



# OUTCOME REPORT

REGIONAL CONFERENCE ON

## Whither “The Indo-Pacific Strategy?” Shifting Strategic Landscape in the Asia-Pacific Region

20-21 September 2018

Phnom Penh, Cambodia





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**Cover Photo: A “Free and Open Indo-Pacific”**

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**REGIONAL CONFERENCE ON**

**WHITHER “THE INDO-PACIFIC STRATEGY?”:  
SHIFTING STRATEGIC LANDSCAPE  
IN THE ASIA-PACIFIC REGION**

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## ACKNOWLEDGEMENTS

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The Free and Open Indo-Pacific (FOIP) strategy has been viewed by many as a continuation of long-standing U.S. security policy towards the region, focused on freedom of navigation, expansion of trade linkages, and the peaceful resolution of disputes. Through the deepening of the United States' alliances with Japan, Australia, and India, security and stability can be maintained despite the rapidly shifting geopolitical landscape. Conversely, others have contended that this approach marks a significant shift in the security dynamics of the region and have seen it as illustrative of the end of the era of engagement in US-China relations and the rise of a new policy of containment.

In light of the vast gulf between these conceptualizations, deeper discussion and analysis of FOIP is a necessity to support mutual understanding and the preservation of regional stability. The Indo-Pacific strategy will have broad impacts across Southeast Asia in particular and will significantly impact the foreign and security policies of states across ASEAN. Concomitantly, middle powers from outside the region will also be required to re-evaluate their own policies in response to this fresh articulation of the security structure in the Indo-Pacific. In addition to these areas, the conference also examined current megatrends structuring the security landscape in the region and the dynamics of great power competition.

Finally, we would like to express our deepest gratitude to all of the speakers, distinguished guests, and conference participants, whose deep knowledge and vast experience have improved understanding of both the Indo-Pacific Strategy itself and the diverse perceptions thereof across the region and, indeed, the globe. CICP hopes that the collected papers provided in this Outcome Report will facilitate further discussion and research across the academic, policy making, and security communities.

**Ambassador Pou Sothirak**  
Executive Director  
Cambodian Institute for Cooperation and Peace



*Photo Credit: U.S. Embassy Phnom Penh, Cambodia*

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## CONTEXT AND OVERVIEW

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The Asia-Pacific region is facing a profound shift from a unipolar, post-Cold War order dominated by the United States to a more diffuse arrangement dominated by two key powers, the US and China. China's rapid economic growth, military modernization, and intensifying power-projection capabilities have fundamentally altered the structural dynamics of regional security. At the same time, India, an aspiring great power, has begun to seek its own place on the regional stage, while middle powers and smaller states have been attempting to balance or bandwagon as they seek greater certainty in order to safeguard their national interests without damaging their great-power relationships. These states have been steadily pushed or incentivized to reconsider their ties with the US by Beijing's generous offers of massive investment, market access and aid that often appear free of the strings attached by Western states.

Proposals for new regional economic and security arrangements abound, from China's Lancang-Mekong Cooperation mechanism to the US and Japanese-led Free and Open Indo-Pacific strategy, even as historic maritime disputes and old rivalries – not least in the South China Sea -- have been rekindled. All this is playing out in the context of escalating Sino-American strategic rivalry – fueled by the recent escalation of US-China trade tensions. The Asia-Pacific region now finds itself at the frontline of deep structural change in the form of great power transition. The outcome of this rivalry will determine the new “rules of the game” for every state in the region, and its effects will be felt globally.

At present, the Asia-Pacific security theater continues to be centered on an American-led, multi-layered strategy framed by the “Asian Pivot” of the previous US administration. China's development of a blue-water navy, its acquisition of new basing rights in the Indo-Pacific, and forward deployment of military assets highlight a determined and effective military modernization that has fueled fresh tensions over freedom of navigation in the South China Sea.

Over the last year, Australia, India, Japan, and the US have come together to revive the “Quad,” an informal strategic dialogue first proposed by Japan in 2007. Increasingly associated with this mini-lateral grouping is the “Indo-Pacific Strategy,” developed by the administration of US President Donald Trump in 2017. The concept has been widely perceived -- particularly in China -- as a concerted effort to design an arc from the Western Pacific to the Indian Ocean to contain China. Proponents have indeed argued that the strategy could curb the

expansion of Chinese influence beyond the South China Sea and possibly block China's exit points from the Andaman Sea to the Indian Ocean, undermining its recent expansionary efforts that stretch from the Mekong region to Pakistan, Sri Lanka and Africa. China-based scholars and others have asserted that the still-evolving Indo-Pacific security concept has already expanded to encompass efforts to constrain China's active diplomacy in the South Pacific, historically Western dominated through U.S. alliances with Australia and New Zealand. Conversely, others contend that there is a definite line of distinction between "the Quad" grouping and the mooted "Indo-Pacific Strategy." Indeed, the "strategy" as such has no generally agreed definition, and few states that are seen as part of the initiative have adopted the term, with the US and Japan among notable exceptions.

Successful take-up of the Indo-Pacific Strategy among participating states could impinge on China's vast Belt and Road Initiative. Unveiled by Chinese President Xi Jinping in 2013, this signature scheme faces an uncertain future in the face of a cohesive and coordinated Indo-Pacific alliance, no matter how informal, and would leave China little choice but to continue to work within the existing international order or seek new ways to counter this "arc of containment." Amid this rapidly changing environment, a regional conference in Phnom Penh would aim to examine the security implications arising from these changes in great power rivalry in the Asia-Pacific. The conference will seek to clarify these global trends; attempt to learn from past episodes of great power transitions; explore the dynamics of "the Quad" in its collective relations with China; and analyze the concept, benefits, and costs that the "Indo-Pacific strategy" carry for regional and global security and Asian states.

## CONFERENCE OUTLINE

### OPENING SESSION

CICP will invite two representatives of supporting institutions to make open the forum with special remarks, followed by a substantive, keynote address by a guest of honor from the Ministry of Foreign Affairs and International Cooperation of the Kingdom of Cambodia. This session will introduce the broader topic of the workshop and the diversity of questions to be addressed in the subsequent conference panels. Five interactive rounds of intense discussions examining core issues and relevant sub-themes will be held over the following day and a half.

## **SESSION 1: SECURITY TRENDS IN THE ASIA-PACIFIC: 2018 AND BEYOND**

As noted, the Asia-Pacific region is grappling with myriad security challenges exacerbated by intensifying competition among the great powers. This represents the greatest near-term challenge to the maintenance of regional security. Examining the broader trends of security in the Asia-Pacific, participants in this session will direct their remarks to a range of questions including: (i) What are the factors driving current great power competition in the region? (ii) Are extant security trends “locked in”? (iii) What kinds of feedback mechanisms would diminish rather than fuel great power competition in the region? (iv) Are there alternatives to the “containment-focused” approach toward great power rivalry in the region? and (v) How can small, medium and big powers improve security cooperation in the region beyond traditional confidence building measures?

Speakers for this session are encouraged to present their perspectives on these security trends and address questions of how best to promote regional peace and security in light of present realities, and how those desired outcomes can be secured by all regional actors.

## **SESSION 2: GREAT POWER INFLUENCE IN THE ASIA-PACIFIC: INTERESTS, ACTIONS, AND ALTERNATIVES**

Framing the security dynamics of the region as dominated by two great powers, with one rising power and a handful of equally engaged middle powers, how do these states perceive their interests and roles as well as those played by their counterparts? Noting China’s rising dominance in the South China Sea and steady expansion of its security interests; America’s efforts to maintain its position as the dominant global maritime power; and India’s interest in diminishing great power influence in the Indian Ocean, what are possible flashpoints based on these states’ respective, self-defined national interests and regional positions? What are the prospects for a shift in these perceptions? Are the interests and actions of these states inherently determined by geography, history, domestic politics, and other structural factors or are there other variables that need to be explored?

Speakers for this session will provide insight and analysis of the existing geopolitical power competition and shed more light on what the region can expect in the near future, while examining potential alternatives to the status quo path.

### **SESSION 3: CAUGHT BETWEEN THE MAJOR POWERS: SOUTHEAST ASIA AND THE INDO-PACIFIC STRATEGY**

Middle and smaller powers -- Southeast Asian states in particular -- clearly do not wish to see great power competition dominate the strategic and security dynamics of their region. This session - reflecting the increasing economic, political and social diversity of the 10 ASEAN member states - will take three distinct approaches to this subject: an historical view, a view from the mainland Southeast Asian states, and the perspective from maritime Southeast Asian states.

Speakers for this session will address the future priorities of Southeast Asian countries caught up in great power competition and discuss the role of ASEAN, actual and potential, in reducing negative competition and promoting cooperation. Among questions to be addressed are: (i) Whether ASEAN's much vaunted concept of "centrality" is realistic amid growing debate over this approach; (ii) Whether ASEAN should take this Indo-Pacific initiative as a challenge or an opportunity for expanding its influence beyond the immediate region; and (iii) How ASEAN, as an institution, can respond to the reduction or intensification of competitive pressures among great powers of the region and its own role in light of these dynamics.

### **SESSION 4: A "FREE AND OPEN INDO-PACIFIC": DIFFERENT PERSPECTIVES, DIVERSE IMPLICATIONS**

Proceeding from self-prescribed roles/interests to action plans, great powers are determined to press their rights/interests and obligations on their strategic partners and allies. The topics of freedom of navigation and spheres of influence continue to dominate existing discussions. What are the issues and/or problems with normative concepts such as "free and open?" How do these terms relate to the diversity of defense and power projection capabilities among the various states that collectively comprise the set of regional actors? If existing norms are to be contested, what concrete proposals/alternatives can be provided in order to reduce the likelihood of military conflict in the Indo-Pacific region?

This session will focus on building a deeper understanding and of how the Indo-Pacific initiative could either prevail -- or derail. Speakers will provide analysis of the US approach toward its diplomatic commitments to Asian states and its Asia strategy, in tandem with Washington's broader global strategy and diplomatic efforts. Participants will also address potential future regional arrangements

about whether – and how -- Washington can work with countries to support free politics and liberal values; norms and rules of global trade and commerce; and freedom of travel in international waters. At the same time, speakers will examine the range of potential Chinese reactions to the Indo-Pacific initiative as it develops, in order to more deeply grasp the dynamics at play in Sino-US relations and their implications for the region.

#### **SESSION 5: FREE AND OPEN DISCUSSION: THE INDO-PACIFIC REGION AND BIG POWER RIVALRIES – PEACE BY DESIGN?**

Perhaps the most engaging aspect of this workshop, this session is “free and open” in that it will invite all speakers and participants to discuss, in a moderated forum, the Indo-Pacific initiative and its broader implications. Specifically, this session seeks to reach broader conclusions, although not necessarily consensus, among all participants -- invited speakers, supporters, scholars, representatives of the diplomatic community -- concerning the central question of the workshop, that is: whether the Indo-Pacific initiative is likely to promote or hinder peace in the Indo-Pacific region.





## PROGRAM AGENDA

Day 1 (20 September 2018)		
8:00 - 8:45	<b>Registration</b>	
8:45 - 9:00	<b>Welcome Remarks</b>	<b>H.E. Ambassador Pou Sothirak</b> Executive Director Cambodian Institute for Cooperation and Peace (CICP) Phnom Penh, Cambodia
9:00 - 9:15	<b>Opening Remarks</b>	<b>Mr. Liu Jinxin</b> President, South Asia & Southeast Asia International Logistics Research Institute (SSILR), Kunming, China
9:15 - 9:30	<b>Special Remarks</b>	<b>Dr. Daniel Schmücking</b> Country Representative Konrad-Adenauer-Stiftung (KAS) Cambodia
9:30 - 9:45	<b>Special Remarks</b>	<b>Mr. Michael A. Newbill</b> Chargé d' Affaires, US Embassy in Cambodia
9:45 - 10:00	Group Photo Session	
10:00 - 10:30	Coffee Break	
10:30 - 12:00	<p><b>Session 1: Security's Mega Trends in the Asia-Pacific</b></p> <ol style="list-style-type: none"> <li>1. <b>Mr. Brad Glosserman</b> Senior Advisor, Pacific Forum Deputy Director, Center for Rule Making Strategies, Tama University Tokyo, Japan</li> <li>2. <b>Dr. Chheang Vannarith</b> Member of the Board of Director and Senior Fellow, CICP</li> <li>3. <b>Dr. Nur Shahadah Jamil</b> Research Fellow at the East Asian International Relations Caucus (EAIR Caucus), National University of Malaysia</li> <li>4. <b>Ms. Chen Chen Lee</b> Director, Policy Programs Singapore Institute of International Affairs (SIIS) Singapore</li> </ol> <p>Q&amp;A Session</p>	<p><b>Chair: Prof. Bradley J. Murg</b> Visiting Senior Research Fellow, CICP Assistant Professor of Political Economy, Seattle Pacific University, USA</p>

12:00 - 13:30	Lunch	
13:30 - 15:00	<p><b>Session 2: Big Powers Influence in the Asia-Pacific</b></p> <ol style="list-style-type: none"> <li>1. <i>China's Rise and its Implication</i> <b>Dr. Henry CHAN Hing Lee</b> Adjunct Research Fellow, East Asian Institute, Singapore</li> <li>2. <i>US NSS: Free and Open Indo-Pacific</i> <b>Kavi Chongkittavorn</b> Senior Fellow, Institute of Security and International Studies (ISIS) – Thailand</li> <li>3. <i>Construction of Trust and Cooperation Mechanism in the Indo-Pacific Region.</i> <b>Dr. Song Haixiao</b> Research Fellow of Guangdong Institute for Indo-Pacific Peace &amp; Development Studies, Kunming, China</li> <li>4. <i>Middle Powers Influence</i> <b>Dr. Aries A. Arugay</b> Associate Professor, University of the Philippines</li> </ol> <p>Q&amp;A Session</p>	<p><b>Chair: Ms. Gwen Robinson</b> Visiting Senior Research Fellow, CICP Editor-at-Large, Nikkei Asia Review Senior Fellow, ISIS Thailand</p>
15:00 - 15:30	Coffee Break	
15:30 - 17:00	<p><b>Session 3: Managing Major Powers Competition</b></p> <ol style="list-style-type: none"> <li>1. <b>H.E. Markus Koob</b> Member of the German National Parliament (Bundestag)</li> <li>2. <i>ASEAN's Role: Perspective from Singapore</i> <b>Dr. Alan Chong Chia Siong</b> Associate Professor at the S. Rajaratnam School of International Studies (RSIS) in Singapore</li> <li>3. <i>ASEAN's Role: Perspective from Vietnam</i> <b>Mr. Nguyen Hoai Anh</b> Deputy Director General, South China Sea Studies Institute of the Diplomatic Academy of Vietnam</li> <li>4. <i>ASEAN's Role: Perspective from Indonesia</i> <b>Dr. Fitriani</b> Senior Fellow, Department of Politics and International Relations of the Centre for Strategic and International Studies (CSIS) Indonesia</li> </ol> <p>Q&amp;A Session</p>	<p><b>Chair: Ms. Pich Charadine</b> Senior Research Fellow, CICP</p>

**Day 2 (21 September 2018)**

8:30 - 10:30	<p><b>Session 4: Free &amp; Open Indo-Pacific and its Implication</b></p> <ol style="list-style-type: none"> <li>1. <i>U.S. View</i> <b>Dr. Charles Edel</b> Senior Fellow and Visiting Scholar at the United States Studies Centre Sydney, Australia</li> <li>2. <i>China View</i> <b>Dr. Jiang Zhida</b> Associate Fellow at the Center for Belt and Road Studies of CIIS, Beijing</li> <li>3. <i>Australia View</i> <b>Professor Carlyle Thayer</b> School of Humanities and Social Sciences, University of New South Wales, Canberra Australia</li> <li>4. <i>Japan View</i> <b>Ms. Gwen Robinson</b> Editor-at-large, Nikkei Asian Review Senior Fellow, Institute of Security &amp; International Studies, Chulalongkorn University, Thailand</li> <li>5. <i>India View</i> <b>Dr. Vijay Sakhuja</b> Former Director of National Maritime Foundation, New Delhi, India</li> </ol> <p>Q&amp;A Session</p>	<p><b>Chair: Dr. David Koh</b> Visiting Senior Research Fellow, CICP</p>
10:30-11:00	Coffee Break	
11:00-11:45	<b>Session 5: Open and Free Discussion</b>	<p>Moderated by <b>H.E. Ambassador Pou Sothirak</b> Executive Director, CICP</p>
11:45-12:00	Wrap-Up and Closing Remarks	<p><b>H.E. Ambassador Pou Sothirak</b> Executive Director, CICP</p>
12:00-13:30	Lunch	
<b>End of Program</b>		



## ROLE PLAYERS

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### **H.E. Ambassador Pou Sothirak**

*Executive Director*

*The Cambodian Institute for Cooperation and Peace (CICP)*

In addition to being the Executive Director of the Cambodian Institute for Cooperation and Peace (CICP) since 2013, Ambassador Pou Sothirak also serves as Advisor to the Royal Government of Cambodia as of February 2014. He was appointed as Secretary of State of the Ministry of Foreign Affairs and International Cooperation of Cambodia from September 2013 to January 2014. He was a Visiting Senior Research Fellow at the Institute of Southeast Asian Studies (ISEAS) in Singapore from January 2009 to December 2012. He also served as Cambodian Ambassador to Japan from April 2005 to November 2008. He was elected Cambodian Member of Parliaments twice during the national general election in 1993 and 2003. He was appointed as Minister of Industry Mines and Energy of the Royal Government of Cambodia from 1993 to 1998. He obtained a degree in Electrical and Computer Engineering from Oregon State University, USA in March 1981 and had worked with the Boeing Company from 1981-1986.

Ambassador Pou Sothirak has written extensively on various challenging issues confronting the development of Cambodia and threatening peace and security of the region of Southeast Asia.



### **H.E. Mr. Markus Koob**

*Member of the German National Parliament (Bundestag)*

H.E. Mr. Markus Koob has been serving as Member of the German Bundestag since 2013. In the Bundestag bodies and parliamentary posts, he is a member of Committee on Foreign Affairs, and an alternate member of Committee on Family Affairs, Senior Citizens, Women and Youth, Subcommittee on Cultural Relations and Education Policy and Subcommittee on Disarmament, Arms Control and Non-Proliferation. He was a private secretary to the district commissioner of Hochtaunus district from 2006 to 2012, and has served as press spokesperson for Hochtaunus district since 2012. He obtained *Abitur* (higher-education entrance qualification) from Altkönigschule in Kronberg in 1997, completed civilian service in the Evangelische Versöhnungsgemeinde (Protestant parish) in Oberursel (Taunus) from 1997 to 1998, and studied political science (major), public law and private law (minors) at Johannes Gutenberg University in Mainz from 1998 to 2005.



**Michael Newbill**

*Chargé d’Affaires, US Embassy in Cambodia*

Michael Newbill assumed the position of Deputy Chief of Mission at the U.S. Embassy in Phnom Penh, Cambodia in July 2017. He is a career member of the Foreign Service.

From 2015 to 2017, Michael Newbill served as Deputy Director for Mainland Southeast Asia in the bureau of East Asian and Pacific Affairs, covering Burma, Cambodia, Laos, Thailand, and Vietnam. Prior to this, Mr. Newbill was the Counselor for Economic and Political Affairs at U.S. Embassy Kampala, Uganda. From 2010 to 2012, Mr. Newbill served as Director, then Senior Director, for South Asian Affairs, on the National Security Council in the White House, handling all political, economic, and military issues for India and other South Asian countries. Mr. Newbill also served as the Political and Economic Affairs Chief in Mumbai, India (2007-2010), the Economic Officer on the India Desk (2005-2007), as an Economic Officer in the U.S. Embassy in Bangkok, with responsibility for multilateral and bilateral trade, intellectual property rights, biotechnology, and other economic issues (2003-2005), and Vice Consul in Manila, Philippines (2000-2002). Prior to joining the Foreign Service, Mr. Newbill ran a project on Regional Security and Confidence-Building in South Asia for the Henry L. Stimson Center, a Washington-based research institution.

Mr. Newbill received his B.A. in History and English Literature from the University of Illinois, Champaign-Urbana in 1994 and a M.A. in South Asian History from the University of Wisconsin at Madison in 1997. In 1994-95, Mr. Newbill was a Rotary International Ambassadorial Scholar at Jawarharlal Nehru University in New Delhi.



**Mr. Liu Jinxin**

*President, South Asia & Southeast Asia International Logistics Research Institute (SSILR)*

In addition to being the President of SSILR, Mr. Liu Jinxin is also Project Specialist of the Special Unit for South-South Cooperation in UNDP. His representative academic achievements are: "Three Horizontal, Five Vertical" Comprehensive Transportation Network Project Planning of BCIM EC; Transport Network Planning of "Umbrella Wing Structure" of China-Indochina Peninsula EC; Kunming-Bangkok Highway International Logistics Cooperation Mechanism; Kunming - Chiangmai Dual-Nuclear Economic Zone; Bilateral Wing Theory of China's Southward Mutually Beneficial Cooperation Strategy; China - Laos - Cambodian Economic Corridor; and China-South Asia International Finance Cooperation Mechanism for Opening and Collaboration. Mr. Liu’s research fields include: Regional Economics, Supply Chain Security, International Dry-ports, GMS International Logistics, Indian Ocean Channel Logistics Study and Floating Ports for International Trade.



**Dr. Daniel Schmücking**

*Country Representative*

*Konrad-Adenauer-Stiftung (KAS) Cambodia*

Dr. Daniel Schmücking was born in 1982 in Germany. He studied political science and sociology at the Friedrich Schiller University in Jena (Germany) and the Palacky University in Olomouc (Czech Republic). His professional and scientific focus is on political communication and election campaigns. He worked as a campaigner for the Christian Democratic Union (CDU). In his dissertation, he devoted himself to the topic: The effect and development of negative political advertising in Germany. As part of his doctoral studies, he spent time at the University of Maryland (USA) and the University of California (USA). He was teaching at universities in Jena (Germany), Erfurt (Germany) and Budapest (Hungary). From the beginning of 2015 until the end of 2017 he headed the Konrad Adenauer Foundation's (KAS) office in Mongolia. Since March 2018 he is country director of KAS in Cambodia.



**Brad Glosserman**

*Senior Advisor, Pacific Forum*

*Deputy Director, Center for Rule Making Strategies, Tama University,  
Tokyo, Japan*

Brad Glosserman is the deputy director of and a visiting professor at the Center for Rule Making Strategies at Tama University in Tokyo, Japan. He is also a senior adviser of the Pacific Forum in Honolulu; a foreign policy think tank that focuses on the Indo-Asia-Pacific region. He is coeditor of *Comparative Connections*, the Pacific Forum's triannual journal and writes, along with Pacific Forum president emeritus Ralph Cossa, the regional review. He is the coauthor, with Scott Synder, of *The Japan-South Korea Identity Clash* (Columbia University Press, 2015), a study of national identity in Japan and South Korea and its impact on US alliances. His study of Japan's future, "Peak Japan: The End of Great Ambitions" will be published next spring by Georgetown University Press.

His opinion pieces and commentary regularly appear in media around the globe, and he has written dozens of monographs, articles and book chapters on US foreign policy and Asian security relations. He is a frequent participant in US State Department visiting lecture programs as well as the US Navy's Regional Security Education Program. Mr. Glosserman was, for 10 years, a member of The Japan Times editorial board, and he continues to serve as a contributing editor for that newspaper. He holds a JD from George Washington University, an MA from Johns Hopkins University's School of Advanced International Studies (SAIS), and a BA from Reed College.



**Dr. David Koh**

*Visiting Senior Fellow, CICP*

David Koh is Director of David Koh & Associates, a consultancy on affairs in the region. The company's portfolio ranges from assisting with Merger & Acquisition in emerging countries of Southeast Asia to providing analysts and research on the region's businesses as well as political and socio-cultural issues. Prior to this he was Senior Fellow at the Institute of Southeast Asian Studies in Singapore, focussing on Vietnam's political developments and big power strategic relationships within the region. His work experience includes teaching in Vietnam and China. His volunteer work is with the Supporting Community Development Initiatives of Vietnam, an NGO that covers marginalised and vulnerable populations of Vietnam. He reads and writes English, Mandarin, and Vietnamese languages. He is married and reads and listens to music for hobbies.



**Dr. Bradley Jensen Murg**

*Assistant Professor of Political Science and Director of Global Development Studies in the School of Business, Government, and Economics at Seattle Pacific University*

Dr. Bradley Jensen Murg is Assistant Professor of Political Science and Director of Global Development Studies in the School of Business, Government, and Economics at Seattle Pacific University. He is also Affiliate Professor at the Henry M. Jackson School of International Studies at the University of Washington.

Dr. Murg's research, supported by grants from the Social Science Research Council and the International Research and Exchanges Board, focuses on legal reform, the political economy of foreign aid, and economic development in the Mekong region, China, and the former Soviet Union. His current work as research director at the Greater Mekong Research Center explores the history of foreign aid in Cambodia, paying particular attention to Soviet assistance in the 1980s as well as Chinese aid and investment today.

Dr. Murg graduated Phi Beta Kappa from Emory University with a BA/MA in philosophy, received his MSc. in economic history from the London School of Economics, and his M.A. and Ph.D in Political Science from the University of Washington. Dr. Murg has worked in Asia for nearly 20 years, initially having moved to the region as a Henry Luce Scholar at the Asian Development Bank in 2000.





**Gwen Robinson**

*Editor-at-Large, Nikkei Asia Review, Senior Fellow, ISIS Thailand*

Gwen Robinson is editor-at-large of Nikkei Asian Review, the English-language journal and website of Japanese media group Nikkei Inc, and is a senior fellow at the Institute of Security and International Studies at Chulalongkorn University in Bangkok, where she specializes in Southeast Asian, contemporary politics and security issues. She was a Senior Fellow at Lowy Institute in 2004 and UK-based Legatum Institute in 2013-14. She was for 18 years a correspondent and editor with the Financial Times in Europe, Asia, and America (1995-2013), and was Tokyo-based correspondent for The Times of London 1993-95. In the 1980s, she was Manila-based correspondent for the National Times, an Australian weekly journal, covering Southeast Asia (1985-88) and Bangkok-based contributor to the London Observer, Asia-Pacific Defence Reporter and Economist Intelligence Unit. She was born in Japan and educated in Australia (BA, ANU).



**Dr. Fitriani**

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Dr. Fitriani joins the Department of Politics and International Relations, CSIS in 2017. Broadly, her research focus includes defence and security in Asia Pacific, women in peace and security, non-traditional security, as well as Indonesia politics and foreign policy. She specializes in women's participation in international peacekeeping operation.

She has held research and visiting positions at the Philosophy and Political Science Faculty, Technical University of Dortmund in Germany; the S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore; and Centre for Asian Studies, Ateneo de Manila University, Philippines. She has taught security and defence management, gender and security, and research methodology at the Indonesian Defence University, Parahyangan Catholic University, Paramadina University and Bina Nusantara University. She is part of Indonesia Security Sector Reform (SSR) Working Group with Institute of Defence, Security and Peace Studies, and together with Geneva Centre for the Democratic Control of Armed Forces published the Almanac on Human Rights and Indonesia SSR 2009 and 2014.

She obtained her Doctor of Philosophy degree in Security and Defence Studies from Cranfield University, Shrivenham Campus, UK. She received an additional executive education at the US Department of Defense's office of the Asia Pacific Center for Security Studies in Honolulu, Hawaii. She holds a BA in Social and Political Science, majoring in International Relations, from University of Indonesia and an MA in Defense Studies from Bandung Institute of Technology, Indonesia.



**Dr. Chheang Vannarith**

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Dr. Chheang Vannarith is Senior Fellow and Board Member of the Board of the Cambodia Institute for Cooperation and Peace (CICP), Opinion Editor with the Khmer Times, National Advisor to Civil Society Alliance Forum (CSAF, Council of Ministers), Vice-Chairman of the Cambodian Institute for Strategic Studies (CISS), and Associate Fellow at ISEAS-Yusof Ishak Institute. He was a visiting fellow at various think tanks including ISEAS-Yusof Ishak Institute in Singapore, China Institute of International Studies (CIIS) in China, IDE-JETRO in Japan, and East West Center in the US. He was a lecturer of Asia Pacific studies at the University of Leeds for three years after serving as executive director of CICP for five years. He earned his PhD in Asia Pacific Studies from the Ritsumeikan Asia Pacific University, MA in International Relations from the International University of Japan, and BA in International Relations from the Diplomatic Academy of Vietnam. He was honored a Young Global Leader by the World Economic Forum in 2013.



**Chen Chen Lee**

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Chen Chen Lee is Director of Policy Programs at the Singapore Institute of International Affairs, the country's oldest think tank and founding member of the ASEAN-ISIS network of think tanks. Prior to this, she was the Head of Strategic Planning and Coordination Division at the ASEAN Secretariat based in Jakarta. Reporting directly to the ASEAN Secretary-General, she helped strengthen ASEAN's engagement with her Dialogue Partners and their implementing agencies through effective donor coordination and dialogue on ASEAN's priorities and funding needs. Chen Chen started her career as a broadcast journalist with Channel News Asia after graduating from the Singapore Nanyang Technological University. She obtained her Master Degree of Arts from the International University of Japan. As a Japanese Government (Monbukagakusho) Scholar, she majored in International Relations in her post-graduate degree and examined the politics and policies surrounding refugees and asylum seekers in Southeast Asia. Chen Chen has worked for various international organizations, including ActionAid, Jesuit Refugee Service, International Development Research Centre, International Labour Organization, the United Nations Inter-Agency Project on Human Trafficking, and United Nations Development Fund for Women (UN Women).



**Kavi Chongkittavorn**

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Kavi Chongkittavorn is a senior fellow at Institute of Security and International Studies (ISIS) Thailand. He has been a journalist for more than three decades covering Thai and regional politics. He began his career as a reporter in 1983 and became the paper's foreign news editor in 1986. Then, he was asked to explore Indochina – first as Bureau Chief in Phnom Penh, Cambodia (1988-1990) and later on in Hanoi, Vietnam (1990-1992). After a year in Oxford University as Reuter Fellow in 1994, he went to Jakarta and served as Special Assistant to the Secretary General of ASEAN in Jakarta in 1995 before returning to journalism. He was named the Human Rights Journalist of 1998 to commemorate the 50th Anniversary of the Universal Declaration of Human Rights by Amnesty International. From 1999-2000, he was the President of Thai Journalists Association. From 2000-2001, he went to Harvard University as Nieman Fellow. He served as a member of jury and from 2005-2008 as its chair of Guillermo Cano World Press Freedom Prize organized by UNESCO.



**Pich Charadine**

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PICH Charadine is the senior fellow and the coordinator of the Global Center for Mekong Studies (GCMS) of the Cambodian Institute for Cooperation and Peace (CICP). She is also the adjunct lecturer in the Department of Political Science at Zaman University, Cambodia. She had been working with several non-government organizations and had also jointly conducted numerous research fieldwork projects, prior to her current affiliation.

Ms. Pich obtained her Bachelor of Arts in Political Science and International Relations with High Honors from Zaman University (Cambodia) and holds a Master of Arts in Dialogue Studies (concentrated on political dialogue) with Merit from Keele University (United Kingdom).

She has written on various issues concerning Cambodia's political development and its subsequent foreign policy implications. Her focus is on Sino-Cambodia relations (particularly political economy dilemma, foreign aid policy, and economic statecraft), ASEAN studies, Cambodia's politics and foreign relations.



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His areas of interests include South Asia, India's foreign policy, China's foreign policy and economic issues. He has presented papers in a number of international conferences/seminars and has published research papers and articles in *South Asian Studies*, *South Asia Research Quarterly* and *world nationalities Studies*. He has published monographs like *Decision-making of India's foreign policy: Process and Pattern* (World Affairs Press, Beijing, 2012), *Risk Analysis on China's Overseas Interests* (Current Affairs Press, Beijing, 2017) and *Pattern of Chinese foreign policy* (Current Affairs Press, Beijing, 2016). He has also contributed chapters in edited books dealing with South Asian affairs and India's foreign relations. He has also worked for research projects under Chinese Foreign Ministry.



**Dr. Alan Chong Chia Song**

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Alan Chong is Associate Professor at the S. Rajaratnam School of International Studies (RSIS) in Singapore. He has published widely on the notion of soft power and the role of ideas in constructing the international relations of Singapore and Asia. These angles have also led to inquiry into some aspects of 'non-traditional security' issues in Asia. His publications have appeared in *The Pacific Review*; *International Relations of the Asia-Pacific*; *East Asia: an International Quarterly*; the *Review of International Studies*; the *Cambridge Review of International Affairs*, the *Journal of Strategic Studies*, *Global Change, Peace and Security*, and in the *Japanese Journal of Political Science*. He is also the author of *Foreign Policy in Global Information Space: Actualizing Soft Power* (Palgrave, 2007). He is currently working on several projects exploring the notion of 'Asian international theory'. Alan Chong can be contacted at: [iscschong@ntu.edu.sg](mailto:iscschong@ntu.edu.sg)



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Dr. Nur Shahadah Jamil is a PhD holder in Strategic and Security Studies, National University of Malaysia (UKM), and concurrently an associate member of Institute of China Studies, University of Malaya (UM). Her PhD dissertation entitled *Evolution in China's South China Sea Policy Process: A Neoclassical Realism Explanation* focuses primarily on explaining how structural factors and elites' perception (after being filtered by relevant domestic considerations) contribute to the evolution of China's South China Sea Policy, as well as the evolution in the patterns of pluralization in the policy process from 1949-2017. Dr. Shahadah is also a research fellow at the East Asian International Relations (EAIR) Caucus, which is a research platform for exchange, engagement and empowerment among foreign affairs professionals and international relations scholars in Malaysia. Her research concentrates mainly on China's foreign policy, South China Sea, Southeast Asian responses to Belt and Road Initiative and East Asian Security. Dr. Shahadah is also one of the recipients for Taiwan Fellowship Award in 2017 and has conducted her four-month research in National Chengchi University, Taipei, Taiwan. She is currently serving the Malaysian Anti-Corruption Commission (MACC) as special officer to MACC's Deputy Chief Commissioner (Prevention) and can be contacted via email at [shahadah85@gmail.com](mailto:shahadah85@gmail.com).



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Dr. Chan worked in many private businesses before joining the academic circle; he has extensive working experiences in agriculture, hotel, manufacturing, banking, and investment. He is a Chartered Financial Analyst (CFA).

Dr. Chan's research interest is the Chinese economy, Chinese financial sector reform, Chinese SOE reform, ASEAN and Singapore economy, International trading system, Taiwan issue. He is an active conference and seminar speaker on topics ranging from climate change, regional and international geopolitics to economic development. Dr. Chan is an op-ed writer for China Daily and IPP Review.



**Dr. Aries A. Arugay**

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Dr. Aries A. Arugay is an associate professor of political science at the University of the Philippines in Diliman. He is also a fellow of the Strategic Studies Program of its Center for Integrative and Development Studies. He has conducted research on comparative democratization, electoral politics, civil-military relations, contentious politics, security sector reform, and international relations in the Asia-Pacific. He was previously a visiting fellow at the Institute of Security and International Studies (Thailand), Carter Center, Centro de Estudios Superiores Universitarios-Universidad Mayor de San Simón (Bolivia), Department of Government and International Relations-University of Sydney, and the Jeju Peace Institute (South Korea). He serves as Senior Editor of *Asian Politics & Policy* and Associate Editor of the *Philippine Political Science Journal*. In 2015, he was selected as a Young Southeast Asian Fellow by the Southeast Asia Research Group (SEAREG). Earlier this year, he was a Visiting Fellow at the National Institute of Defense Studies of the Japan Ministry of Defense. He obtained his PhD in Political Science from Georgia State University in Atlanta and his MA and BA (cum laude) in Political Science from the University of the Philippines-Diliman.

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Charles Edel is a senior fellow and visiting scholar at the United States Studies Centre. Previously, he was associate professor of strategy and policy at the US Naval War College, and served on the US Secretary of State's policy planning staff from 2015 to 2017. In that role, he advised Secretary of State John Kerry on political and security issues in the Asia Pacific region.

Edel worked at Peking University's Center for International and Strategic Studies as a Henry Luce Scholar and was also awarded the Council on Foreign Relations International Affairs Fellowship. He is the author of *Nation Builder: John Quincy Adams and the Grand Strategy of the Republic*. In addition to his scholarly publications, his writings have appeared in *The New York Times*, *Foreign Affairs*, *Foreign Policy*, *The American Interest*, and various other outlets.

