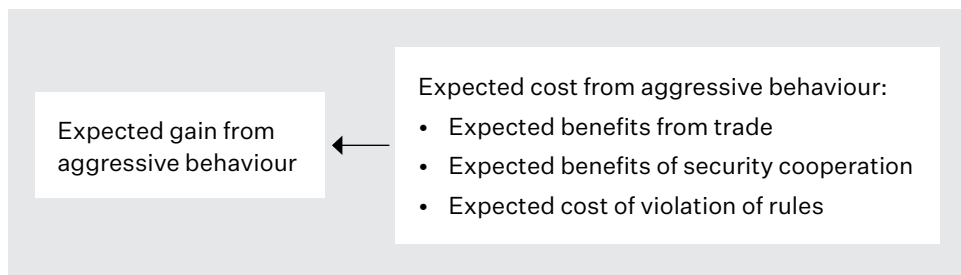
either outcome — a benign China or an aggressive China. This understanding of Japan's China strategy based on uncertainty is not entirely correct: the strategy consciously combines both deterrence and engagement.

Since the 1970s, Japan has sought to make China economically affluent and therefore politically stable, friendly and engaged with the outside world. Deterrence through the US-Japan alliance and economic engagement were the two main pillars of this strategy. This strategy, which I have termed 'liberal deterrence', combines elements of deterrence, economic interdependence and security interdependence.<sup>1</sup>

The logic of liberal deterrence is to induce better behaviour by increasing the benefits of cooperation through economic and security engagement while at the same time increasing the cost of misbehaviour through deterrence. It assumes that states make rational calculations based on costs and benefits. Here, trade is an instrument of deterrence and not merely a means to gain economic benefits. The economic benefits between states create an opportunity cost that the aggressor will have to pay if it decides to initiate an attack or war. A potential aggressor is deterred when the cost of making an attack outweighs the benefits.

When the value of the right-hand side of the equation in Figure 1 is larger than the left, there is a higher chance that deterrence will work because the cost of an attack outweighs the benefits. The expected benefits from trade include not just the benefits from current trade flows but also the benefits expected from future trade.<sup>2</sup> The greater the trust in trade arrangements the greater the expectation will be. The same mechanism applies to security cooperation. Binding states in institutions adds another layer of costs by imposing negative sanctions to violations of rules and aggressive behaviour.

**Figure 1: The Logic of Liberal Deterrence**



Japan's strategic objective towards China has always been more than simply the deterrence of aggression. The hope was to induce better behaviour from China and to encourage China to pursue a role as a constructive stakeholder in the region. This liberal deterrence policy has been the strategy of choice for Japan for four decades. Japan has also sought to integrate China into international institutions such as the World Trade Organization (WTO). The logic was to bind China with international rules and norms.

1 On liberal deterrence see Chikako Kawakatsu Ueki, 'Liberal Deterrence of China: Challenges in Achieving Japan's China Policy', in Takashi Inoguchi, G. John Ikenberry and Yoichiro Sato (eds), *The US-Japan Security Alliance: Regional Multilateralism* (New York: Palgrave Macmillan, 2011), pp. 137-55.

2 On the influence of future expectations of trade, see Dale C. Copeland, 'Economic Interdependence and War: A Theory of Trade Expectation', *International Security*, vol. 20, no. 4 (Spring 1996).

The question now is whether Japan is still pursuing a liberal deterrence strategy. In Japan (as in the United States and elsewhere), there has been a growing concern about waning leverage in shaping China. China's increasing military capabilities makes it harder to impose greater costs on China. At the same time, some of the economic tools are also waning. Official development assistance (ODA) used to be an important tool for Japan. Japan's cumulative ODA to China amounted to over 3.3 trillion yen in loan aid and 157.2 billion yen in grant aid. Japan has since ceased to provide ODA to China except for a few projects. In 2018 Japan decided to terminate all ODA to China by 2021. The biggest reason is that China is now wealthier than Japan. China's bigger economy means that Japan is as dependent on China as China is dependent on Japan. At the same time, China's dependency on overseas trade has decreased. China's revenue from exports in 2007 made up about 35 per cent of its economy, but by 2017 this number declined to 18.5 per cent. This also means the outside world has less leverage over China.

