

Edited by Gilbert Rozman,
Joseph Chinyong Liow

INTERNATIONAL RELATIONS AND ASIA'S SOUTHERN TIER

ASEAN, Australia, and India



Asan-Palgrave Macmillan Series

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International Relations and Asia's Southern Tier

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Asan-Palgrave Macmillan Series

ISBN 978-981-10-3170-0

ISBN 978-981-10-3171-7 (eBook)

<https://doi.org/10.1007/978-981-10-3171-7>

Library of Congress Control Number: 2017952204

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Printed on acid-free paper

This Springer imprint is published by Springer Nature

The registered company is Springer Nature Singapore Pte Ltd.

The registered company address is: 152 Beach Road, #21-01/04 Gateway East,
Singapore 189721, Singapore

ACKNOWLEDGMENTS

This book is drawn from the postings in *The Asan Forum*, an online journal started by the Asan Institute of Policy Studies in June 2013. Focused on recent international relations in the Indo-Pacific region, this journal provides continuous coverage of the important bilateral and multi-lateral relationships reshaping East Asia. In this series, we group selected postings not by when they appeared but into distinct arenas that have each been rapidly transforming in the 2010s, as seen from diverse angles in the region and in the West. The selections in this book come from 2014 and 2015, and they center on what we label the “southern tier” of the wider region.

Many persons have made this book possible. Hahm Chaibong, President of the Asan Institute, established the journal and set its overall direction in support of academic standards and balanced regional coverage. The staff of the journal has devoted its energy to ensuring timely, sustained posting of high-quality materials. The authors who write for the journal have been very cooperative in taking this task seriously and meeting deadlines. I am also grateful to Joseph Liow for serving as co-editor.

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Asia's Southern Tier

Gilbert Rozman and Joseph Chinyong Liow

This introduction has two parts: (1) an overview with some comparisons to Asia's Northern Tier; and (2) an introduction to analysis of the Southern Tier centered on ASEAN, Australia, India. In a rapidly changing Asian landscape, concentration on East Asia has the effect of leaving on the margins developments to the south and to the north. The centerpiece of the former is ASEAN. The latter is driven by Sino-Russian relations, but a second factor is North Korea's independent strategy and the efforts by South Korea to play a central role in this tier by virtue of its stewardship on the peninsula. The comparative section explores aspects of ASEAN centrality and jockeying over the Korean Peninsula, including South Korea's attempts to establish its centrality. A second book on the Northern Tier is being published along with this volume.

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,
https://doi.org/10.1007/978-981-10-3171-7_1

COMPARISON OF CENTRALITY IN ASIA'S SOUTHERN AND NORTHERN TIERS

Comparisons showcase three themes: managing great power rivalries, promoting regionalism, and achieving a more unified entity at the core of the region. ASEAN faces five great powers—China, the United States, Japan, India, and Russia—with the first two carrying the most weight. South Korea faces four great powers—China, the United States, Russia, and Japan—again with China and the United States first in significance. ASEAN has been striving to maintain its centrality, although that is increasingly at risk. South Korea has been searching for a way to establish its own centrality with uncertain results given signs of alternative regionalism excluding it. Questions abound about ASEAN's coherence, whether its limited cohesion is now in jeopardy. Likewise, concerns about prospects for Korean reunification lead some to wonder if that is a sideshow in a region becoming more polarized with a hardening divide between North and South Korea. Each of these themes is explored separately for the two regions after elaboration on our comparisons across the breadth of Asia.

Tensions in the Southern Tier focus on the South China Sea—the artery connecting the parts of the region and testing the national interests of great powers as well as the commitment to regionalism. Tensions in the Northern Tier focus on the nuclear program of North Korea as well as on the fate of that isolated country—also testing great power interests and varied approaches to regionalism. The balance of great and middle powers is clearer in the Southern Tier in regard to the primary source of tension. China appears increasingly isolated because of its adventurism, but it wields so much clout and has such an immediate presence especially in its mainland member states that ASEAN cannot find any escape from great power divisions that leave it unlikely to agree on a united response. If ASEAN is not rendered helpless, it at least is weakened substantially by its inability to agree on how to manage these rivalries. In the Northern Tier the close Sino-Russian strategic partnership and the strong alliance ties between the United States and both Japan and South Korea result in a great power balance less amenable to change. Seoul's repeated attempts to bring the great powers together around its initiatives contrast to ASEAN's inaction, but hopes are repeatedly dashed because the great power divisions are more pronounced, and its middle power diplomacy gives it much less leverage than it has acknowledged.