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Mr. Nguyen Hoai Anh is currently serving as Deputy Director-General at South China Sea Institute, Diplomatic Academy of Vietnam, and has been holding position as Deputy Director of Policy Planning of Ministry of Foreign Affairs since June 2017. He used to be Minister-Counsellor at Embassy of Vietnam in the People's Republic of China from 2014 to 2017. From 2013-2014, he served as Deputy Director of Policy Planning of Ministry of Foreign Affairs (MOFA).

He used to be Senior Analyst and Assistant Director of Policy Planning, MOFA from 2009 to 2013. From 2006-2009, he used to hold position as Second Secretary at Embassy of Vietnam in the United Kingdom.

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**Prof. Carlyle A. Thayer**

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Carlyle A. Thayer is Emeritus Professor and Visiting Fellow at The University of New South Wales (UNSW) Canberra. He is currently Director of Thayer Consultancy. He was educated at Brown (political science), holds an M.A. in Southeast Asian Studies from Yale, and a PhD in International Relations from The Australian National University (ANU). Thayer joined UNSW in 1979 and taught in the Faculty of Military Studies at The Royal Military College-Duntroon (1979-85) before transferring to the Australian Defence Force Academy (1985-2010) where he served as Head of the Department of Politics. In May 1993, Thayer was a United Nations observer for the elections in Cambodia. Thayer's career includes service as National Secretary of the Asian Studies Association of Australia (1996-98) and inaugural National Secretary-Treasurer of the Vietnam Studies Association of Australia (1994-98). From 1999-02, he was given leave 'in the national interest' to take up a senior post at the Asia-Pacific Center for Security Studies, U.S. Pacific Command, in Hawaii. He then coordinated Australia's senior Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies (2002-04). In 2005, Thayer was appointed the C. V. Starr Distinguished Visiting Professor at the School of Advanced International Studies Johns Hopkins University in Washington. He then directed Regional Security Studies at the Australian Command and Staff College (2006-07 and 2010). In 2008, he was appointed the Francis M. and Stephen H. Fuller Distinguished Visiting Professor at the Center for Southeast Asian Studies at Ohio University. On retirement in 2010 he was conferred the title Emeritus Professor. Thayer has held Visiting Fellowships at the Center for International Affairs, Harvard University; Institute of Strategic and International Studies, London; Strategic and Defence Studies Centre, ANU; and Institute of Southeast Asian Studies, Singapore. He is the author of over 500 academic publications including "The Trump Administration's Policy on the South China Sea: Rhetoric and Reality," in Dmitry Mosyakov and Ekaterina Astafyeva, eds., *Security and Cooperation in the South China Sea: The Evolution of Military and Political Interests of the Parties Concerned* (Moscow: Institute of Oriental Studies, Russian Academy of Science, 2017), 184-234 and "US Rebalancing Strategy and Australia's Response: Business as Usual," in David W. F. Huang, ed., *Asia Pacific Countries and the US Rebalancing Strategy*. London: Palgrave Macmillan, 2016. 175-191.





**Dr. Vijay Sakhuja**

*Former Director*

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Dr. Vijay Sakhuja is former Director, National Maritime Foundation, India. He has been on the research faculty of Institute of Southeast Asian Studies (ISEAS), Singapore; Director (Research), Indian Council of World Affairs (ICWA); Senior Fellow, Centre for Airpower Studies (CAPS) and Observer Research Foundation (ORF); Research Fellow at the Institute for Defence Studies and Analyses (IDSA), and United Service Institution of India (USI).

A former Indian Navy officer, Vijay Sakhuja received his MPhil and PhD degrees from the Jawaharlal Nehru University in New Delhi. He has published over 40 books, edited volumes and monograph on international relations, geopolitics, South and Southeast Asian security, maritime security, maritime history, the Arctic and Blue Economy.

His recent academic works are *Asia and the Arctic: Narratives, Perspectives and Policies* (2016); *Perspectives on Blue Economy* (2017); *The Blue Economy: Concept, Constituents and Development* (2017); *South Asia Defence & Strategic Perspective* (2018).

Dr. Vijay Sakhuja is a member of the international editorial board of *Journal of Indian Ocean Region* (Taylor & Francis).



## SUMMARY OF THE PROCEEDINGS

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### OVERVIEW

The Regional Conference, “Whither the Indo-Pacific Strategy? The Shifting Strategic Landscape in the Asia Pacific Region” was a major regional conference organized by the Cambodian Institute for Cooperation and Peace (CICP) through the support of the Konrad-Adenauer-Stiftung Cambodia, the U.S. Embassy in Phnom Penh, and the South Asia & Southeast Asia International Logistics Research Institute (SSILR). The two-day conference produced a useful outcome for scholars and regional analysts through an open exchange of views, perspectives, and positions of the major countries that have endorsed the Free and Open Indo-Pacific (FOIP) strategy as well as external powers including China and ASEAN.

The conference hosted about 80 participants and included speakers (from U.S., China, India, Japan, Australia, Cambodia, Thailand, Malaysia, Singapore, the Philippines, Vietnam, and Indonesia), government officials, ambassadors, journalists, and students among them. The seminar was divided into five sessions:

- Session I: Security’s Mega Trend in the Asia-Pacific
- Session II: Great Power Influence in the Asia-Pacific
- Session III: Managing Great Power Competition
- Session IV: Free & Open Indo-Pacific and its Implications
- Session V: Free and Open Discussion

All sessions were lively and each saw strong discussion and questions seeking clarify in order to deepen understanding of the topics raised by the diverse set of speakers.

### OPENING SESSION

The conference began with welcome remarks by H.E. Ambassador Pou Sothirak, Executive Director of Cambodian Institute for Cooperation and Peace (CICP). He began by highlighting the dramatic shift of security structures in the Asia Pacific in the wake of the power competition. To ensure the continuity of its supremacy and the protection of the so-called "rule-based international order", the US has made many efforts to obstruct any forces that appear to be challenging it. A prime

example of taking on a close challenger is the "Asian Pivot" strategy released by the Obama administration and it has been re-packaged as the "Indo-Pacific Strategy" by the current Trump Administration. China, on the other hand, in the wake of its rise, seeks to become a global power, changing the unipolar world towards a multipolar or bipolar structure. Given that both the US and China have global strategic interests to protect, China certainly appears to be a challenger to US economic and military might. China, though, repeatedly denied it had challenger ambitions.

Acknowledging how the two powers effected the security and economic aspects in the Asia-Pacific, Ambassador Pou noted that the regional security landscape has been further complicated by other significant security actors such as Russia, Japan, India, South Korea, Australia, New Zealand, and ASEAN. The conference aimed to examine these new security realities, and. Amb. Pou raised the outline of the order of conference, consisting of the five sessions listed above. He hoped, that the conference will shed new light and build a deeper understanding of the Indo-Pacific Strategy, which was at present a concept with diverse understandings as to whether it was designed to contain China and how the US strategy would co-exist with China-led mechanisms such as Belt and Road Initiative and Mekong-Lancang Cooperation.

The floor was then handed over to Mr. Liu Jinxin, President of South Asia & Southeast Asia International Logistics Research Institute (SSILR), Kunming, China. He said that ASEAN's centrality would be important in the Indo-Pacific Strategy. He hoped, that the strategy would be able to contribute positively to business. To him, in the wake of rapidly changing global political and economic relations, this CICP conference on the Indo-Pacific was essential. He mentioned that China-led mechanisms such as the Belt and Road Initiative (BRI) and Asia Infrastructure Investment Bank (AIIB) mutually benefited both China and partner countries. With reference to Cambodia, he noted the positive developments of Chinese investments in Cambodia, and pointed to the increasingly significant role of China's Yunnan province in investing there. Mr. Liu acknowledged, however, that China's dramatic scale of investment and aid has caused concerns among scholars. In this regard, the emerging "Indo-Pacific" strategy needed to be clearly discussed (with reference to what Amb. Pou said earlier). He hoped that the conference would help all sides to better understand the Indo-Pacific strategy. He then briefly discussed his institute, SSILR. Created in 2016, the main work of the SSILR was to promote the Belt and Road Initiative. It is not for profit, provides consultancy to government and business, and also has a diverse set of research publications.

Dr. Daniel Schmücking, Country Representative of Konrad-Adenauer-Stiftung (KAS) Cambodia then took the floor. In his speech, Dr. Schmücking spoke highly of the Cambodian Institute for Cooperation and Peace (CICP) for hosting such conferences. He then briefed the participants on the missions and activities of KAS.

Freedom, justice and solidarity are the basic principles underlying the work of the Konrad-Adenauer-Stiftung (KAS). The KAS is a political foundation, closely associated with the Christian Democratic Union of Germany (CDU). As co-founder of the CDU and the first Chancellor of the Federal Republic of Germany, Konrad Adenauer (1876-1967) united Christian-social, conservative and liberal traditions. His name is synonymous with the democratic reconstruction of Germany, the firm alignment of foreign policy with the trans-Atlantic community of values, the vision of a unified Europe and an orientation towards the social market economy. His intellectual heritage continues to serve both as our aim as well as our obligation today. In our European and international cooperation efforts we work for people to be able to live self-determined lives in freedom and dignity. We make a contribution underpinned by values to helping Germany meet its growing responsibilities throughout the world. We encourage people to lend a hand in shaping the future along these lines. With more than 70 offices abroad and projects in over 120 countries, we make a unique contribution to the promotion of democracy, the rule of law and a social market economy. To foster peace and freedom we encourage a continuous dialog at the national and international levels as well as the exchange between cultures and religions.

Human beings in their distinctive dignity and with their rights and responsibilities are at the heart of our work. We are guided by the conviction that human beings are the starting point in the effort to bring about social justice and democratic freedom while promoting sustainable economic activity. By bringing people together who embrace their responsibilities in society, we develop active networks in the political and economic spheres as well as in society itself. The guidance we provide on the basis of our political know-how and knowledge helps to shape the globalization process along more socially equitable, ecologically sustainable and economically efficient lines.

We cooperate with governmental institutions, political parties, civil society organizations and handpicked elites, building strong partnerships along the way. In particular, we seek to intensify political cooperation in the area of development cooperation at the national and international levels on the foundations of our objectives and values. Together with our partners we make a contribution to the

creation of an international order that enables every country to develop in freedom and under its own responsibility.

KAS has been working in Cambodia since 1994, striving to support the Cambodian people in fostering dialogue, building networks and enhancing scientific projects. Thereby, the foundation works towards creating an environment conducive to economic and social development. All programs are conceived and implemented in close cooperation with the Cambodian partners on central and sub-national levels.

The stage was afterwards given to Mr. Michael A. Newbill, Chargé d'Affaires, US Embassy in Cambodia. Remarking that the conference was being held at the right time and place, he said it was in his interest to hear the views of others, especially China, on the subject of the conference. Mr. Newbill situated Cambodia not only at the centre of ASEAN, but also at the geographic center of the Indo-Pacific. In his view, US Secretary of State Mike Pompeo's visit to the region in August 2018 demonstrated that the US placed ASEAN at the center of US engagement of the region. He then moved on to generally discuss the "Free and Open Indo-Pacific" Strategy. For the US, the "free and open" modifier means that countries in the Indo-Pacific are able to maintain their sovereignty, free from external coercion. Commercially speaking, the two words also means the absence of impediments regarding free trade. Internally speaking, "free and open" referred to governance and liberty within a country. Therefore, linking the two, foreign policies of a country should be independently created in order to serve the interest of the people in the country, not just a few. Consequently, people must have a voice in both the direction of their country and their leaders' decisions. The decisions needed to be transparent.

Nevertheless, he noted, some Cambodian foreign policy decisions lacked transparency and arguably might not be in the interests of the people. These decisions included accepting loans without the capacity to repay, which in turn undermined national sovereignty. One risk was the gradual morphing of commercial port facilities into military bases controlled by other countries without public approval or discourse. He qualified that Chinese investments could be beneficial, but that they also had to be scrutinized. He added that the US would continue to be a friend and a partner to the Cambodian people in maintaining their freedom and independence. He noted, however, that Cambodian leaders had to demonstrate a commitment to the principles of free and independence as well. He cautioned Cambodia on the risk of relying on one partner in international cooperation, and he also questioned whether Cambodians

accepted that major change in the country's orientation towards relying heavily on one external partner. A free and open public discussion on the major economic, political, and strategic changes happening in Cambodia should be held without restrictions by the country's stakeholders such as students, journalists, academics and political leaders. Last but not least, Mr. Newbill said the FOIP strategy excluded no nation so long as they exhibit standards such as rule of law and transparency in their policies.

## **SESSION I: "SECURITY MEGA TRENDS IN THE ASIA-PACIFIC"**

The session was chaired by Prof. Bradley J. Murg, Assistant Professor of Political Science, Seattle Pacific University, Washington, USA. The first speaker of the session was Mr. Brad Glosserman, Senior Advisor of the Pacific Forum and Deputy Director of the Center for Rule-Making Strategies, Tama University, Tokyo, Japan. He began his speech by qualifying that he did not represent the views of any government. He highlighted four mega trends in the Asia-Pacific, namely: (a) shifting demographics, (b) rapid urbanization, climate change, (c) sustainable development issues, and (d) rapid technological development. While acknowledging that there were many discussions concerning the rise of China, he said positing the rise of China as a threat to the world order was lazy thinking; there were other heated and ongoing debates happening in many countries in the Asia-Pacific, especially concerning populism and nationalism. China has simply become a type of shorthand for these changes.

Against the grain, he perceived the rise of China as not changing the regional order in the Asia-Pacific because many countries, not just China, were rising. He termed the phenomenon "The Rise of the Rest", and added it was undeniable the capability gap between the US and the rest of the world was narrower than before. Moreover, he noted that the "Rise of the Rest" should be considered as an American success and not a failure, because the post-World War Two system made it possible for "the rest" to rise. Given "The Rise of the Rest", there are many other countries in Asia that are striving to protect the current rule-based regional order. He questioned whether the Indo-Pacific strategy was created only for the purpose of excluding China. He noted there was nothing to obstruct the US if it did not want to obey the rules of the international order it created, but mostly it was bounded and constrained by the current order. Further, the need for the US to outline an Indo-Pacific strategy underscored the importance of the region, as well as the changing role of the US. America could no longer be the policeman of the world, but there still existed profound opportunities for

engagement between the US and the region. Glosserman cautioned that it was not yet clear what kind of order would emerge under the current situation; if the USA was no longer willing, new providers of global security and economic public goods had to be found.

The floor was then given to Dr. Chheang Vannarith, Member of the Board of Directors and Senior Fellow, CICP. Dr. Chheang referred to the shifting global political and economic balances, from post-Cold War American unipolarity and regional hegemony to a multipolar or multi-conceptual world. He then highlighted the three contesting regional orders in the Indo-Pacific region, namely: the US-led order, the China-led order, and the ASEAN-driven order. The competition and contests between these three partially explain various flashpoints, which highlight the potential for future disorder: the cross-strait relationship between China and Taiwan; the maritime issues especially in the South China Sea; and the ongoing situations on the Korean Peninsula. Dr. Chheang hoped none of these flashpoints would develop into open military conflicts; and noted that social transformations - especially the rise of democratic values in the region - could reshape awareness and improve mutual understanding within the region. If foreign policies in Asia were mainly created or driven by political elites rather than the people, then it was hoped people's voices, especially through national parliaments, could be heard more in the formation processes of foreign policies. He was nevertheless pessimistic about such a possibility. He said the fundamental causes of the flashpoints had to be addressed even though in recent months, the tensions in the South China Sea and the Korean Peninsula have lessened.

The next speaker was Dr. Nur Shahadah Jamil, Research Fellow at the East Asian International Relations Caucus (EAIR Caucus), National University of Malaysia. Dr. Nur began by highlighting the general context in the Asia-Pacific region, which was mainly the increasing competition between an unpredictable US and a rising China. In the wake of this trend, many countries in the Asia-Pacific, especially US allies and partners adopted two contradictory measures, she argued. The first measure was gradually developing stronger ties among each other in order to push back rising China. The second measure was improving bilateral relation with China. In explaining this contradictory approach, she pointed to three factors: (i) US credibility loss caused mainly by unpredictable decisions of the Trump Administration towards its allies and partners; (ii) China's trust deficit despite its attempts at a "charm diplomacy," and (iii) the activism gap associated with the other powers. With regard to the last factor, she explained that although smaller regional states welcomed the great powers' initiatives when



they are in accord with their respective national interests, their capacity to fulfill their commitments remain limited. Smaller states in the region still desire that the USA provides security guarantees, acting as a buffer or balance against a China they still distrust. This was the reason why some smaller countries sent mixed signals regarding the Indo-Pacific strategy. Dr. Shahadah Jamil devoted the rest of her intervention to Malaysia's external policy under Prime Minister Mohamed Mahathir after he was returned to office in May 2018. She emphasized that the foreign policy of Malaysia has been shaped by domestic and external considerations. Under Mahathir 2.0, Malaysia vowed to remain neutral, not taking sides with any major powers, while continuing to engage all players, and emphasizing consultation and the consolidation of ASEAN centrality.

The floor was then handed over to Ms. Chen Chen Lee, Director, Policy Programs, Singapore Institute of International Affairs (SIIA). Dr. Lee discussed general security trends in the Asia-Pacific and highlighted the competition between an unpredictable US and a rising China. She said the ongoing US-China trade war, despite its drawbacks in various aspects, gave ASEAN countries such as Vietnam and Indonesia a window of greater prospects for internal investment. The rise of new multilateral institutions and projects, such as AIIB, LMC, and BRI has provoked a re-examination of multilateralism across Southeast Asia, with concomitant side-effects as to the security and stability of the region. Dr. Lee expressed worries of escalations in the military conflict in the South China Sea given the fact that the key state actors have increased their military presence. Japan increased its military drills whilst the US stepped up Freedom of Navigation missions. China has continued to militarize in the disputed waterway. Another flashpoint highlighted was cyberspace, given that data was going to be the oil of the future. She expressed concerns that Chinese firms had acquired many e-commerce unicorns of Southeast Asia, which could mean Chinese dominance of the digital silk road. This strategic shadow boxing, real and cyber, signified strategic instability, and could paralyze ASEAN. Ms. Lee recommended that ASEAN moved the region forward in peace by emphasizing its centrality, and that "ASEAN needs to have a script to deal with issues". ASEAN could respond to the challenge through regional mechanisms such as the ASEAN Regional Forum (ARF), ASEAN Defense Minister Meeting (ADMM), and the East Asia Summit (EAS). It also should conduct more Track 1.5 and Track 2 diplomacy. She also wondered if in reality there could be an alternative or a replacement of ASEAN in the international politics of Southeast Asia.

## Questions, Answers, and Comments

1. H.E. Amb. Pou Sothirak asked what the world order might be in the next twenty years, if following Glosserman, the Rest would Rise would yield a multipolar world. He asked what the “pain points” might be for this transition.
2. On the security of Southeast Asia, Amb. Pou expressed pessimism about the Code of Conduct ever becoming a real constraint on action of states. Therefore, the best ASEAN could do, he contended, was to provide a platform for discussion rather than being in a position whereby it would be able to manage great power competition. Ms Lee agreed that ASEAN was a platform and she also noted that the idea of ASEAN Centrality was understood in different ways, and the greatest challenge to this was the division of ASEAN into two groups: the mainland and the maritime states. She said it was evident that China was gaining traction in its control of the first group. She said the South China Sea was lost to China because the USA responded too late to Beijing’s building of islands and militarized assets there. A question was asked as to how ASEAN should respond to Chinese military assets in the South China Sea. Dr. Jiang was of the view that the US did not care too much about ASEAN Centrality and therefore its neglect of regional countries was obvious. Both Lee and Vannarith highlighted the point that preoccupation with domestic affairs among ASEAN countries distracted them from the international affairs of the region; therefore, when conflicts arise between domestic legitimacy and ASEAN's interests, domestic priorities triumph. The reality was, Vannarith said, ASEAN countries either hung separately or hung together.
3. Mr. Brad Glosserman said the next world order was a work in progress and at this stage it was difficult to predict with certainty what it might look like. Amb. Pou lamented the significantly decreasing importance of moral values, e.g., norms of peaceful coexistence, observed throughout the world. As a result, it may have become acceptable to use violence against innocent civilians. National and thus regional security might therefore be affected adversely. He responded to Dr. Jiang and said the US valued ASEAN Centrality and the US would not allow ASEAN to be marginalized. He pointed out that in the region there have also been complaints about Chinese imperialism, and mere dismissal and denial by China could not sufficiently wave away the concerns. Dr. Nur said she thought the BRI was not universally welcome. Glosserman contended that what ASEAN

needed to do was to define ASEAN Centrality in terms of whether the institution is an ends or a means. If the latter, ASEAN Centrality should be the mechanism utilized to resolve the problems confronting the region. Professor Murg pointed out that dams on the Mekong were damaging China's credibility, and Dr. Lee pointed out the immense power asymmetry between China and individual, mainland Southeast Asian states. Ironically, ASEAN states in general had significant infrastructure needs and funding gaps and at present only China could help to meet these needs in the short timeframe required.

4. Amb. Pou however thought ASEAN had limited clout. He said nothing could be clearer on this score than the slow process with minimal accomplishment in decades long process of negotiating the Code of Conduct (COC) in the South China Sea. Ms. Chen Chen Lee concurred that the future of the COC was uncertain, but she also pointed out that great powers were particular important to the process. The USA under the Obama administration did very little to prevent militarization in the South China Sea, and Washington was uncertain whether a more active US role would have accelerated or stagnated the process.
5. Dr. Nur Shahadah Jamil said that despite many disappointments, ASEAN at least was able to provide dialogue platforms through existing ASEAN mechanisms. A participant from a think tank asked what the future of ASEAN will be in the next twenty years. Ms. Chen Chen Lee acknowledged that the framework of ASEAN Centrality was weakened in recent years, manifested by ASEAN's inability to respond to some humanitarian situations in member countries, and the increasing inward-looking foreign policy choices by some of its member states. The emergence of the LMC was also credited to ASEAN's weaknesses. H.E. Amb. Pou Sothirak said when moving forward, it was necessary but insufficient for ASEAN to occupy the driver's seat, rather the question was how and whether it managed issues effectively. For a long time, ASEAN has not been able to make any significant moves on hard security issues to suggest confidence in ASEAN Centrality.
6. A participant from Singapore thought ASEAN could move forward by strengthening itself internally through more effective budget allocations to ASEAN such that the organization would have the necessary finances to undertake more work to safeguard collective interests.

7. Dr. Jiang Zhida, Associate Fellow, Center for Belt and Road Studies, China Institute of International Studies (CIIS), said that China did not want to control any country in the Lancang-Mekong region. Regarding ASEAN, he said that US should stick to ASEAN Centrality, and he thought that the US was paying lip service to that idea. He added that China emphasized transparency and welcome countries to join its initiatives. Responding to criticisms regarding the ethics of Chinese investments, he said the easy way out for China was not to invest in anything and there would then be zero criticisms. But this was not the right approach, and the government of China has acted with good intentions. He stated that everyone should expect problems with every project. Joining the debate, Ms. Chen Chen Lee accepted that China did not want to control the LMC countries. However, she called for China to become a more responsible power. As an upstream country, China needed to learn to accept the criticisms regarding its actions in the upstream of the Mekong river.
  
8. Expanding on the question of regional cooperation, Amb. Pou said the LMC initiative, originally suggested by Thailand, had promoted cooperation among Mekong states. The LMC initiative was a sign that China was more open than before for discussions on Mekong issues. Mr. Brad Glosserman acknowledged this point, but he stressed ASEAN Centrality should receive greater support from all sides. He called for ASEAN to do more to respond to issues occurring in the Mekong region. Dr. Chheang Vannarith suggested altering the approach to address issues. Mekong countries should enhance security connectivity by linking up more effectively on non-traditional security issues, such as food, water, and climate security. Without cooperation and recognizing the remaining key differences over resources, he reminded all participants, the Mekong region would remain potentially a major security flashpoint of the region.

## **SESSION II: GREAT POWER INFLUENCE IN THE ASIA-PACIFIC**

The chair of the session was Ms. Gwen Robinson, Editor-at-Large, Nikkei Asia Review, and Senior Fellow, ISIS Thailand. She invited Dr. Henry Chan Hing Lee, Adjunct Research Fellow of East Asian Institute, National University of Singapore, to launch the session. Dr. Chan began by highlighting two mega trends in the global scene – the rise of China and the 4th Industrial Revolution. He presented two arguments as to whether or not China's rise is sustainable. The proponents of China's rise contend that the country's growth does not depend

solely on cheap labor, but rather on the structure of its economy, and its adaptability. Dr. Chan then highlighted statistics illustrating China's significant economic performance and the improvement of its physical and human capital, to back up the "China rise" thesis. He asked all to take note of China's high savings rates, its rising purchasing power, upgrading of industries and raising of value-added retained by China. Research and development spending in China will exceed that of the US by 2020, and China now holds the second highest number of patents. China is also facilitating the rise of the 4th Industrial Revolution domestically. However, he noted, critics and sceptics of China's rise saw the country as unable either to renew or to create new engines of growth, and contend that existing growth has been facilitated through violation of the intellectual property rights of foreign firms and the mandating transfers in joint ventures. Moreover, critics also contend that China built its economy on unsustainable debt and wasteful investment; thus, the inevitable of the country's credit bubble will significantly undermine China's growth prospects. He thought this criticism was not founded, and that it was only a matter of time before the Chinese economy overtook the US economy in many aspects.

Regionally, Dr. Chan said China was increasing its role as the primary economic partner to ASEAN states in terms of trade and tourism. China and the Hong Kong SAR's collective trade with ASEAN exceeded 20% of all of ASEAN's trade. He said China and ASEAN were complementary in economic structures, and thus the mutual dependency between the two was likely to increase. The ongoing US-China trade war, despite presenting opportunities to ASEAN, also presented challenges as regards rising global protectionism. Dr. Chan called for ASEAN's developing states to look for new growth drivers such as the elimination of infrastructure bottlenecks, leapfrogging in technology adaptation, and the boosting of domestic demand. He noted that BRI offered opportunities for ASEAN member states to experience a rapid build-up of domestic infrastructure, although a good modus operandi of the initiative remains a work in progress. In addition, China's growing naval capacity also resulted in mixed reception by ASEAN states. Beyond that the rise of China has resulted in Beijing having a stronger voice as regards the reform of international institutions, including the World Trade Organization. China's roles in international institutions have become increasingly substantial in recent years. For example, China was the third biggest budget contributor to the UN and second to UN peacekeeping forces. Its presence was also crucial in many international treaties such as the Paris Climate Deal and the ongoing negotiations regarding the denuclearization of the Korean Peninsula. However, Dr. Chen thought that while China was long on hard power, it remained short on soft power.

The floor was then given to Kavi Chongkittavorn, Senior Fellow at the Institute of Security and International Studies (ISIS) – Thailand. Mr. Kavi presented different perspectives regarding the US. Some posited that the US was the guardian of democracy and liberty. Some said the US was a harmful power whilst some noted that the US was now very unpredictable. Comparatively, China's image and especially when it was the passive taker of trade tariffs made America looked bad.

Mr. Kavi noted the Indo-Pacific strategy has been evolving since the early 2000s, having been by Japanese Prime Minister Shinzo Abe revitalized in 2017. He pointed out that the Indo-Pacific strategy is usually assumed to be the same as the Free and Open Indo-Pacific (FOIP) strategy; both did not yet have any grand plan and were not yet operationalized, but were only at a conceptual stage. However, the evolution of a more concrete strategy become clearer recently as other leaders in the proposed Indo-Pacific group added their weight, such as Indian Prime Minister Narendra Modi and US Defense Secretary James Mattis. He noted how Secretary Mattis delineated the contents of the Indo-Pacific strategy around the promotion of:

1. Maritime space capabilities of regional countries.
2. Promotion of inter-operability. The US has been doing this for years, through Thailand. He noted how Thailand and Western allies have collaborated well in the long-standing Cobra Gold military exercise, and in the recent cave rescue incident.
3. Rule of law and civil society.
4. Sustainable economic development

Kavi then added that Thailand could play a role by default because the country was linked through its cooperation with the Indo-Pacific Command. Subsequently, Mr. Kavi noted the significant and useful roles that China had begun to play in the world, becoming involved in myriad development initiatives promoted by international institutions such as the United Nations, e.g., sustainable development and clean energy. At the regional level, China has injected funds into numerous infrastructure development projects. He then noted that China used different approaches in dealing with various countries, with the approach chosen depending on the bargaining power those countries possessed.

The next speaker was Dr. Song Haixiao, Visiting Fellow of the School of International Studies, Jawaharlal Nehru University, India, and Fellow of Guangdong Institute for Indo-Pacific Peace & Development Studies (GIIPDS),

China. Dr. Song described the geography of the Indo-Pacific, which covers a vast area with numerous countries where the population constituted about 60% of the global population. Its share of global economic and trade volume share being over half of the total. Furthermore, Dr. Song graphically illustrated the rise of economic powers and emerging countries. In his accompanying graphs, he illustrated how from 2016 to 2050 China would become the top economic power, whereas India would rise from being third to second spot, leaving the USA in third place. Vietnam, the Philippines, and Nigeria could also experience a leap in standings by 2050. Further, by 2040, the E7 (Brazil, Russia, India, China, Mexico, and Turkey) could become larger than the G7 (U.S, France, U.K, Germany, Japan, Canada, and Italy) in terms of overall output.

Dr. Song said concerns remained regarding the Indo-Pacific strategy, including its actual scope and definition, objectives, and mechanisms. He said that the development of trust building and cooperation mechanisms were very important if this strategy were to emerge. Countries involved needed to work together in order to ensure FOIP entailed cooperation between the Indian Ocean and the Pacific Ocean, with India acting as a core country in it whilst every concerned country should benefit from the strategy.

Next in line, Dr. Aries A. Arugay, Associate Professor at the University of the Philippines, devoted his presentation to understanding the Indo-Pacific concept from the perspective of middle and small states. Referring to the Lower/Middle Power Index, he explained the definition, measurement, roles, status, and abilities of middle powers, and noted that middle powers could be a product of identity construction, due to institutional alliances or through civil power as a global citizen. He suggested that middle powers found alternative approaches to international politics and proposed them to smaller states, for support. They needed to assume more responsibility and to propose an interest convergence commitment among different players of different status and interests. Yet, middle powers also needed to engage in patient diplomacy and should neither challenge regional or global powers nor project ambitions and create insecurities. The worst fear for peace was to see middle powers trying to capitalize on the power struggle among major powers, and further destabilize existing regional systems. Regarding this fear, he quoted from the popular series Game of Thrones: “chaos is a ladder.” Thus, middle powers should mediate rather than magnify chaos.

## Questions, Answers, and Comments

1. A participant asked whether there was a rise of popular sentiment against the state authority in China and what the implications were.

Dr. Henry Chan said “if a country was successful, the people always respected their leaders. If not, they would hate their leaders and stir the sense of nationalism”. He added that China has been doing very well economically, and he referred back to the statistics he previously presented. Also, he noted China's economic successes were linked to important reforms and restructuring over different periods in time, suggesting that economic development in different stages were powered by economic restructuring. He compared the complicated and interdependent US-China economic relations to similar frictions between the United Kingdom and the US in the early 1900s. Dr. Murg disagreed with Dr. Henry Chan, and predicted that China would be stagnating in the future, and that China was encountering a middle-income trap. Dr. Alan Chong thought optimists over-rated the ability of China to push further in economic progress. He noted the social and cultural environment in China might not be conducive for the next stage of China's growth, when innovation and creativity would be keys. In response, Dr. Chan said China's economic structure was shifting. Consumption now occupied 60-80% of GDP, the investment rate was high at 42%, and economic restructuring was continuing.

2. Dr. Jiang Zhida noted that US infrastructure was outdated, and therefore did not think the US would have capacity to push forward in the support infrastructure development in Southeast Asia through its Indo-Pacific strategy. Mr. Kavi noted, to the contrary, that the US had already collaborated with Japan and other willing countries on infrastructure development projects in Southeast Asia.
3. Ms. Gwen Robinson asked members of the panel if they thought that countries in the region, presumably under the scope of the Indo-Pacific strategy, would accept its terms as currently known. Mr. Kavi said the US was usually quick in advocacy, and regional countries would take some time to digest and decide. There was however, as Dr. Lee mentioned, a question of who would take the lead in encouraging ASEAN to consider the Indo-Pacific strategy and whether to adopt and adjust to it. Mr. Kavi said Indonesia might be ideal for the task because it was the biggest



ASEAN country and its territories straddled both Indian and Pacific Oceans. The topic of the strategy might have to be taken up in 2019, when Thailand would become the Chairman of ASEAN.

### **SESSION III: MANAGING MAJOR POWER COMPETITION**

Ms. Pich Charadine, Senior Research Fellow at Cambodian Institute for Cooperation and Peace, chaired the session. The first speaker of the session was H.E. Mr. Markus Koob, Member of the German Federal Parliament (Bundestag). Mr. Koob highlighted the past experience of great power competition, especially during the Cold War era between the US and the USSR and reflected on its lessons in examining current realities in the region. Additionally, he noted that Europe was not a stranger to the problems of being caught in between major powers. He further discussed China's influence from the European perspective, which saw China as a reliable partner. However, there were concerns in Europe about China's approach to infrastructure projects. He acknowledged, that those projects were not negative in and of themselves, but he also cautioned that these projects had strategic implications and long-term impacts that were not immediately apparent, and they might not have been taken up by China for purely business reasons.

There were also other concerns about China, including its efforts to increase its influence over other states in the Asia-Pacific. In his view, Southeast Asian states were inherently limited in their options if they sought to use the United Nations Security Council (UNSC) to counter China, owing to China's holding of a permanent seat in that body. He thought the ASEAN states could consider forming an ASEAN Security Council. The reason he suggested this was that, after he recently talked with many ambassadors from ASEAN countries, he noted there was no common, strategic nor military approach among ASEAN states to deal with external powers. Such a military approach should not target China but it could serve as the way to find a common approach towards China. At the end of his presentation, H.E. Mr. Koob said he thought the concept of the Free and Open Indo-Pacific was still vague. Between BRI and FOIP, it was dangerous to choose or to be forced to choose between them.

Dr. Alan Chong Chia Siong, Associate Professor at the S. Rajaratnam School of International Studies (RSIS) in Singapore was the next panel speaker. Dr. Chong started by highlighting the characteristics of ASEAN. ASEAN has never turned its member states away and always encouraged them to engage in dialogues, and

thus ASEAN was always open to its members' voices, as well as to countries from outside the region and were interested in engagement. However, ASEAN had no structural institutions similar to the EU. He also pointed out that ASEAN already had done what H.E. Markus Koob suggested: starting the ADMM, and then the ADMM+. Although this has not entailed a common defense policy, the ADMM and the ADMM+ were meant to allow ASEAN to deal with major powers on the defense plane. Dr. Alan Chong remarked that ASEAN Centrality existed but it was an irregular feature. ASEAN has always acted as facilitator whenever there were issues emerging in the region.

Nevertheless, the approach ASEAN has taken has been low-key, and to the untrained eye, might seem non-existent. For Singapore, Dr. Chong said this small state always adjusted to the realities on the ground but the future concern was to build institutions in the region to promote predictable behavior among states. He did not think the ASEAN community would become like the EU anytime soon, but further integration among ASEAN members in terms of adopting a common outlook and common approaches towards non-traditional security problems could become stronger. Concerning the regional security architecture, he thought ASEAN could continue to serve as a hub to discuss issues and if possible, take collective action. He said in being a hub, ASEAN must be open to all ideas, ask players to engage in diplomacy of constraints, and uphold justice and empathy. He thought the basis for collective action within ASEAN had become stronger.

The next speaker was Dr. Fitriani, Senior Fellow, Department of Politics and International Relations of the Centre for Strategic and International Studies (CSIS), Indonesia. Dr. Fitriani started by highlighting the history of diplomacy in ASEAN. She then noted that it was an over-simplification to think that countries were willing to surrender their sovereignty in order to become a pawn of superpowers. She called on ASEAN member states to be careful of great power rivalries. Indonesia holds to the position in ASEAN and also believes that the organization matters, she said. Dr. Fitriani then noted Indonesia's diplomatic efforts in ASEAN, including convincing other ASEAN "founding fathers" to allow expansion of ASEAN. In humility, Indonesia also has to be careful in exercising a leadership that was not over-bearing, given its relative size. In conclusion, she called on ASEAN member states to further strengthen existing mechanisms, rather than create new ones, to manage great power competition in the region.