The efficacy of this engagement strategy has now come under question among Japan's foreign and security policy community. Several things contributed to this. One was the 2010 fishing boat incident near the Senkaku Islands. From the Japanese perspective, China chose to escalate rather than de-escalate the incident by restricting the export of rare-earth metals to Japan. This was seen as an affront to the convention of separating politics from economics.<sup>3</sup> China's reaction to Japan's nationalisation of three of the Senkaku Islands in 2012 was another indication of China choosing to escalate rather than de-escalate the situation. Despite the Japanese government's explanation that the objective of the nationalisation was to stop Tokyo's nationalist governor, Shintaro Ishihara, from buying the islands, China did not accept this. China began to send coast guard ships to the territorial waters around the islands. China's island reclamation and claims in the South China Sea and its complete rejection of the 2016 ruling by the Permanent Court of Arbitration has resulted in further scepticism.<sup>4</sup>

## Japan's China Strategy — Today

Japan's current strategy towards China can be traced through several government documents and speeches. Despite many changes involving China and Japan, Japan's strategic objective towards China remains basically the same. This strategy is to support China's economy, to make China politically stable and friendly to Japan and other countries, and to embed China in the international system. The difference now is that there are lower expectations about Japan's ability to shape China. The emphasis is now more on shaping China's choices.

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3 *Seikeibunri* (政経分離), separating politics and economics, has been the accepted practice between Japan and China. Even during the 2000s, when Prime Minister Junichiro Koizumi repeatedly visited the Yasukuni Shrine despite China's strong protests and diplomatic exchange between leaders was completely frozen, economic exchange continued unharmed.

4 The Permanent Court of Arbitration issued its award on the South China Sea on 12 July 2016, in favour of the Philippines and rejected most of China's claims. The Tribunal concluded there was no legal basis for China's claim to resources within the "nine-dash line" and that China has violated the Philippines' sovereign rights by constructing artificial islands in the South China Sea. *The South China Sea Arbitration (Philippines v China) (Award)*, (Permanent Court of Arbitration, Case No. 2013-19, 12 July 2016), <[pca-cpa.org/wp-content/uploads/sites/6/2016/07/PH-CN-20160712-Award.pdf](http://pca-cpa.org/wp-content/uploads/sites/6/2016/07/PH-CN-20160712-Award.pdf)> [Accessed 30 August 2019].



Japan's overall strategy aims to deter an attack on Japan, including its offshore islands. It also aims to deter major regional conflict primarily through the US-Japan alliance. Security cooperation with Australia, India and ASEAN member states is important to augment the US-Japan alliance. In the case of minor conflicts in the region, it is unclear whether Japan would get involved. The strategy is to deter minor conflicts by promoting capacity building among China's neighbours so that they may balance China on their own.

### ***Balancing China***

In December 2018, the Japanese government announced its NDPG for 2019 and beyond. The new NDPG made several additions to the existing security strategy and force structure. The document is much more explicit in describing the potential threats posed by China than previous editions. There were also some omissions.

The main feature of the new NDPG is to increase Japan's indigenous capabilities as well as US-Japan capabilities to balance China. It included for the first time acquisitions of capabilities that go beyond Japan's exclusively defence-oriented security doctrine that focuses on homeland defence.<sup>5</sup> Long-range missiles, such as standoff missiles with a range of over 400 kilometres and hyper velocity gliding projectiles (HVGP 300-500 km) were added to Japan's inventory. Another addition is the acquisition of 147 F-35 fighter jets. This is an increase of 105 planes from the previous plan. This includes forty-two F-35B fighter jets of the short take-off/vertical landing variant. The F-35Bs will be flown out of the *Izumo*-class destroyers, which will be Japan's first aircraft carriers since World War Two.