The South China Sea disputes are exposing the serious limits to ASEAN centrality and unity, and North Korea's rejection of the Six-Party Talks centered on denuclearization without a united front forming to pressure it to recommit to the Joint Statement reveals South Korea's lack of centrality. At the root of both phenomena was the combination of decisions by Beijing in 2009 to reduce support for ASEAN centrality, to reject the plea for 6 minus 1 in order to pressure Pyongyang, and to interpret the Obama foreign policy (including the rebalance to Asia) as an excuse for polarization. Great power alignments soon were taking shape that demonstrated the limitations, despite lingering hopes, of ASEAN's established leadership and shared opposition to North Korean nuclear weapons as a basis for great power cooperation. Polarization of great power policies has intensified in the 2010s in Asia's north and south tiers.

Although great powers are more divided, ASEAN boosters cling to hopes that it will steer regionalism to ameliorate tensions and South Korean leaders press for NAPCI, the Northeast Asia Peace and Cooperation Initiative, as a framework for regionalism, gradually building trust among the great powers while beckoning to North Korea. High hopes for regionalism in the 2000s have subsided, but it retains its allure as the alternative to more open competition or even conflict. In the Southern Tier, ASEAN remains so deeply entrenched that regionalism mainly takes the form of seeking to strengthen it as a strategic force in the face of China's strong opposition, while, at the same time, the United States, Japan, and Australia are active in working around ASEAN—both through a coalition of the willing on security and through TPP, a new economic regime that while not including all ASEAN members nevertheless is seen to have significant regional ramifications, not least in entrenching American interest in the region. China has its own economic framework through the twenty-first-century Maritime Silk Road. Competing ideas for regionalism are emerging. In the Northern Tier, the linkage between China's Silk Road Economic Belt and Russia's Eurasian Economic Union, shepherded by the Shanghai Cooperation Organization, is aimed at one framework for regionalism, while the alliance triangularity sought by the United States strives for another. Neither Pyongyang nor Seoul is comfortable with these plans. The former insists on more autonomy as a nuclear state without the economic reforms required for integration into the Chinese or Russian plans, and the latter so fears regionalization of the Japan-US alliance that it counters appeals for triangularity with NAPCI as an alternative form of regionalism

embracing both sides of the divide. In Southeast Asia, Indonesia continues to pursue its agenda of an Indo-Pacific Treaty that would encompass all major regional players and commit them to non-aggression.

The ideas of ASEAN cohesion and Korean reunification have dominated thinking about the Southern and Northern tiers respectively. They have become sacrosanct with staunch defenders even when prospects for them have grown more daunting. As divisions within ASEAN harden, making agreement on security matters harder, and as prospects for moving toward reunification keep getting dimmer, supporters of these ideals remain assertive, perhaps with disguised desperation. China may not have much interest in regionalism that it does not lead, but it keeps others' hopes alive—agreeing to talks with ASEAN states over a code of conduct for the South China Sea, however drawn out they have become, and contrasting its support for NAPCI with US hesitation, even if few think that China is serious about NAPCI. For now, distractions over ASEAN's presumed cohesion and Korea's presumed bonanza through reunification serve to obscure the fundamental currents in each region.

ASIA'S SOUTHERN TIER

Through the 1980s the Cold War and India's "strategic autonomy" left a smaller ASEAN with little impact beyond its own members. At this point, ASEAN's diplomatic attention and resources were primarily focused on opposition to Vietnamese aggression in Indochina. In the 1990s ASEAN not only expanded, it greatly increased its centrality and its image as a viable bridge for relations among great powers, especially Sino-US relations with the formation of the ASEAN Regional Forum, and Sino-Japanese relations when both agreed to form ASEAN + 3. The 2000s saw the peak of global attention to ASEAN. The decade began with the ambitious declaration of an Indonesia-inspired blueprint for the formation of an ASEAN community premised on deeper integration over a wide slate of issues. Underlying these efforts lay a major recalculation premised on shifting geostrategic trends, where the emergence of China and India as regional powers of consequence both economically and politically threatened ASEAN's continued relevance and centrality in regional affairs. This led ASEAN to the conclusion that the acceleration and deepening of regional integration was the only viable response. Great powers were evaluated for how well they could persuade ASEAN of their own preferences or, in the case of the United

States, whether neglect of ASEAN was a strategic mistake. Clearly, this was a unique period: China was still hesitant to break from Deng Xiaoping's legacy to keep a low profile; Japan still prioritized close cooperation with China despite increased wariness; and the South China Sea did not loom as a matter of urgency, giving the United States no compelling reason to press for a collective response to China's growing clout. India's "Look East" policy was slow to gather momentum, and Australia's relationship with Indonesia remained clouded by differences over the 1999 East Timor crisis. ASEAN had become so much a part of the conversation about developments affecting more than Southeast Asia that the meaning of East Asia was broadening to include its territory, but there was still little thought of what in the following decade would become the Southern Tier.

