

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

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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 nanshaihezuojizhijia 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](http://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/](http://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](http://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/](http://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](http://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](http://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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42 Such observation is reflected in the discussions with Chinese scholars affiliated to the Chinese government.