Another area where the NDPG is increasing Japan's capabilities is in the 'new domains' of space, cyberspace and the electromagnetic spectrum. Japan seeks to achieve superiority in these domains, especially in the cyber domain, and to have both defensive and offensive capabilities to "disrupt, during attack against Japan, opponent's use of cyberspace for the attack".<sup>6</sup> This is a significant change from Japan's previous strategies. Japan has been slow to react to threats in cyberspace even though the United States has been pushing Japan in that direction for some time.

### ***Engaging China***

The second pillar of Japanese strategy has been the engagement of China. Has Japan abandoned this component of liberal deterrence in its current policies? Japan's leverage to influence China's choices through engagement and positive incentives has waned in recent years. Nevertheless, Japan still maintains engagement towards China.

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5 The exclusively defence-oriented security doctrine has its legal basis in the "pacifist" Constitution under which Japan foreswears the right of belligerency and the use of military force to settle international disputes. The Japanese government changed its interpretation of the Constitution in July 2014 to recognise Japan's right to use force not only individual self-defence but also for limited forms of collective self-defence. The old interpretation only allowed Japan to use force after it was attacked. The new interpretation allows Japan to use force in defence of its allies and partners in cases where Japan's survival is threatened even if an attack against Japan itself has not yet occurred.

6 Ministry of Defense, 'National Defense Program Guidelines for FY 2019 and beyond', 18 December 2018, <[https://www.mod.go.jp/j/approach/agenda/guideline/2019/pdf/20181218\\_e.pdf](https://www.mod.go.jp/j/approach/agenda/guideline/2019/pdf/20181218_e.pdf)> [Accessed 12 April 2019].

For example, in 2018 Japan and China concluded a currency swap agreement of US\$30 billion. This is ten times more than the previous agreement.<sup>7</sup> The two countries also agreed to increase business cooperation in third countries. The two governments and business organisations signed fifty-two memoranda of cooperation at the First Japan-China Forum on Third Country Business Cooperation held in Beijing in 2018.<sup>8</sup> On several occasions, Prime Minister Abe expressed his support for the Belt and Road Initiative on the condition that projects were open, transparent, economically viable and financially sound.<sup>9</sup>

On the security front, Japan also continues to engage China. A memorandum on the Maritime and Aerial Communication Mechanism was signed in May 2018 after more than ten years of negotiation and went into effect in June 2018. The mechanism is designed to avert accidental clashes in the air and sea. The two governments also signed the Maritime Search and Rescue Agreement.<sup>10</sup> Nonetheless, Japan's emphasis on engaging China seems weaker compared to the deterrence part of the strategy.

## Evaluation of Japan's China Strategy — What Is Missing? What Is Needed?

Is Japan's China strategy sufficient to achieve its intended objective? Japan's objective towards China is more than just to deter a military attack. Japan's overall strategic objective is to maintain a rules-based order and a free and open Indo-Pacific in which China will also abide by the rules. For this purpose, Japan's current strategy lacks several important elements.

First, Japan lacks a strategy for multilateral security institution building. The new NDPG states that Japan will “strategically promote multifaceted and multilayered security cooperation” with regional powers. However, there is almost no strategy for strengthening multilateral security frameworks. In addition, the NDPG only mentions the United Nations three times. The focus of the strategy is on bilateral cooperation. Integrating China into international institutions has been an important strategy for Japan, but such efforts are absent from the current strategy.

Second, Japan emphasises the importance of creating and maintaining a free and open Indo-Pacific where the rule of law and rules-based order is observed. If Japan is serious about achieving this goal, it needs to align its strategy with other countries in the region.

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7 The currency swap agreement was signed in 2002, but it expired in September 2013 due to worsened relations over Senkaku Islands tensions.

8 Ministry of Economy, Trade and Industry, ‘52 MOCs Signed in Line with Convening of First Japan-China Forum on Third Country Business Cooperation’, 26 October 2018, <[https://www.meti.go.jp/english/press/2018/1026\\_003.html](https://www.meti.go.jp/english/press/2018/1026_003.html)> [Accessed 12 April 2019].

9 Shinzo Abe, ‘Asia's Dream: Linking the Pacific and Eurasia’, speech at the Banquet of the 23rd International Conference on The Future of Asia, 5 June 2017. Also, Abe's statement in the Budget Committee of the Upper House, National Diet, 25 March 2019.