What accounted for the qualitative change in international relations on the southern edges of Asia and including Australia? At least three factors can be identified. First, the driving force is China's aggressive behavior on many fronts, driving countries together. India has been drawn into the fray by China's threatening behavior, and Australia has found countries in Southeast Asia more eager for its involvement. Within Southeast Asia, concern for Chinese intentions and expansionism grew more acute, particularly among littoral states. A second factor is US leadership, entering the ASEAN-centered East Asian Summit and rallying other countries in response to Chinese behavior. The third factor is the way the South China Sea galvanizes countries to respond; it is of vital strategic interest, and the emotional impact of threats to territorial sovereignty has a rallying effect. In the background are forces of commerce and political and social interdependence that are undercutting national autonomy and leading to more wide-ranging forms of regionalism. This has been expressed in the proliferation of regional mechanisms and the creation of a proverbial "alphabet soup" of regional organizations ranging from the EAS (East Asia Summit), the ADMM and ADMM-Plus (ASEAN Defense Ministers' Meeting and ASEAN Defense Ministers' Meeting-Plus) to the ASEAN Plus Three (APT) and other ASEAN-plus meetings. If Indonesia and Malaysia have their way, the Indo-Pacific Treaty, brainchild of Indonesia's former foreign minister Marty Natalegawa, which is still "in play" in the regional diplomatic discourse, and the Global Movement of Moderates, conjured up by Malaysian Prime Minister Najib Tun Razak, will doubtless be added to the register. While some are trying to keep the focus on narrower forms, others are telling us that we must recognize the

Asia-Pacific and also the Indo-Pacific region. In *The Asan Forum* this broader view of the region was championed by Rory Medcalf.

In the search for multilateralism in Asia, ASEAN has stood in the forefront. In the spring of 2014 *The Asan Forum* explored changes in the search for multilateralism in which ASEAN has played such a prominent role, problems in how this concept has contributed to confusion in the study of international relations, and the limits of multilateralism that fall short of regionalism. Evelyn Goh warned that channels of action become ends in themselves rather than means to achieve a sustainable order with rules of the road. She warned that ASEAN's role is limited; the great powers must strike their own strategic bargains. Increasingly, the focus has turned to the South China Sea, as the centerpiece in the challenge of reaching a durable bargain. In subsequent issues, the journal carried articles by Malcolm Cook raising doubts about such a bargain as the divide across Southeast Asia keeps growing, and by Amitav Acharya arguing that the problems are not so serious and that ASEAN would survive great power rivalry since it continues to pursue a compelling agenda. Notice of the emergence of the Southern Tier is not a repudiation that ASEAN forms its core and still has a significant role as the nexus of dialogue, but it does suggest that more than great power rivalries are broadening involvement and limiting ASEAN's role.

The South China Sea disputes have intensified since 2014, both weakening ASEAN and beckoning more concerned states to more actively lobby ASEAN and its members to change course. The Special Forum of July–August 2015 assessed their impact on ASEAN's centrality with assessments ranging from Ian Storey's failing grade for ASEAN on this matter to Satu Limaye's conclusion that such grading is all in the eye of the beholder, but Joseph Liow warns that due to misperceptions and blind spots one cannot easily trust what beholders think they are seeing. Diverse judgments are apparent in Kuroyanagi Yoneji's question about whether ASEAN centrality is myth or reality, or whether, as Evelyn Goh's earlier piece also implicitly asks, it is a means to an end or an end in itself. Scott Bentley gets to the crux of the matter by asking if the image of a special relationship with China, which has interfered with priority for an ASEAN consensus, is now fraying in Malaysia. Such images are being tested as more outside great and middle powers make the case that ASEAN must be bolstered and China should not be allowed to cultivate such an image at ASEAN's expense. Underlying this is a concern—creeping into Southeast Asian discussions on the issue—that unless ASEAN is able to demonstrate

unity in the face of Chinese assertiveness, the South China Sea will fast become an arena for great power rivalry. This is precisely the kind of situation that worried the “founding fathers” of ASEAN, to the extent that the organization has nurtured aspirations to create a zone of “peace, freedom and neutrality” since promulgating a declaration by the same name in 1971.