Next to take the floor, Mr. Nguyen Hoai Anh, Deputy Director General, South China Sea Studies Institute of the Diplomatic Academy of Vietnam said both Track I and Track II officials had acknowledged the emergence of great power competition in the world. The main reason was because the power parity between China and the US changed. In the Asia-Pacific, China in part was more influential than the US. He cited for example the BRI, which he evaluated as having been quite successful. In five years, more than 60 countries have joined the BRI, while investments in the billions of dollars have been committed. On the FOIP strategy, he said the strategy should not be overlooked as American investments in the region were still significant. He then added that in the event of unrestrained competition between the two great powers, the two aforementioned mechanisms could go wrong in a big way. So far, the US was not asking ASEAN to join the FOIP but asking it to believe in the strategy. He called for the US to start listening to ASEAN instead. He also stressed, however, the need for ASEAN to adapt by updating its institutions, and to have a new consensus or understanding on what needed to be done given the new environment. Summing up, he said ASEAN Centrality was still relevant but it needed to be inclusive and that ASEAN Centrality should also allow issues around the Mekong region and the wider Southeast Asian region to be addressed.

#### Questions, Answers, and Comments

1. Mr. Brad Glosserman called for ASEAN to pay greater attention to affairs in Northeast Asia more in that the security of Northeast and Southeast Asia were connected.
2. H.E. Amb. Pou Sothirak said national sovereignty of individual member states was everything to each and every ASEAN member. In this regard, he asked how this mindset could be altered so as to allow region-wide problems and issues to be addressed, just like in the European Union. H.E. Mr. Markus Koob acknowledged it was not yet the appropriate time to discuss security cooperation within ASEAN along the lines of the arrangements in Western Europe. The EU took more than 70 years in order to become what it was today, starting from limited economic cooperation and developing into a complex system of socio-economic cooperation. In this regard, he said ASEAN could explore least crucial proposals for EU-like security cooperation, ones that had common ground, as a major first step to build trust among its member states, and subsequently to develop future regional efforts based on that firm ground.

Dr. Alan Chong pointed out ASEAN's experience of national sovereignty has only existed since the post-colonial era, and thus the concept was still relatively new and treasured by many member states in ASEAN. Also, there were many countries in the region that framed their own national history and that of their neighbors in ways distinct from those neighbors. Education could help but so far this approach has had limited impact. Mr. Nguyen Hoai Anh said the European model remained a distant destination for ASEAN cooperation, given that ASEAN member states faced two major hindrances, namely sovereignty and historical context.

Amb. Pou said making ASEAN centrality work was a challenge in the wake of the BRI and the FOIP, as well as the harsh reality of limited effectiveness of some ASEAN mechanisms such as the ADMM+. Dr. Fitriani acknowledged that ASEAN had many challenges. However, she called for a more intensive usage of ASEAN's existing mechanisms in order to build confidence among member states.

3. Dr. Bradley J. Murg asked how ASEAN could be incentivized to reform its institutions. He also asked what ASEAN's positive feedback mechanisms were, i.e. those that maintain the institution at its status quo and might hold back institutional reform. Mr. Nguyen Hoai Anh said there were many feedback mechanisms in ASEAN but the enforcement of those mechanisms was a different story. He also acknowledged that whilst the ASEAN Way was still important, norms such as least common denominator consensus should be reviewed.

#### **SESSION IV: FREE & OPEN INDO-PACIFIC AND ITS IMPLICATION**

The chair of the session was Dr. David Koh, Visiting Senior Research Fellow, CICP. After briefly recapitulating points discussed the day before, Dr. Koh gave the floor to Dr. Charles Edel, Senior Fellow and Visiting Scholar at the United States Studies Centre, Sydney, Australia. Dr. Edel began by highlighting that the FOIP was enshrined in the latest National Security Strategy (NSS) of the USA, which was released in December 2017. He recalled the origin of the FOIP concept and said it was evidently not new. More deeply, it reflected American thinking about its own values, which were mainly about freedom and democracy. He framed the American position as holding that if there were no freedom, peace would not be sustainable. He said the peace that was achieved in the past decades through the division of spheres of influence could only be temporary because it

was not based on the freedom and democracy of nations, although the division ensured stability or erected buffer zones among major powers.

Dr. Edel postulated that in a world with such division into spheres of influence, democratic values were less respected. Therefore, the FOIP would promote the open and free flow of commercial prospects and would prevent unsustainable debt, which is a form of non-freedom. FOIP would provide an option to states that prospectively might be ensnared by debt bondage caused by bad financial decisions. As an example, he referred to the negative aspects of the Belt and Road Initiative (BRI). In his own words, “BRI gives you an airport when you want it, although you do not need it.” He stressed that the US was not against BRI but that the US called on states to reconsider “no string-attached” aid or loans. These usually had many hidden strings attached. He accepted that many states in the region were in need of infrastructure development, but he thought unleashing the potential of private companies in providing the funding should receive greater review by recipient states. When states took on too much debt and became financially unsustainable, creditors, especially sovereign ones, could come calling for the handover of the control of territories under loan terms. He cited the example of Pakistan, Malaysia, and Sri Lanka, each of which had second thoughts about the huge loans that previous governments took up. He also pointed out that the funds needed to meet infrastructure needs in the Indo-Pacific could not be met by any sovereign financier alone, not even China, and thus only the private sector could meet the needs. Dr. Edel also rejected claims that the current rule-based order benefited only the US, when it was obvious that many countries benefited from the current system.

The next speaker was Dr. Jiang Zhida, Associate Fellow at the Center for Belt and Road Studies of China Institute for International Studies, Beijing, China. Dr. Jiang expressed admiration for the economic performance of many countries in the Asia-Pacific, but he also pointed out the shortcomings of uneven development across countries. He pointed out that traditional security concerns arising out of old mind sets could trap countries in a state backwardness, and he said he was in no doubt that what had been considered “non-traditional security” had much to do with the lack of development that was caused by the need to answer concerns in traditional security. One could see this in North Korea, Syria, Yemen, Iraq, Iran, and many other countries.

On the topic of the FOIP, Dr. Jiang noted that among the initiators of the approach, the concept has still not been clearly enunciated and explained, and he hypothesized that the concept was based on foreign policy considerations rather than grounded in an actual strategy. In contrast, he contended that the BRI was

much more clearly enunciated, and one of the benefits was that it could overcome the handicap of geography – specifically the landlocked realities of certain countries – that prevents those states from benefiting from globalization, which has been based largely on sea trade routes. Concerning ASEAN, he remarked that the standard of infrastructure in ASEAN member countries was below the average when placed in global comparison. Attempts to raise standards have had limited effect. In this regard, more cooperation mechanisms including BRI were needed to fill this infrastructure gap. He took the opportunity to further clarify the goals of China in initiating BRI. He said the BRI provided assistance to meet urgent infrastructure needs, so as to narrow the gap of development. He said BRI was not a new concept entirely, and was a mechanism based on bilateral relations and strategic partnerships. More than 100 countries and NGOs joined BRI. He stated that that BRI ensured peace by focusing nations' attention on development, and he compared that result to the severe instability that resulted from projects by other major powers to forcibly change the status quo in Syria, Iraq, Yemen, and Iran. Shifting the discussion to address the security issues, he said ongoing traditional and non-traditional security issues, ranging from the tension on the Korean Peninsula to the Palestine-Israel conflict to terrorism and cyber security demanded new mentalities in forging solutions. However, those countries that took the lead on such issues still held a Cold War mentality, which was unsuitable. He stated that President Xi was particularly interested in pushing for high-quality development and would use BRI investments to do that. Additionally, non-governmental funders had also been encouraged to join the BRI.

Narrowing his focus to the Asia-Pacific region, he cautioned that this region could become a place of confrontation through the establishment of security cooperation mechanisms framed by a Cold War mentality, at the expense of small or medium states. Instead, countries of the region should prioritize economic cooperation. Therefore, he thought that ASEAN needed to do everything possible to curb possible tensions. In addition, the need for new security arrangements was in doubt in that ASEAN already had arrangements in place in this area.

Next to speak was Professor Carlyle Thayer from the School of Humanities and Social Sciences, University of New South Wales, Canberra, Australia. Following other speakers, he set out the lineage of the FOIP concept, and raised diverse questions as to how regions were categorized. He opined that a region was a territory unified under attributes such as geographic proximity, climate, economic integration, trade, culture, religion, shared history, and/or strategic interaction. A region was also a geopolitical construct designed by government and military

leaders or even the private sector to serve a specific purpose, such as strategic analysis. Regarding the Indo-Pacific region, Prof. Thayer said the region had six attributes. First, religious, cultural, and trade linkages historically shaped the region. Second, the states in the region shared the same colonial legacies, followed by the rise of nationalism, decolonization, and state-building. Third, the contemporary region experienced the restoration of pre-colonial Chinese and Indian influence. Fourth, the region is economically interdependent due to the expansion of intra-regional trade, and is now more so than ever before. Fifth, the region has given birth to an abundance of multilateral institutions such as Asia-Pacific Economic Cooperation, ASEAN Regional Forum, and East Asia Summit. Sixth, the region contained distinct sub-regions such as South Asia, Southeast Asia, and East Asia.

Professor Thayer said in view of the above, one needed to ask whether the linkages between the Pacific and Indian Oceans entitled the two oceans and its littoral countries to be bundled together as a region. One had to consider the sheer size and diversity in society, culture, economics, and politics. Reflecting the lack of consensus, Dr. Thayer recalled the Chinese Foreign Minister dismissing the idea of an Indo-Pacific Region, calling it an attention grabber that would dissipate “like the ocean foam.” Regardless of how it was perceived, Dr. Thayer indicated that the concept of the Indo-Pacific Region was far from settled.

Discussing Australia's interests in the Indo-Pacific strategy, Prof. Thayer said Australia retained substantial common interests with countries in the Pacific, including ASEAN, Northeast Asia and South Pacific countries. He referred to the four Defence White Papers of Australia released in 2012, 2013, 2016 and 2017. The White Papers in 2012 and 2013 mainly addressed the rise of China and India. The 2016 White Paper listed three strategic defense interests of Australia, namely:

1. A secure, resilient Australia.
2. A secure nearer region, encompassing maritime South East Asia and the South Pacific.
3. A stable Indo-Pacific region and a rule-based global order that supported Australia's interests.

In the 2017 White Paper, there were five main themes, namely:

1. The benefits to Australia of the economic dynamism of the Indo-Pacific.

2. A rule-based order where the rights of all states are respected free from the exercise of coercive power.
3. Free trade and open markets.
4. The centrality of the US alliance.
5. Constructive ties with China, and cooperation with the region's major democracies.

In Prof. Thayer's view, the Indo-Pacific has been a vibrant region that offered major economic opportunities for Australia. However, the stability of the Indo-Pacific region relied on open-markets and rule-based regimes. Continued engagement with the US, constructive engagement with China and cooperation with other major democracies in the region were among Australia's top agendas. Despite these directions, Australia has recently encountered difficulties and setbacks, due to China's unilateral assertiveness in the region and the Trump administration's America First policy. In this regard, Australia and other like-minded countries such as Japan and India need to work together to pick up the strategic slack to maintain a peaceful and stable Indo-Pacific.

Ms. Gwen Robinson, Editor-at-large, Nikkei Asian Review, Senior Fellow, Institute of Security and International Studies (ISIS), Chulalongkorn University, Thailand was next to speak. After running through the lineage of FOIP, she moved on to recent security developments in Japan. She noted that Japan recently found itself isolated in light of the reconciliation among the two Koreas and the US, and by the China-US trade conflict. Japan had little or no say on those issues. One could observe Japan trying to become a "normal country" again. It was amending its pacifist constitution. For the FOIP, Japan promoted ties with countries in the Indo-Pacific through infrastructure projects and improved maritime programs, which were expected of it by the US. It was also seen to be strengthening its relationship with India.

Ms. Robinson bluntly called it a "Cold War 2.0 Containment Strategy" by the US, Japan, and others in the wake of the rise of China. She opined that even with the Indo-Pacific strategy taking off, Japan would never cross a line set by China, given that the two heavily relied on one another. However, one had to note that Japan's interest in the FOIP was due to a deepening sense of insecurity in view of the changing strategic landscape, China's assertiveness, and the two Koreas reconciliation. The fact that the Trump administration did not spare Japan from pressure on trade questions as well as its attitude towards allies strengthened the belief in Tokyo that the US might become less reliable as an ally.



Dr. Vijay Sakhuj, Former Director of National Maritime Foundation, New Delhi, India, then took the floor. He devoted his discussion to India's foreign policy directions concerning the FOIP. In summary:

- For India, the Indo-Pacific was a natural region that connected geographically between the Indian Ocean and the Pacific Ocean.
- Whilst the Indo-Pacific idea offered opportunities, it also presents a variety of challenges.
- India viewed the Indo-Pacific idea as neither a strategy nor an exclusive club of a few selected members. Instead, India focused on inclusiveness.
- India adhered to a non-aligned foreign policy. In this context, although India is a member of the Quadrilateral Security Dialogue (the Quad), it also engaged politically, diplomatically, economically and militarily with China.
- India viewed ASEAN Centrality as important for the FOIP.
- India promoted multilateralism and regionalism.
- India was committed to rule of law as a principle, and therefore India promoted and expected a rule-based order in FOIP.
- Connectivity in the Indo-Pacific was vital for regional prosperity and should be void of strategic competition.
- FOIP was "work in progress" and was not immune to critique and analysis.

Dr. Sakhuj also mentioned that if the BRI projects resulted in land leases taken by a foreign government in another country, then China was not alone in this area. He pointed out that the United States has had land-leases for 99 years in many places.

#### Questions, Answers, and Comments

1. Mr. Brad Glosserman was of the view that FOIP was about China but not the containment of China. He supported this position by highlighting that the idea had been around since the 1980s and had lived through many US administrations. Therefore, the Indo-Pacific strategy can be about China but it not containment of China in that during those years that served as the genesis of the idea, the containment of China was not on the agenda. To him, this strategy has been about preparing countries in the Indo-Pacific region for collaboration if and when there was a crisis, especially on the oceans.

2. Helping to connect the dots, Amb. Pou Sothirak pointed out a sentence in the Trump Administration's National Security Strategy that called out China as a "peer competitor" to the US, and this sentence irritated many people. He said China was indeed a competitor, but to proceed therefore to think that China's rise could be contained was a false argument. He therefore said it could be a dilemma in the future as to whether China would be included in FOIP? Dr. Charles Edel said that China was welcomed to be included in FOIP, and the US never excluded anyone. However, it needed to play by the rules. Dr. Jiang Zhida said China also did not want to join any exclusive groups. David Koh was of the opinion that given the different values inherent in the West and in China, the latter would never be admitted.

Prof. Carlyle Thayer noted that the term "peer competitor" did not exclude cooperation. However, to ensure this was the case, every move taken as regards the FOIP needed to be carefully calibrated. He also pointed out that the FOIP was a structure and not an institution. Dr. Vijay Sakhuja responded that India was likely to be able to accommodate China in FOIP. However, as each country had different security and foreign principles, he asked what China expected from the FOIP.

Dr. Edel said there was bipartisan support in the US for the idea that the Indo-Pacific region was centrally important to the US, and the idea had survived multiple administrations. More confidence in the US was therefore warranted. He thought that Beijing still has significant work to complete in its domestic governance, and therefore its economic rise in raw and macroeconomic terms did not mean that China would always be internally stable or that it would be able to play a strong role in the Indo-Pacific strategy. Chief of all criteria, playing by the rules would be the prerequisite for joining the group. As for the tensions arising from an arms race, such as that mentioned by Ms. Gwen Robsinson regarding Japan looking to longer range security hardware, Dr. Edel said the biggest leapfrogger of all was China, having over-taken everyone else in the region and now second only to the US. He said the regional security architecture would really depend on what regional countries wanted. In response to Dr. Edel, Dr. Jiang said China was still a developing country, and would join the Indo-Pacific strategy grouping if the grouping was inclusive. It was better to focus on ASEAN Centrality, because ASEAN's leadership was by norms and not by strength.

Giving a different take, Professor Thayer intervened with the reminder that regional organizations like ASEAN were important because they were privileged by the United Nations to manage affairs of their region. ASEAN was a legitimate regional organisation, although it might not have managed every regional affair well, citing the lack of support from ASEAN for Cambodia over the Preah Vihear issue. He restated that Australia's interest in the Indo-Pacific strategy was in the maritime space, and that Canberra could use the strategy as a policy making framework. He gave a tint to the rise of China by pointing out that by 2035, half of all of the world's submarines would be operating in the Asia-Pacific, indicating how severe the arms race would become. He also recalled the accusations by Australia that China tried to interfere in Australian domestic affairs through various cyber measures as well as other means.

3. Dr. Chheang Vannarith asked what the role of Japan was in the Mekong under the context of FOIP. Ms. Gwen Robinson said Mekong-Japan cooperation was a hot issue. She suggested to wait and see the outcomes of the approaching Mekong-Japan Cooperation Summit in order to discover the new direction of Japan's role towards the Mekong, although there might not be any direct link to the FOIP.

## **SESSION V: FREE AND OPEN DISCUSSION**

The session was moderated by Ambassador Pou Sothirak.

1. Mr. Liu Jinxin shared some of his views regarding the FOIP and how China and ASEAN could contribute to it. There were many efforts made by the US as well as Japan, India, and Australia to construct FOIP. He thought FOIP was a good fit with BRI. The two mechanisms could provide a fresh conceptualization for regional security cooperation. He then noted that the US and China were both competitors and collaborators. The two shared many interests but their hands were also at each other's necks. Alluding to the domestic difficulties on both sides, he said China and the US needed to keep their house in order so as to facilitate mutual cooperation. Mr. Liu stressed that China would be the most important and powerful partner of FOIP. For ASEAN, he thought that it should have a role both in BRI and FOIP.

2. A fellow from CICP asked whether there would be more development or tension in the Indo-Pacific region in the next five to ten years. Dr. Vijay Sakhuja posited that there will be more development because of economic interests. Donors to the region were developing an appropriate model, however, in order to allow multiple parties to jointly invest in infrastructure projects.
3. Mr. Liu Jinxin took the floor again to share his views on how FOIP was linked to BRI. He said development of the western part of China could be the node of this link, and these economic benefits could also extend to others, including ASEAN member states and their private companies.
4. Mr. Kavi Chongkittavorn, joined by Ms. Gwen Robinson, stressed the important role of ASEAN to FOIP. He said that FOIP was likely to be sustained only with ASEAN being at the core and giving it substance. Dr. Vijay Sakhuja, however, was doubtful about ASEAN supposedly taking a lead on FOIP, given the lack of consensus. Concurring, but on different grounds, Dr. Chen Chen Lee said ASEAN was not likely to support the FOIP if it was a strategy to contain China. At the same time, she did not think the FOIP would be successful without ASEAN support. Dr. Jiang Zhida said he thought that FOIP should not be disruptive, especially not to the current peace being enjoyed. Rather, he thought that China and ASEAN were comfortable with the status quo in the Indo-Pacific.

## **WRAP-UP AND CLOSING REMARKS**

In his closing remarks, Amb. Pou Sothirak thanks all contributors of the conference for their valuable insights and mentioned that the conference was indeed a success with interesting presentations and open and frank discussions. All conference participants have gain better understanding on the dynamic and drivers behind the issues related to the Free and Open Indo-Pacific Strategy and the ramifications it might have in this complex and challenging geopolitical setting deriving from major powers completion. He then asks all participants to reflect critically on a question “Should the whole world at the present stage embrace the idea of Indo-Pacific Strategy?”.

# ANNEX

## OPENING REMARKS

***H.E. Ambassador Pou Sothirak***

*Executive Director of the Cambodia Institute for Cooperation and Peace*

- Excellencies, the High Representative of the Ministry of Foreign Affairs and International Cooperation
- Mr. Michael Newbill, Chargé d’Affaires of the US Embassy to Cambodia
- Mr. Liu Jinxin, President of South Asia & Southeast Asia International Logistics Research Institute (SSILR)
- Dr. Daniel Schmücking, Country Representative of the Konrad-Adenauer-Stiftung (KAS) Cambodia
- Distinguished delegates, members of the diplomatic corps
- Excellencies, Ladies and Gentlemen



H.E. Amb. Pou Sothirak (At the Podium)/Photo Credit: CICP

On behalf of HRH Prince Norodom Sirivudh, Founder and Chairman of Cambodian Institute for Cooperation and Peace (CICP), I am very happy to welcome all of you to this regional conference on the theme of “Whither the Indo-Pacific Strategy? The Changing Landscape of the Asia Pacific Region.

At present, the contours of Asia-Pacific security have changed dramatically - with ramifications stemming from an apparently relentless quest for dominance via great power competition and the subsequent determination as to how states within the region can best maneuver within the context of this competition.

From a traditional security perspective as to the nature of great power politics, we know that an established power either inclines towards or actively resists any other power that seeks to challenge its hegemony. At the same time a rising power will continue to expand its sphere of influence, seeking its own hegemony and thereby could provoke tension and conflict with the existing dominant global power.

The US-led, multi-layered strategy framed by the “Asian Pivot” of the last administration has been transformed into the Indo-Pacific Strategy as enunciated by the White House, which has created a perception among many that US policy is now designed to ensure that America remains unobstructed and that Washington will not hesitate to counter any challenge to the existing, so-called “rules-based international order”.

At the same time, as China continues to rise, Beijing’s strategic priorities will inevitably challenge US economic and military might as China seeks to become a global power, changing the unipolar world towards a multipolar or bipolar structure in which it will be the other super power through strengthening of its power projection capacity in the region and by expanding its military power globally in order to to achieve its strategic objectives and protect its core interests. However, Beijing has repeatedly denial this ambition.

Although the US and China are the two most important players and the nature of their relationship can crucially affect the security and economic future of the entire Asia Pacific region, it is important to bear in mind that these two states are not the only security players in the Asia Pacific region. Rather, it is a complex and intertwining world with several other significant players, including: Russia, Japan, India, South Korea, Australia, New Zealand and ASEAN.

## **Excellencies, Ladies and Gentlemen,**

Examination of these new realities is precisely the objective of this conference.

Besides bringing the security flashpoints in the region into our discussions during the first session, deliberation regarding how great powers wield their relentless influence in the Asia-Pacific will also be touched upon in the second session. A special session dwelling on how ASEAN manages great power competition will also be debated during the third session. And lastly the fourth session examines the Free and Open Indo-Pacific Strategy seeking the perspective from five major countries, namely the United States, China, Australia, Japan and India.

I fervently hope that this conference will shed new light and build a deeper understanding among all participants as to the realities of the Indo-Pacific Strategy and improve our understanding as to the diverse perceptions thereof by key stakeholders across Asia and overseas in order to support the continued economic development and security stability of the region.

Today Southeast Asia in general and Cambodia in particular confront a distinct set of challenges as the post-Cold War security equilibrium shifts in light of the changing landscape of security concern in the Asia - Pacific region. China's rise and the Indo-Pacific Strategy together with the establishment of "The Quad" - comprising the United States, Japan, Australia, and India - has become the focus of extensive discussions in foreign ministries and think tanks across the globe. China has deepened its engagement with the ASEAN states through the Belt and Road Initiative, the establishment of the Asian Infrastructure and Investment Bank, and the creation of the Mekong-Lancang Cooperation Mechanism. How will these new entities interact with existing institutions in light of these changes?

Conceptualizations of the Indo-Pacific strategy have been incredibly diverse - ranging from the perspective that it is designed to "contain" China to the understanding that it exists to facilitate improved relations and policy coordination - both economic and political security - among states with a shared commitment to liberal democracy and serves a stabilizing role for peace and security in the region.

Our distinguished overseas speakers together with our other esteemed conference participants will, I expect, share their rich and deep perspectives and interact in a frank and open manner to help provide greater clarity as to the changing security

realities and the Indo-Pacific strategy with its future development as regards the diverse bilateral and multilateral relationships at hand.

**Excellencies, Ladies and Gentlemen,**

I would like to take this opportunity to recognize the important present His Excellency the Honorable Markus Koob, Member of the German Parliament who has travelled all the way from Germany to share his perspective during session three of this conference.

Immediately following me, conference participants will also have the privilege to listen to the insights of three other eminent speakers, namely Mr. Liu Jinxin, President of SSILR; Dr. Daniel Schmücking, Country Representative of the Konrad Adenauer Foundation in Cambodia; and Mr. Michael Newbill, Chargé d’Affaires of the US Embassy Together they will help me avoid any ambiguity that I might have unintentionally implied during my short remarks and provide a clearer context as well as set the stage for a lively debate during the one and a half days of this regional conference.

In conclusion, I would like to extend my sincere appreciation to our three supporter institutions of this conference, namely the US Embassy in Cambodia, the South Asia & Southeast Asia International Logistics Research Institute (SSILR), and the Konrad-Adenauer-Stiftung (KAS) Cambodia for their kind and generous contributions that made this conference possible.

I would like to thank all of my friends who are well-known experts in their respective fields and chair-persons who are travelling from near and far to share their knowledgeable insights to make this conference both interesting and timely.

In addition, I would like to extend my appreciation to all of your Excellencies, ladies and gentlemen, the distinguished local and international participants for being so kind in taking your precious time to attend this conference.

My Institute, CICP, hopes that this conference will serve to deepen mutual collaboration and facilitate future cooperation between CICP and other concerned institutions in examining key economic, security, and development issues affecting Cambodia, other countries in the Greater Mekong Region and beyond.

I would like to thank Mr. Liu Jinxin, President of SSILR very much for leading a delegation from Kunming, China and for his kind support for this conference.



Finally, I would like to express my deepest gratitude to the Konrad Adenauer Foundation, our core partner, represented here by Dr. Daniel Schmücking, for its valuable support not only for this conference but for their continued commitment to open dialogue and discussion of the vital issues confronting Cambodia and Southeast Asia as a whole.

I look forward to fruitful deliberation and discussion over the course of this conference. Thank you very much for your attention!



## SPECIAL REMARKS

*Mr. Liu Jinxin*

*President of South Asia & Southeast Asia International Logistics Research Institute  
(SSILR), Kunming, China*

- H.E. Ambassador Pou Sothirak, Executive Director, Cambodian Institute for Cooperation and Peace
- Dr. Daniel Schmücking, Country Representative of the Konrad-Adenauer-Stiftung (KAS) Cambodia
- Mr. Michael Newbill, US Ambassador to Cambodia
- Excellencies, Distinguished Delegates, Members of the Diplomatic Corps, Ladies and Gentlemen



*Photo Credit: CICP*

In my capacity as president of South Asia & Southeast Asia International Logistics Research Institute (SSILR) from Kunming, China, it is my great pleasure to be here today to participate in this important conference discussing the Indo-Pacific strategy and the present and future security framework not just here in Southeast Asia, but across maritime Asia as a whole. At a time when global political and economic relations are in a period of rapid change, conferences such as this one

are vital in order to clarify and to deepen understanding on all sides of the diverse interpretations of initiatives such as the Indo-Pacific strategy.

At the outset, I would like to mention that the Belt and Road Initiative of President Xi Jinping has considerably expanded and deepened China's investment, trade, and security relationships across the region. Together with the establishment of the AIIB, China has and continues to seek mutually beneficial relationships and strategic partnerships with states across Asia: supporting sustainable economic and human development over the short, medium, and long terms. Here, in Cambodia, aid and investment from China have strongly bolstered Cambodia's national development strategy and enhance rapid GDP growth of the country. The Chinese government substantive support for infrastructure development of Cambodia has been particularly noteworthy - and this support along with future projects such as the proposed Kunming to Sihanoukville railroad will help to ensure that Cambodia's economic development continues along the road to prosperity.

Yunnan province has played a key role in this process, with various Yunnan-based firms committing billions of dollars in investment to Cambodia and in various other states in mainland Southeast Asia. Concomitantly, some scholars have expressed concern over the scale of that investment and aid; thus, the "Indo-Pacific Strategy" has been the subject of a great deal of discussion by analysts across the region and indeed across the globe as to its relationship to China's increasing economic and security "footprint" across the Greater Mekong Region and the continent as a whole. I hope that today's conference will help all sides to gain a better understanding of the Indo-Pacific Strategy and how it is perceived across a diversity of states and perspectives - both from within Southeast Asia and outside.

I would like to take a short moment to say a few words about my Institute. The China Kunming South Asia & Southeast Asia International Logistics Research Institute (SSILR) is a non-profit social think-tank in China was founded since 2005 to serve as the connecting Think-Tank to promote economic and social development in Yunnan Province. SSILR has become a social Think-Tank in January 2016, aiming to undertake relevant research and planning activities in support of the China Grand Vision "Silk Road Economic Belt and 21st Century Maritime Silk Road". SSILR has been endeavored to promote One Belt One Road

connectivity and South-South cooperation, promote intellectual supports for common developments by providing strategic consulting, social and market surveys for the government, enterprises, and industrial organizations, providing research plans, projects investment, to assist in drafting international rules and regulations, and other related activities for international major projects, undertaking international exhibitions, and publishing the research achievements.

We were very pleased to be able to signed an MOU with the Cambodian Institute for Cooperation and Peace on 11 January of this year to undertake various activities such as: to enhance academic exchange between the two parties, to establish think-tank communication and cooperation mechanism based on the Lancang Mekong Cooperation (LMC) initiative by holding “China-Cambodia Think-Tank Dialogue” and other kinds of forums and activities by maintaining regular contact and promoting mutual understanding and cooperation. Our two institutes also endeavor to develop international cooperation projects and other related studies by engaging other international think-tanks to encourage wider communication and exchange activity in order to provide advice and policy recommendation for governments, enterprises and other social organizations as well as to provide support for development strategies applicable to both China and Cambodia so as to achieve the much needed infrastructure connectivity described by the Belt and Road Initiative (BRI) as well as other related cross-regional logistics networks within BRI’s policies, rules and standards.

I am also pleased to mentioned that SSIPR was happy to be able to host the visit of CICP delegation to Kunming, Yunnan from 25-28 April this year to engage in a frank and open discussion on a wide ranging topics the Indo-Pacific Strategy and regional security, Yunnan-Cambodia cooperation mechanism, Chinese private sector’s investment interest in Cambodia, and possible areas of collaboration in term of research project between SSILR and CICP.

Finally, I would like to take this opportunity to thank the Cambodia Institute for Cooperation and Peace under the leadership of His Excellency Ambassador Pou Sothirak for organizing this important event and for inviting us to be a part of the organizing committee of this conference. We also take note of CICP’s important role as Cambodia’s coordinator for Track II for the recently established Global Centre of Mekong Studies as part of Lancang-Mekong Cooperation Mechanism and has played an important role in helping to foster the development of Sino-Cambodian relations.

I look forward to expanding SSILR's relationship with CICP in order to facilitate improved understanding of bilateral and multilateral relations across the region.

In conclusion, I wish the conference a fruitful deliberation and great success.

Thank you very much for your kind attention!

## SPECIAL REMARKS

*Mr. Michael A. Newbill*

*Chargé d'Affaires, US Embassy in Cambodia*



*Photo Credit: U.S. Embassy Phnom Penh, Cambodia*

Good morning everyone!

First, I want to welcome all of the participants who have come from other countries to attend this conference.

And of course, I especially want to thank Ambassador Pou Sothirak for his leadership and vision in pulling this conference together. It is an extremely timely topic, and we are grateful to the Cambodian Institute for Cooperation and Peace (CICP) for organizing this forum. I'd also like to thank the South Asia & Southeast Asia International Logistics Research Institute (SSILR) in Kunming, China and Konrad-Adenauer-Stiftung (KAS) Cambodia for helping to sponsor this forum.

This is the right time and the place for this conference: Cambodia is not only at the geographic center of the Indo-Pacific, but it is also in the heart of ASEAN. As Secretary Pompeo's visit to the region last month demonstrated, the United States sees ASEAN at the center of our engagement in the region.

We have seen lots of articles questioning Cambodia's foreign policy direction lately. Debate on these issues is important. This is a good role for CICP to play in

bringing these speakers and participants together – and of course the United States Embassy is glad to support a vigorous exchange of views on these important topics.

As part of our Embassy’s support for this conference, we have invited two well-known and respected U.S. speakers to participate.

The first is Brad Glosserman, who is deputy director of the Center for Rule Making Strategies at Tama University in Tokyo, Japan. Brad will talk in just a few minutes about security mega-trends in the Indo-Pacific.

As you may know, our military recently renamed our Pacific Command the “Indo-Pacific Command” to recognize the Trump Administration’s vision for the region. So this geographic change in the way the United States – and many other nations – views the region, is itself a security mega-trend.

Charles Edel, who visited Cambodia in May and met with many of you, will talk about how the United States envisions a “free and open” Indo-Pacific. Dr. Edel is a senior fellow and visiting scholar at the United States Studies Centre in Sydney, Australia. Previously, Dr. Edel served on the U.S. Secretary of State’s policy planning staff from 2015 to 2017, so he is familiar with how the State Department works and how foreign policy is made.

Now, I know that many of you want to hear about how this “Free and Open Indo-Pacific” Strategy relates to competition among major powers. But since we represent a major power, I think it will be more interesting to hear from others on this topic.

The other major power in question is, presumably, China. As you know, the United States has a very broad relationship with China on a vast range of issues. Our vision for the Indo-Pacific excludes no nation. We welcome contributions by China to regional development, so long as they adhere to high standards, including in areas such as transparency, rule of law, and sustainable financing. I know speakers will be covering this important terrain throughout the next two days.

I’ve mentioned this term “Free and Open Indo-Pacific” a couple times already, but for those of you who might not be familiar with our terminology, I want to spend a minute talking about one specific element of this language, and what it means for our foreign policy.



When we say a “free” Indo-Pacific, it means we want every nation to be able to protect their sovereignty from coercion by other countries. By “open” we mean unrestricted lines of shipping, transportation, and communications that are truly the lifeblood of the region, and vital to the growing prosperity of the world.

We also mean “free and open” in relation to governance and liberty within a country. That means being able to maintain an independent foreign policy that serves the interests of all the people in a country, not just a few. For this to happen, people must have a voice in the direction of their country, and the decisions leaders make. And those decisions need to be transparent so people can understand whether they are really in the interests of the country.

Unfortunately, there are a number of recent examples when leaders make decisions behind closed doors, and those decisions don’t turn out well for the people. We’ve seen countries take on huge loans from construction and infrastructure projects, only to find themselves saddled with debt that they cannot repay. They are then forced to renegotiate unfavorable terms that hinder their future development, and undermine their sovereignty.

We’ve seen countries agree to host commercial facilities only to see those gradually morph into military bases – without public debate or approval. That’s happened to varying degrees in Sri Lanka, the Maldives, and Djibouti.

That’s why it’s important for people to have the right and ability to review these deals to make sure everyone benefits and not just a few. Chinese investment can be beneficial, but these deals need scrutiny and close supervision to make sure the benefits go to the country, not the dealmakers. Transparency is essential for defending sovereignty.

Most countries have fought long and hard to maintain their freedom, their independence – and would never allow their hard-won sovereignty to be sold to the highest bidder. I know that’s true here as it is in the United States. We will continue to be a friend and a partner to the Cambodian people in maintaining their freedom and independence.

But Cambodian leaders must also demonstrate a commitment to these principles as well, including allowing the Cambodian people to have a voice in their country’s future. And Cambodia’s leaders must recognize the risks of relying on only one partner, and whether its people will accept that major change in the country’s orientation.

Cambodia should have a free and open public discussion on the major economic, political, and strategic changes that are happening rapidly in the country, without restrictions. Students, journalists, academics, and political leaders across the spectrum all must be a part of this debate so that all of Cambodia's people will benefit, not just a few.

Once again, I applaud CICP for making this conference possible, and I'd like to thank all of you for your efforts to make this a success. We look forward a lively exchange of ideas and open discussion, and thank you again for the opportunity to be here.