10 Ministry of Foreign Affairs, ‘Nicchu Kaijyou Sousaku Kyuujyo Kyotei No Shomei [Japan-China Maritime Search and Rescue Agreement]’, 26 October 2018, <[https://www.mofa.go.jp/mofaj/press/release/press4\\_006634.html](https://www.mofa.go.jp/mofaj/press/release/press4_006634.html)> [Accessed 12 April 2019].

At minimum, Japan needs to have a clear and shared objective with countries such as Australia and the United States. It is also important to have a clear strategy about what costs should be imposed when the rules are violated. As shown in Figure 1, the costs on the right-hand side of the equation include the cost of violating the rules. Unless the cost of violating the rules is clear to China, and Japan and other countries are willing to enforce the cost, a strategy to maintain a rules-based order will not succeed.

For example, even on freedom of navigation — the most important and symbolic issue that has prompted the Free and Open Indo-Pacific strategy — the political and military cost Japan is willing to pay in order to enforce the rules is not clear. Nor is there a consensus among Japan, Australia and the United States. The United States has conducted freedom of navigation operations (FONOPs) starting in October 2015 and has challenged China's claim by passing within 12 nautical miles of the artificial islands. Japan and Australia, however, have yet to participate in FONOPs although they have actively participated in various joint military exercises. This results in unclear signalling towards China about the consequences of violating the rules. At the same time, it is equally important for China to appreciate the benefits of observing the rules. Japan and its partners need to think of ways to achieve such a state of affairs.

As China's power rises and it becomes less dependent on the outside world, a carefully crafted and coordinated strategy is needed to achieve Japan's strategic goals. Japan's strategy of liberal deterrence is not yet dead. However, if Japan wants to achieve its strategic objectives, it needs to put more effort into engaging China and embedding China in multilateral institutions.

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*Chikako Kawakatsu Ueki is Professor of International Relations at the Graduate School of Asia-Pacific Studies, Waseda University. Her areas of expertise cover international relations and security of East Asia, US-Japan-China relations, political science and security studies*

# Infrastructure Choices and the Future of the Indo-Pacific

Jeffrey Wilson

Cross-border infrastructure is the next frontier for the economic integration of the Indo-Pacific. The developmental success of the Indo-Pacific has been predicated on regional integration, with trade, investment and technology flows unlocking complementarities between economies. As several decades of policy liberalisation has driven down regulatory barriers to trade and investment, it is now physical links — road, rail, shipping, energy and telecommunications connections — which are the principal challenge for the next phase of regional integration.<sup>1</sup> Unfortunately, the Indo-Pacific is plagued by a range of ‘infrastructure gaps’, as governments have struggled to supply infrastructure at the pace and quality required by their high-speed growth. Estimates suggest that USD 0.7 trillion<sup>2</sup> of new investment per year, every year, is required to close these gaps. Building better infrastructural linkages is a top priority for all governments in the region.

Yet infrastructure has also emerged as a source of geostrategic tension. This is principally due to China’s Belt and Road Initiative (BRI), which promises to channel \$1 trillion to infrastructure projects through state-owned banks and industrial firms.<sup>3</sup> As this capital-injection is much needed, many governments have welcomed the BRI as an important step in promoting regional integration. However, concerns have also been raised over the impacts of China’s state-financed largesse. These include the governance and transparency of projects led by state-owned enterprises, the prospect of ‘debt-trap diplomacy’ in less-developed economies, and security risks facing critical infrastructure such as ports and telecommunications.<sup>4</sup> There is now a heated debate regarding how to weight the economic benefits and strategic risks of engagement with the BRI. Even governments in critical need of infrastructure — such as Indonesia<sup>5</sup> — have significant concerns about the strategic implications of welcoming Chinese investment.