Three countries in Southeast Asia have drawn the bulk of attention as questions fly about the future of ASEAN and the impact of the South China Sea disputes. Malaysia found new reason to doubt China after the disappearance of flight MH370, which is discussed by Kuik Cheng-Chwee. Indonesia has hesitated before the challenge of exerting regional leadership, as Joseph Liow analyzed in a prior article. Finally, Vietnam stands as a country on the frontline of the South China Sea tensions, while, unlike the Philippines, it keeps exploring with China ways to overcome differences. Vietnam’s struggles have been documented by Mark Manyin and Truong Vu in *The Asian Forum*. Vietnam as well as Indonesia has been a key object in Southeast Asia for the United States, Japan, Australia, and India as they seek a greater regional role.

Australia’s realization of a big values gap with China and its goals in “pivoting” to Asia through Southeast Asia have been the subject of articles that shed light on the emergence of the Southern Tier. Its relations with the United States and India also merit consideration in the context of security cooperation in Southeast Asia. The articles of John Fitzgerald and Andrew O’Neil cover the values and pivot themes, as Australia along with India is making the case for use of the term, Indo-Pacific region.

India is the anchor of the Southern Tier, giving weight to forces beyond ASEAN now not just claiming to “Look East,” but also to “Act East.” Articles in *The Asian Forum* by John Garver, Daniel Twining, and Rahul Mishra have examined India’s new ties to Japan, its search for a leadership role in East Asia, and the transition under Modi to a more active eastward tilt. Commentaries after a Modi-Obama summit gave varied perspectives on how this relationship would affect India’s role in Southeast Asia. Again Twining and Mishra contributed to the journal, and so did Takenaka Chiharu from a Japanese perspective. After all, India’s involvement in strategic maneuvering in the South China Sea and the Indian Ocean comes with active US encouragement.

Unlike the Northern Tier, old alliances are not being strengthened or revived. A new regional architecture is taking shape marked by China’s assertiveness, a wide range of actors are responding with India and

Australia, the most important neighbors of ASEAN involved, and ASEAN is being tested as never before. We are only at the first stage of conceptualizing what we mean by the Southern Tier, how much it could take a place along with ASEAN as a focus of analysis in Asia, and what framework is most useful for assessing relations within this area. We have tried to make a start by concentrating on such themes as multilateralism, centrality, and great power rivalry in coverage of the security side of developments along Asia's southern fringe.

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Reimagining Asia: From Asia-Pacific to Indo-Pacific

Rory Medcalf

The map of Asia is being reimagined. The idea of the Asia-Pacific, which made good sense as a framework for regional order in the late twentieth century, is giving way to another construct: the Indo-Pacific. This changing use of geographic terms has real-world consequences for how states and leaders perceive the regional strategic order, the challenges it faces, and the ways to address them.¹ Accordingly, a contest is emerging over how to define Asia conceptually, including choice of terminology. This will have strategic implications, not least on managing the growth of China's power and interests.

Leaders and senior policy figures from Australia, India, Indonesia, Japan, and the United States are increasingly using the term "Indo-Pacific" or similar language in speeches and statements.² Even where the precise wording differs there is increasingly an intersection between the idea of the Indo-Pacific and terminology used by policy leaders to describe the changing regional order. Notable among these is the "Maritime Silk Road" idea, which China under President Xi Jinping has promoted since

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_2

late 2013 as a way to define its economic and diplomatic engagement across the Indian Ocean and beyond.³ The evolution of India's "Look East" policy to an "Act East" agenda under Prime Minister Narendra Modi is part of a serious effort by India to become a more influential power east of Malacca. Since 2007, Japanese policy speeches and statements have occasionally referred to Prime Minister Abe Shinzo's formulation of the "confluence of two seas" (*futatsu no umi no majiwari*). And Indonesia President Joko Widodo has, since his inauguration speech in late 2014, defined his archipelagic nation as a strategically important maritime nexus between the Indian and Pacific oceans.⁴ Meanwhile, other Asian middle powers, such as the Republic of Korea, while not necessarily yet embracing Indo-Pacific terminology, are acknowledging their economic and strategic dependence on developments across a much wider maritime region, from the Middle East to the United States.⁵

This Indo-Pacific tendency is much more than a matter of superficial or semantic difference. The way policymakers define and imagine regions can affect, among other things, the allocation of resources and high-level attention, the prioritization of security partners among countries, and the membership and agendas of regional diplomatic institutions. Thus, the increasing use of the term Indo-Pacific carries implications for the way countries approach security competition or cooperation in maritime Asia. This has ramifications for how countries manage and incorporate China's rise in a regional order. Whether the region's strategic future is dominated by competition or develops in a more cooperative fashion, the game is likely to unfold increasingly in a super-region connecting two oceans. There will, thus, be a growing imperative for the region's powers to develop what might be termed an Indo-Pacific strategy, difficult though such a comprehensive approach may be.