## SECURITY MEGATRENDS IN THE INDO-PACIFIC

***Brad Glosserman***

*Deputy Director, Center for Rule Making Strategies, Tama University*

*Senior Advisor, Pacific Forum*



*Photo Credit: CICP*

A catalogue of regional security megatrends is harder than it seems, primarily because the analysts' inclination is to focus on immediate security threats – of which there are several and they are pressing – rather than larger, more inchoate and less easily defined phenomenon. The temptation is to look at the biggest, brightest and loudest developments, which often obscures equally if not more important long-term issues. This fascination is evident today in the detailed reporting – and even more frequent speculation – about developments on the Korean Peninsula, Chinese efforts to change the territorial status quo in the South China Sea, one expression of China's rise (and by no means the most important), or US President Donald Trump's latest tweet. This paper will try to identify those megatrends and briefly explore their implications. It offers only a preliminary assessment of those trends and is intended to stimulate deeper thinking about, rather than a complete analysis of, their significance and impact.

Five megatrends will shape regional security.<sup>1</sup> The first is demographic shifts. These are occurring throughout the region and different transitions are taking place. Northeast Asia is aging: Japan is already the “grayest” country in the world and it will become even older as its population shrinks. South Korea and China are on similar trajectories – China will be the first country to become old before it becomes rich. This evolution will transform their economies and the context in which political decisions will be made. There will be intergenerational struggles to claim national resources. Pension plans will be difficult to fund as the number of workers shrink; social contracts will have to be rewritten. Governments will no longer have to choose between guns and butter but will instead balance guns v. wheelchairs. Aging economies will be less dynamic and innovative as well,

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<sup>1</sup> My list mirrors that of PwC, the international consultancy, but that consistency is serendipitous. Its report, *Five Megatrends and their Implications for Global Defense and Security*, is available at <https://www.pwc.com/gx/en/government-public-services/assets/five-megatrends-implications.pdf>

altering global investment calculations. In contrast, in Southeast Asia, societies remain young, forcing those governments to generate the jobs needed to employ a growing youth population. Failure to do so will be catastrophic for them and that instability could spill over borders.

A second megatrend is urbanization. The number of people living in cities will grow 44 percent over the next three decades and by 2050 it is reckoned that 72 percent of world population will live in urban centers. This concentration will demand substantial boosts in infrastructure as it transforms social organizations and relationships. Vast migration and large populations in close proximity will generate new security challenges: they are places where diseases can emerge and spread, and where alienated and disaffected groups can hide, as well as find solace and support. Already, cities have become one of the most important incubators of policy innovation. Creativity will not be optional as cities absorb growing numbers of the world's population.

The third trend is climate change and the need to develop sustainable environmental policies. Climate change and the associated rise of sea levels will reduce the land available for habitation and create water shortages. And, it must be noted, that most of the world's major cities are on coasts. (In other words, trends two and three interact in worrisome ways). At the same time, population growth and economic development are anticipated to increase energy demand by 50 percent. When senior US military officials say that climate change is one of their top concerns, they are frequently derided and dismissed – an example of the tendency identified at the outset of my remarks – but they are being farsighted. Policymakers should take them – and this threat – more seriously.

A fourth megatrend is technological development. There is good reason why the most important buzzword in assessing economic change is “disruptor” – technology promises one disruption after another, from mobile phones to the internet to the internet of things (IoT). We have commenced a fourth industrial revolution that will transform the world. This process creates two distinct concerns: vulnerabilities created – and propagated -- by digital connections that permeate every facet of our lives, and economic dislocations that new technologies introduce to established processes and patterns of production. This compounds social pressures already felt and expressed in populist and anti-globalist movements. Also notable is the power that technologies put in the hands of individuals, through such innovations as 3D printing or DIY bio- or nanotechnologies, power that can be used for good or bad.

The fifth and for our purposes most important megatrend is the emergence of “the Rest,” which is typically understood as the rise of China but is in fact much more. It is much more because the key phenomenon is the rise of the rest of the world (as opposed to “the West”), which in the Indo-Pacific context should be taken as the rise Asia *as a whole* and not just China. A tripolar global order is emerging, which poses distinct challenges to the trans-Atlantic order that has predominated global decision-making for the last 250 + years. It is also “much more” since the critical question is not just the rise of these countries’ economies, but the corresponding shift in political decision-making it will engender, a change that has not yet taken place. How that occurs and what it entails is the fifth megatrend, and is the focus of additional analysis here.

There is much discussion (and handwringing) about the erosion of the liberal international order (shorthand for the system of norms, rules and structures that guide global decision-making). There are two types of threats to the liberal international order, external and internal (those originating outside the “ruling” class and those that come from within it).<sup>2</sup> Both are vital and the second group, which has given rise to nationalism, populism, and anti-globalist movements, may prove the most important. Still, most attention focuses on the first, and tends to reduce to “the rise of China.” China’s rise is eye-catching but it is only part of a larger story. As PwC notes in 2015, the G7 represented \$34.1 trillion in total GDP while the E7 countries (Brazil, India, Russia, China, Indonesia, Mexico, Turkey) accounted for \$18.1 trillion. By 2050, G7 countries will represent \$69.3 trillion while the E7 will have exploded to reach \$138.2 trillion. This shift in wealth will (and already has) trigger demands for a redistribution of political power as well. That evolution of decision-making is underway but its future contours are uncertain. The West talks about change but it is not clear how far it is prepared to go to meet these demands.

At the same time, the US role in the world is changing. To be clear, the US is not becoming isolationist. But there is no appetite to be the world’s policeman either. Opinion polls show that the public retains a desire for engagement. But security threats are changing, and an effective response demands broad international coalitions. National capabilities and capacities are growing and thus more countries can help address those transnational problems. The great irony is that there is a tendency to see a closing of the gap between the United States and other countries as a problem for the US, or worse, a sign that the US is losing its capacity to lead or that it is somehow losing out in the 21<sup>st</sup> century. The closing of

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<sup>2</sup> For an excellent analysis, see Mira Rapp-Hooper and Rebecca Lissner, “The Day After Trump: American Strategy for a New International Order,” *The Washington Quarterly*, Spring 2018.

the gap between the US and other countries – even potential competitors – is an example of US success, however, not failure, a testimony to the wisdom of its vision of fashioning a global order at the end of World War II that enriched all countries and not just a few. The “rise of the rest” is a victory for the US and a validation of its leadership, not an indictment.

This megatrend has pressed US strategic thinking to focus on the re-emergence of great power competition. This has been the animating theme of the Trump administration’s foreign and security policies and it is evident in all its major security documents – the *National Security Strategy* is the premier expression of this outlook. This competition needs to be deconstructed. While the prospect of military competition, confrontation and conflict is most worrisome, this competition will be primarily economic in the 21<sup>st</sup> century. If that assessment is correct, then the two competitors are the United States and China. (Russia serves primarily as a provider of raw materials and there is no sign of any change in that role. Militarily and diplomatically, however, it has great potential to make mischief or to be a spoiler. It cannot be ignored but it poses a different kind of challenge than that of China.) In a world of such competition, the US must do more to retain its economic vitality and its central position in the global economy; expanding economic engagement is the best way to do that, rather than a retrenchment behind trade and investment barriers, which seems to be the thinking of the current US administration.

One reaction to this changing world is the adoption of the Indo-Pacific strategic concept. This idea reflects the rising significance of the entire region – not just China – to the US and world. It is an outgrowth of the need to look at strategic space more holistically. The Indo-Pacific is a natural outcome because it ties inputs to the production process (from the Indian Ocean and Africa) to outputs (the final products) that are made in Asia. It reflects the self-evident nature of the Sea Lines of Communication (SLOCs) that are the lifelines of the Asian economies.

Thus far, this is just a shift in perspective for some countries in the West. It does not address the substantive and difficult questions of how to respond to the shifting balance of economic power in the world and how to ensure the political power is adjusted as well. For the most part, the discussion acknowledges the rise of the rest, and most typically, the rise of China, but then calls for reinforcement of existing rules, norms and institutions rather than a thoughtful and meaningful modernization of working principles and processes to genuinely adapt to change.

There is another important dimension of a world characterized by great power competition, one that is often overlooked: the vital role played by middle and big powers (those that are not “great” but are bigger than “middle powers”: Japan and India, come immediately to mind). While Asia’s great powers are the US and China, all countries have big stakes in and can shape outcomes. These smaller nations have enjoyed the fruits of the existing international order (as has China) and thus, logically, would like to see it continue. They can do much to reinforce that order: in their diplomacy, they can demand support for international institutions and international law; in foreign and security policies, they can work with countries that promote freedom, security and peaceful resolution of disputes; in their economic policies, they can demand transparency and investment and trade that is consistent with prevailing norms and rules. The key point is that they have roles to play and contributions to make. It is a mistake to assume that they are bystanders in the larger effort to forge a new regional order. Perhaps most important they must recognize that sitting out and waiting to see who prevails in this contest or competition could in fact determine the eventual outcome. To pretend otherwise is a wrong and dangerous.

These megatrends pose critical challenges to Asian, East Asian, Southeast Asian, Asia-Pacific and Indo-Pacific policy makers (and decision-makers in other regions as well). They will demand attention and resources, and hard choices will have to be made. Unfortunately, the payoff may not be visible and thus the political costs will be difficult to justify. No task is more pressing however.





# THE INDO-PACIFIC STRATEGY AND SMALL STATES' DIPLOMACY

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*Photo Credit: CICP*

## INTRODUCTION

The Indo-Pacific region is undergoing tectonic changes driven by power shifts, rising power competition and rivalry especially between the US and China, and the increasing complexity of non-traditional security issues, particularly the unfolding trade war, terrorism, climate change, cyber security, and natural disasters. Security issues are getting more complex due to the increasing nature of security connectivity (the interconnected of security issues and multi-stakeholdership in addressing security issues). No single country can address trans-national security issue alone. Constructing a regional order, to be accepted and supported by every country, is a common interest as well the main challenge for the regional countries. Small states are facing mounting challenges to adjust, adapt to, and be part of a new regional order.

The paper discusses the evolving Indo-Pacific strategy and foreign policy responses of small states in Southeast Asia and their perception of and approach towards regional order. It argues that small states do matter in constructing regional order in three pathways: engaging major powers by implementing hedging strategy, strengthening open and inclusive multilateralism, promoting norms creation and diffusion (especially international law). These small states share common foreign policy priority which is to promote their international status and leverage their role through promoting economic and strategic diversification, strengthening international institutions, and advocating for a rules-based international order. These small states pursue hedging strategy at varying degrees depending on their diplomatic capacity and strategic leverage, particularly amidst rising structural uncertainties arising from major power rivalry.

## EVOLVING INDO-PACIFIC STRATEGY

The Indo-Pacific region, a geopolitical and geographical construct, has gained traction from both policy makers and think tankers since 2017, especially after the US issued its National Security policy in November 2017 stressing the US's strategy in the Indo-Pacific. The evolving Indo-Pacific strategy or concept (depending on how we view it) is an impulsive force that shapes the geopolitical landscape in the region. International structure and agency both play critical role in constructing regional order in the Indo-Pacific. The global power shifts are real (mainly referring to the relative decline of the US and the rise of China and the rest) and it is causing structural uncertainties, which force states to take a more realist look and approach towards international system. There is no such thing as "power status quo" as power itself is dynamic. Global power transition is unavoidable. It is a matter of how can we adjust to such new global power dynamics. The domestic political dynamics (increasingly influenced by populist politics and economic protectionism) and legacy projection of some political leaders who want to be remembered as strong and nationalist leaders together cause significant disruptions to the existing international system.

The geopolitical landscape of the Indo-Pacific is generally defined by the interrelationship between structure and agency. The structure here refers to the power shifts and the evolving world order. The rising power and influence of China and the rest of Asia has engendered new dynamics of great power politics together with rising strategic uncertainties and security dilemma for some countries in Southeast Asia. Power shifts are real and this potential cause geopolitical disruptions and tensions. The undercurrent of regional order in the Indo-Pacific is largely determined by the trend and dynamics of Sino-US bilateral relations.

As far as regional order is concerned, there are three types of regional order, namely the US-centric regional order, the Sino-centric regional order, and the ASEAN-driven regional order. Free and Open Indo-Pacific (FOIP) is a key vehicle to maintain the US-centric order and Belt and Road Initiative (BRI) is a grand vision of China to project its global power status as well as to construct a Sino-centric regional order. For ASEAN, East Asia Summit (EAS) is the core security architecture that can promote trust and confidence, mitigate regional security risks and tensions, and possibly manage and mitigate the risks stemming from major power rivalry.

Vietnam is the first country from Southeast Asia expressed its strategic intention to ensure that the Indo-Pacific strategy is inclusive and the small states have certain role to play. During his official visit to India in March 2018, President Tran Dai Quang called for regional countries to promote and respect an open and a rules-based Indo-Asia-Pacific order. The freedom of navigation has to be maintained and free flow of trade and investment needs to be facilitated. Vietnam stresses the important role of ASEAN in the Indo-Asia-Pacific. In August 2018, Indonesia proposed its version of Indo-Pacific by stressing the central role of ASEAN and promoting an open, transparent, inclusive and respectful to international law and cooperative area by using the East Asia Summit as the main platform.

To address a widespread concern that small states might be excluded from the Indo-Pacific strategy, Japan has recently added ASEAN and the Mekong region to be part of its “Free and Open Indo-Pacific”. Speaking at the track-two dialogue on Mekong-Japan cooperation in Phnom Penh in March 2018, Kentaro Sonoura, a special advisor to Japanese Prime Minister, highlighted institutional connectivity between Mekong-Japan Cooperation and the Indo-Pacific. He said Mekong-Japan cooperation is aimed to “realize quality growth of the region to promote the development of the Mekong region as well as ASEAN, and thereby assist the whole of Asia, including Japan, to enjoy prosperity and stability together. And this is what the Free and Open Indo-Pacific Strategy is attempting to accomplish.” He clarified that the strategy did not aim to contain any country, referring to China, but to cooperate with any nation that supports the principles of the Indo-Pacific strategy. He also stressed that ASEAN plays a key role in realizing the strategy and added it is wrong to assume that the strategy undermines ASEAN’s unity and centrality. He asked, “How can we realize this strategy without the cooperation of ASEAN that connects the Indian Ocean and the Pacific Ocean.”

The regional order is under stress, facing high volatility and uncertainties as the region is undergoing power shifts from the US-centric regional order to a regional order driven by multiple actors including China, India, Japan, Russia, Australia, South Korea and ASEAN. There is no single major power capable enough to build a hegemonic stability in the region. Moreover, the Indo-Pacific is complex region where state and non-state actors dynamically interact, where all states regardless of their size and power have a role to play and regional issues are intertwined and interconnected. No country appears to be able to build a regional hegemon. The decline of the US and the rise of the rest will lead to a new regional order that will be shaped by multiple state and non-state actors.

Taiwan issue, North Korea's nuclear and missile programs, South and East China Seas and non-traditional security threats such as terrorism, human trafficking, climate change and natural disasters are the main sources of security threats in Indo-Asia-Pacific. Moreover, the power competition and rivalries between China and the US further complicate regional security order. ASEAN member countries are not interested in taking sides and many of them are facing strategic and security dilemmas mainly caused by geopolitical power shifts and major power rivalry.

If they are coerced or forced to take sides, then the whole region will once again fall into instability and turmoil.

Middle powers are trying to form a loose coalition to mitigate the risks of power rivalry between China and the US, while small states are thriving to stay neutral and relevant amidst global power shifts and rising geopolitical uncertainties. Cheng-Chwee Kuik argues, "For smaller and weaker states in Southeast Asia – a region where big powers' interests and actions converge – there are more reasons to hedge... Hedging is the prevalent melody, albeit sung in different octaves across countries (and across time)."

The regional order can be understood as the "processes that regulate interstate relations and expectations toward common goals; and outcomes in terms of systemic attributes, particularly the distribution of power" and it is constructed by a combination of factors such as "institution building, balancing, and modified hegemony." Regional order has been constructed under various power structures such as hegemony, a balance of power, a concert of powers, multilateralism, bilateralism, and self-help.

Although the international order is chiefly defined by state-centric or state-based international power politics, small states have a certain role to play in collectively shaping regional order mainly through flexibly engaging with major powers and strengthening multilateralism. Although regional order is mainly defined by "choices made by major powers", small states can individually and collectively shape the evolving regional order by making certain policy and strategic choices easier and less costly for major powers as "willing allies" and "military partners", political "middlemen", "institutional brokers", and "the suppliers of legitimacy".

Regional order in the Indo-Pacific can be characterized as "a multi-layered web of relationships, institutions, and forums through which nations develop shared norms and take actions to advance international security." These rules and norms, in conjunction with interstate power dynamics, serve as the foundation of a

regional order. Norm diffusion is critical to shaping regional order in which local agencies play their role in developing ideas and norms. From the constructivist school, the region is constructed mainly “from within” and “from below” rather than “from outside” and “from above”.

The catalysts of the geopolitical changes of the Indo-Pacific, according to Acharya, are civil society and transnational movements, emerging powers, and regionalism. It is argued that local forces and actors play important role in collectively constructing regional order in the post-hegemonic world order. Regional order needs to be understood from an “inside-out”, as opposed to an “outside-in”. Moreover, regions have become the contesting ground for global level actors and ideas.

Here it is argued that regional order is collectively shaped by major powers, middle powers, and a coalition of small states. The small states in Southeast Asia generally view ASEAN as an essential multilateral institution to get major powers enmesh in international norms and practices that serve the interests of both weaker and stronger states. The ASEAN way, largely refer to the principles of non-interference and consensus-based decision-making, have become basic norms of international relations, although the ASEAN Way is under increasing strain.

The ASEAN-driven regional security architecture is multi-layered and inclusive, which challenge the traditional regional order based on ‘balance of power’ and ‘regional stability’. The institutional practices of ASEAN-led mechanisms, which are non-binding, consensus-driven, and non-confrontational approaches, are the strengths but also the weaknesses of ASEAN-driven regional security architecture such as the ASEAN Regional Forum, the ASEAN Defence Ministers Meeting (ADMM), and the ASEAN Defence Ministers Meeting Plus (AMM-Plus). The role and support of major powers is critical to strengthening this ASEAN-driven regional architecture.

Promoting a rules-based regional order is also critical to serving long-term common international interests and the survival of ASEAN. A rules-based regional order refers to the respect and enforcement of international laws and rules in governing inter-state relations. Every country regardless of size and power benefits from a rules-based order. However, states and actors across Asia do not a common view on what constitutes a rules-based order, depending on their historical experiences and memories, core national interest, and positions of power within the international system. In addition, the enforcement of the rules and norms is weak due to fluid regional multilateral institutions.

Concerning the perception and strategic interest of the weaker states on rules-based order, the findings from the expert meeting organized by Wilton Park in Singapore in March 2017 suggested that “smaller powers may be developing more of an interest in working together to shape and constrain the actions of major powers, including by ensuring that larger costs are incurred by powerful states that violate rules”.

To conclude here, regional order is fast evolving, with high uncertainty and complexity. It is the process in which multiple actors interact based on their interest and power position in the international system. The region depends on how these actors socialize and enforce norms and rules through international institutions and mechanisms. The actors include both state and non-state actors. Major powers are the most influential in constructing or deconstructing regional order, followed by middle powers and small states. By building a coalition and enhancing multilateral institutions, small states can increase their leverage and influence in the international system.

### **SMALL STATES’ DIPLOMACY**

There are various definitions of a small state. Rothstein contends, “A small power is a state which recognizes that it cannot obtain security primarily by use of its own capabilities, and that it must rely fundamentally on the aid of others.” Keohance argues, “A small power is a state whose leaders consider that it can never, acting alone or in a small group, make a significant impact on the system”. Small states are generally understood in terms of the level of vulnerability to external changes and shocks, the level of dependency on external sources for security and development, and the national role perceptions. Small states are constrained by the size and location of the country and its natural resources and population. Small states do not pose threat to neighboring countries and other states.

Some common foreign policy behaviors that the small states, Jean Hey argues, do or expected to do are pursuing a low level of participation in world affairs, addressing a narrow scope of foreign policy issues, focusing on immediate geographic area and economic diplomacy, emphasizing on international rules and norms, promoting multilateralism and international cooperation, maintaining neutral positions (some weak states rely on superpowers for protection), spending a disproportionate amount of foreign policy resources on ensuring political security and survival.

Within the context of a fast-changing regional order, power shifts, complex and instable geopolitical environment, small states become more vulnerable to external changes and shocks. To mitigate the risks, small states either choose to “act behind the back of the major powers” or pursue an “enmeshment strategy” individually and through regional multilateral institutions. With varying degrees and different purposes and objectives, enmeshment strategy includes “the imperative of strategic diversification, the desire to boost regional leadership, and ambitions of transforming great power behavior.”

Cheng-Chwee Kuik argues that with the absence of an “immediate threat”, the absence of any “ideological fault-lines”, and the absence of an “all-out Great Power rivalry, small states tend to hedge than purely bandwagon and balance. A small state’s strategy towards a rising power is largely, not exclusively, driven by an “internal process of regime legitimation” to strengthen the authority of the governing elites at home. Similarly, Van Jackson posits that structural uncertainties caused by major power rivalry, unpredictable future consequences of present day commitments, lack of trust in multilateral institutions, and complex networks of geopolitical dynamics explain why Southeast Asian countries prefer to adopt hedging strategy.

To engage major powers, small states in Southeast Asia are not adopting pure forms of balancing or bandwagoning, but a middle position that is termed “hedging”. Such behavior of the small states is “a function of regime legitimization through which the ruling elite seek to capitalize on the dynamics of the rising power for the ultimate goal of justifying their own political authority at home”. Hedging can be understood as a way of coping with uncertainty; it is a strategy of pursuing opposing or contradictory actions as a means of minimizing or mitigating downside risks associated with one or the other action.

Engaging major powers is viable strategic option for small states. Engagement is the means to integration. For instance, small states will be benefit from integrating China into the existing rules-based multilateral system. However, it is hard to do so, as David Shambaugh argues, “China’s capacity to disrupt and destabilize international security, the world economy, global environment, and human welfare are substantial.” The dispute in the South China Sea is a case in point. The ASEAN claimant states are unable to push China to an early agreement on the Code of Conduct (COC). It took fifteen years for ASEAN and China to conclude the framework agreement on the COC, after the adoption of the Declaration of the Conduct of Parties in the South China Sea (DOC). It may take another decade to conclude a meaningful and legally binding COC.

The primary objectives of small states are to ensure their survival and strengthen their position and relevance in a fluid international system. Small states in Southeast Asia have adopted slightly different foreign policy strategy towards regional order. To manage relations with Major powers, they have adopted hedging strategy at varying degrees. Economic pragmatism, strategic diversification, a denial to a regional hegemonic power, and regime legitimization are the key components of hedging strategy. They share a common view that ASEAN-driven multilateral institutions and mechanisms play a critical role in constructing a regional order in the Indo-Pacific, which is expected to be open and inclusive. Small states can contribute to constructing regional order by engaging major powers with hedging strategy and multilateralism.

## CONCLUSION

There is no common understanding and standard definition of the Indo-Pacific strategy, which is generally perceived as a geopolitical project. ASEAN member states are concerned that this strategy will undermine its central role as major powers take the helm of constructing a regional order in their favor and interest, possibly at the expense of the interests of small states.

Small states are facing mounting challenges in adjusting their foreign policy amid rising geopolitical uncertainties and risks, largely stemming from power rivalry between major powers. Amidst high geopolitical uncertainties, states in Southeast Asia have to adjust their foreign policy approaches as they are thriving to survive in, be part of, and emerge from the complex and unpredictable global security and economic systems. Small states influence regional order through strategic engagement with major powers and strengthening regional institutions.

Small states' strategic alignment with major power partly shape regional order in the region as they are implementing hedging strategy vis-à-vis major powers at varying degrees. With stronger institutional capacity and leadership, Singapore has pursued hedging strategy more robustly than Brunei, Cambodia, and Laos. Small states have slightly different perceptions towards and engagement approaches with major powers. Economic dependency leads to political influence. For instance, Chinese political influence in Cambodia and Lao PDR is stronger than that in Singapore and Brunei.

ASEAN is central to evolving regional order in the Indo-Pacific. ASEAN is perceived as a critical actor in serving the security as well as economic interests of



small states. ASEAN creates and maintains regularized institutional links with major powers to socialize and diffuse norms and strengthen rules-based international order, and to institutionally and morally encourage major powers to behave peacefully and responsibly. ASEAN also assists small states to better connect and integrate its economy with the region, which in turn reduce the level of dependency on any particular major power. ASEAN can enable small states to exercise strategic and economic diversification strategy.



# EMERGING SECURITY TRENDS AND SMALLER STATES OPTIONS: A MALAYSIAN PERSPECTIVE

*NUR SHAHADAH JAMIL and CHENG-CHWEE KUIK*



*Photo Credit: CICP*

## INTRODUCTION

The return of great power competition in the Asia Pacific region is best illustrated in the U.S National Security Strategy and its National Defense Strategy released in December 2017 and January 2018 respectively. Hitting on a similar theme, the documents aptly described a new international environment in which China is challenging American power and influence, while at the same time identified inter-state strategic competition as the primary concern of the Trump administration. In another word, Washington has now rhetorically embraced a great power competition with China and Russia as the core component of its strategy towards the Indo-Pacific. With China listed as the first among the two top competitors to the U.S., Washington is sending a clear message to Beijing that its “revisionist” behavior will not go unchallenged. Such move however, has been perceived by China as an act to contain its rise. Beijing therefore, is “pushing back”.

Although one of the most important elements of the U.S National Defense Strategy is to deepen its relations with allies and partners in the Pacific region, uncertainties in recent Sino-US interactions and perceived risks from Trump unpredictability have on the other hand pushed U.S allies and partners in the region to slowly adjusting and adapting to the emerging power structure by pursuing a multi-pronged strategy consists of two contradictory measures. These measures are: gradually stepping up efforts to develop stronger ties with other “likeminded” nations who share strategic goal of wanting to “push back” an increasing powerful China; while at the same time mending fences, and improving bilateral relations with the rising giant. Nevertheless, these measures do not indicate that U.S allies and partners have departed from their long-held policy counting on the U.S as prominent security provider.

Therefore, an interesting question here would be, why are regional states behaving or responded in such manner? What are the drivers or factors contributing to their decision to adopt a contradictory policy in this emerging regional security environment? This paper will be structured into three main sections. The first section will discuss in detail on the emerging security trends in the Asia Pacific and how

smaller states react to the trends. The second section will subsequently discuss on enduring smaller states" interests, while the last section will offer insights on Malaysian perspective on Sino-US competition in the region by elaborating on Malaysia's new external policy under Mahathir 2.0.

## EMERGING SECURITY TRENDS IN ASIA PACIFIC

As China's military might grow in tandem with its steady Gross Domestic Product (GDP) growth of nearly 10 per cent in average since 1979, Chinese elites rising confidence about China's international status has also led to the formulation of a more "assertive" Chinese foreign policy. The impact of Chinese rising confidence can be best reflected through Xi's vision of "Chinese Dream" and the achievement of two centenary goal, which include plans for national rejuvenation and restoration of China's rightful great power status by 2049. Meanwhile, heightened Chinese "assertiveness" is particularly obvious in its South China Sea (SCS) policy. Unlike the form of "assertiveness" during Hu Jintao administration, Chinese "assertive" behavior in the SCS under Xi demonstrates more strategic sense. For instance, China's "assertive" behavior is no longer unorganized or triggered by a particular event, but now focuses more on enhancing its actual control and presence in the disputed waters. In addition, Beijing has also begun to construct alternative political and economic architectures to reflect its interests and prerogatives in the region via several strategies and initiative such as the famous Belt and Road Initiative (BRI).

All these have placed China in direct competition with the U.S who seeks to preserve both its primacy while maintaining an American-led order which has been the foundation for peace and stability in the region for decades. The U.S reacted by proposing and pushing for renewal of the so-called "Quad" which is a security arrangement among four major democracies consisting of the U.S, India, Australia and Japan.<sup>3</sup> Facing this fast-changing and yet challenging security environment, smaller states in the region have chosen to adopt two contradictory measures as mentioned earlier in their attempts to secure their interests and subsequently, their survival. Three factors have been identified to have contributed to the smaller states" policy choice. These factors are: **U.S credibility lag; trust deficit on China; and activism gap associated with the other powers.**<sup>4</sup>

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<sup>3</sup> For more details on the "Quad", see Mark J. Valencia, "What Does a 'Free and Open Indo-Pacific' Actually Mean?", 30 March 2018, The Diplomat, <https://thediplomat.com/2018/03/what-does-a-free-and-open-indo-pacific-actually-mean/>, accessed on 8 September 2018.

<sup>4</sup> For more details, see Cheng-Chwee Kuik, "Opening a Strategic Pandora's Jar? U.S-China Uncertainties and the Three Wandering Genies in Southeast Asia," 2 July 2018, The Asan Forum, <http://www.theasanforum.org/opening-a-strategic-pandoras-jar-us-china-uncertainties-and-the-three-wandering-genies-in-southeast-asia/>, accessed on 8 September 2018.

Upon assuming office in 2017, Trump has continuously undercutting U.S credibility as patron in the region. His decision to withdraw from the Trans-Pacific Partnership (TPP), questioning the value of U.S alliances, as well as his threat to disavow institutions such as the European Union (EU) and North Atlantic Treaty Organization (NATO) have indeed deepened anxieties among its allies and partners in the region.<sup>5</sup> Although Trump administration does attempt to reaffirm its commitment in Asia through number of actions and documents, but uncertainties persist largely due to his own bold rhetoric.

Meanwhile, the problem of trust deficit with China has long been an issue between China and its neighbors. It is true that China's charm diplomacy such as the introduction of its New Type of Major Power Relations in the 21st Century, Periphery Diplomacy and BRI has earned Beijing considerable collaboration with its neighbors, but its increasing "assertive" maritime activities in the SCS since 2009 has deepened anxieties among regional states as it left an impression that Beijing is pursuing a contradictory strategy. Such distrust derives not only from the states' problematic past with China, but also due to the differences in terms of political values and strategic visions that prevent them to view China as a friend. Therefore, if China does not respond positively to weaker regional states' overtures, these states will likely to step up their efforts to persuade the U.S to revive its preeminence in the region.

At the same time, while weaker regional states welcome the expanded opportunities to leverage on secondary powers' growing activism for their own development and strategic gains, many are also wary about multiple risks that come with it such as the danger of alienation, entrapment and regional marginalization. Among factors underlying these fears include unbridgeable gap between the secondary powers' current capabilities and activism goals, as well as the supply-demand gap where these powers are yet to set their focus on fulfilling the increasing demand of weaker states in terms of security partnership and financial support. This explains the reason why weaker states show cautious and mix response the "Quad" and the idea of "Open and Free Indo-Pacific" in the light of U.S eroding credibility and increasing uncertainties on China's political intent in the Asia Pacific.

## ENDURING SMALLER STATES' INTERESTS

Smaller states' decisions to adopt the two contradictory measures are also driven by their efforts to secure and protect their own interests that can be further categorized into: security interests; development needs; and elite domestic legitimation. In the

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<sup>5</sup> Benn Steil, "How to Win a Great-Power Competition," 9 February 2018, Foreign Affairs, <https://www.foreignaffairs.com/articles/2018-02-09/how-win-great-power-competition>, accessed on 5 September 2018.

security realm, many smaller states still look up to the U.S as security provider in the region. This is due to the fact that U.S is still the strongest power in contemporary international system where combined strength of all possible partnerships with like-minded nations will likely to be far below U.S security umbrella.

Putting aside smaller states reservations to work with China in the security domain, China's increasing economic might and smaller states' growing development needs is a fact that we could not defy. Although many are suspicious and skeptical about China's true political intent behind the initiative, deepening economic ties between China and smaller states have gradually turned them to be more and more dependent on Chinese investments and financial funding to support their domestic development needs in the field of infrastructure construction, connectivity, communications and many more. And when regime legitimation back home (particularly performance legitimation) is at risk, political elites will tend to do whatever necessary in order to maintain (if not to boost) their countries' economic growth, including signing up for deals with China which are of no significant benefits to themselves.

## **MALAYSIA'S EVOLVING EXTERNAL POLICY UNDER MAHATHIR 2.0**

Like many other smaller states, Malaysia's new external policy under Mahathir 2.0 is also constrained and drive by both external and domestic considerations. Externally, although U.S remains as the world's strongest power, its role as a patron has been overshadowed by its uncertain commitment as well as eroded credibility under the leadership of unpredictable Trump. Meanwhile, China has become more powerful and "assertive", while at the same time actively promoting economic inducement via the BRI. Domestically, after the unprecedented change of government after the 14th General Election on May 2018, the "new" Malaysia is left to deal with various old and new challenges ranging from huge amount of government debt to intra-coalition bargaining within the ruling *Pakatan Harapan*.

Recognizing the needs for the country to adopt and implement a balanced external policy in order to ensure a stable and peaceful external environment crucial for its own domestic growth and political stability, Malaysia under Mahathir 2.0 **vows to remain neutral, not take side with any power, continue to engage all players, place emphasis on consultation and consolidate ASEAN centrality.**<sup>6</sup> The new Malaysia's stance entails the nation's sensitivity towards the risks that come together with the return of great power competition in the region and the same principle could also be

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<sup>6</sup> For more details on Mahathir Doctrine 2.0, see Cheng-Chwee Kuik and Chin-Tong Liew, "Decoding the Mahathir Doctrine," 20 August 2018, *The Lowy Institute*, <https://www.lowyinstitute.org/the-interpreter/decoding-mahathir-doctrine>, accessed on 10 September 2018.

applied in its bilateral relations with U.S, China and other powers, as well as in its SCS policy.

This explains why Malaysia, like other smaller states has chosen to step up its efforts to develop stronger ties with other “like-minded” nations to constrain China, while at the same time improving its bilateral relations with the rising giant. It is also worth noting that while many have labelled Mahathir’s recent shift of attitude towards Chinese funded projects in Malaysia as “anti-China”, that is actually not the case. In fact, the shift is very much connected to the factor of regime legitimation (performance legitimation to be specific), where new leaders attempt to maintain economic growth and at the same time carry out their promise to reduce the people’s burden as stated in *Pakatan Harapan’s* 100-days manifesto.

## CONCLUSION

To conclude, Malaysia in dealing with the emerging security trends in Asia Pacific tainted with uncertainties surrounding U.S commitment towards the region and distrust towards China, has chosen to adopt two contradictory measures in order to secure its security interests, development needs and political elite domestic legitimation. The decision is driven by three factors namely U.S credibility lag, trust deficit with China and activism gap associated with other powers in the region. Recognizing the needs to adopt a balanced policy or strategy under the framework of current Sino-US competition, Malaysia under Mahathir 2.0 has insisted to uphold the principle of neutrality in its external policy to ensure a peaceful external environment crucial for its domestic development. Such policy option is likely to last in the near future but it is however, not static. Malaysia external policy options will evolve as the power structure in the region undergoes changes. For instance, Malaysia might upgrade U.S in its strategic equation if Washington shows clear signs that it will restore its commitment in the region. Likewise, if Beijing is able to undertake practical actions to showcase its peaceful rise instead of contradictory strategy with its increasing maritime assertiveness, Malaysia and other smaller states in the region will also likely to reduce their tendency in engaging external powers to constrain China.





# SECURITY TRENDS IN ASIA-PACIFIC: 2018 AND BEYOND ASEAN'S ROLE IN MANAGING GREAT POWER COMPETITION

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*Photo Credit: CICP*

Competition between the great powers is not an inherent problem for the Association of Southeast Asian Nations (ASEAN). Competition, especially in the fields of infrastructure and investments, can yield great benefits for the infrastructure-scarce region by increasing the variety of options. The problem is when competition results in repercussions for trade prospects and the stability of the region at large. ASEAN possesses numerous feedback mechanisms, including the East Asia Summit (EAS), the ASEAN Defence Ministers Meeting (ADMM) and the ASEAN Regional Forum (ARF) that can help address, or even manage this competition. However, the software of regional diplomacy must shed its transactional coating before progress can be achieved in this regard.

This paper aims to show that while ASEAN is affected by the consequences of great power competition, it can move to mitigate these effects and encourage the great powers to dampen their rivalry. The challenges posed by competition in the realms of foreign policy, trade, military confrontation and competition in the digital space can be addressed through existing feedback mechanisms. However, these challenges, and the overall prospect of US-China ties, must be addressed by more personal and nimble strains of diplomacy. ASEAN can be a model for such cooperation and engagement, and should work to strengthen its centrality, defined as its role as the main node in dense and overlapping regional networks connecting multiple stakeholders.