Much commentary on Indo-Pacific infrastructure diplomacy has therefore focused on the implications of the BRI. Some analysts have even identified infrastructure as an emerging front in the so-called ‘new Cold War’ between China and the United States.<sup>6</sup> However, the popular fixation on the BRI ignores the much wider range of infrastructure initiatives at play in the region. Given the economic and strategic importance of connectivity, many governments have launched programs to help close the region’s infrastructure gaps.

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1 Luis Andres, Dan Biller and Matias Herrera Dappe, *Infrastructure Gap in South Asia: Infrastructure Needs, Prioritization, and Financing*, Policy Research Working Paper, no. 7032 (Washington, DC: World Bank Group, 2014).

2 Asian Development Bank, *Meeting Asia’s Infrastructure Needs* (Manila: ADB, 2017).

3 Jonathan Hillman, ‘How Big Is China’s Belt and Road?’, *Reconnecting Asia Project*, 3 April 2018.

4 ‘How Asia Fell Out of Love with China’s Belt and Road Initiative’, *Bloomberg*, 11 December 2018; ‘China’s Belt and Road Initiative: Debt trap or hope?’, *Straits Times*, 20 October 2018.

5 Gatra Priyandita, ‘Belt and Road Investment under Fire in Indonesia’s Presidential Elections’, *East Asia Forum*, 20 November 2018.

6 Mie Oba, ‘The Unpredictable, Conflicting Structure of the New Cold War’, *The Diplomat*, 29 December 2018.

Each offers a distinctive ‘blueprint’ for regional connectivity, with different goals, governance arrangements and institutional mechanisms. In this way, these blueprints offer competing geo-economic visions for the future of Indo-Pacific economic integration.

## The Contemporary Landscape of Indo-Pacific Infrastructure Initiatives

In recent years, there has been a proliferation of infrastructure initiatives by Indo-Pacific governments. The conventional debate on regional connectivity — which is almost exclusively focused on the drivers and implications of China’s BRI — fails to understand the breadth and complexity of the infrastructure programs in the contemporary Indo-Pacific. By taking a regional perspective, which locates the BRI within this broader landscape of initiatives, a very different set of insights regarding the geo-economics of infrastructure are revealed.

First, there is now a competitive marketplace for infrastructure in the Indo-Pacific (Table 1). Eight programs are now active. Three have been launched by the region’s major powers (the United States, Japan and China), and a further three by established regional organisations (APEC, ASEAN and the GMS). Additionally, two multilateral development banks also support regional connectivity projects. These are the longstanding Asian Development Bank, and the newly formed Asian Infrastructure Investment Bank (the first development bank to specialise solely in infrastructure<sup>7</sup>). The collective budget for those that have allocated investment capital is approximately \$1.5 trillion. The landscape of infrastructure mechanisms in the Indo-Pacific is now well-developed, and indeed somewhat crowded. Importantly, China’s BRI is just one player in this competitive marketplace.

Second, these programs offer distinctive governance models. Three are *national programs* led by a donor government, which offer finance — in the form of FDI (foreign direct investment), aid, loans, and/or technical assistance — for infrastructure in host states. These employ a bilateral model, with financing packages negotiated directly between the donor and host. Another two are *multilateral development banks*, which also offers loans and technical assistance. These are differentiated by their multilateral model, in which a transparent and rules-based set of funding criteria are used to design and set conditions for supported projects. Three are *regulatory dialogues*, which operate on a minilateral basis within existing regional organisations (APEC, ASEAN and the Greater Mekong Subregion). These dialogues provide spaces for like-minded countries to discuss infrastructure policy, identify priority projects, and coordinate strategies on a voluntary basis.

Third, a pattern of functional specialisation has now emerged. China’s BRI principally emphasises concessional finance from public sources (either aid programs or investment from state-owned enterprises). The two multilateral development banks adopt the same approach, albeit on a multilateral basis. The US and Japanese programs also offer public finance, but focus on using this to leverage greater amounts of private sector investment into projects. The involvement of private capital means their footprint will be considerably larger than their headline budgets. The regulatory dialogues take a different approach again. These do not offer financing at all, but instead aim to provide a space in which

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7 Jeffrey Wilson, ‘The Evolution of China’s Asian Infrastructure Investment Bank: From a Revisionist to Status Seeking Agenda’, *International Relations of the Asia-Pacific*, 2018.

governments can coordinate infrastructure policy efforts. Dialogue is especially important for cross-border infrastructure, which requires a degree of policy harmonisation between the involved countries before a project is ‘investment ready’ for the private sector.