## 1.1 FOREIGN POLICY COMPETITION – TOPICALITY AND RELIABILITY

In the context of foreign policy towards ASEAN, China's successful engagement of ASEAN has vastly overshadowed the US' recent diplomatic outreach. First, Beijing prudently addressed ASEAN's demand for infrastructure with the development of the Belt and Road Initiative (BRI) and the multilateral Asian Infrastructure Investment Bank (AIIB). The Asian Development Bank reported that ASEAN will face an infrastructure gap of 2.4 percent between 2016 and 2020, making China's pledge of at least US\$1.024 trillion for infrastructure financing a timely offer. Second, Beijing has endeavored to portray itself as a reliable neighbor, and a stable and valuable source of capital for ASEAN members. Hence, and despite tensions over sovereignty issues in the South China Sea and debt concerns, China has made significant inroads into ASEAN with its foreign policy.

In contrast, American foreign policy towards ASEAN was disrupted by President Trump's administration, and is struggling to regain coherence. The US maintains a network of alliances with countries such as the Philippines, with whom it signed a Mutual Defence Treaty (1951) and an Enhanced Defence Cooperation Agreement (2014). However, it has yet to come up with a specific grand strategy since its withdrawal from the Trans Pacific Partnership (TPP) in January 2017. This is not for want of trying. President Trump publicized the concept of the "Indo-Pacific" during his visits to Asian countries in November 2017, and attempted to use it to push forward the notion of a rules-based order. This strategy came to be known as the "Free and Open Indo-Pacific" (FOIP). To sweeten the strategy for observers, Secretary of State Mike Pompeo also announced a US\$113 million "down payment" for future US engagement in digital efforts, energy and infrastructure in July 2018.

Yet, the FOIP suffers when compared to the substantial and reliable offerings of China's economic diplomacy. First, while Secretary Pompeo clarified that the US hoped to tap the private sector for more contributions, the "down payment" of US\$113 million still pales in comparison to China's multi-billion dollar pledges. Second, nearly a year on, many of the details of the FOIP remain shrouded in uncertainty. The initiative is said to include security, economic and infrastructure-related aspects; yet, the US emphasis on security stands in stark contrast to Japan's focus on improving connectivity via infrastructure investments. Likewise, the US has phrased the strategy as one specifically set to counter China; yet, its partners such as India and Australia have also voiced their desires to continue their strategic partnerships with Beijing. To many, the FOIP appears to be more of a "branding exercise" than a coherent strategy.

In particular, ASEAN's role in the initiative remains unclear. The US National Security Strategy Document for 2018, Secretary Pompeo (during his July 2018 speech), and Secretary of Defence Jim Mattis (during his June 2018 address at the Shangri-La Dialogue) all stated that ASEAN centrality is vital to the strategy's success. Yet, beyond promises to engage ASEAN, there have been no explanations as to how ASEAN will fit into the operationalization of the strategy. Furthermore, Indian Prime Minister Narendra Modi's comments about seeking a "level playing field", while made in reference to a trading regime during the Shangri-La Dialogue, has led to concerns about the status of ASEAN centrality in the FOIP. Professor John Lee suggested that ASEAN should pre-emptively join the FOIP and carve out a role for itself from within. Yet, until the US and its partners can specify concrete plans and commitments, it will be challenging for potential partners to support the FOIP.

## **1.2 ECONOMIC COMPETITION - VALUE CHAINS AND THE LIBERAL INTERNATIONAL ECONOMIC ORDER**

For the past few years, the US has been trailing China in terms of economic activity with ASEAN. Between 2016 and 2017, China's bilateral trade with ASEAN grew from US\$452.2 billion to US\$514.8 billion, further cementing its position as ASEAN's top trading partner. In contrast, US-ASEAN bilateral trade only grew from US\$262.9 billion to US\$273 billion during the same period. China also accounted for US\$11.3 billion in FDI flows to ASEAN in 2017, and cumulatively overtook the US to become ASEAN's third largest source of FDI. By most economic benchmarks, China is currently ahead of the US in the ASEAN market.

It bears repetition that economic competition is not necessarily bad for ASEAN. Far from it, efforts to win over ASEAN governments with investments and business opportunities are beneficial for said governments in the short term. Adopting a wider scope, however, economic fruits from China's engagement of ASEAN cannot be divorced from the side effects of its competition with the US.

The US' sanctions against China have directly challenged the stability of the global value chain that ASEAN economies are embedded in. The Korea Institute for International Economic Policy estimated that intermediate goods accounted for more than 50 percent of ASEAN's trade with China in 2017. Hence, there are fears that a slowdown in Chinese economic growth could have a domino effect on the rest of Asia.

On a more fundamental level, the US departure from the liberal international economic order is a particular problem for ASEAN. Most of its members had used the economic order to “[underpin their] growth and stability”. With the US moving away from multilateralism and espousing “free, fair and reciprocal” economic relations on a bilateral basis, the very bedrock of ASEAN’s prosperity is being questioned. ASEAN leaders have thus moved to reaffirm their commitment to multilateralism.

### **1.3 MILITARY COMPETITION – IMMOVABLE OBJECT, UNSTOPPABLE FORCE?**

In contrast to the preceding two avenues, the US-China military competition in the South China Sea is an overwhelmingly negative issue. Tensions are on the rise due to the determination of both sides. Beijing, asserting China’s sovereign right to self-defense, has moved beyond an earlier claim that its land reclamation activities are for civilian applications, and stationed anti-ship and surface-to-air missiles on disputed islands. Beijing also alarmed many through the conduct of landing and take-off drills for H6K bombers in May 2018. All indicators point to the fact that this is no short term sabre rattling, but a concerted campaign to strengthen Beijing’s hold over the area.

While China’s militarization of the South China Sea is not a direct threat to shipping and trade, it presents a dangerous flashpoint for geopolitical tensions. The US has observed the developments with increasing concern, with Admiral Philip Davidson warning that “China is now capable of controlling the South China Sea in all scenarios short of war with the United States.” The White House also promised in May 2018 that there would be “near-term and long-term consequences” for China’s actions. For now, the US military has increased the frequency of their freedom of navigation and overflight operations. However, as such efforts have no visible strategic endgame beyond that of war, the prospect of a brief but violent conflict in the South China Sea is a real concern for ASEAN.

### **1.4 COMPETITION IN THE DIGITAL SPACE – US NATIONAL SECURITY AND CHINESE GIANTS**

Digital competition between the US and China affects ASEAN in a similarly negative, albeit indirect manner. The US’ view of China in the digital space has moved from that of a rival to that of an existential enemy. The reasons for this are twofold. First, Chinese theft of US intellectual property has been recognized by

Washington as a serious problem, with one report alleging that such theft is costing US companies between US\$225 billion and US\$600 billion yearly. Second, American leaders have also expressed concerns about the military applications for China's digital advancements. The 2018 China Military Power Report said that space operations are viewed as a "key enabler" Chinese military campaigns, and China's pursuit of the Beidou satellite navigation system has been associated with this need. Hence, the digital space has become increasingly linked to America's national security, economic competitiveness and overall standing.

While ASEAN might be unscathed by the main digital skirmishes between the US and China, its companies might not be able to escape the fallout of US's punitive trade actions. In March 2018, Singapore-based chipmaker Broadcom's impending US\$117 billion bid for US-based Qualcomm was blocked by the US government. While Broadcom is not a Chinese company, President Trump's reasoning was the acquisition would curtail US investments in chip and wireless technologies, allowing China's Huawei to pull ahead. This bodes ominously for other ASEAN companies that are hoping to conduct merger and acquisition activities in the US.

For their part, Chinese firms have also become increasingly active in the regional digital space. While the Made in China 2025 plan aims for China to catch up with the West's technological leadership, recent media attention has focused on the rivalry between Chinese E-commerce giants Tencent and Alibaba. These firms have turned their attention from the saturated Chinese market to Southeast Asia, where there are untapped markets, lower regulatory barriers and few competitors. Alibaba, for instance, has increased its share in Lazada from 51 to 83 percent, while also investing US\$1.1 billion into Lazada's rival, Tokopedia. Tencent is the largest shareholder of Sea, a Singapore-based digital entertainment firm, and is investing heavily in Indonesia's Go-Jek. While the pair's investments are part and parcel of their business operations, their investments in over half of ASEAN's internet unicorns (firms with valuations exceeding US\$1 billion) might crowd out smaller local companies. In addition, ASEAN might run the risk of becoming a proxy battleground for the two E-commerce giants.

## **2.1 ADDRESSING THE FALLOUT OF US-CHINA COMPETITION**

"The League is very well when sparrows shout, but no good at all when eagles fall out". While Benito Mussolini's poetic quote is prescient about the fate of the League of Nations (the post-World War I predecessor to the United Nations), it does not apply to ASEAN in the context of the US and China. Far from being helpless, ASEAN can facilitate an easing of tensions and a preservation of the

status quo by working towards certain milestones. The mechanisms to support its approach are the multilateral forums it organizes, and the most immediate and crucial milestone is the Regional Comprehensive Economic Partnership (RCEP). The RCEP is a massive free trade agreement between 16 countries that would cover roughly 30 percent of global GDP and 25 percent of global exports. Its conclusion would not only create a crucial pillar for the FOIP by establishing India's role as a key player in the region, but also provide a second wind for the embattled concept of multilateral trading frameworks worldwide.

## **2.2 FEEDBACK MECHANISMS AND MILESTONES**

ASEAN possesses its own toolbox of feedback mechanisms to manage great power rivalries. These include the aforementioned East Asia Summit (EAS), the ASEAN Defence Minister Meetings (ADMM) and the ASEAN Regional Forum (ARF). All three forums involve the participation of the US, China and the ten members of ASEAN. Furthermore, the EAS and ADMM conduct informal discussions either during or on the side-lines of official meetings. In contrast to the rigid formality of official meetings with prepared statements, this informality has allowed for a degree of fluidity and candidness. In theory, these would contribute to the conclusion of important pacts such as the RCEP by promoting a greater degree of understanding among the participants.

Yet in practice, negotiations tend to become bogged down by stubborn issues. The RCEP process is no stranger to this, having gone through five years of negotiations. A significant portion of this delay was due to India's unwillingness to compromise on issues such as services and free tariff lines. Furthermore, ASEAN itself was famously unable to issue a Joint Communique at the 45th ASEAN Ministerial Meeting (AMM) in 2012 due to sensitivities over the South China Sea. The Joint Communique issued at the 49th AMM in 2016 also carefully avoided any mention of the ruling by the UN-backed Permanent Court of Arbitration, which rejected China's territorial claims in the disputed waterway.

In the past, point persons such as Former-Indonesian Foreign Minister Dr Marty Natalegawa were able to rally ASEAN Ministers to forge a modest agreement on contested issues. One such instance was in the aftermath of the 45th AMM, when Dr Natalegawa convinced his fellow Ministers to endorse the Six-Point Principles on the South China Sea. Yet, relying on point persons is not a sustainable strategy for the long term. Rather, as Dr Natalegawa posited during the 18th ASEAN Lecture at the Yusof-Ishak Institute of Southeast Asian Studies, ASEAN must have a script of its own first.

### 2.3 A PARADIGM SHIFT – TOWARDS A MORE PERSONAL BRAND OF DIPLOMACY

In the larger context of the US and China, two obstacles hinder attempts to dampen their rivalry. First, diplomacy is increasingly being conducted on a transactional basis rather than one based on understanding. The US' fixation on "free, fair and reciprocal trade", for example, has contributed to a more distant brand of foreign policy and a more calculative approach to trade. Second, many countries are placing domestic sensitivities at the core of their foreign policies, leading to heightened recalcitrance in dealing with other countries. Beyond the obvious case of Trump's "America First" approach, nationalism also underpins China's firm position on the South China Sea. In many regards, the trust deficit between the two powers is at an all-time low. ASEAN cannot directly resolve these concerns. Yet aside from providing neutral platforms for discussion, the grouping can also take steps to encourage more open US-China engagement.

ASEAN should first work to reaffirm their centrality by encouraging a more personal brand of diplomacy. Based on the principle of caring and sharing, ASEAN should work to assist developing member states with their domestic strategies. While such an approach will not lead to breakthroughs in contentious issues overnight, it will at least contribute towards a more conducive atmosphere for discussion. In turn, this would pave the way for a more tightly knit grouping when engaging external powers, perhaps inspiring other to follow suit.

Second, a versatile instrument to improve understanding involves contact between non-governmental actors, or between government officials and non-governmental actors. These are known as Track 2 and Track 1.5 Diplomacy respectively. While lacking the clout of government-to-government exchanges, such diplomacy is much nimbler and can touch upon topics that would be politically sensitive for governments to discuss at length. They also hold the potential to reach a wider audience than formal summits, allowing for the promotion of cross-cultural understanding.

ASEAN does not have to embark on new initiatives or create new mechanisms to engage the great powers, but should focus on what it does best: promoting conversation and understanding. Successfully concluding the RCEP would not only be a significant victory for foreign policy and trade, but for supporting the besieged notion of multilateral trading systems overall. And while indirect, a cohesive ASEAN would present an alternative to the "containment-focused" approach towards US-China rivalry by promoting the value of engagement and conversation.





## THE RISE OF CHINA AND ITS IMPLICATION

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*Photo Credit: CICP*

Two ongoing related megatrends in recent years promise to affect the future of the world, and they are expected to change the region more significantly than others.

The first megatrend is the emergence of China as an economic giant after forty years of opening and reform. China started the reform process at the end of 1978, and the average economic growth rate was 9.6% from 1978 to 2007. The unprecedented growth in human history propelled the country to the second largest economy in 2013 by GDP nominal term, and it is expected to be the largest economy around 2030 based on current estimates. Per capita income likewise increased from US\$ 156 in 1978 to US\$ 8800 in 2017. China moved from low-income country to upper-middle-income level today and on the way to the high-income one before 2025.

The second megatrend is the emergence of the 4<sup>th</sup> Industrial Revolution. The Hanover Fair adopted the idea of the 4<sup>th</sup> Industrial Revolution in 2013, and it is characterised by a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres. It is marked by emerging technology breakthroughs in some fields, including robotics, artificial intelligence, the blockchain, nanotechnology, quantum computing, biotechnology, The Internet of Things, The Industrial Internet of Things (IIoT), fifth-generation wireless technologies (5G), additive manufacturing/3D printing and fully autonomous vehicles.

Every Industrial Revolution brings significant productivity gain for successful adopters and causes a realignment of the economic pecking order; the changes always bring a new international order. Great Britain became the 'the empire on which the sun never sets' in the 19<sup>th</sup> and an early 20<sup>th</sup> century on the back of the 1<sup>st</sup> Industrial revolution. The US and Germany became a world power in the 2<sup>nd</sup>

Industrial Revolution. During the 3<sup>rd</sup> Industrial Revolution, the US reassert its supremacy, fending off challenges from other contenders and cause the breakup of USSR.

China is narrowing its technology gap with the advanced countries, and its early participation in the ferment phase of the 4<sup>th</sup> Industrial Revolution, the interaction of these two megatrends means a more significant role for rising China in the future.

There are questions on the continuation of the outstanding economic performance of China, and by extension, whether the country can be a real power sometime down the road.

Proponents of continuing growth of China pointed out that the build-up of physical and human capital supported the country's economic performance, the recent innovation in the area of a high-speed train, 3G nuclear power plant, 5G telecommunication demonstrated the innovation capacity of its scientist & engineers. While China still lags in many areas, they are 2<sup>nd</sup> and 3<sup>rd</sup> industrial revolution products and reaching stages of technology maturity that is easier to catch-up. The country is the largest manufacturing country, and it will stand to gain the most benefit in the 'cyber-physical integration' of the 4<sup>th</sup> Industrial Revolution.

They contended that the publicised financial meltdown is not going to happen as the country financed the debt by domestic means and the government can easily socialise the problem.

The detractors of the Chinese continuing fast growth contended that the country uses illicit means to gain the technologies in building its manufacturing industry and the past achievement are made on follower mode catch-up, and it cannot be the first mover on cutting edge technology under the current economic and social model.

Whether China can continue to achieve relatively high growth of around 6% in the short term or it will be dragged down by trade war threat, and financial sector debacle remains to seem. The baseline case in which most economists agree is that the country will continue to grow and play a more significant role in the world. The unknown is really on the issue whether it will take over the pole position of the US and if so, when?

The economic and technological advancement of China allows it to expand its military presence around the region. The Chinese navy construction has

overtaken that of the US since 2014, and the situation is similar to the US Navy buildup in the early 20<sup>th</sup> century. The country has notable achievement in three pillars of hard power: economics, military and technology. What it is weak is the financial sector power as the Renminbi internationalisation is slow. However, there is a constant debate on whether reserve currency power has a life of its own or it is just an extension of economic power.

Regional countries have been living in a Western power dominated geo-political order for the past two centuries and longer for some. The ascendancy of China brings potentially turbulent adjustment issues in this power transition. The complementary economic nature of the Chinese economy and that of many of its neighbours means increasingly close link among them. However, the widening disparity has raised some concerns in the smaller neighbouring countries. Also, legacy issues over race and territory must be worked out too.

The regional countries must review its model of growth in the face of the retreat from multilateralism of the US that renders its aspired model of export-led growth increasingly untenable. Re-emphasis on domestic economic growth drivers means accelerated infrastructure build-up to remove the bottleneck. How the Chinese 'Belt & Road Initiative' fit into the scheme must be reviewed in light of some erupting controversy in Malaysia and achieve a 'win-win' solution for all.

The broader implication of a rising China in the face of its speedy participation in the nascent phase of 4<sup>th</sup> Industrial Revolution and catching up of prior generation technology on the world is ongoing . The Chinese position on multilateralism and climate change in addition to its increasing on the United Nations affairs is taken positively by many countries.

The inexpensive Chinese technological goods have hastened the technological diffusion in many developing worlds and benefit the humanity. However, China 's changing role from a labour intensive low value-added goods producer complementing the advanced countries capital intensive and knowledge-intensive high value-added production is facing adjustment. The country's drive upscale in the value chain means tension will arise as the Chinese high skill products will compete against that of the advanced countries. The resulting commercial rivalry will be a constant source of friction, and the relationship will settle down only when both sides achieve a new state of equilibrium.

The Chinese soft power projections remain weak and more should be done to match its ascending role in global affairs. There is a natural fear in many countries

on the changing geopolitical order and improving its discourse on major issues will help to dispel many natural scepticisms toward a rising, revisionist power. Also providing more public goods in global governance is important to a rising power.

The process of evolution to a new global order with the twin megatrends of a rising China and the development of the 4<sup>th</sup> Industrial Revolution is just starting; it will take some time to reach a stable order. How the process will play out is uncertain and will be on everyone's mind. Global order transition is always a tricky moment as environmental uncertainties often heighten during the period and many critical national decisions must be made based on judgement calls with little meaningful precedence to guide action. The situation is even more challenging for small countries; their ability to influence events in this period is limited, and any policy missteps are costly.

## US FOIP AND REGIONAL IMPLICATIONS

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*Photo Credit: CICP*

The world today witnesses “three” Americas in action simultaneously. The first America is the one that has been playing prominent role in the international system after World War Two. This is the version of America that the global community is familiar and has been living through high and low in the past 70 years. It also defines the global role of America. The “second” American is emerging and becoming widely known as the America First, which is America that only the supporters of President Donald Trump would understand. Indeed, this is the indigenous America version that is not known abroad until Trump came to power. It has now become more prominent because of his wide-spreading personal vision. This image of America is not widely recognized or known. Through the right-wing media such as Fox News, Breitbart News Network, views of America First have been spreading wide and fast.

The third America is a special one, it happens with Trump’s America packed with his unpredictable daily tweets. It is the new American diplomacy conducting through the social network. This version of America is self-gratified and unique but has been ignored abroad. Trump’s tweets matter when they deal with his counterpart on particular hot and contested issues, especially towards other major powers. His tweets have already come to project US power overseas as well as reduce the so called “four-eye” meeting what he has chosen to discuss with the world leaders with his numerous tweets.

It is under the context of three Americas that the US Free and Open Indo-Pacific strategy should be understood. Although much has been said about FOIP after US President Donald Trump put forward the broad and vague concept last November, nobody is really clear what it really means and its implications. Now nearly a year has now elapsed. Some key features have emerged through speeches and comments by senior officials including US State Secretary Mike

Pompeo, US Defence Secretary Gen James Mattis in Singapore and Matthew Pottinger, Senior Director of Asian Department, National Security Council, in Yangon and Bangkok.

During their meetings with the Thai senior officials from Ministry of Defence and Ministry of Foreign Affairs recently, Mattis and Pottinger envisaged a Indo-Pacific region that is free from coercion with its members able to protect their sovereignty and territorial integrity with respect for fundamental human rights and freedom. In addition, all nations are committed to reciprocal trade, rule of law and the peaceful resolution of disputes. That much was clear.

With this strategy, Washington hopes it will help to promote national strength and resilience of all countries in the region so that no country can dominate others. Gen Mattis and Mr. Pottinger have also emphasized the pivotal role ASEAN would be able to play in promoting peace and prosperity in the region under the FOIP.

For the time being, the Indo-Pacific means the areas within the two oceans, the Indian and Pacific, covering the same geographic spread as the Asia-Pacific concept. But the latest US depiction of these vast combined continents has given added emphasis on India, the world's largest democracy. Together with its "Act East Policy", India has earnestly responded to the US call for a higher profile in multifaceted engagements with the Indo-Pacific countries, especially in maritime security cooperation.

The FOIP strategy was introduced at the right time. Thailand has already expressed strong support for the Indo-Pacific strategy, as it could usher the country into the centre of the regional scheme of things. Here are five important reasons: First of all, Thailand is the forthcoming ASEAN chair succeeding Singapore in 2019. Until recently, ASEAN was willing to stick its neck out as its leaders know very little about the Indo-Pacific concept. At the 32nd ASEAN Summit in April, ASEAN leaders discussed the Indo-Pacific but they did not come out with any common positions. The chairman's joint statement simply said that they would look forward to discussing it further.

Thereafter, Pompeo was mindful of the grouping's growing anxieties as to the future operationalization of FOIP. He tried to put meats into the bone of FOIP with two separate announcements of funding to assist the countries in the region. At the ASEAN foreign ministerial meeting in Singapore in August, US State Secretary Mike Pompeo announced the allocation of US\$300 million to strengthen

security in the Indo-Pacific region, which followed hot on the heels of a US\$113 million economic initiative announced at the end of July in Washington. Putting all the details together, it showed Trump's determination to push forward the Indo-Pacific strategy.

More details and operational plans are expected in the autumn -- in time for the announcement at the scheduled East Asia Summit in November in Singapore. That would mean the incoming chair, Thailand, has to handle this issue once it has been officially introduced later this year or early next year. Thailand has already expressed support for the US Indo-Pacific strategy and that it would coordinate all relevant views and ideas to come up with ASEAN positions during its chairmanship.

Secondly, this is an auspicious year for the Thailand-US partnership and friendship. Both countries are celebrating their 200th year of relations. Lest we forget, Thailand is also one of five US allies in the Indo-Pacific region, apart from Japan, South Korea, Australia and the Philippines. But after the end of Cold War, the Thai-US alliance did not enjoy the same significance. The Thanat-Rush communique of 1962, which underpins the alliance, was an offshoot of the 1954 Manila Pact. Truth be told, it was designed with the sole purpose of helping Thailand to fight the menacing communist threat at that time. In the post-Cold War, the former Indochinese countries are ASEAN members and now Thailand's best new friends.

In more ways than one, the FOIP is considered a new area of strategic convergence in which Thailand and the US can work together using existing networks that have been established for decades. If necessary, they can also create new ones. Gen Mattis reiterated that with the strategy in place, the countries in the region can work together to promote their economic and security strengths so that they can protect their sovereignty and independence. "No one nation can or should dominate the Indo-Pacific," Gen Mattis said in his speech at the Shangri-La Dialogue in June.

Thirdly, Thailand can promote ASEAN centrality in assisting implementation of FOIP. Since Thailand helped found ASEAN in 1967, its principal foreign policy tenet toward ASEAN has never changed. ASEAN has become part of the DNA of the country's diplomacy and is still the country's biggest trading partner. Last year, Thailand attracted nearly 10 million tourists from the other nine members, generating billions of dollars of revenue. Therefore, it is natural that Thailand would continue to promote ASEAN centrality in every possible area. In Vientiane

in 2016, Thailand urged its ASEAN colleagues to raise the profile of 40-year-old Treaty of Amity and Cooperation (TAC), the region's first regional code of conduct. Now, with 33 signatories, the ASEAN members agreed to jointly promote the TAC as an international norm. As part of the new effort, Thailand can help to increase interoperability

Fourthly, Thailand has an independent foreign policy, which has been accepted by all neighbouring countries and major powers. Its century-old balanced diplomacy practice has saved the country's independence as only the nation that escaped colonisation in the region. As the incoming ASEAN chair, judging from its past performance, Thailand will confidently engage foreign powers in both geopolitical and geo-economic terms to make sure that they coexist with each other without conflicts. With its balanced and non-confrontational approach, Thailand remains a pillar in ensuring that ASEAN will not sway and side with any major power.

Finally, the country is gearing up to hold a long-awaited election on 24 February 2019, sending a strong message to the international community that Thailand has finally returned to its old democratic self. Western countries, including the US and EU, would resume their bilateral engagements with Thailand in full. Last week, the US State Department finally recognized the four-year continued efforts of Thailand to improve the human rights and working condition of millions of migrant workers. Washington has finally upgraded the country to Tier 2 in the latest Trafficking in Persons Report.

Obviously much work still needs to be done. As the incoming ASEAN chair, the US FOIP would be discussed within the framework of ASEAN. The ASEAN foreign ministers have agreed to study the FOIP further to ascertain that the grouping can play a central role. It remains to be seen how the ASEAN members can shape and form a consensus on this concept. ASEAN centrality and relevancy depend on the grouping's ability to take up the FOIP and transform into its own with principles and key elements that are rules-based on international laws.



# CONSTRUCTION OF TRUST AND COOPERATION MECHANISM IN THE INDO-PACIFIC REGION

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*Dr. Song Haixiao (Right)/ Photo Credit: CICP*

*Regional Conference on  
Whither the Indo-Pacific Strategy?  
The Insecure Security Landscape in the Asia-Pacific Region*

## **Construction of trust and cooperation mechanism in Indo- Pacific Region**

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## **context**



● The Role and status of IPR

● The concern of FOIP

● Construction of trust and  
cooperation mechanism

# I. The Role and status of IPR

❖ The Indo-Pacific Region covers a vast area with numerous countries and 60 percent of the world's population. Its economic and trade volumes take up nearly 60 percent and half of the world's total.



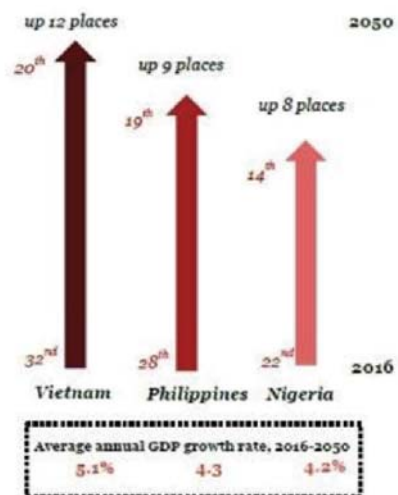
## PwC predicted the world's top ten economies by 2050 (2017).

Emerging markets will dominate the world's top 10 economies in 2050 (GDP at PPPs)

	2016	2050	
China	1	1	China
US	2	2	India
India	3	3	US
Japan	4	4	Indonesia
Germany	5	5	Brazil
Russia	6	6	Russia
Brazil	7	7	Mexico
Indonesia	8	8	Japan
UK	9	9	Germany
France	10	10	UK

Legend: ■ E7 economies ■ G7 economies

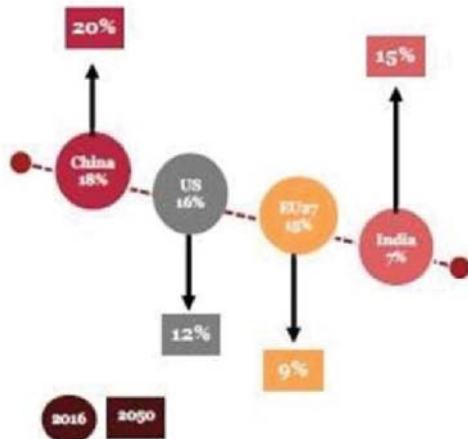
Vietnam, the Philippines and Nigeria could make the greatest moves up the rankings by 2050



## The Long View: How will the global economic order change by 2050?

*The US and Europe will steadily lose ground to China and India*

Share of world GDP (PPPs) from 2016 to 2050...



Sources: IMF for 2016 estimates, PwC analysis for projections to 2050

*Global economic power will shift to the E7 economies*

In...  
1995 E7 were half the size of G7

By...  
2015 E7 were around the same size as G7

And in just 25 years...  
2040 E7 could be double the size of G7

G7: US, UK, France, Germany, Japan, Canada and Italy  
E7: China, India, Indonesia, Brazil, Russia, Mexico and Turkey

## US: FOIP

- ❖ the Free and Open Indo-Pacific
- ❖ 1) expanding attention on the maritime space;
- ❖ 2) improving interoperability with partners;
- ❖ 3) strengthening rule of law, civil society, and transparent governance; and
- ❖ 4) enabling private sector-led economic development.

## II. The concern of FOIP

### ❖ 1. What Does a 'Free and Open Indo-Pacific' Actually Mean?



THE DIPLOMAT

THE DEBATE

### What Does a 'Free and Open Indo-Pacific' Actually Mean?

A look at the significance and prospects of the new concept.

By Mark J. Valencia  
March 30, 2018

### 2. What is the status and role of the other countries in FOIP?



NIKKEI ASIAN REVIEW

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INTERNATIONAL RELATIONS

### ASEAN crafts position on US 'Free and Open Indo-Pacific' strategy

Foreign ministers seek to ensure 10-member group is not marginalized

August 02, 2018 05:29 JST

### The 'Free and Open' Indo-Pacific: A Call for European Partnership

### 3. What is the mechanism of FOIP?

- ❖ Three-nation mechanism?  
*Australia, Japan, the United States*
- ❖ Four-nation mechanism?  
*Australia, Japan, India, and the United States*
- ❖ Two-ocean mechanism?  
*Between the Western Pacific and the Indian Ocean*
- ❖ Multinational mechanism?

### III Construction of trust and cooperation mechanism

- ❖ 1. trust is trust
- ❖ (*China, India, Brazil, South Africa, Russia, Turkey, ASEAN?*)
- ❖ Q: What is the Free and Open Indo-Pacific strategy?  
... So, how do you build cooperative mechanisms when you have a hostility toward.....





## Cooperation toward future

- ❖ Indo-Pacific is Indian Ocean and Pacific Ocean
- ❖ India is one the core countries in IPR
- ❖ IPR is everyone's



# Thank You!

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## PAWNS OR MODERATORS? MIDDLE POWERS AND THE INDO-PACIFIC PROJECT

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*Photo Credit: CICP*

As middle and small powers adopt a wait and see attitude toward the Indo-Pacific project pushed by powers such as the United States, Japan, and India, they need to assess what role can they play in the increasingly tense and consistently uncertain regional strategic environment. Throughout history, countries that straddle in the middle have either chosen sides or adopted complete nonalignment with any major power. However, in between these two extreme choices are a variety of policy options and strategies and further complicates geopolitical calculations of states and makes the pursuit of regional cooperation toward peace and stability more elusive.

My take on the Indo-Pacific project from the lens of a middle power can be divided into three points: identities, domestic realities, and the pursuit of moderation. I believe that the future of the Indo-Pacific project lies in the moderating role that middle powers play which entails a careful approach defined by an avoidance to intensify rivalries, the promotion norms of cooperation and restraint, and balancing against the complete dominance of one power in the Asia-Pacific.

What is a middle power? There are no set criteria on which country can be objectively considered as a middle power. If one consults the existing literature, one can view middle powers as either those who are dependent on big or major powers, countries that become middle power by virtue of enjoining regional groupings or organizations, and those that pursue nonconventional goals such as international norms and other aspirational norms such as human security, the

responsibility to protect, etc. Presently, middle powers in the region are those that can affect the regional balance power with limited impact. Middle powers often draw their strength from acting in concert even without the backing of major powers. ASEAN is a prime example of a grouping of small states that acquired a collective middle power status in the region.

Being in the middle is not just about a question of capability but also of identity. Middle powers are in the best position to exert moderate positions. In the current regional order, this is a midpoint between just defending the status quo and wholly changing the rules of the game. The Indo-Pacific project thus far seems to be an idea that seeks to reassert the highly challenged liberal order the US and its allies built but with acceptance from actors such as ASEAN and other states. Therefore, middle powers are not simply rule-defenders or rule-changers. There is another role they can play – to be rule-reformers. This means advocating for incremental but meaningful reforms within the current regional order but maintaining its elements that are mutually beneficial and appropriate. The Indo-Pacific project, once wholly unmasked, can be influenced by middle powers as a concept of reform rather than a defense of the existing order. The latter only will validate concerns by countries like China that this is an attempt to curb its power in the region.

Being moderate also means that middle powers exercise self- and collective restraint. Many of the middle powers have been major powers or aspire to become one. The uncertain regional strategic environment also becomes an opportunity to assert themselves and increase their standing in the region. Chaos generated by power shifts provides this opportunity. But this is where the temptation should be denied by middle powers. The collective action problem of being enticed to do what is rational for each state must be overcome with the bigger picture: the need to act in concert to pursue mutually beneficial ends for all. The true test of the impact of middle powers is not that its power increased given regional strategic uncertainty, but if the region becomes less hostile, more stable, and more peaceful. Such a condition in the end benefits powers big, middle or small.

All politics is local. The influence of middle powers is determined by how it handles its domestic front. It is naïve to think that they are not subject to domestic realities such as public opinion, electoral cycles, institutional weakness, and other things we can conveniently call “politics”. Just as the US seeks to “make America great again” and China pursue its dream, middle powers also have their domestic agendas to fulfill and national publics to satisfy. Therefore, one cannot be too optimistic that they can rise to the challenge posed by regional strategic

uncertainty. This is where big and small powers can help. They can strengthen cooperation, linkages, and multilateral institutions that can support middle powers.

So, what can be the niches of middle powers? I believe that starting with moderately ambitious goals is a good start. An example is the non-threatening support given by Japan for the modernization of the coast guard of Southeast Asian countries like the Philippines. It responds to mutual interests, increases the maritime domain interests of smaller states, and overall contributes to maritime security. Middle powers need to reflect on their strengths and use it as leverage in dealing with smaller states but also with big powers.

Finally, middle powers need to avoid the binary trap. Choosing to side with a big power I think is a grave mistake. First, it inflames already existing tensions. Middle power groupings such as ASEAN are known for their equidistance. To force middle powers to choose is not only irresponsible but also a blatant disregard for stability and peace. Middle powers can take cues from big and small powers but must lead initiatives themselves. While some of them might not be used to leading given their dependent relations with big powers, they need to rise to the occasion. Taking a side robs a middle power of its capacity for moderation.

The Indo-Pacific project is a good idea but the challenge is ownership. If it becomes a counterweight to China's Belt and Road Initiative, then middle and small powers might have to be compelled to choose sides. This increases the stakes of competition that might be to the interest of the big powers but not necessarily for the rest. If this is how elephants will engage their next round of fighting, middle and small powers, like the grass will become victims in the end.



## CAUGHT BETWEEN THE MAJOR POWERS: SOUTHEAST ASIA AND THE INDO-PACIFIC STRATEGY

*Markus Koob*

*Member of the German Bundestag*



*Photo Credit: CICP*

As a Member of the German Bundestag and of its Foreign Affairs Committee, where I am the rapporteur for my parliamentary group on matters relating to the ASEAN States, I am very grateful for the opportunity to contribute to this Regional Conference, entitled “Whither The Indo-Pacific Strategy? - Shifting Strategic Landscape in the Asia-Pacific Region”, of the Cambodian Institute for Cooperation and Peace here in Phnom Penh and to share some of our European experiences. I do not regard myself as an expert in this field. My words, therefore, are not intended as pearls of wisdom from abroad but rather as input into a discussion

that has aroused wide international interest.

Being caught between two rival power blocs is something that many countries in the world experienced in the course of the last century – in Asia, Africa, South America and Europe. As China’s political ambitions have grown in recent years, this experience is being relived in many parts of the world and has once more become an issue for many countries. How, then, can such competition between two great powers for resources, influence, security and power be managed without any loss of sovereignty, security and economic strength?