**Table 1: Indo-Pacific infrastructure initiatives**

	Initiative	Members	Budget	Activities	Description
National Programs	Belt and Road Initiative (BRI)	China	No official budget, est. \$1 trillion	FDI, ODA, loans, technical assistance	State-owned enterprises invest in I&C projects across region
	Partnership for Quality Infrastructure (PQI)	Japan	\$200 billion	FDI, ODA, loans, technical assistance	Targets ODA and technical assistance to I&C projects
	International Development Finance Corporation (IDFC)	United States	\$60 billion	FDI, ODA, loans, technical assistance	Reorienting ODA to leverage private sector investment
Multilateral Development Banks (MDB)	Asian Development Bank (ADB)	67 members	\$147 billion subscribed capital	Loans, grants, technical assistance	Longstanding regional MDB; major I&C focus in recent years
	Asian Infrastructure Investment Bank (AIIB)	68 members	\$100 billion subscribed capital	Loans (commercial only)	New regional MDB, with functional specialisation in I&C projects
Regulatory Dialogues	Master Plan on ASEAN Connectivity (MPAC)	10 ASEAN members	None, dialogue only	Policy harmonisation and capacity building	Nonbinding intergovernmental planning for priority I&C projects
	Greater Mekong Subregion (GMS)	Cambodia, China, Laos, Myanmar, Thailand, Vietnam	None, dialogue only	Policy harmonisation and capacity building	Dialogue process to foster I&C-enabling regulatory reforms
	APEC Framework on Connectivity	21 APEC members	None, dialogue only	Policy harmonisation and capacity building	Adoption of best-practice methods for evaluation and implementation of I&C projects

Source: Jeffrey Wilson, *Blueprints for the Indo-Pacific: Infrastructure and Connectivity Programs for Regional Integration* (Perth: Perth USAsia Centre, 2019).

Note: FDI (foreign direct investment); ODA (overseas development assistance); I&C (infrastructure and connectivity).

## Making Informed Infrastructure Choices

The emergence of these new infrastructure initiatives is a welcome development for the Indo-Pacific. Collectively, they promise to add approximately \$1.5 trillion of public investment to the regional infrastructure funding pool. They indicate that governments are now taking the connectivity problem seriously, and are willing to commit political and financial capital to close infrastructure gaps. The fact that governments are also making cooperative efforts to address regulatory barriers — beyond simply funnelling yet more investment to the problem — means there is also an institution-building dimension to these initiatives. This combination of financial, political and institutional efforts will go a long way to building the physical infrastructure needed to sustain the Indo-Pacific's economic dynamism.

However, governments are also spoiled for choice. With eight major initiatives now in play, donor states have several vehicles through which they can deliver their efforts; while recipients have multiple options to bootstrap transformative projects. This is a positive development, insofar as it means there are now multiple models which suit a diverse range of countries and infrastructure types. However, it also means there are clear overlaps, which may lead to duplication, inefficient allocation of resources, and institutional fragmentation. There is also the shadow of geostrategic competition, as the region's major powers have begun using infrastructure initiatives as a tool in contests for leadership. If aspirations for a connected Indo-Pacific are to be realised, governments will need to make careful decisions to manage risk and maximise results.

How should governments go about making informed infrastructure choices? While the calculus will naturally vary for different parties, there are three general principles that should inform decision-making in this complex policy space:

First, it should be recognised that these initiatives do not pose an either/or choice. The scale of the region's infrastructure gaps is so large that all could be accommodated. Indeed, their functionally differentiated approaches hold the potential for a beneficial division of labour, with initiatives matched to the specific projects and countries that best fit their model. For example, those which offer investment capital are best suited to large-scale but high-risk projects; while initiatives focused on regulatory cooperation are important for enabling cross-border infrastructure that needs common standards. The infrastructure choice is therefore one of *efficient resource allocation*, not *picking winners*. Governments need to ensure a good functional match between infrastructure projects and the regional platforms they use to develop them.