The Member States of the EU were faced with a similar challenge after the fall of the Iron Curtain and certainly after the eastward enlargement of the EU in 2004. On the one hand, there were the historically rooted relations between Western Europe and the United States in the NATO framework. On the other hand, there were countries such as Poland, Lithuania and Hungary which had shared several decades of common history with the Soviet Union, albeit not without tension, in the Warsaw Pact and Comecon. Although the countries of Eastern Europe joined the Western alliance with the United States, this did not amount to an abandonment of economic and diplomatic ties with the Russian Federation. On the contrary, for a brief time the history of Europe was closely linked politically

and economically with those of both the Russian Federation and the United States. As a strong mediator between the two global powers, Europe succeeded in creating a win-win situation for all parties without sacrificing its own position. Regrettably, as we now know, this fruitful mediation role was short-lived.

Many recent occurrences have caused a gradual alienation of the European allies from the President of the United States, though not from the United States itself, while the Russian annexation of the Crimea, the war in eastern Ukraine, the Russian poisoning of former agent Sergei Skripal in the United Kingdom and the Russian cyberattacks have likewise reminded us in Europe over the past few months and years that the European Union itself must endeavor to safeguard its security and preserve its well-being and that fuller European integration in the realm of security policy is of the utmost importance. In the framework of PESCO (Permanent Structured Cooperation), a mechanism for closer cooperation of 25 EU Member States in the context of the European common security and defence policy (CSDP), these states have agreed to increase their defence budgets regularly, to raise their arms expenditure to 20% of their defence budgets, to implement joint strategic armaments projects and to adopt many other similar measures. It has taken a change in the strategic situation in Europe to advance these and other projects that have been bones of contention within the EU for decades.

The close transatlantic partnership between the European Union and the United States is of huge importance to both sides but this does not mean that the EU cannot simultaneously maintain close economic ties with China, Japan and the ASEAN States too. There is a simple reason why I am raising these points: it is because they show that life can be lived in the shadow of two great powers but also that the success of such an endeavor cannot be taken for granted. It requires strength – not military but chiefly economic and strategic strength. This strength, like the preservation of sovereignty, requires unity. Regrettably, in past years the EU has often lacked that unity. The EU ideal of unity in diversity was increasingly being forgotten in the course of the Member States' rounds of late-night negotiations in Brussels. It has taken the changing strategic landscape in Europe to re-establish a certain unity – almost by force of necessity.

And so, if the States of ASEAN are united, both in their objectives and in their line of approach, they will be able to hold their own in the arena of great-power rivalry. Unity requires constant readiness to compromise, which is easier to achieve in some matters than in others. If countries wish to maintain their place in the world and defend their interests against great powers, however, they can only

do so by working together. Uncompromising attitudes, which have become increasingly prevalent in the world in recent years, lead to division and ultimately benefit only the great powers.

For this reason, I welcome the idea of ASEAN centrality. I cannot adequately judge, however, whether the quest for centrality in the regional security architecture is a realistic approach. Yet who, in the recent past, would have thought it a realistic scenario that the United Kingdom would exit the EU or that the United States would withdraw from the Paris Climate Agreement? Very few, if any. The US abandonment of global free trade would also have seemed highly improbable only a few years ago. So, it is not a matter of whether it is a realistic ambition but of whether it should be pursued. And it undoubtedly should, for the geographical centrality of the ASEAN States offers them a golden opportunity for economic development and the associated prosperity. The shortest route from North America to India, from India to Japan, from Australia to China and between many other trading nations crosses the territory of ASEAN States. I need hardly tell you, moreover, that ASEAN is a major regional force with a crucial say on regional issues and conflicts. Accordingly, it should vigorously press its claim to centrality, including a central role within an Indo-Pacific strategy.

In principle, such an Indo-Pacific strategy, as proposed by the United States, Japan, India and Australia, can benefit the economies and the security of the ASEAN States too. Such a strategy, however, always requires an all-embracing blueprint that goes beyond power politics and geostrategic considerations. Unfortunately, I have not yet managed to find sufficient evidence of such a blueprint beyond catchwords such as peace, stability, economic prosperity, free trade and the rule of law. An Indo-Pacific strategy designed solely to ward off another great power is not really helpful for either side, since it will sow distrust, suspicion and even enmity in the field of international relations. Consequently, an Indo-Pacific strategy must not be conceived as an alliance against anything or anyone but as a loose grouping designed to promote prosperity and preserve peace in the ASEAN region.

An Indo-Pacific strategy with ASEAN as the geographical and economic hub of the region offers great opportunities for its 600 million inhabitants, but only if its existence does not impair relations with the EU, China and other centres of economic activity in the world. An Indo-Pacific strategy with an ASEAN-centred approach can then bring success in spite of the challenges it poses. The basic recipe for success, however, lies in a clear conception of what an Indo-Pacific strategy should entail and in the preservation of unity within ASEAN.

The fact is that individual states always find it difficult to assert their interests against those of large economic powers. The ASEAN nations, however, with a combined population of 600 million – more than that of the European Union – are a force to be reckoned with when they are united. ASEAN should therefore be sufficiently self-assured to state and defend its collective interests as an equal partner. It is not a matter of confrontation but of peaceful coexistence in a balanced power structure with free and open trade for the benefit of the population of the ASEAN countries.

The ASEAN States can withstand pressure, but only if all of them pull together, strengthen their economies, engage in trade, maintain adequate defenses and take direct action to improve the lives of their inhabitants. Only if the ASEAN States achieve economic success and military security in the medium term will they avoid becoming pawns in the hands of the other regional powers. This will entail a degree of openness to investments from Europe, China, the United States and other sources but also uniform and clearly formulated terms of investment and trade. Then they will be able to turn US-Chinese competition in South-East Asia to their advantage without having to commit themselves to either side, for a decision in favor of either side is less important than the cohesion of ASEAN itself.



## ASEAN'S ROLE: A PERSPECTIVE FROM SINGAPORE

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*Photo Credit: CICP*

In articulating Singapore's perspective on ASEAN (the Association of Southeast Asian Nations), one must start from the compass point of the brand of amended realism associated with its first foreign minister, S. Rajaratnam. The latter was well known for distinguishing a foreign policy of deeds from a foreign policy of words. There are three clauses to this.

First, the ideal foreign policy of words coinciding with deeds. Included in this category are Singapore's close friends and allies because of a coincidence of fundamental objectives and national interests, in spite of minor bilateral 'irritations' from time to time.

The second category would be those whose deeds reflect normalisation and amity towards Singapore, while their official rhetoric reflects a dogmatic ideological hostility. '[T]here is always the hope that friendly relations, however tentative and however cautious, could in the course of time and with good sense on both sides, mature into friendship of the first category'.

The third category is the negative extreme where both words and deeds are consistently hostile to Singaporean national interests and hence irreconcilable enemies. Rajaratnam observed in 1965 that no country had thus far entered this category. Five decades – and a Cold War – later, it would appear that Singapore rarely had to deal with the nightmarish third category.

From time to time, Singapore's foreign policy partners have oscillated between categories one and two. Rajaratnam had always counselled patience, and adherence to the principle of welcoming friendship from all directions. This was also rationality in action, since no state of enmity could last forever.<sup>1</sup>

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<sup>1</sup> The preceding three paragraphs were first co-published by the author on the occasion of the Trump-Kim summit in Singapore in June 2018. (Chong & Ong, 2018)

## ASEAN'S EXPERIENCE AS A CLUB OF NATION-STATES

Singapore's appraisal of ASEAN stems from a rational, optimistic, long term perspective. ASEAN as an evolving collective neighbourhood organization has to be recognized for both its historical limitations and its potential to overcome those limitations. That said, ASEAN's improvement cannot happen overnight, despite reams of publications that call for a massive overhaul of the organization's direction.<sup>2</sup> Five trends need to be explained in order to support this mixed appraisal of ASEAN.

Firstly, it must be acknowledged that ASEAN did not emerge in a vacuum. It had many precursors in the period 1948-66: the Asian Relations Conferences, SEATO (South East Asia Treaty Organization), ASA (Association of Southeast Asia), and MAPHILINDO. Most of what we know as the new states of Southeast Asia struggled to free themselves from colonial rule. Decolonization did not end with the lowering of British, French, Dutch, American and Portuguese flags, the successor governments faced the complicated task of inheriting borders drawn by the departing western powers and getting along with the new neighbours. The Asian Relations conferences suffered from an excess of idealism in assuming that all of Asia could automatically identify as one 'pan-regional solidarity' by blood, culture and colonial suffering. SEATO and ASA were perceived by the more independent-minded and left-wing governments to be the inauthentic form of regionalism imposed by outside powers. Indeed, SEATO's inclusion of Pakistan and France gave these two a somewhat disproportionate voice in the region. Or worse, it looked like colonial powers were coming back, literally through the back door of a defence arrangement. MAPHILINDO in turn was perceived by the neighbours of Malaysia, Philippines and Indonesia as too narrowly based on ethnic kinship. All of these predecessors of ASEAN suffered from questions of inclusiveness and representative quality. Indeed, words and deeds in diplomatic aspirations across Southeast Asia did not match.

Secondly, it is clear that the nation-state is still a highly durable and cherished institution across Southeast Asia. The fall, rise and continued muddled romance with the nation-state could be seen in every national situation where welfare delivery coexisted with repression; law and order structures with civil disturbances, and outright insurgencies that often called for creating rival states. Moreover, the ideal of the nation-state crystallized the principles of self-

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<sup>2</sup> Leifer, *ASEAN and the Security of Southeast Asia*, 1989; Acharya, 2001; Soesastro, Joewono, & Hernandez, 2006; Emmers, 2012; Collins, 2013

determination proclaimed by every Southeast Asian state's nationalists. There is nothing inherently wrong with 'romancing' the idea of the nation-state since politics must operate in an organized way for the good of the people of the region. This is a fact of international politics one must accept in this region, especially when one compares ASEAN's future with rival visions articulated by great powers.

Thirdly, ASEAN was created chiefly as a diplomatic coordination organization. It was initially not intended to be a deeply supranational institution like the European Union (EU). Indeed, the late Professor Michael Leifer dubbed ASEAN a 'diplomatic community' to describe this thinness in conception.<sup>3</sup> Of course, one can see that ASEAN's national leaderships mapped out a very different version of the organization's future with the signature of the ASEAN Charter in 2015 and the Second Bali Concord in 2003. At face value, these documents commit ASEAN to implement policies that would create an EU-like entity at some point in the distant future. But the reality is that ASEAN integration can only progress as fast as its hesitant members are willing to avoid straining the 'ASEAN Way' of consensus and mutual consultation to avoid an open breach in regional solidarity on many issues of development and security.

Fourthly, what has actually transpired within ASEAN is that its members collectively and individually treat it as a minimal security community. There have been many public assurances of non-violence in conflict management implemented by member states. But, this also poses the familiar problem of how diplomatic words and intentions need to be carefully analysed to gauge whether the invocation of the 'ASEAN Spirit' and 'ASEAN Way' still acts as meaningful constraints on its member states. The record on this score is still mixed, but it does give ASEAN's member states a helpful reference for de-escalating unresolved rows.

Fifthly, all of Southeast Asia's Nation-states find their capacities stretched to combat non-traditional security threats. The latter refer to a spectrum of security threats that defy sovereign borders in their proliferation and complexity. Climate-related disasters, human rights issues amounting to refugee flows across borders, economic contagion, fundamentalist terrorism, and globalization-induced poverty are a few obvious examples. ASEAN has been criticized for neglecting this spectrum of threats, but this is often countered by supporters of the nation-state who argue that strengthening the administrative, welfare and law enforcement arms of each ASEAN member state is the surest way to tackle these threats.

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<sup>3</sup> Leifer, *The ASEAN peace process: A category mistake*, 1999

## *ASEAN AS A HUB OF OVERLAPPING EXPERIMENTS AT GREATER ASIAN REGIONALISM?*

Despite ASEAN's modest aims at its inception, it has apparently fostered a number of initiatives that have taken off in the direction of stabilizing great power rivalry. ASEAN initiated the formal dialogue series from the 1970s onwards with important states such as Australia, the US, China, and Japan, and with others such as the EU, South Korea, India and Russia subsequently added. Additionally, these dialogues have evolved into sectoral dialogues on economic matters and even full scale 'ASEAN plus One' commemorative summits. The ASEAN Regional Forum (ARF) followed in 1993-4 as a catch-all security forum that was openly agnostic about pre-existing bilateral security arrangements. ASEAN too took the initiative with the inauguration of the Asia-Europe Meeting (ASEM) process in 1996, for which Thailand took the lead. Following the economic distress created by the 1997-8 Asian Financial Crisis, South Korea proposed closer economic collaboration with ASEAN and this led to the formation of the ASEAN Plus Three series of meetings and summits. Malaysia, on its part, wanted a more robust supplement to the ARF and this lobbying effort led to the inauguration of the East Asia Summit in 2005. Almost simultaneously, ASEAN's defence establishments felt that the momentum was right to expedite closer defence confidence building measures. This in turn led to the creation of the ASEAN Defence Ministers' Meeting Plus (ADMM Plus) between 2006 and 2010.

This overlapping series of international forums led by, or encouraged by, ASEAN can be said to constitute overlapping experiments at greater Asian regionalism. This can be explained in four points. Firstly, one can articulate the existence of a 'regional security architecture'. This means great powers, medium powers and small states have a stake in peace. It is pluralist in its deliberate openness towards including any, or all interested external powers and middle powers. The point is to build soft community with interested parties so as to provide them with incentives to cooperate with an ASEAN-led regional order that preserved interstate peace, however incomplete it might be.

Secondly, the idea of an open and inclusive regional security architecture recognizes that more dialogue with external powers is far better than leaving it to outsiders to pursue unilateral contingent paths. Important lessons can be drawn from the 1960s. There were a raft of interstate conflicts arising from miscommunication. There were also lessons from multiple island disputes: Ligitan-Sipadan; Pedra Branca; Spratlys; Ambalat; maritime boundaries disputed between contiguous states. A great of these could have been contained through

bilateral mutually agreeable talks, instead of inviting unhelpful politicization by outsiders.

Thirdly, ASEAN-led regionalism established a pattern of preferential channels for special relationships that avoided the loss of political face for members involved in disputes. We might term this the creation of 'constituencies of empathy or justice'. This is practicable on the basis that friends and neighbours discussing or freezing their bilateral or trilateral disputes is a far better situation than attempting to produce a solution through force, with deeply negative consequences.

Fourthly, ASEAN patterned regionalism favours collective action. Increasingly, this is the only way to solve non-traditional security (NTS) issues which dominate a great deal of today's security horizons: peacekeeping operations, such as in Timor-Leste after the events of 1999; the 2004-5 tsunami relief effort in Sumatra and Phuket; recurring haze issues; anti-terrorism cooperation; the Chiang Mai Initiative a.k.a. the 'AMF'; the Typhoon Haiyan relief operations in 2013; assorted flood relief efforts in Thailand, Philippines etc.; the Malacca Straits Patrol from 2008 onwards; and the Tri-Nation Air and Maritime Patrols from 2017 onwards in the Sulu Sea region.

#### **ASEAN CENTRALITY – ASPIRATION & REALITY NEEDS TO BE CONSTANTLY RECONCILED**

In the final section, it is quite inevitable that any perspective from Singapore needs to reflect on the nature and future of 'ASEAN Centrality'. This concept recognizes that ASEAN is an inter-governmental regional organisation which aims to maintain a peaceful and prosperous Southeast Asia by keeping it open and inclusive. Anyone with an interest in Southeast Asia is welcomed to cooperate with ASEAN and its individual member states to strengthen peace and security in the region. ASEAN takes a neutral stand on the relationship amongst major powers and does not take sides on issues involving the external parties. The key to the organization's success is the concept of ASEAN centrality. This means the primary consideration is the interests of ASEAN as a whole and not what is important to specific national interests of those in the grouping.

Over the years, ASEAN has developed different mechanisms to engage the external parties which have strategic interests in Southeast Asia. It has been a step-by-step approach and at a pace comfortable to all parties involved. The idea

of diplomatic comfort levels resonates with Singapore's view that positive deeds must be reconciled with positive words over time. This contributed to the establishment of the norms practised in the ASEAN Regional Forum (ARF), the ASEAN Plus Three platform, the East Asia Summit (EAS), and the ASEAN Defence Ministers Meeting Plus. ASEAN is systematic in the development of its partnership relations. The number of ASEAN dialogue partners has not increased though the ASEAN sectoral partners and development partners have grown slightly. The overriding factor is to formalise cooperation and collaboration with selected countries based on substantive and sustainable considerations rather than ad hoc projects or special circumstances.

Nonetheless, ASEAN's established process and procedure in engaging external partners for mutual benefit have not been free of controversy. Yet in the five decades since the founding of ASEAN, the consistency and fortitude in applying the established principles and leaders' vision has helped ASEAN build up a credible, enduring and enviable relationship with all its external partners.

Against this record, one might then further describe ASEAN Centrality using three further labels. Firstly, ASEAN is a driver of regionalism. Secondly, ASEAN can be analyzed as a contributor to East Asian stability through serving as convener and facilitator for a wide assortment of diplomatic events. And thirdly, ASEAN is operationally the hub of East Asian regionalism.

In my closing reflections, a number of caveats are in order. While many of my preceding observations are a perspective 'from the inside' of ASEAN and Singapore, it must be acknowledged that critical perceptions from the outside may explain centrality as arising from alternative bases. For instance, some observers argue that 'Centrality' is a default diplomatic position of weakness in ASEAN's progress towards the 3 pillars of ASEAN Community envisioned in its Charter. Other observers are also plausible in arguing that the great powers' inability to convene reliable consultation channels to mitigate differences amongst themselves leads to ASEAN Centrality by default.

One is tempted to end this paper on a cynical note, that ASEAN is thriving by default, principally because militarily and politically stronger powers have allowed it to lead. But it can equally be submitted that the organization's member states have over time accumulated sufficient virtue out of peaceful temporizing and prevarication, making headway in the process to retard impulses towards militarized conflict in a region still decolonizing itself.

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## ASEAN AT THE CROSSROADS AND CROSSHAIRS BETWEEN MAJOR POWERS

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Choum Reap Sor,

First, I would like to present my thanks to the Cambodian Institute for Cooperation and Peace for your outstanding organisation and arrangement of this very important regional conference. I am not only grateful for your very generous hospitality but I am also impressed with the conception of this conference as manifested by the introductory papers and remarks we have listened so far. This outstanding job has been due to the great leadership of HRH Samdech Norodom Sirivudh and HE Ambassador Pou Sothirak and their colleagues at the CICP.

I would also like to thank the South Asia & Southeast Asia International Logistics Research Institute (SSILR) Kunming, China, and The Konrad-Adenauer-Stiftung (KAS) Cambodia as represented here by President Liu Jinxin and Dr. Daniel Schmuecking for helping facilitate the event.



Mr. Nguyen Haoi Anh (First from the Right)/ *Photo Credit: CICP*

1. Last year, ASEAN celebrated the 50th anniversary of its founding. We and our partners are about to enter the concluding phase for the Regional Comprehensive Economic Partnership (RCEP). This year marks the fifth anniversary of China's Belt and Road Initiative, a giant project of inter-regional connectivity. This year also sees the CPTPP come into being. And within the last two years, the United States, Japan, Australia, their allies and partners articulated their vision of the region with the Free and Open Indo-Pacific Strategy, along with the many initiatives of individual major powers. So it is high time to take stock of those initiatives.
2. On major power competition. Let's first look at China. China's rise is phenomenal, the biggest game-changer of the last two hundred years. China has become a pre-eminent power of the first tier and is fast catching up with the United States. At the global level, the United States remains the superpower, but in Asia Pacific, a state of bipolar order has been in existence within the last five years. Even in certain sub-regions, China's influence already surpasses that of the United States. For example, China is now the No 1 trading partner of ASEAN as a whole as well as every member countries. Within the last five years, The Belt and Road initiative has left tremendous footprints in the three continents with strategic consequences. BRI now attracts the attention of over 100 nations and already help change the strategic and physical connectivity across our region. No other regional initiative can claim such huge outcomes within a such a short timespan. And in the next ten years, the BRI aims to bring USD 5 trillion worth of investment to countries across the land and maritime silk roads, with over USD 350 billion already committed.
3. However, we should not overlook the role of the United States. With the Rebalancing strategy of the Obama Administration, American interests have taken root firmly in the region. And the Trump Administration has brought those interests further with the Free and Open Indo-Pacific Strategy. Within the last ten months, we have seen first but firm steps in the development of this initiative. Apart from the visions, papers, and concepts, concrete measures in defense, security, economic, investment and infrastructure cooperation have been proposed, and in many cases, are already carried out. More importantly, the FOIP also attracts the attention of countries in the region, and the phrase Indo-Pacific is gaining currency, not only as a geographic description but also a reflection of strategic and economic realities of our broader region. And this initiative is also backed up by numbers. With USD 5 trillion worth of accumulated investment of the United States in the region, FOIP promised to

bring in about USD 50 trillion worth of investment from the private sector of the United States, Japan, and other countries in the region.

4. These pan-regional initiatives are manifestation of a larger symptom - Major power competition is on the rise and is here to stay. It exists irrespective of ASEAN's attitude. In other words, we have to live with that. But is it a bad thing? Yes, uncontrolled competition is very likely. We must avoid that. But at the same time, competition improves quality and it forces players to readjust. There are indications that point to China's adjustment of the Belt and Road Initiative. And the US did really listen to ASEAN centrality. And also, Role of middle powers and smaller countries also important.
5. Understanding of IPS: A concept, idea, strategy, and initiative. Not a grouping. Geographical limit or name are not important. But the Quad will have a very difficult job of convincing other stakeholders to join it onboard.
6. Role of ASEAN: ASEAN at 50 faces some 'mid-life crisis' in the words of certain scholars. However, ASEAN has withstood many challenges before due to its unity and adaptability. I think there are some factors for ASEAN's success and relevance: (i) ASEAN's strategic location, population, combined GDP output and economic prospects; (ii) ASEAN mechanisms that bring powers and very diverse partners together; (iii) Southeast Asia and ASEAN is the testing ground for ideas, strategies and initiatives from big powers. We see the challenges mainly from major power competition, pressures, not in the success of ASEAN. The Way of ASEAN needs updates, not fundamental change, ASEAN unity is still relevant. An ASEAN that works must be able to address head on the strategic challenges. It must be able and must be allowed to play a mediating and coordinating role in the differences among powers and partners. Indonesia must play a more active role.
7. Some recommendations: Indeed, the Indo-Asia-Pacific region is increasingly emerging as a unified entity. We all are stakeholders in the emerging Indo-Asia-Pacific region. Against this backdrop, the question posed to us is: How do we envisage viable forms of regional architectures so as to bring about concrete security and developmental benefits for all of us? We believe that constructing any Indo-Asia-Pacific regional architecture is a complex undertaking. For them to be beneficial to peace, security and prosperity in the region, such architectures need to embody following fundamental elements: inclusive, international law, ASEAN centrality.

8. Prerequisites for such a vision to take place: all cooperation and connectivity initiatives should be undertaken on the basis of respecting the independence, sovereignty of nations, conducive to confidence building as well as promoting mutual benefits. And strategic and security concerns such as the South China Sea, DPRK, issues associated with the upstream Mekong river, upstream or downstream. must be allowed to be discussed and handled in a candid and constructive manners.

## ASEAN'S ROLE: PERSPECTIVE FROM INDONESIA

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*Photo Credit: CICP*

Arguably the international societies today question the relevance of ASEAN, as the contemporary world is remarkably different with when the regional organization was formulated in 1967. However, the world would also look different fifty, or a hundred years, from now. Change is imminent. The question is how and whether ASEAN can continue its contribution to the peace and prosperity of its people, to the Southeast Asia, and to the wider East Asia and Asia/Indo Pacific regions?

The challenge is now we are living in an interconnected world that blurs the boundaries between local, national, regional and global issues, as well as converging issues of economic, politic and social. For the past fifty years ASEAN witness the regional and global commitment to promote cooperation, yet the world we see today bears the signs of dissatisfaction and populist nationalism rhetoric. In the words of Former Foreign Minister of Indonesia, Dr. Marty Natalegawa, “it is an environment within which ASEAN must work ... the reality of an interconnected world, but which is also a politically disconnected one”.

Indonesia is in the position of “cautious optimism”, as noted by Dr. Natalegawa in his 2018 book *Does ASEAN Matter?* Countries and regions are not forever condemned to a vicious cycle of tension and conflict, nor are they gifted by virtuous cycle of cooperation and peace. The dynamics of power at present are not given, but they are outcomes of policy choices taken by policy makers that are not always as successful or as intended.

Based on past experience of ASEAN's resilience, having manage to avoid the fate of other regional organizations in the region - Southeast Asia Treaty Organization (SEATO), Association of Southeast Asia (ASA) and Maphilindo that faltered due to territorial conflicts- ASEAN's past success has not come automatically. This

achievement required firstly, cooperative leadership; secondly, partnership in the region; and thirdly, trust in the effectiveness of diplomacy.

As much as 1967 geopolitics differ with today's, there are similarities that could not be dismissed. The Cold War rivalry then between larger countries, US and Soviet Union, may be similar with the case of US-China relationship nowadays. However, we should not be too focused on US-China dynamics and missed to observed the unique regional dynamics exist within Southeast Asia, East Asia and Indo Pacific. It is overly simplistic to think that countries could easily lose their historical and geopolitical attachment, and becoming pawns of major powers. There are also multiple sets of power dynamics that could influence a multi directional, multi-track and mutually influencing process. For example, in Asia Pacific region, beyond US-Russia, US-China, there are China-India, China-Japan, Republic of Korea-Japan and ASEAN member states relations with their own dynamics.

Moreover, in the increasing concern of 'non-traditional', transnational threats ranging from terrorism, cybercrime, food security, public health to environment concerns, the reality is that issues exist that defy national solutions alone, which demanded "cooperative partnership" between states and non-state actors. In facing these non-traditional challenges, static and stratified approach to power – such as giving ranking to countries being 'major', 'medium' or 'small' powers may risk of failing to recognize the increasingly 'situation-specific' and 'issue-dependent' nature of the dynamic power among states. Take for example the issue of cyber security as a reminder that indeed the power of non-state entities, even a single individual could wield power and impact.

## INDONESIA'S POSITION

Indonesia believes in ASEAN centrality, and that the regional organization matters, as Southeast Asia without it would suffer from the inherited post-colonial potential of conflict, including the unresolved territorial disputes and from extra regional powers' rivalries in the region as we remember from the Indochina war not long ago. Wars have not been without consequences: countless lives have been lost, immense material damage have been incurred and economic opportunities have squandered. At the lowest ebb, from collection sense of conflict-fatigue, while there were differences and disagreements among neighboring states that could not simply wished away, the region has a common interest – to peacefully manage any potential conflict and resolve them peacefully.

ASEAN managed, for over 5 decades, to promote regional cooperation by focusing on common purpose and although latent internal disputes, they were “swept under the carpet”, this means the collection of countries seemed to agree to revisit them at a more propitious time.

The transformation of the region’s power dynamic indeed required engagement and leadership of Southeast Asia largest country, Indonesia, to facilitate a “conditions conducive”. Indonesia, that because of its size, it could be easy to be seen as a bully. It is no accident that the birth of ASEAN followed the fundamental shift of Indonesia’s foreign policy outlook that was more bullish, that could be seen in the politics of hostile *Konfrontasi* toward the Malaya. That said, with its size, Indonesia can become part of the problem or part of the solution.

Perhaps different with another region, in ASEAN, leader should focus on the greater and common good of the region, practice cooperative leadership and partnership. Indonesia, in particular, should take extra care to avoid triggering accusations of heavy handedness, especially from the neighboring countries that perhaps have had reservations about Indonesia’s true intentions and where the country side with. In case you are curious, to answer that, Indonesia maintain its free and active foreign policy doctrine.

Highlighted, Indonesia’s policy within ASEAN has largely placed primacy on the promotion of trust and confidence that could provide a “comfort level” amongst ASEAN albeit in a gradual manner. Jakarta, at the time of ASEAN expansion, has managed to transform the “trust deficit to strategic trust”, diplomatically shuttling between at that time not yet ASEAN Southeast Asian states to join and convince the already member states that expanding the membership would do good for peace and stability of the region.

Indonesia must again make possible to converge the synergy of national and regional interests, or in other words, help attain the ‘equilibrium’ between national interests of each ASEAN member state, the region’s common interests, and the involvement of extra regional powers in the region. At a critical phase, if and when it occurs again, Indonesia believes in the guiding principle of ASEAN Treaty of Amity and Cooperation (TAC) to provide a signpost – not only for basic norms and principles, but also to treat binding commitments – for Southeast Asian states and the players willing to engage in the region. Indonesia believes, and by the way leadership it chooses, to choose not to be constrained by the realities of the moment, but rather driven by how ASEAN could be, and indeed how it should be. Indonesia aim to rally the ASEAN and the powers engage in the

region to look beyond immediate challenges and, through the commitment to the non-use of force encapsulated in the ASEAN TAC, set forth new positive dynamics for future ASEAN and Southeast Asia relations.

Having said that, in the face of the relatively new concept of Indo-Pacific, Indonesia's position - noted by the current Minister of Foreign Affairs Retno Marsudi in Singapore East Asia Summit, August 2018 - endorses the approach "not to create a new mechanism or replace an existing one, but to enhance cooperation using the existing mechanisms". Meaning, it endorses ASEAN centrality and making the Indo-Pacific region as an open, transparent, inclusive and respectful to international law and cooperative area under the East Asia Forum mechanism as the main platform, as the EAS overlaps with the Indo-Pacific area. Indonesia endorses a common ASEAN position redefining the term to Asia-Indo-Pacific. As our colleague has mentioned before Prof. Kavi, this concept is still a work in progress that hopefully can be announced in the end of this year or approaching the East Asia Summit next year. For now, Asia-Indo-Pacific is still a floating concept that should be free and open for every party to deliberate.



## FREE & OPEN INDO-PACIFIC AND ITS IMPLICATION - US VIEW

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*Photo Credit: CICIP*

### US FOREIGN POLICY IN ASIA, SPHERES OF INFLUENCE, & A FREE AND OPEN ORDER

In December 2017, the Trump administration released its National Security Strategy to the American public. This document declared that "a geopolitical competition between free and repressive visions of world order is taking place in the Indo-Pacific region," and that from the earliest days of American history it was in the interest of the United States to promote a "free and open," region.

Some observers of U.S. foreign policy thought this was a break with past American policy; others claimed that it was a natural, and important continuation of America's approach to the region. And others simply had no idea what the White House meant when it said it was in the interests, and aligned with American history, to promote a "free and open" region.

As a student, teacher, and practitioner of U.S. foreign policy myself, what I thought I could do was give you my take on those questions.

I'd like to do so by discussing four different aspects of U.S. foreign policy in Asia.  
(1) Explain where the concept of a "free and open Indo-Pacific region" comes

from (2) Discuss what it is meant to prevent and what it is meant to promote and (3) explain what I think it means in practice. To be clear, my aim is more conceptual and strategic than it is operational.

### **A FREE AND OPEN INDO-PACIFIC: ORIGINS OF THE CONCEPT**

Don't be thrown by terminology of Indo-Pacific. There is very little, I think, that is new here. Some have said that that is because free and open allows America to push its values on the rest of the world.

This is undoubtedly true—and Americans are generally pretty open about this. This vision is a reflection of how Americans thought about their own history. Namely, that for societies to succeed there must be healthy, robust, competition in the marketplace of ideas. It was the American founders' belief that no one was so wise that they possessed a monopoly on good ideas. No single party was entitled to remain in power. And, it was their belief that there was no such thing as a perfect or an all-knowing state; policies could always be improved and that they improved from open and dialogue and debate.

### **WHAT THE FREE AND OPEN REGION IS MEANT TO PREVENT AND ACCOMPLISH:**

There is another, deeper idea driving American support for a free and open region. That is, it is not simply because of the American values. It grows out of the belief that less free regions are likely to be less prosperous and less peaceful. Historically, what I am describing here traditionally has been known as a world divided into spheres of influence.

A sphere of influence is traditionally understood as a geographical zone within which the most powerful actor can impose its will. In an extreme form, a sphere of influence can take the shape of direct imperial or colonial control. Yet there are also versions in which a leading power foregoes direct military or administrative domination of its neighbors, but nonetheless asserts the prerogative to influence their geopolitical, economic, and ideological orientation.

Some have argued that spheres of influence are a good thing. And that it might lead to a new age of multilateral equilibrium. By this logic, spheres of influence create buffer zones between contending great powers.

Such claims are not baseless; there are instances in which spheres of influence led to a degree of stability. And yet the allure of a spheres of influence world is largely an illusion, for such a world would likely take the international system back to the darker, more dangerous environment of earlier eras.

First, such a world would be one in which basic human rights and democratic values are less respected. China and Russia are not liberal democracies; they are illiberal autocracies that see the spread of democratic values as profoundly corrosive to their own authority and security. Just as the United States has long sought to create a world congenial to its own ideological predilections, Beijing and Moscow would certainly do likewise within their spheres of dominance.

Such developments, in turn, would not simply be offensive to America's ideological sensibilities. For if one accepts that the spread of democracy has been central to the absence of major interstate war in recent decades, then a less democratic world will be a more dangerous world, as well.

Second, a spheres of influence world would be less open to American commerce and investment. But it is also a world that will affect countries in the region if they have less transparency into who is benefiting from such projects, less say in what is being built, and less choice in service providers.

Third, in a spheres of influence world, regional rivalries are likely to grow more, not less intense. The reason Washington has long taken an interest in events in faraway places is not simply because of some hegemonic presumption. I can assure you that most Americans do not like stationing Americans so far away from home.

American presence in the region, its security alliances with Japan, South Korea, Australia, Thailand and the Philippines are meant to deter aggression *against* allies and partners and to suppress security competitions *among* allies and partners. It is this provision of common security that set the conditions for the Asian economic miracle.

This leads to a final issue. For the notion that a multipolar world based on rival spheres of influence is a recipe for stability is misleading; such worlds have rarely been as peaceful and settled as one might imagine. A world defined by spheres of influence is often a world characterized by tensions, wars, and competition.

### ...AND WHAT IT IS MEAN TO ACCOMPLISH

The free and open concept, however, is not just meant to prevent bad things from occurring.

It's also intended to present a positive agenda on security, on protection of individual rights, and on trade. Its aim is to allow the region to set its own terms for investment, development, and prosperity.

In commercial terms, this means that states can trade freely with each other; that markets are open to the free flow of people, goods and ideas; that competition will be furious, but that it will be in the economic realm where the terms are transparent and the laws impartial so that the companies can compete fairly; that economic development is sustainable, market-driven, meets high standards for safety and is intended to help drive growth rather than weigh it down with unsustainable debt; that companies will not be forced to transfer their knowledge—either by decree or by theft—to stay in business. That the global commons—maritime and cyber—through which goods and ideas move between countries remain free from coercion. And, crucially, that growing economies are protected from predatory forces that would subvert their sovereignty.

In societal terms, this means that all members of a society feel protected to express their opinions and beliefs; that governments are transparent, accountable to their people, and open to scrutiny. That their laws do not confer special privileges, and that both domestic and international rules are respected.

#### (4) WHAT DOES THIS MEAN IN PRACTICE?

In practice, this means that the free and open concept is trying to offer countries a choice. Of course, there's China's Belt and Road Initiative (BRI)—whose virtue is its simplicity. You want a port, you want an airport, you got one. No matter if you need one. Or, if it will help promote the sustainable development of your country.

As I can discern it, U.S. policy is not to oppose BRI. There are some aspects—its attention to infrastructure build—that are useful. But, as we all know there is no thing as a free meal—or, no strings attached. As we are learning BRI comes with strings—often unsustainable levels of debt—attached. And when countries can't pay that debt, the creditor comes calling—demanding assets that erode nation's sovereignty. We've seen this in Sri Lanka. We've seen it in the Maldives. And

we've even seen it in a different form here in Cambodia, where Chinese interests have purchased 20 % of Cambodia's coastline.

Because of this, countries are treating BRI with more wariness than before. Nepal, Pakistan, and Myanmar have backed away from projects because of financing conditions. Malaysia cancelled three of its BRI projects saying that the terms and conditions of the loans would chain them to an unequal alliance with Beijing.

But, frankly, even if BRI projects truly came with no strings attached, even if they helped local communities develop, frankly if they even hired locals as opposed to importing Chinese labor and materials, we all know that Chinese capital is not sufficient to the region's – and to Cambodia's – needs.