Second, there are fruitful opportunities for building cooperative linkages. As no initiative provides all the potential forms of support, joint projects that combine their respective strengths could develop innovative solutions. Clear synergies exist between those with large pools of available capital (BRI, PQI, AIIB, IDFC), those with in-house technical capacity and expertise (ADB, APEC), and those that provide dialogue mechanisms to facilitate inter-governmental cooperation (GMS, MPAC). Fortunately, this kind of inter-institutional linkage is already underway. The AIIB and ADB have cooperated on several loan packages,<sup>8</sup> and ASEAN's infrastructure planning pipeline has been used to guide

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8 Wilson, 'The Evolution of China's Asian Infrastructure Investment Bank', Table 3.

the form of Chinese BRI investments in Southeast Asia.<sup>9</sup> Joint packages that combine capital, knowledge and dialogue will provide more effective solutions than go-it-alone approaches.

Third, geostrategic concerns will need to be carefully managed. In an era when geostrategic rivalry is increasing, there is already evidence that infrastructure has become a vehicle for major power competition. If this pattern accelerates, there is a risk that internecine competition between the various initiatives may result in zero-sum games. While it is impossible to separate the strategic and economic dimensions of infrastructure, their relationship can certainly be managed. Investing in cooperative institutions with a diverse range of stakeholders will prove critical. By providing a space for the achievement of shared interests, cooperative institutions help ensure the regional infrastructure game is positive-sum in nature. They can provide transparency regarding the efforts of both donors and recipients, improving trust and lowering risks of conflict. They can also negotiate mutually-agreed standards, principles and processes, which will build consensus behind rules-based approaches to infrastructure development.

Infrastructure is at the heart of debates over the future of regional integration in the Indo-Pacific. Governments have finally begun to address a pressing problem facing individual and collective development of economies in the region. But with so many initiatives now on offer, governments need to make informed choices that deliver positive outcomes and manage geopolitical risks. By framing connectivity as a shared problem requiring collaborative solutions, a cooperative approach to infrastructure is essential to secure the ongoing economic dynamism and integration of the Indo-Pacific.

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*Dr Jeffrey Wilson is the Research Director at the Perth USAsia Centre where he specialises in the regional economic integration of the Indo-Pacific.*

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9 Via Chinese involvement in the ASEAN-managed Singapore-Kunming Rail Line (SKRL) framework. See SKRL project listing at Reconnecting Asia (‘Singapore-Kunming Rail Link’, 2018), <[reconnectingasia.csis.org/database/initiatives/singapore-kunming-rail-link/c66fed28-f2a3-44a2-946f-bac6155127d3/](https://reconnectingasia.csis.org/database/initiatives/singapore-kunming-rail-link/c66fed28-f2a3-44a2-946f-bac6155127d3/)> [Accessed xx Month 20xx].



## Book Review

# How to Defend Australia

**Hugh White**

(Melbourne: Black Inc., 2019)

ISBN: 9781760640996

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*Reviewer: Chris Farnham*

Hugh White has taken considerable criticism for arguments he makes in *How to Defend Australia*. But in addressing how to secure the nation amidst an uncertain regional order, stimulating discussion is one of his key aims. Since publication of his 2010 Quarterly Essay, *Power Shift: Australia's Future between Washington and Beijing*, Hugh has been inviting us into a stream of consciousness, of sorts, as he interprets the power dynamic in the Indo-Pacific. This book is unlikely to be the conclusion of that conversation, but it puts a finger on a number of points that Australians must consider as the future of the region becomes less clear.

White explains how he would structure and posture the Australian defence forces to deter or respond to attempts to attack the Australian mainland with military force. Much of his position rests on the traditional concentric circles approach where Australia reigns supreme in our northern air and sea approaches and influences a regional order to deny the emergence of great and belligerent powers. Failing that, their access to the islands to our north is prevented. Nothing controversial or new there.

What follows is a novel and controversial approach on how to defend Australia. The book ends on its most sensational point, that Australia consider acquiring a nuclear capability. White does not revel in making that suggestion, indeed he recoils from it. Much of the furore the suggestion has created unfairly mischaracterises his position. White argues that Australia may only need, if anything, a second strike capability in the shape of an undersea deterrent to protect itself from nuclear blackmail. And that takes us to his second-most controversial position, that Australia should cancel its contract to purchase the French Shortfin Barracuda and instead build twenty-four to thirty-two updated versions of the Collins Class submarines locally as well as replacing the recently acquired helicopter landing ships HMAS Canberra and HMAS Melbourne with a cohort of smaller vessels.

White takes similar positions for the air force and army. He argues for drastically increasing the purchase of F-35 Joint Strike Fighter aircraft. For the army he advocates a larger light infantry force for regional stabilisation operations and guerrilla warfare strategies should the mainland be invaded. The prescriptions made within the book have stirred much consternation and discussion regarding which capabilities the nation requires and the platforms and combinations of forces that are best suited to filling those roles.

The most confounding of criticisms the book has attracted are those that claim White is surrendering to China by forecasting a US retreat from the region. How Australia acquiring nuclear weapons alongside a drastic increase in strategic platforms equates to capitulation is yet to be explained by the detractors.

One of the book's many strengths is its accessibility; the reader need be neither an expert in the technologies of war nor a master of strategy to grasp the prescriptions within. White's writing style and his ability to explain esoteric concepts allows any reader to understand him. Where the book is less convincing though is its reason to exist at all.

The premise for why Australia needs to rethink how it defend itself, and indeed the entire discussion from *Power Shift* onwards, is based on the assumption that the United States will retreat from the Western Pacific rather than bear the costs of confronting China's inexorable rise to regional power. The argument behind this assumption is unconvincing.

White draws on Australian Treasury forecasts that based on current trends, by 2030 China's gross domestic product will be US\$42.4 trillion, almost double that of the United States, and much of that will be translated into military power. Straight line projections are risky bets. China is a brittle empire. It has regions replete with anti-Han restlessness, it suffers from severe environmental degradation, and credit bubbles and zombie state-owned enterprises pervert the national economy. This is to name but a few of the fault lines that cross hatch the Middle Kingdom. This is not to forecast China's coming collapse but there is no shortage of fragility that may trigger a major stumble.

White heads off such a response by warning that expecting some calamity to afflict China is wishful thinking and that the only prudent course is to plan for China as *the* East Asian power. From a risk management perspective there is sense in that argument. But if Australia had always taken a risk based approach, we would also need to have looked distrustfully at the United States for the past seventy years, which hindsight tells us would have been a bad idea.

White argues that regional actors won't coalesce and resist China's rise to regional power because it will be too painful in terms of blood and treasure and the risk of nuclear warfare is just too great. White also contends that India won't become involved in the Pacific balance because China won't antagonise the South Asian power by pushing into the Indian Ocean. Given that Pakistan, Sri Lanka, the Maldives and Bangladesh are all signatories to China's Belt and Road Initiative and given the subsequent, slow but definite establishment of the Quadrilateral Security Dialogue (a balancing coalition by any other term), it seems White may be wrong on both counts. And that impacts the main premise for the rest of the book.

But this should not discourage anyone from reading it. Even discounting the premise for rethinking how to defend Australia, White puts forward many compelling suggestions on how Australia should conceive of itself and its security in the region. And that alone makes the book worth reading.

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*Chris Farnham is the Senior Outreach Policy Officer at the ANU National Security College. Chris previously served as a soldier in the 3<sup>rd</sup> Battalion, Royal Australian Regiment (Airborne) and was the Senior Watch Officer and Senior Strategic Advisor for Australasia and Southeast Asia at Stratfor Global Intelligence.*

# Notes for Contributors

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# **The Institute for Regional Security**

+61 (0)2 6295 1555

2/10 Kennedy Street (PO Box 4060)  
Kingston ACT 2604

[regionalsecurity.org.au](http://regionalsecurity.org.au)