The countries of the Indo-Pacific have 27 trillion worth of infrastructure needs by 2030. No country, no combination of countries, can possibly meet that. The only thing that can is unleashing the power of the private sector as a force multiplier.

And the only way that that will happen is if the private sector has a reasonable chance of return on investment – which means that the countries that have – or are working towards – clear and public rules about the bidding process, impartial legal system, and are transparent in order to fight political corruption will get this investment. And those that do not, won't.

Some have argued that the U.S. supports the rules-based order because it benefits Washington. It does and that is of course a necessary precondition. But it's not sufficient. That is, it is not the only, or even the driving reason, why America supports such an order.

Fundamentally, the U.S. believes that we all benefit from a region where countries are judged not by whether they are big or small, but one where rules are upheld, sovereignty respected, and countries are free to make their own decisions.

In closing, I'd add that it's also a vision that is open to all countries who want to see – and indeed help create and benefit from – such a region.



## INDO-PACIFIC STRATEGY: CHINA PERSPECTIVE

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*Photo Credit: CICP*

The Asian region boasts the fastest-growing region in the world, with the emerging countries like China, India and ASEAN countries rising in groups. However, the unbalanced development remains a big problem, which includes the huge disparity between the rich and poor countries in Asia, but also between the rich and poor people within the same country. Meanwhile, the Asian region is getting stuck in complex security environment. The traditional security and non-traditional security are intertwined and interrelated, which further triggers new threats and challenges.

There are multiple cooperation or dialogue mechanisms in the Asian region that play an important role in promoting the institutionalized cooperation within the region, and coping with regional challenges. Recently, some countries put forward the Indo-Pacific strategy, which has attracted the attentions from the parties concerned. For the moment, the countries in the region still haven't reached a consensus about this concept. From the perspective of China, whether a regional initiative will be effective depends on the following three conditions.

**FIRST OF ALL, THE INITIATIVE SHOULD MEET THE URGENT NEED OF THE REGIONAL COUNTRIES TO FOCUS ON DEVELOPMENT.**

Since the end of the Cold War, the Asian region has registered fastest economic growth in the world. However, the gap between the rich and poor countries in the Asian region is large, as the region is home to both the most developed countries and the least developed countries in the world. This polarization of economic development is pronounced between Asian countries. Among the many causes of this phenomenon, some are particularly worthy of attention. The first is the negative impacts of globalization. Countries with rich endowments and geographical advantages enjoy the dividend of globalization, while the

landlocked countries with few such elements have no access to the dividend and may even be faced with capital outflows, which in turn widen the gap between the rich and the poor countries. Second, the level of interconnectivity between the various sub-regions within the Asian region has been very low. The quality and quantity of the infrastructure in the entire region are still below the global average. Small, poor, inland and remote countries and regions find it difficult to enter larger regional (and global) markets and production networks due to the backward infrastructure such as roads and telecommunications, which makes it difficult to boost investment, trade and economic growth in these regions. That is also not enough to narrow the development gap between different Asian economies. The new regional cooperation initiative should abandon the shortcomings of the current globalization, attach importance to the interconnectivity of regional infrastructure, increase investment in poor countries, and promote the inclusive development of the regional economy.

**SECOND, THE INITIATIVE SHOULD EFFECTIVELY ADDRESS THE COMPLEX SECURITY CHALLENGES OF THE REGION.**

At present, the booming Asia is one of the most dynamic regions with the best potential in the world, but it is increasingly trapped in a complex security environment. First, the traditional security threats facing Asia have not been eliminated, and they have become even more complex. In Northeast Asia, the DPRK nuclear issue is full of twists and turns, and the disputes over island sovereignty and maritime rights and interests have become prominent. In West Asia, the conflict between Palestine and Israel persists, and the security situation in Afghanistan, Iraq, Syria, and Yemen has deteriorated. Israel, Saudi Arabia, and Iran are on the verge of war and are deeply trapped in the traditional “security dilemma”. These are just a few examples. Second, Asia faces a variety of prominent non-traditional security challenges such as economic and financial security, energy security, food security, cybersecurity, natural disasters, and public health problems. Many of these non-traditional and traditional security issues are intertwined and interact with each other, further triggering new threats and new challenges. For example, with the rapid development of the global information technology and internet technology, serious security threats are being posed by cybercrime, cyber terrorism, hacking and cyber warfare. Faced with the complex traditional and non-traditional challenges in Asia, some countries harbor the old security concept of zero-sum thinking, which is a continuation of the Cold War mentality that can hardly solve the various difficult problems of the moment. No new regional cooperation initiative should be a continuation of the old



security concept. China advocates a common, comprehensive, cooperative and sustainable Asian security concept, in which the Asia-Pacific region shall not become a region of contention between big powers, military confrontation or arms race at the cost of small and medium-sized countries. We advocate that our priority and objective of security cooperation should be economic development and joint efforts in response to various non-traditional security issues.

**THIRD, THE INITIATIVE SHOULD MAINTAIN EXISTING REGIONAL COOPERATION MECHANISMS AND REGIONAL ORDER.**

Decades of development has fostered a series of mature cooperation mechanisms in the Asian region, including the China-ASEAN (10+1) Cooperation Mechanism, the ASEAN+3 Cooperation Mechanism (10+3), and East Asia Summit (EAS). The hub-spoke structure of the regional cooperation mechanisms, with ASEAN staying at the hub, has ensured the central position of ASEAN in regional economic cooperation. The regional cooperation institutions are the physical appearance of ASEAN's centrality; it is visible instead of invisible; it is solid instead of like the mist in the air. Any new regional cooperation initiatives, including the India-Pacific strategy, should be open and inclusive, transparent and abiding by international laws. They should not form a "club for big countries" in the Asia-Pacific region. And as Indonesia government has insisted, they must respect existing cooperation mechanisms. Otherwise, they will violate the fundamental principle that ASEAN is the center, destroy the existing regional order, and is not conducive to the stability in the Asia-Pacific region.

Just as Ms. Chen Chen Lee said yesterday, great power competition will bring more infrastructure and investment, but it will have side effect of instability to the region. So, one thing is important for making ASEAN centrality effective, that is, to keep the competition among great powers in this region benevolent and controllable. ASEAN need to curb any attempts to stimulate the tensions in this region.

China's Belt and Road Initiative does not mean to build a new mechanism. Instead, China emphasizes the role of existing bilateral and multilateral cooperation mechanisms and carries out economic cooperation with Asia-Pacific countries through the development of strategic "docking". This type of cooperation has been widely welcomed by countries in the region.

As a researcher of China's Belt and Road Initiative, I know this initiative has fit quite well the need of most developing countries, which is proved by the wide support from Asian countries for the BRI. As of July 2018, more than 100 countries and international organizations had signed Belt and Road cooperation documents with China, extending the initiative's scope from the Eurasian continent to Africa, Latin America and the Caribbean, and the South Pacific region.

This year marks the fifth anniversary of the Belt and Road Initiative. President Xi Jinping at a conference said that the next priority of jointly advancing the initiative is to realize its high-quality development. He asked for efforts to push for progress in Belt and Road projects, especially those delivering real benefits to local people, and keep expanding the market while maintaining the balance of trade. And he advocated a policy system on financial support for the BRI and encouraged non-governmental funds to invest in infrastructure and resource development projects in Belt and Road countries.

# FREE AND OPEN INDO-PACIFIC AND ITS IMPLICATIONS: AN AUSTRALIAN PERSPECTIVE

*Carlyle A. Thayer\**



*Photo Credit: CICP*

## INTRODUCTION

The concept of what comprises a region is a contested one.<sup>1</sup> To some international relations scholars and strategic studies specialists, a region is a territory unified by some common set of factors. These factors could include a combination of the following attributes: geographical proximity, economic integration (planned or actual), trade, climate, religion, culture, shared history, political identity and/or strategic interaction. To other scholars and specialists, a region is a construct that statesmen, defence planners, academics, businesspeople or others have designed or created to serve a specific policy, economic interest or other purpose (e.g. international sport).<sup>2</sup>

In either case it is useful to identify what attributes and the particular states interact within a region as a meaningful unit of analysis. Identifying regional attributes and boundaries determines membership by including certain states – or economies as the case with the Asia Pacific Economic Cooperation (APEC) forum<sup>3</sup>

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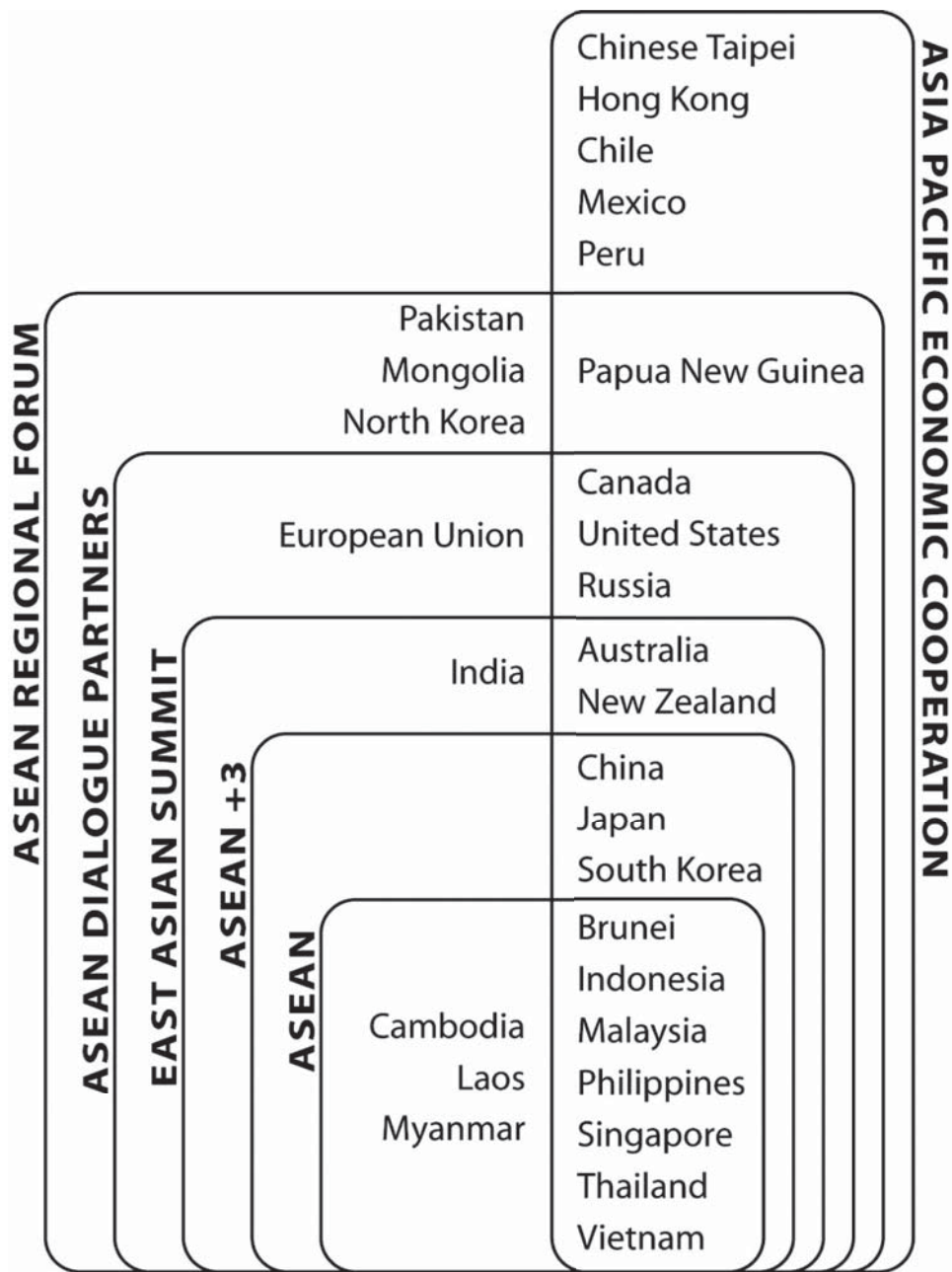
<sup>1</sup> Centre for Defence and Strategic Studies, 2.1.1, What is the Asia-Pacific? 2.1.1, *The Contemporary and Future Strategic Setting*, March 5, 2012.

<sup>2</sup> The Oceania Football Confederation, one of six confederations comprising the Fédération Internationale de Football Association or FIFA, once included Israel and Chinese Taipei (Republic of China or Taiwan) as members.

<sup>3</sup> APEC's membership includes the following economies: Australia, Brunei Darussalam, Canada, Chile, China, Chinese Taipei, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, The Philippines, Russian Federation, Singapore, Republic of Korea, Thailand, United States and Viet Nam.

- and excluding other states. Similarly, the criteria for membership in a multilateral organisation representing a specific region are similarly selective, some states are included, and others are excluded. For example, India, Russia, Cambodia and Laos are members of the East Asia Summit but are not members of APEC. In sum, regions may be conceived in broad or narrow terms. A state may belong to one or more regions. Regions and regional organisations can overlap.

Few regions in the world are homogenous, fully unified or coherent, either in their membership or in the region's attributes. Equally, few regions also present as many problems to define as the Asia-Pacific/Indo-Pacific. There is considerable debate as to whether these terms accurately and meaningfully describe a region or whether other nomenclature should apply, such as East Asia, Indo-Pacific system or Indo-Asia-Pacific.



An argument could be made that the Asia-Pacific/Indo-Pacific region<sup>4</sup> is comprised of the following six attributes: First, religious, cultural, commercial and trade linkages historically shaped the region. Second, the states in the region

<sup>4</sup> Carlyle A. Thayer, "What is the Asia-Pacific Region?" Presentation to Defence and Strategic Studies Course, Centre for Defence and Strategic Studies, Australian Defence College, Weston Creek, A.C.T., March 5, 2012; Thayer, "What is the Indo-Asia-Pacific Region?," Presentation to Centre for Defence and Strategic Studies, Australian Defence College, Weston Creek, April 7, 2015; and Thayer, "What is the Indo-Pacific Region?" Presentation to Defence and Strategic Studies Course, Centre for Defence and Strategic Studies, Australian Defence College, Weston Creek, A.C.T., April 18, 2016.

experienced a shared history under European, American and Japanese colonial domination, the rise of nationalism, decolonization, and nation-building. Third, the contemporary region has witnessed the restoration of pre-colonial Chinese and Indian influence. Fourth, the region has become economically interdependent through the revival of intra-regional trade in the post-colonial era. Fifth, the region is now overlaid with overlapping multilateral institutions such as APEC, the ASEAN Regional Forum, and the East Asia Summit. Sixth, the region contains distinct sub-regions – South Asia, Southeast Asia, Northeast Asia and the South Pacific.<sup>5</sup> On the other hand, some argue about whether the linkage between the Pacific and Indian oceans constitutes a region at all, given its sheer size, disparate nature, and its geographic, religious, cultural, ethnic, economic and political diversity. The chart above illustrates the complexity of the Asia-Pacific/Indo-Pacific region in the overlapping membership of various political, economic and strategic institutions.<sup>6</sup> China's Foreign Minister Wang Yi dismissed the idea of an Indo-Pacific Region as an "attention grabbing idea" that would "dissipate like ocean foam."<sup>7</sup>

Regardless of how "the region" has evolved or been conceived, the contemporary concept of the Asia-Pacific/Indo-Pacific region is far from settled. This "region" comprises a combination of attributes: geographic vastness, encompassing both large land and sea masses; major diplomatic and military rivalries; economic dynamism, including increasing economic interdependence through trade; weak institution-building that has resulted in little or poor cross- or inter-regional integration; and wide variations in political approaches to governance.

The next section explains Australia's linkages to and relations with the sub-region and states comprising what is now officially termed the Indo-Pacific Region by the Australian government.

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<sup>5</sup> Carlyle A. Thayer, "Maritime Security: A Synthesis," in Thomas G. Mahnken, ed., *Indo-Pacific Maritime Security in the 21<sup>st</sup> Century: Proceedings of an International Conference*. Convened on February 21 and 22, 2011 at the Royal Australian Navy Heritage Centre on Garden Island, Sydney. Newport, RI: US Naval War College and Sydney: Lowy Institute for International Policy, 2013. 48-52.

<sup>6</sup> Roland Rich, *Pacific Asia in Quest of Democracy* (Boulder Co., Lynne Rienner Publishers, 2007), 29. Since publication of this diagram, the ASEAN Regional Forum has been expanded to include Sri Lanka, Bangladesh and Timor-Leste. The East Asia Summit has been expanded to include Russia and the United States.

<sup>7</sup> Thomas S. Wilkins, "Australia and the 'Indo-Pacific' concept – disambiguating the 'idea' and the 'region' form quadrilateral 'strategy'," *Policy Brief* (Japan Institute of International Affairs), July 19, 2018, 1.

## AUSTRALIA AND THE INDO-PACIFIC REGION

As the nineteenth century map on the cover to this paper illustrates, if the standard map of this region is rotated Australia appears at the centre of and not at the periphery of the Indo-Pacific region. As will be noted below, a reformulation of Australia's region from the Asia Pacific to the Indo-Pacific placed "Australia at the 'heart' of this new region rather than on its 'periphery'."<sup>8</sup>

Foreign Minister Julie Bishop, speaking in Perth in late 2013, argued:

Although we have global interests as a nation, our focus must be on our region, and I describe our region, as the Indo-Pacific, the Indian Ocean Asia-Pacific, because we are bound by two great oceans – the Indian and the Pacific – and the Asia-Pacific as a definition leaves out that significant part of our world, to the north and west of this State [Western Australia].<sup>9</sup>

In August 2018, after her resignation as Foreign Minister, Bishop stated, "I come from Perth and look out on the Indian Ocean. I brought a greater focus to the idea of the Indo-Pacific as the strategic framework for Australia."<sup>10</sup>

**Indian Ocean.** Australia's west coast borders the Indian Ocean and the state of Western Australia hosts a major naval base, *HMAS Stirling*. Australia administers two external territories in the Indian Ocean, Christmas and Cocos (Keeling) islands.<sup>11</sup> Australia joined the Indian Ocean Rim Association (IORA) when it was founded in March 1997 and the Indian Ocean Naval Symposium (IONS) in 2008. In 2009, Australia and India upgraded their bilateral relations to a strategic partnership. Both are members of the Quadrilateral Security Dialogue. Australia also shares a maritime border with Indonesia in the Indian Ocean.

**Southeast Asia.** Australia has long-standing connections with Southeast Asia. In September 1954, Australia became a founding member of the South East Asia Treaty Organisation. In 1971, Australia became responsible for the defence of peninsular Malaysia and Singapore through the Five Power Defence Arrangements or FPDA (also including New Zealand and the United Kingdom). In 1974, Australia became the Association of Southeast Asian Nations' (ASEAN) first dialogue partner. In 2014, Australia and ASEAN drew up a Plan of Action to

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<sup>8</sup> Wilkins, "Australia and the 'Indo-Pacific' concept," 3.

<sup>9</sup> Julie Bishop Address to the Leadership Matters Breakfast. Perth, November 25, 2013.

<sup>10</sup> Quoted in Paul Kelly, "Bishop's success failed to sway party," *The Weekend Australian*, September 8-9, 2018.

<sup>11</sup> Christmas Island has a land area of approximately 135 square kilometres with a population of nearly 2,000. Cocos (Keeling) Island is located mid-way between Australia and Sri Lanka. It has an area of 14 sq. km and a population of about 600 people.

Implement the ASEAN-Australia Strategic Partnership. In March 2018, the Australia-ASEAN Summit was held in Sydney and issued the Sydney Declaration setting out their goals for the future.

In 2005, Australia and Indonesia raised their bilateral relations to a comprehensive partnership, this was subsequently upgraded to a strategic partnership in 2010 and a comprehensive strategic partnership in 2018. Australia and Singapore signed an agreement on a comprehensive strategic partnership in May 2016. In March 2018, Australia and Vietnam elevated their bilateral relations from a comprehensive to a strategic partnership and in August, Scott Morrison, the new Prime Minister, chose to make his first overseas visit to Indonesia within days of coming into office. The two leaders concluded a free trade agreement.

Australia is a member of the Trans-Pacific Partnership 11 and supports the conclusion of a high standard Regional. Comprehensive Economic Partnership between ASEAN and its dialogue partners.

**Northeast Asia.** Three of Australia's top goods and services trading partners are in Northeast Asia; percentage of trade for 2016 is shown in brackets: China (23.1%), Japan (9.6%), Republic of Korea (4.8%). The United States ranks second (9.6%). Australia currently has free trade agreements with South Korea, Japan and China that came into force since late 2015.

Australia and Japan have developed close economic since 1957 when they signed a Commerce Agreement. In 1976, in a major step, they formalized bilateral relations in a Basic Treaty of Friendship and Cooperation (Nara Treaty). Most recently, in January 2015, Australia and Japan signed the Economic Partnership Agreement, a free trade agreement.

Australia and Japan are both treaty allies of the United States and members of the Trilateral Security Dialogue established at senior official level in 2002 and raised to ministerial level in 2005. In recent years, Australia and Japan have developed close security ties as evidenced by the 2007 Joint Declaration on Security Cooperation.<sup>12</sup> In January 2013, Australia and Japan signed an Acquisition and Cross Servicing Agreement to facilitate cooperation in defence logistics. In 2016, Australia and Japan adopted the Strategy for Cooperation in the Pacific to coordinate their foreign policies towards the South Pacific.

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<sup>12</sup> In April 2017, Japan's Ministry of Foreign Affairs released its "Free and Open Indo-Pacific Strategy."



In 1950, Australia contributed military forces to South Korea and remains a member of the United Nations Command Korea. Australia and South Korea signed a bilateral Free Trade Agreement in 2014. Australia and the United States are the only two countries to hold “2 plus 2” talks between their respective ministers for foreign affairs and defence. At the second Australia-Republic of Korea “2 plus 2” ministerial talks in September 2015, the two sides agreed to a Blueprint for Defence and Security.

According to the Australian Department of Foreign Affairs and Trade, “The Australia-China bilateral relationship is based on strong economic and trade complementarities, a comprehensive program of high-level visits and wide-ranging cooperation.”<sup>13</sup>

In 2014, Australia and China raised their bilateral relations to a comprehensive strategic partnership. The following year, Australia joined China’s Asian Infrastructure Investment Bank and Australia and China signed a Free Trade Agreement (ChAFTA). Approximately thirty per cent of Australia’s merchandise and sixteen per cent of services exports go to China. Bilateral two-way trade reached U.S. \$151 billion in 2015-16 with Australia enjoying a surplus of U.S. \$51 billion. In 2016, Chinese investment in Australia reached U.S. \$11.49 billion the highest level since 2008 a peak year with record investment going to agriculture and infrastructure.

In October 2014, Australia initiated *Exercise Kowari*, the first land-based trilateral military exercise between Australia, China and the United States. The following year, Australia invited China to participate in *Exercise Pandaroo*, a joint exercise held annually since then. In 2018, Australia invited China to participate in its largest military exercise, *Exercise Kakadu*, involving the navies from twenty-seven countries. This was the first time a warship from the People’s Liberation Army Navy participated.

**South Pacific.** Australia’s east coast faces the Pacific Ocean; Australia has a special role in the South Pacific. Australia was once the colonial administrator of Papua New Guinea. It is an ally of New Zealand. During the Cold War, Australia and New Zealand pursued a policy of strategic denial to prevent ideological and military adversaries from gaining access to this sub-region. Australia continues to play a major role in the South Pacific as a member of the Pacific Island Forum and provider of development assistance. Further to the east, Australia engages with the United States and France to maintain regional stability in the South Pacific.

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<sup>13</sup> Australian Government, Department of Foreign Affairs and Trade, *China Country Brief*, July 10, 2017.

**United States.** Australia and the United States became formal allies in 1951 under the Australia, New Zealand and the United States Security Treaty (known as ANZUS). Australia and the United States hold annual rotating “2 plus 2” ministerial-level talks known as AUSMIN. In August 2014, Australia and the U.S. signed a Force Posture Agreement that, inter alia, led to the rotation of U.S. Marines to Darwin and enhanced rotations of U.S. Air Force aircraft to Australia.

In 2007, Australia joined Japan, the United States and India in the Quadrilateral Security Dialogue (Quad), an initiative of Prime Minister Shinzo Abe.<sup>14</sup> Australia withdrew in April 2009 and the Quad went into abeyance. It was revived in 2017.<sup>15</sup>

The above snap shots illustrate the range and depth of Australia’s engagement across all of the sub-regions comprising the Indo-Pacific Region – Indian Ocean, Southeast Asia, Northeast Asia, and the South Pacific – with Australia’s alliance with the United States forming the lynchpin.

The next section traces Australia’s formal adoption of the term Indo-Pacific Region as a framework for whole-of-government policy planning purposes.

#### Australia’s Embrace of the Indo-Pacific as a Single Strategic Arc

In 2011, the United States Naval War College and the Lowy Institute for International Policy brought together security analysts and defence personnel at a conference in Sydney to consider Indo-Pacific Maritime Security in the 21st Century. Significantly, the gathering met at the Royal Australian Navy Heritage Centre, at Garden Island. This meeting may be considered the start of the gestation period for the birth of the Indo-Pacific Region as a framework or planning construct for the Australian Defence Organisation.

Thomas Mahnken, James E. Levy Chair of Economic Geography and National Security at the U.S. Naval War College, and Rory Medcaf, a former diplomat with a posting in India and Director of International Security Policy at the Lowy Institute, were the two main intellectual forces behind the Garden Island conference. Subsequently Medcalf was indefatigable in promoting the Indo-

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<sup>14</sup> For a discussion of the broader strategic context see: Carlyle A. Thayer, “Japan’s Free and Open Indo-Pacific Strategy: A Work in Progress,” *Thayer Consultancy Background Report*, July 15, 2017.

<sup>15</sup> For an update see: John Lee, “The ‘Free and Open Indo-Pacific’ and Implications for ASEAN,” *Trends in Southeast Asia*, no. 13, 2018, 22-26.

Pacific Region concept in Australia's defence and foreign policy community. Gradually the Indo-Pacific Region construct took hold.

The following section reviews why the Indo-Pacific Region construct replaced references to the Asia-Pacific in four major official documents issued by the Australian Government, Department of Defence and the Department of Foreign Affairs and Trade (DFAT).

**Australia in the Asian Century White Paper.** In October 2012, the Australian Government issued *Australia in the Asian Century White Paper*, a significant whole-of-government policy-planning document. This White Paper introduced the idea of the Indo-Pacific as a single strategic arc:

The two most populous regional powers, China and India, can be expected to seek greater strategic influence as their economic weight grows. But their determination to lift their large populations out of poverty suggests that they will continue to focus primarily on domestic policy issues, including environmental sustainability, and have a primary interest in stability.

The significance of their emerging relationship and the growing importance of the lines of energy supply to East Asia from the Middle East reinforce the value of thinking about the Indian Ocean and the Pacific Ocean as a single strategic arc...<sup>16</sup>

The White Paper included a box where further elaboration was provided:

Driven by Asia's economic rise, the Indian Ocean is surpassing the Atlantic and Pacific oceans as the world's busiest and most strategically significant trade corridor. One-third of the world's bulk cargo and around two-thirds of world oil shipments now pass through the Indian Ocean (IOR-ARC 2012). Regional cooperation to ensure the safety and security of these vital trade routes will become more important over coming decades.

Some observers have raised a new 'Indo-Pacific' conception of the Asian region. Under such a conception, the western Pacific Ocean and the Indian Ocean would come to be considered as one strategic arc. This conception is being driven by the increased economic interaction between South, Northeast and Southeast Asia and the importance of the lines of energy supply to Asia from the Middle East.<sup>17</sup>

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<sup>16</sup> Australian Government. *Australia in the Asian Century White Paper*, October 2012, 74.

<sup>17</sup> Australian Government. *Australia in the Asian Century White Paper*, October 2012, 74.

**Defence White Paper 2013.** On May 3, 2013, Australia's Defence Department issued its *Defence White Paper 2013*. This document reflected key themes embedded in the *Australia in the Asian Century* White Paper. It started:

China's continued rise as a global power, the increasing economic and strategic weight of East Asia and the emergence over time of India as a global power are key trends influencing the Indian Ocean's development as an area of increasing strategic significance. In aggregate, these trends are shaping the emergence of the Indo-Pacific as a single strategic arc...

Australia's most basic strategic interest remains the defence of Australia against direct attack, and the security, stability and cohesion of our immediate neighbourhood. Australia also has a real strategic interest in the broader Indo-Pacific region and in a peaceful, rules-based international order.<sup>18</sup>

Australia's embrace of the Indo-Pacific region construct was embedded in key addresses delivered by Australia's Foreign Minister and Prime Minister in Singapore following the release of the *Defence White Paper*.<sup>19</sup>

**Democratic Community.** In March 2013, Foreign Minister Julie Bishop stressed four major themes in her Fullerton Lecture: the opportunities created by economic growth in the Indo-Pacific, the key role of the United States as the "indispensable power," the necessity for key partners to contribute more to regional security, and the importance of a democratic community as the centrepiece of the Indo-Pacific. The latter was a new theme and it is worth quoting Bishop's formulation:

Critically, the domestic political system and values of the United States reflect the liberal rules-based order that we seek to preserve and defend.

The importance of liberal values and institutions should not be underestimated or ignored.

While non-democracies such as China can thrive when participating in the present system, an essential pillar of our preferred order is democratic community.

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<sup>18</sup> Australian Government, Department of Defence. *Defence White Paper 2013*, 2-3.

<sup>19</sup> For background see: John Lee, "The 'Free and Open Indo-Pacific' and Implications for ASEAN," *Trends in Southeast Asia*, no. 13, 2018, 5-6.

Domestic democratic habits of negotiating and compromise are essential to powerful countries resolving their disagreements according to international law and rules.

History also shows democracy and democratic institutions are essential for nations if they are to reach their economic potential.<sup>20</sup>

**26th Shangri-La Dialogue.** Three months later, Prime Minister Malcolm Turnbull delivered the keynote address to the 26<sup>th</sup> Shangri-La Dialogue. Turnbull chose to stress the economic vibrancy of the Indo-Pacific region and the importance this held for Australia. He stated:

I believe that the Indo-Pacific, as the most dynamic region, is well-placed economically, strategically, and culturally to shape and drive the global response and that is the premise of my address tonight...

Our generation must arm itself with urgency and conviction in order to ensure the Indo-Pacific retains its place at the centre of human ambition and achievement.

We must commit to the principle that respect for the rules delivers lasting peace; work together through our regional institutions for the common good; reject the de-globalisation impulse with a principled and sustained commitment to greater economic integration; and embrace the opportunities, and address the vulnerabilities, of the digital age.

**Defence White Paper 2016.** The next major advancement of Australia's embrace of the Indo-Pacific Region construct came with the publication of a new *Defence White Paper* in 2016. This document was "based on a comprehensive review of Australia's strategic environment, including the changes underway in the Indo-Pacific region, encompassing the Indian Ocean to the Pacific Ocean."<sup>21</sup>

With respect to Australia's strategic outlook the White Paper elaborated on four major themes: the economic opportunities of the Indo-Pacific, the importance of a rules-based order, the key role of the United States, and the increasing

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<sup>20</sup> Julie Bishop, "Change and Uncertainty in the Indo-Pacific: Strategic Challenges and Opportunities for Australia," 28<sup>th</sup> IISS Fullerton Lecture, International Institute of Strategic Studies, Singapore, March 13, 2018. [https://foreignminister.gov.au/speeches/Pages/2017/jb\\_sp\\_170313a.aspx](https://foreignminister.gov.au/speeches/Pages/2017/jb_sp_170313a.aspx).

<sup>21</sup> Australian Government, Department of Defence. *Defence White Paper 2016*, 13.

significance of the U.S.-China relationship. The White Paper offered this assessment:

Australia and the Indo-Pacific region are in a period of significant economic transformation, leading to greater opportunities for prosperity and development. Rising incomes and living standards across the Indo-Pacific are generating increased demand for goods and services. By 2050, almost half the world's economic output is expected to come from the Indo-Pacific. This presents opportunities to increase Australia's economy and security as the Indo-Pacific region grows in economic and strategic weight.

The growing prosperity of the Indo-Pacific and the rules-based global order on which Australia relies for open access to our trading partners are based on the maintenance of peace and stability. Over the last 70 years that peace and stability has been underpinned by a strong United States presence in our region and globally as well as active engagement by regional states in building a rules-based order.

The roles of the United States and China and the relationship between them will continue to be the most strategically important factors in the Indo-Pacific region to 2035. A strong and deep alliance is at the core of Australia's security and defence planning. The United States will remain the pre-eminent global military power and will continue to be Australia's most important strategic partner.<sup>22</sup>

The Defence White Paper listed three strategic defence interests: (1) a secure, resilient Australia; (2) a secure nearer region, encompassing maritime South East Asia and the South Pacific; and (3) a stable Indo-Pacific region and rules-based global order which supports our interests.<sup>23</sup>

In the section headed Managing Strategic Risk, the White Paper noted greater uncertainty in Australia's strategic environment, the need for a stable Indo-Pacific Region, and adherence to a rules-based order. The White Paper addressed these themes in these words:

Australia is one of the most prosperous and secure countries in the world. Our economy will continue to benefit from the economic transformation in the Indo-Pacific... We can expect greater uncertainty in Australia's strategic

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<sup>22</sup> Australian Government, Department of Defence. *Defence White Paper 2016*, 14-15

<sup>23</sup> Australian Government, Department of Defence. *Defence White Paper 2016*, 17.

environment over the next two decades as a consequence of: the changes in the distribution of power in the Indo-Pacific and globally...

Australia has global interests across a broad range of strategic, economic and foreign policy issues. Our security and prosperity depend on *a stable Indo-Pacific region and a rules-based global order* in which power is not misused, and threats to peace and stability from tensions between countries can be managed through negotiations based on international law and the threat from terrorism can be addressed by concerted international action. This is our third Strategic Defence Interest. In the Indo-Pacific region Australia must continue to work with the United States and regional partners to make a positive contribution to security and stability in ways that advance our national interests. Australia must continue to play its part in responding to challenges to the global rules-based order beyond the Indo-Pacific, as Australia is currently doing in Iraq, Syria, Afghanistan and in maritime security and peacekeeping operations in the Middle East and Africa.<sup>24</sup>

The Defence White Paper's section on Australia's Security Environment once again elaborated on the significance of regional economic growth, the opportunities this offered Australia, the need for partnerships to secure regional peace and security, and the crucial role of the United States. These issues were addressed as follows:

Australia is well placed to benefit greatly from the economic growth in the Indo-Pacific region. We are a major advanced economy with strong bilateral and regional ties, and we are building those ties to provide more economic opportunities for Australia. Three Free Trade Agreements, with Korea, Japan and China, have entered into force since December 2015. The Trans Pacific Partnership between 12 regional nations, which account for 40 per cent of global trade, including the United States, Japan and Australia, has great potential to further drive opportunities for growth in Australia.

In order for Australia and other countries to take advantage of the unprecedented economic growth of the Indo-Pacific region and beyond, we must be willing and able to meet the threats to the peace and stability that has underpinned these positive developments. [Australia will rely on its] international partnerships to cooperate in meeting these threats.

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<sup>24</sup> Australian Government, Department of Defence. *Defence White Paper 2016*, 32-33.

The roles of the United States and China in our region and the relationship between them will continue to be the most strategically important factors in the security and economic development of the Indo-Pacific to 2035. Australia welcomes and supports the critical role of the United States in ensuring stability in the Indo-Pacific region.<sup>25</sup>

The Defence White Paper stressed the importance of engaging China even as strategic interests between Australia and China diverged:

Australia welcomes China's continued economic growth and the opportunities this is bringing for Australia and other countries in the Indo-Pacific. Formally elevating Australia and China's bilateral relationship to a Comprehensive Strategic Partnership during President Xi Jinping's visit to Australia in 2014 was a reflection of the importance both countries attach to our expanding political, economic, strategic and people-to-people ties. The Government will seek to deepen and broaden our important defence relationship with China while recognising that our strategic interests may differ in relation to some regional and global security issues.<sup>26</sup>

The Defence White Paper's section on Australia's security environment reiterated the importance of a stable Indo-Pacific region, secure sea lanes, and a rules-based global order as the third Australian strategic defence interest (noted above):

Our third Strategic Defence Interest is in a stable Indo-Pacific region and rules-based global order which supports Australia's interests. The Indo-Pacific includes North Asia, the South China Sea and the extensive sea lines of communication in the Indian and Pacific Oceans that support Australian trade. A stable rules-based regional order is critical to ensuring Australia's access to an open, free and secure trading system and minimising the risk of coercion and instability that would directly affect Australia's interests. A stable rules-based global order serves to deal with threats before they become existential threats to Australia, and enables our unfettered access to trading routes, secure communications and transport to support Australia's economic development.<sup>27</sup>

The Defence White Paper 2016 noted that Australia would face a more challenging maritime environment in the future including the challenges posed by an increasing numbers of submarines to sea lines of communication in regional

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<sup>25</sup> Australian Government, Department of Defence. *Defence White Paper 2016*, 39-41.

<sup>26</sup> Australian Government, Department of Defence. *Defence White Paper 2016*, 44.

<sup>27</sup> Australian Government, Department of Defence. *Defence White Paper 2016*, 70.



waters (including North Asia) and threat posed by the proliferation of cruise and ballistic missiles:

- Within the Indo-Pacific, future operations could include contributing to security in North Asia and helping to protect the extensive sea lines of communication that support Australian trade where our interests are sufficiently engaged. Australia will make important contributions to the provision of humanitarian assistance and disaster relief at short notice in the Indo-Pacific region or further afield when required.<sup>28</sup>
- Australia will face a more challenging maritime environment in the decades ahead. By 2035, around half of the world's submarines will be operating in the Indo-Pacific region where Australia's interests are most engaged. Australia has one of the largest maritime domains in the world and we need the capacity to defend and further our interests from the Pacific to the Indian Oceans and from the areas to our north to the Southern Ocean. Submarines are a powerful instrument for deterring conflict and a potent weapon should conflict occur.<sup>29</sup>
- The Government is concerned by the growing threat posed by ballistic and cruise missile capability and their proliferation in the Indo-Pacific and Middle East regions. While the threat of an intercontinental ballistic missile attack on Australia is low, longer-range and submarine-launched ballistic and cruise missiles could threaten Australian territory, and shorter-range ballistic and cruise missiles pose a threat to our deployed forces.<sup>30</sup>

**2017 Foreign Policy White Paper.** In November 2017, Australia released its 2017 Foreign Policy White Paper, the first comprehensive blueprint to guide Australia's regional engagement since 2003.<sup>31</sup> The White Paper offered the following definition of the Indo-Pacific, "We define the 'Indo-Pacific' as the region ranging from the eastern Indian Ocean to the Pacific Ocean connected by Southeast Asia, including India, North Asia and the United States."<sup>32</sup> Additionally, "The Government will: promote an open, inclusive and prosperous Indo-Pacific region in which the rights of all states are respected" as Australia's highest foreign policy priority.<sup>33</sup>

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<sup>28</sup> Australian Government, Department of Defence. *Defence White Paper 2016*, 76.

<sup>29</sup> Australian Government, Department of Defence. *Defence White Paper 2016*, 91.

<sup>30</sup> Australian Government, Department of Defence. *Defence White Paper 2016*, 96.

<sup>31</sup> Lee, "The 'Free and Open Indo-Pacific' and Implications for ASEAN," 4.

<sup>32</sup> Australian Government, *2017 Foreign Policy White Paper*, 1.

<sup>33</sup> Australian Government, *2017 Foreign Policy White Paper*, 3 and Lee, "The 'Free and Open Indo-Pacific' and Implications for ASEAN," 4.

The Overview section of the Foreign Affairs White Paper introduced six themes: (1) the benefits to Australia of the economic dynamism of the Indo-Pacific; (2) a rules based order where the rights of all states are respected free from the exercise of coercive power; (3) free trade and open markets; (4) the centrality of the U.S. alliance; (5) constructive ties with China; and (6) cooperation with the region's major democracies:

Australia's interests are clear as the distribution of power in the Indo-Pacific changes. We want peace to help sustain the growth that has brought the region to the centre of the global economy. Equally, we want a region where our ability to prosecute our interests freely is not constrained by the exercise of coercive power. For Australia, the stakes could not be higher. The Indo-Pacific encompasses our most important economic partners and its dynamism supports economic growth in Australia, creating jobs and increasing our standard of living.

The starting point is to be clear about the kind of Indo-Pacific region we want. We set out our vision for a neighbourhood in which 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. Our alliance with the United States is central to Australia's approach to the Indo-Pacific. Without strong US political, economic and security engagement, power is likely to shift more quickly in the region and it will be more difficult for Australia to achieve the levels of security and stability we seek. To support our objectives in the region, the Government will broaden and deepen our alliance cooperation, including through the United States Force Posture Initiatives.

The Government is committed to strong and constructive ties with China. We welcome China's greater capacity to share responsibility for supporting regional and global security. We seek to strengthen our Comprehensive Strategic Partnership for the benefit of both nations.

To support a balance in the Indo-Pacific favourable to our interests and promote an open, inclusive and rules-based region, Australia will also work more closely with the region's major democracies, bilaterally and in small groupings. In addition to the United States, our relations with Japan, Indonesia, India and the Republic of Korea are central to this agenda.<sup>34</sup>

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<sup>34</sup> Australian Government, 2017 *Foreign Policy White Paper*, 3-4.

Chapter 2, *Contested World*, addressed power shifts in the Indo-Pacific. It noted the alteration in relative economic and strategic weight between a rising China and the United States, increased Chinese competition with the United States, the staying power of the U.S., the importance of Australia's regional alliance networks, and the challenge that regional military modernization poses for Australia's capability edge:

Economic growth in Asia continues to re-shape our strategic landscape. The compounding effect of China's growth is accelerating shifts in relative economic and strategic weight... In parts of the Indo-Pacific, including in Southeast Asia, China's power and influence are growing to match, and in some cases exceed, that of the United States. The future balance of power in the Indo-Pacific will largely depend on the actions of the United States, China and major powers such as Japan and India. The responses of major Southeast Asian states, such as Indonesia and Vietnam, will also be important.

Like all great powers, China will seek to influence the region to suit its own interests. As it does, a number of factors suggest we will face an increasingly complex and contested Indo-Pacific. Even as China's power grows and it competes more directly with the United States regionally and globally, the United States will, for the foreseeable future, retain its significant global lead in military and soft power.

The Australian Government judges that the United States' long-term interests will anchor its economic and security engagement in the Indo-Pacific. Its major Pacific alliances with Japan, the Republic of Korea and Australia will remain strong. Most regional countries, including Australia, clearly consider a significant US role in the Indo-Pacific as a stabilising influence. Japan and India, major economies and military powers in their own right, are also playing stronger roles in Indo-Pacific security and political affairs and are seeking to influence the balance of the regional order.

Military modernisation in our region is not directed at Australia but nonetheless will significantly diminish the capability edge we have enjoyed. Over the next 20 years, a larger number of regional armed forces will be able to operate at greater range and precision. The quality and quantity of missile forces in the Indo-Pacific is rising, including ballistic missiles. We will see more submarines and advanced combat aircraft. Stronger surveillance and reconnaissance systems will reduce the effectiveness of stealth capabilities.<sup>35</sup>

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<sup>35</sup> Australian Government, *2017 Foreign Policy White Paper*, 25-27.

Chapter 3, A Stable and Prosperous Indo-Pacific, outlined the goals of Australia's foreign policy to support an Indo-Pacific region in which:

- countries foster habits of dialogue and cooperation, and resolve disputes peacefully in accordance with international law and without the threat or use of force or coercion
- open markets facilitate flows of goods, services, capital and ideas
- economic integration is inclusive of and open to all the region's economies
- rights of freedom of navigation and overflight are upheld and the rights of small states are protected
- the United States remains strongly engaged in the economic and security affairs of the region and continues to help shape its institutions and norms, and
- China plays a leading role in a way that strengthens a regional order based on these principles.<sup>36</sup>

Finally, the South China Sea was identified as a major fault line in regional order in which Australia has substantial interests. The Foreign Policy White Paper set out the norms and legal basis for conflict resolution:

The South China Sea is a major fault line in the regional order. Australia is not a claimant state and does not take sides in the competing claims. Like other non-claimant states, however, we have a substantial interest in the stability of this crucial international waterway, and in the norms and laws that govern it.

We have urged all claimants to refrain from actions that could increase tension and have called for a halt to land reclamation and construction activities. Australia is particularly concerned by the unprecedented pace and scale of China's activities. Australia opposes the use of disputed features and artificial structures in the South China Sea for military purposes. We support the resolution of differences through negotiation based on international law.

All claimants should clarify the full nature and extent of their claims according to the United Nations Convention on the Law of the Sea (UNCLOS). The Government reaffirms its position that the Permanent Court of Arbitration's [sic] ruling on the Philippines South China Sea Arbitration is final and binding on both parties.<sup>37</sup>

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<sup>36</sup> Australian Government, *2017 Foreign Policy White Paper*, 38.

<sup>37</sup> Australian Government, *2017 Foreign Policy White Paper*, 46-47. The ruling was made by the Arbitral Tribunal set up under Annex VII of UNCLOS, the Permanent Court of Arbitration served as the registry for these proceeding.

## CONCLUSION

This paper reviewed Australia's long-standing and newly developing linkages with the Indo-Pacific Region. It is important to note from an Australian perspective that Australia is an island continent that borders on the Pacific and the Indian oceans. China's rise, India's emergence, and growing trade, investment and energy flows have led to the assessment that "a new Indo-Pacific strategic arc is beginning to emerge, connecting the Indian and Pacific Oceans through Southeast Asia." These developments, coupled with regional defence modernisation and China's growing military reach, have led Australia to adopt the Indo-China Region as a framework for the development of whole-of-government foreign and defence policies.

In 2011-12, if not earlier, Australian analysts in leading think tanks began debating the utility of framing Australian national security policy in a wider geographic context. As a result of this debate the Asia-Pacific and Indo-Asia-Pacific terms of reference were jettisoned in favour of the Indo-Pacific Region. As noted above, the Indo-Pacific featured prominently in four major government White Papers: *Australia in the Asian Century White Paper* (2012), *Defence White Paper 2013*, *Defence White Paper 2016* and the *Foreign Policy White Paper* (2017).

In sum, Australia's adoption of the Indo-Pacific Region as a framework for policy evolved logically in line not only with economic and military developments noted above but with the promotion of the Indo-Pacific by Japan's Prime Minister Abe and later India's Prime Minister Modi.

The term Indo-Pacific was ensconced in four major Australian White Papers before the Trump Administration's branding of this term in its National Security Policy (2017) and National Defence Policy (2018). Nonetheless, it was clear in Australia's 2017 *Defence White Paper* that there was a marked convergence in strategic outlook between Australia and the United States. For example, John Lee, former adviser to Foreign Minister Bishop, uses the term Free and Open Indo-Pacific to frame his analysis despite the fact that this term was not included in any of the four Australian White Papers discussed above.<sup>38</sup> The only reference to "free and open" (in lower case) appears in the *Defence White Paper 2016* and the 2017 *Foreign Policy White Paper* but only in reference to trade.<sup>39</sup>

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<sup>38</sup> Lee, "The 'Free and Open Indo-Pacific' and Implications for ASEAN."

<sup>39</sup> Australian Government, *Defence White Paper 2016*, 32 and 43-55 and 2017 *Foreign Policy White Paper*, 62.

Australia's four major White Papers place emphasis of five major themes:

- First, the Indo-Pacific is a vibrant region that offers major economic opportunities for Australia.
- Second, the stability of the Indo-Pacific is vitally dependent on open markets conducted on the basis of mutually agreed rules that protect the rights of all states against coercive power.
- Third, continued engagement by the United States is critical for regional peace, security and stability.
- Fourth, Australia must work with major democracies to maintain a peaceful rules-based order.
- Fifth, it is in Australia's interest to constructively engage with China.

In conclusion, as Thomas Wilkins has argued, "One must not conflate the objective identification of the Indo Pacific as a pure concept (an idea; a region), with the subjective implementation of an Indo Pacific strategy as pursued by aligned countries – Australia, Japan, the US, plus India."<sup>40</sup> At present, there are two components of the so-called Indo-Pacific strategy, the Quadrilateral Security Dialogue and the United States' Indo-Pacific Economic Vision (or Free and Open Indo-Pacific)<sup>41</sup> Both of these components are works in progress. As Wilkins cogently observes, describing the Indo-Pacific Region "as a 'single strategic system' ...does not represent a logical 'regional security complex'."<sup>42</sup>

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<sup>40</sup> Wilkins, "Australia and the 'Indo-Pacific' concept," 6.

<sup>41</sup> Carlyle A. Thayer, "United States: Secretary Pompeo's Indo-Pacific Economic Vision - 1," *Thayer Consultancy Background Report*, August 4, 2018; Thayer, "United States: Secretary Pompeo's Indo-Pacific Economic Vision - 2," *Thayer Consultancy Background Report*, August 5, 2018; and Thayer, "United States: Free and Open Indo-Pacific Strategy," *Thayer Consultancy Background Brief*, August 23, 2018.

<sup>42</sup> Wilkins, "Australia and the 'Indo-Pacific' concept," 3 and Richard Rigby, and Brendan Taylor. "The Indo-Pacific as a Strategic System: An Australian Perspective," in Y.K. Gera, ed., *Trade Commerce and Security Challenges in the Asia Pacific Region*, Proceedings of the National Security Seminar 2012 held at USI, New Delhi on 01-02 Nov 2012. New Delhi: Vij Books India Pvt Ltd, 2013.

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## FREE & OPEN INDO-PACIFIC AND ITS IMPLICATION - JAPAN VIEW

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*Photo Credit: CICP*

Leaders in the Asia-Pacific region have signaled mixed feelings about the US and Japan-led “Free and Open Indo-Pacific” strategy. Critics see it as an ill-defined concept to showcase what some have termed a new, “Cold War 2.0 containment strategy.” The US, somewhat disingenuously, has insisted that “all are welcome to join if they play by the rules.” But the pointed exclusion of Asia’s biggest country from any discussion of participation, and placement of the so-called “Quad nations” (Australia, Japan, the US and India) at the heart of the FOIP concept suggest otherwise.

China containment was the theme of a strikingly hardline speech in October 2018 by US Vice President Mike Pence, in which he accused China of undermining American democracy and exercising “debt trap diplomacy.”

His words however have only served to deepen the unease in some regional circles faced, on one side, with growing US and Japanese pressure to support their FOIP concept, and on the other, China’s zealous moves to sell its Belt and Road Initiative and other regional assistance initiatives.

Against this backdrop of rising Sino-US tensions, Asia’s concerns about joining or publicly supporting the concept is evident in the fact that by August, only the US and Japan -- and to a lesser extent Australia -- had incorporated the term in any significant way in government communications or policies. The 10 ASEAN countries were in late 2018 locked in debate about crafting a unified stance on FOIP, with proposals to informally endorse the strategy, and even press for a renaming. For Japan, the strategy brings as many dilemmas as it does benefits, and Tokyo was still struggling in late 2018 to more clearly definite FOIP programs and funding.

In shaping the strategy, the US went as far as renaming its Pacific command (Pacom) as the US Indo-Pacific Command (IndoPacom), in May 2018, a move which gave the concept a distinct security focus.

Japan has tried to give the strategy a broader character, assigning departments across the bureaucracy, particularly in the foreign ministry, to focus on boosting the aid, trade and economic dimensions of what it officially terms FOIP. It has applied the term to aid and diplomatic initiatives, and in its host role for Mekong region leaders in Tokyo in October, firmly linked its new, three-year economic assistance package for the region to the FOIP concept.

But as flag-carriers for FOIP, the US and Japan knew by early 2018 that their strategy had to go beyond just rhetoric and renaming of military commands or aid packages. It needed a greater economic dimension. More recently, both countries have tried to inject muscle into the concept.

The US creation in September 2018 of a new institution, the US International Development Finance Corporation, with a \$60 billion budget followed the July announcement of a \$113 million fund for its “Indo-Pacific economic vision” and the subsequent addition of \$300 million in funding for regional “security cooperation.”

Such moves, clearly aimed at rivalling China’s Belt & Road Initiative and beefing up both security and economic dimensions of their Asia-Pacific strategies, are shifting perceptions of FOIP – at least on the surface.

## ORIGINS

A feature of the still-evolving concept of “Free and Open Indo-Pacific” is how little Japan has figured in the general debate about its characteristics. Yet, as some see it, it was Japan -- specifically Shinzo Abe in his first, truncated term as prime minister back in 2007 -- who raised the concept in a speech to Indian parliament entitled “Confluence of the Two Seas.” In it, he laid out a vision of what he called the “dynamic coupling” of the Pacific and Indian oceans, a “broader Asia” that would expand to include the U.S., India and Australia as well as Japan. Abe left office weeks later, felled by illness, and the “confluence” idea appeared to go with him. But when he returned to power five years on, he revived the concept in a grander form, talking of “Asia’s democratic security diamond.” The diamond concept eventually morphed into the so-called “Quad,” sitting at the heart of the “confluence” of FOIP countries.

Abe talked of an open and transparent network spanning the two oceans and anchored by the diamond, allowing people, goods, capital and knowledge to flow in an “arc of freedom and prosperity” along the outer rim of the Eurasian continent.

Initially, most countries in the “confluence” relegated the FOIP concept to their “too-hard” baskets – there were no concrete proposals, policies nor funds. In the ensuing years it was eclipsed by the Obama administration’s “pivot to Asia,” but the FOIP concept finally took root in some strategic circles, primarily in the US and Japan. Why?

Above all, in the US and Japan, the revived FOIP concept plays into the interests of politicians and bureaucrats in the defense, foreign policy and aid establishments on many levels, spanning aid, trade, investment and security.

Japan and the US are touting FOIP as an idea whose time has come. Throughout the region, few express outright enthusiasms but many officials admit the need for a more effective response to the fragmenting power balance, a desire for greater regional coordination and sharper responses to the rise of China, particularly expansion of its maritime claims and ambitious BRI plans.

## **HIGH STAKES FOR JAPAN**

For Japan however, there is more at stake. Its keen interest in developing FOIP arises paradoxically from both deepening insecurity and growing confidence. Beyond concerns about China’s rise, anxiety is rooted in general insecurity linked partly to North Korea’s unpredictable course and fears that Tokyo is being cut out of negotiations with Pyongyang, which have taken an increasingly bilateral and trilateral form involving North and South Korea and the US.

There is a broader security dimension that echoes Japan’s concerns across the Asia-Pacific. Growing regional insecurity is fueling a “mini arms race,” with countries such as Vietnam, Indonesia, Thailand and even Myanmar acquiring submarines and upgrading military hardware. Southeast Asia in the past 10 years has become one of the world’s biggest spenders on military hardware, with a staggering volume of new orders in the pipeline. In most regional capitals, and at forums such as the annual IISS Shangri-La security forum, last held in Singapore

in June 2018, there are echoes of Japan's fear: that Trump's America is no longer the reliable ally it once was.

Backing this up, total defense spending of the 10 ASEAN countries alone has doubled over the last 15 years in absolute terms, with countries like Indonesia and Thailand witnessing military expenditure growth rates of an annual 10% in recent years<sup>43</sup>. The most striking example is Vietnam, where arms imports have increased by almost 700% over the last decade, shifting the country from the world's 43rd largest arms buyer to the top 10, according to the Stockholm International Peace Research Institute.

Tokyo is also unnerved – as is much of the region -- by escalating trade friction between the US and China. This feeling of insecurity has been fanned by Trump's recent threats to impose trade tariffs on Japan. All this has fuelled Tokyo's new determination to play more of a regional leadership role – on the security as well as economic fronts. In this respect FOIP presents a golden opportunity for Japan – an ideal vehicle to bring together aid, trade and security measures including infrastructure, maritime security initiatives and official development aid.

The most potent recent examples of Japan's push for a bigger role include Tokyo's announcement of a new program of aid and investment that was the centerpiece of its annual Mekong Summit. At the summit, in Tokyo in early October, leaders of five Mekong region states endorsed Abe's new aid strategy and his exhortation to support a "free and open" Indo-Pacific.

Japan's new Mekong assistance program, named "Tokyo Strategy 2018 for Mekong-Japan Cooperation," is to replace the earlier strategy which encompassed \$7 billion worth of aid and assistance over three years from 2015. Japan has been reluctant to put an exact value on its new "Tokyo Strategy," which runs from 2019 to 2021, but its pledge to assist Thailand, Vietnam, Cambodia, Laos and Myanmar in at least 150 projects under the new scheme runs to well over \$9-\$10 billion, according to unofficial estimates.

Abe also highlighted Japanese private investment, telling leaders that Japanese companies had invested more than two trillion yen (nearly \$18 billion) over the preceding three years and were prepared to significantly boost that figure. "To realize even more private investment than before, Japan will use public funds such as overseas development assistance, as well as overseas investments and loans," he added.

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<sup>43</sup> SIPRI MILITARY EXPENDITURE DATABASE <https://www.sipri.org/databases/milex>



But a key difference in Japan's new Mekong region strategy is how it was explicitly packaged as part of the FOIP concept yet also presented as the continuation of investment of resources and time, over many years.

## WHY FOIP?

Central to the notion of a greater regional security role for his country is Abe's priority goal of revising Japan's pacifist constitution, to become what he has called a "normal country" with only limited restrictions on military activities.

That debate reflects growing confidence in the Abe administration as well as in Japan's defense and foreign policy establishment about a more proactive security stance.

Abe's reelection as head of his ruling LDP in late September 2018 reinforces the likelihood that military constraints will be eased.

All this, however, is tempered by Japan's continuing perception of the US - Trump or no Trump - as a key ally and vital component of its world view, particularly on the security front. While the rationale is changing rapidly, officials across Japan's bureaucracy still broadly see the three main reasons to support FOIP development as: first, shoring up the US relationship; second, advancing Japan's standing in the region; and third, reinforcing the two countries' mutual interest in handling China.

Even so, Japanese and some US officials still insist that rather than China containment, the FOIP concept is aimed at shaping the region's response to China's rise.

In this context, even as Tokyo builds tentative new bridges with China, Japanese and US officials see FOIP as a way to reinforce the old order of US regional dominance. India has indicated it sees things differently, signaling reluctance to fully embrace its unwanted Quad role. Yet, Indian leader Narendra Modi has shown himself receptive toward Japan's efforts to deepen bilateral relations and broaden India's regional role.

In an example of how FOIP is enabling Japan to build on its visions of the security diamond, India has become an increasingly active partner - both on aid and

security fronts. New Delhi has been launching its own ambitious infrastructure assistance projects, for example its port and road projects in Myanmar, and has been a key partner for Japan in a range of other projects.

Despite being an obvious player for any nation's activity in the Indian Ocean, India's absence from China's BRI is a glaring omission in Beijing's strategy. India played a part in Bangladesh's decision to award the Matarbari Port project to Japan. India and Japan are also partnering in other projects across the region, including the potential Trincomalee Port project in Sri Lanka.

On the security front, India and Japan are working on a logistics-sharing agreement, similar to one signed with the US in 2016, and have noted how it would increase interoperability between the Indian and Japanese navies. The two countries are already collaborating with the JIMEX bilateral naval exercises and the trilateral Malabar exercises with the US. Japan also maintains a base in Djibouti – as does China since 2017 – giving India and Sri Lanka more significance than before in Japan's regional posture.

On the security front, therefore, Tokyo is leveraging its FOIP vision, albeit more discreetly than on the aid front. Yet, as a further sign of a growing thaw in Sino-Japanese relations, its moves have drawn comparatively mild responses from China. In August 2018 Japan sent its helicopter carrier JS Kaga and sister ships on a two-month deployment in the Indo-Pacific region to hold exercises and call at regional ports including in India, Sri Lanka and the Philippines. The vessels were joined in September by Japan's Kuroshio submarine for anti-submarine warfare exercises with the Kaga and two other destroyers in the South China Sea – a move that would normally draw heated comment from China.

Instead, Beijing, which had previously warned Tokyo against “playing with fire” by conducting such maneuvers, merely urged non-regional countries to “respect ASEAN efforts peacefully resolve maritime disputes through dialogue.” A Chinese foreign ministry spokesman added that China and ASEAN countries were working to “promote a code of conduct to strengthen pragmatic maritime cooperation and resolve disputes properly.”

At the same time, Japan's Abe publicly denied any specific country was being targeted, and emphasized they were drills to maintain rather than extend the MSDF's capabilities. Using an unusually positive tone, Abe noted that Sino-Japanese relations were entering a “new stage” and implied that Beijing had been notified of the exercise.

All this suggests that, regardless of US rhetoric, Japan is moving to tone down the China containment aspect of its FOIP strategy. Some officials in Tokyo fear that

too much emphasis may only stiffen Chinese resolve to fight the escalating trade war with the US and work actively against Trump diplomacy such as the North Korea denuclearization initiative.

In ASEAN and particularly in the Mekong regions, escalating Sino-Japanese rivalries over aid, trade and investment strategies began generating discussion in Japan in early 2018 about enhancing cooperation or at least communications with China on aid and investment. Beijing had originally included Japan in its ambitious Lancang Mekong Initiative aimed at Mekong region countries when it launched the initiative in 2013, a move that was short-lived.

In step with recent softening in the tone of bilateral communications, signs of a thaw in Sino-Japanese relations from mid-2018 included Tokyo's recent surprise decision to cooperate with China in discussing big Asian infrastructure projects and said it would evaluate possible coordination over Beijing's BRI projects on a "case-by-case" basis. To this end the two sides agreed to set up an unprecedented consultation mechanism on Asian infrastructure development ahead of Abe's China visit in October 2018. Overall, both sides have adopted a more measured tone in their relationship. In Beijing's eyes, it would be a victory for China to gain Japanese participation in BRI, in terms of Tokyo's close US ties, and as a powerful reflection of both Japanese and Chinese bilateral tensions with the Trump administration over trade.

While their rivalry has been raw and open in key areas such as the Mekong region and Africa, both Japan and China feel growing uncertainty over the direction of US leadership under Trump. China has also suffered a wave of criticism about its BRI ambitions and the debt burden it imposes on recipient countries, not least from Malaysia and some South Pacific countries. Meanwhile, the escalating US-China trade war has clearly unnerved both Tokyo and Beijing - and driving a more nuanced regional approach by both countries. If, as Trump has suggested, Japan is also targeted for US trade tariffs, this would likely only fuel cooperation on various fronts.

#### **'IMPLEMENTING' FOIP**

Beyond Japan's enthusiastic efforts to stuff FOIP full of regional "connectivity: projects and programs such as maritime security assistance, FOIP by late 2018 still remained a strategy in need of teeth and muscle.

A striking gap is in the two countries' definitions of the region. Japan has steadily expanded its FOIP vision to encompass about 53 countries, from the South Pacific to Asia, Africa and even the Middle East, although it has studiously avoided mentioning China in its FOIP literature. Accordingly, Tokyo has been stitching into its evolving FOIP concept key programs of aid, security, trade and economic relations that fit neatly in the arc.

However, in a typical confusion created by different concepts of FOIP, each country that has even discussed FOIP engagement seems to have a different geostrategic concept. The US for example keeps FOIP in the area covered by the old USPACOM - primarily the Asia-Pacific region encompassing 36 countries and stretching from Antarctica to the North Pole and the US west coast to India.

In Southeast Asia, Japan has recently made the Mekong region a key component of its FOIP strategy portraying it as intrinsic to a stable and prosperous "Indo-Pacific region.", although the region as shown in Japanese foreign ministry maps does not include China - while China itself has built its Lancang Mekong initiative around Yunnan and the nearby Mekong countries - pledging \$10 billion worth of aid and economic cooperation in the process, to be delivered partly through BRI and the China-led Asian Infrastructure Investment Bank.

## **THE NEW FOIP ERA**

After a slow start, FOIP has clearly gained momentum, and while heavy on rhetoric and name, is now seeing the beginnings of concrete spending and assistance programs under the FOIP banner.

Publicly, Tokyo has allowed the US to sell the FOIP strategy while it quietly develops the concept as a catchall vehicle for its aid, trade and security initiatives with regional countries.

That is partly because, as most Japanese officials will privately admit, there is also uncertainty in Tokyo about the concept - and how far it should shape key areas such as trade aid, security, trade and economic relations. At the same time, there is growing determination to build it into a cohesive and shared strategy.

To be sure, the security diamond has become a broader concept for Japan to use as a bridge to draw together various interests throughout the Asia-Pacific region. In essence, Japan wants to promote connectivity between Asia, the Middle East

and Africa through its FOIP strategy – although that strategy still needs to be articulated in more detail. Foreign minister Taro Kono said in July that ASEAN is at the heart of Japan’s FOIP strategy, and has implied that under FOIP, Japan’s aid and security assistance initiatives will be broadened.

While the US version of FOIP has focused more on military involvement, Japan’s version of FOIP is far broader. Michael J Green, Japan chair at CSIS in Washington and former senior National Security Council official on Asia policy under George W Bush, recently observed that Japan’s FOIP version has one strength over the Trump administration’s version, its emphasis on economic issues, or as he put it: “the recognition that all the nations encompassed in the arc from Africa to the Western Pacific desire investment and sustainable economic development.”

Indeed, he noted, “most are more interested in that aspect than open competition with China, as much as they each worry about Beijing using its BRI to establish a more hegemonic position that might limit their own freedom of action. The U.S.-Japan-Australia-India Quad has begun taking up the theme of ‘quality infrastructure’, which suggests that Washington has realized this shortcoming in its own formulation.”

Together, he noted, the US and Japan could bring more to the Indo-Pacific region through cooperation with the Asia Development Bank and other multilateral institutions – although Japan’s decision to cooperate with China’s BRI scheme was “wise,” he noted, “since this will give Tokyo some opportunity to hold China to higher levels of transparency and accountability through cooperation rather than competition.”

Japan ultimate challenge, however, will be whether it can chart its own course between US and Chinese interests and carve a role as a regional power in its own right.



## INDIA AND THE INDO-PACIFIC

***Dr. Vijay Sakhuja***

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A clear articulation of Indo-Pacific by India has been through two recent events involving the state visit by Prime Minister Narendra Modi to Indonesia in May 2018, where along with President Joko Widodo they released the '*Shared Vision of India-Indonesia Maritime Cooperation in the Indo-Pacific*'. The document lists out priorities for the two maritime neighbors in the Indo-Pacific region, and commitment to "further cooperation in maritime sector which can be a force of immense stability in the region." Soon thereafter in Singapore, in his keynote address at the Shangri-la Dialogue, Prime Minister Narendra Modi, laid out India's vision for the Indo-Pacific. From New Delhi's point of view, there are at least ten key issues concerning Indo-Pacific and these are illustrative of its policy and praxis, as also expectations from the region.



*Photo Credit: CICP*

First, for India, the Indo-Pacific is a 'natural region' and blends the established cartographic delimitations of the Indian Ocean with the geographical understanding of the Asia Pacific region. The term Indo-Pacific has found reference in Indian strategic glossary and lexicon for some time and in New Delhi's mental map the region encompasses sea space from the western Pacific Ocean to the western Indian Ocean along the east coast of Africa.

Two, the region offers enormous opportunities as also present variety of challenges that impact on the destinies of states including those that have stakes in the Indo-Pacific region. India has a positive and all-encompassing view which supports 'a free and open' region and it embraces pursuits which enable progress and prosperity for the people clearly signifying the inclusive nature of its approach for the region.

Three, in geographical terms Southeast Asia connects the two great oceans and during ancient times served as the gateway that facilitated maritime commerce, movement of people, exchange of ideas and transmission of cultures. In contemporary context, many Southeast Asian countries continue to serve as entrepôt in the Indo-Pacific and facilitate rendezvous among China, India, Japan, South Korea, United States and ASEAN countries.

Four, India neither sees the Indo-Pacific as a 'strategy' nor as an 'exclusive club' of few selected members. Instead, 'inclusiveness' is at the heart of India's understanding of the region; and as a corollary, Indo-Pacific is not 'directed against any country', nor is it a 'grouping that seeks to dominate'.

India has long adhered to and practiced non-alignment as its stated foreign policy objective which has now gone through metamorphosis and mutation with a preference for strategic partnerships, active participation in regional security forums, support multilateral approaches to global problems and has strongly exhibited aversion and dislike for alliances, which it believes can undermine democratic institutions.

In this context, India, though a member of the Quadrilateral Security Dialogue (QSD) along with Australia, Japan and the United States, does not support any democracy led QSD that may target any country, ostensibly China; instead New Delhi is keen to engage China politically, diplomatically, economically, and militarily in its own way. India and China have set up over 30 bilateral dialogue mechanisms in diverse areas such as politics, economics, regional and international affairs, and culture. In 2017, both sides agreed to a 'strategic dialogue' to develop a substantive discourse about important global issues and the May 2018 Wuhan Consensus is a significant development for India China relations.

Five, for India, ASEAN centrality in the Indo-Pacific is a given and it "has been and will [continue to] be central to its future". New Delhi "seeks to cooperate for architecture for peace and security in this region". This has been amply assured



on various occasions, and in July 2018, Sushma Swaraj, India's foreign minister stated that "India has been working with ASEAN towards evolving a regional security architecture which is focused on ASEAN's centrality".

Six, India cherishes and promotes 'multilateralism and regionalism' and has launched a sophisticated web of intersecting as also diverse relationships through diplomatic and security dialogues with a number of countries. These are christened '2+2 dialogues' and serve as the bedrock of its proactive foreign policy. Currently this mechanism is operational for engagements with Australia, France, Japan, Russia and the US.

Seven, New Delhi has a 'principled commitment to rule of law' It certainly expects a 'common rules-based order for the region' that is internalized and practiced by all countries and stakeholders in the region. At the heart of this belief is that 'consensus' and not 'force' should be the tools for engagement among states, and all uphold 'sovereignty and territorial integrity, as well as equality of all nations, irrespective of size and strength'.

Eight, India advances the idea of 'equal access as a right under international law to the use of common spaces on sea and in the air that would require freedom of navigation, unimpeded commerce and peaceful settlement of disputes in accordance with international law.' Further, 'sea lanes will be pathways to prosperity and corridors of peace; and States must collectively 'prevent maritime crimes, preserve marine ecology, protect against disasters and prosper from blue economy'.

Nine, India promotes and expects 'rule-based, open, balanced and stable trade environment in the Indo-Pacific Region' based on a balance among trade, investment and services under the Regional Comprehensive Economic Partnership (RCEP). New Delhi acknowledges the urgency among the ASEAN countries for early RCEP negotiations and is excited about joining the grouping. Although a negative perception of India prevails on its offer of limited and differentiated tariff liberalization at the RCEP and for that the ASEAN must also show flexibility in following a comprehensive approach to the negotiation process.

Ten, connectivity in the Indo-Pacific is vital for regional prosperity and should be devoid of strategic competition. The Indian approach on this issue is based on a belief that connectivity projects should be based on 'respect for sovereignty and territorial integrity, consultation, good governance, transparency, viability and

sustainability' and 'not place them under impossible debt burden'. For instance, India's infrastructure initiative in Chabahar, Iran is a good example of enhancing connectivity for the land locked and war-ridden Afghanistan. Similarly, "Shared Vision on Maritime Cooperation in the Indo-Pacific between India and Indonesia" which would act as a catalyst to develop "further cooperation in maritime sector which can be a force of immense stability in the region." Both partners decided to develop Sabang into a maritime hub that can contribute to the Blue Economy and development of the Aceh region in western Indonesia and the Andaman & Nicobar Islands in the Bay of Bengal and support India's Act East Policy and Indonesia's Global Maritime Fulcrum.

However, India is concerned about Chinese infrastructure projects in Sri Lanka. These are now being labeled as 'debt traps' and also attract serious security concerns for India. The government is confident that 'Sri Lanka will continue to keep in mind India's security concerns and sensitivities'.

Finally, like any other new idea, the Indo-Pacific is not immune to critique and analysis. There are visible signs of euphoria attached with the concept but it is fair to argue that it can at best be described as 'work in progress'. There remain issues such as common understanding of the geography and delimitation of the Indo-Pacific, who would lead and manage the idea, issues of inclusiveness and exclusiveness, the fear of the concept being held hostage to geopolitical competition and containment, and several other issues that need to be addressed. But a dialogue on the vision and purpose of Indo-Pacific can potentially steer the concept into calmer waters.

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Will it divide Asia?

Will Trump commit to this concept?

WHAT ARE THE DETAILS?

*Is this an alternative to BRI?*

*Who is in?*

# INDO-PACIFIC

*Where does **ASEAN** fit in?*

Who is the leader?

*Does it overlap with the Quad?*

*Is there a role for China?*

*Who is out?*

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