DEFINING THE INDO-PACIFIC

The idea of an Indo-Pacific region involves recognizing that the growing economic, geopolitical, and security connections between the Western Pacific and the Indian Ocean regions are creating a single "strategic system."⁶ At its simplest, this can be understood as a set of geopolitical power relationships among nations where major changes in one part of the system affect what happens in the others. In this sense, the Indo-Pacific can be understood as a maritime "super-region" with its geographical center in Southeast Asia.⁷ This should not be mistaken as some kind of

effort to reduce the centrality of Asia in regional conceptions; rather, it is a region with maritime Asia at its core.

The Indo-Pacific concept underscores the fact that the Indian Ocean has replaced the Atlantic as the globe's busiest and most strategically significant trade corridor, carrying two-thirds of global oil shipments and a third of bulk cargo.⁸ The powerhouse economies of East Asia depend acutely on oil imports across the Indian Ocean from the Middle East and Africa, and this dependence is set to deepen further. Around 80 percent of China's oil imports, perhaps 90 percent of South Korea's, and up to 90 percent of Japan's are shipped from the Middle East and/or Africa through the Indian Ocean.⁹ This, in turn, is a major strategic vulnerability, which is influencing diplomacy and partnership building, as well as the hard-power priorities of naval modernization. Together, these developments are making the Indo-Pacific the world's economic and strategic center of gravity.

The reality of an Indo-Pacific region has been brought about by a confluence of economic and strategic factors. A principal driver has been the rise of China and India as powers that have become increasingly outward-looking in their economic and military affairs. This has led to the rapid expansion of their economic interests and, therefore, of their strategic and diplomatic imperatives into what the other might once have considered its primary maritime zone of interest—China's into the Indian Ocean and India's, to a lesser but growing degree, into the Pacific.¹⁰ This thickening of economic and strategic interaction between China and India is a major part of the Indo-Pacific story. This relationship is almost certain to keep expanding as the two powers' wealth, military capabilities, and strategic interests continue to grow, and an Indo-Pacific context for their interactions, competitive or even cooperative, becomes more obvious.

Even so, the Indo-Pacific power narrative is not only about China and India. The region involves the intersecting interests of at least four major powers—China, India, Japan, and the United States—as well as significant middle players including Australia, South Korea, and the most substantial of the Southeast Asian countries. In parallel to the geographically expanding interests and reach of China and India, the continued strategic role and presence of the United States in both the Pacific and Indian oceans is a major factor defining the Indo-Pacific idea. The interests of Japan and of South Korea, which rely even more acutely than does China on energy supplies across the Indian Ocean, also need to be taken into account.

Japan's active strategic diplomacy in recent years, including an enhanced security and economic partnership with India and the establishment of a small military base in Djibouti, can be seen as Indo-Pacific in character. Indeed, Japanese policy statements are now frank about declaring that security issues in the Indian Ocean, Pacific Ocean, South China Sea, and East China Sea cannot be treated separately; Japan has a stake in all of them.¹¹ To some degree, the same can even be said of the Republic of Korea, which has undertaken lethal and effective special-forces action against pirates in the Gulf of Aden; is developing "blue-water" or ocean-going naval capabilities in part to contribute to the protection of its energy-supply lifelines; and which, since 2011, has deployed 150-strong special-forces contingents to the United Arab Emirates on rotation to train local forces in counterterrorism and to protect South Korea nationals and interests.¹²

The most active power, however, in developing and advocating the Indo-Pacific idea has undoubtedly been Australia. Canberra has a unique role here: it is a middle power in the gathering Indo-Pacific strategic game, in multiple ways. These include its relative diplomatic influence, its unusual two-ocean geography, its proximity to and monitoring oversight of the crucial sea lanes connecting the Indian Ocean and the Pacific, and its perceived status as a state that—despite being a close US ally—is also developing important economic, societal, and even security relations with multiple Asian powers. Moreover, Australia has long grappled with its singular status as neither an Asian nor a Western power, perceived as both integral to yet separate from both the Western world and the Asian region. All of this helps explain why Australia has been at the forefront of driving an Indo-Pacific understanding of the region, notably by formally recognizing this as the name of Australia's zone of strategic interest in its 2013 defense white paper.¹³ Australia is the first country to definitively and comprehensively redefine its region as the Indo-Pacific, and this has become a bipartisan view among foreign and security policy leaders, from the 2013 Labor government under Prime Minister Julia Gillard to the later conservative government under Prime Minister Tony Abbott.

The potential for the middle powers to have influence in an Indo-Pacific setting has also been implicitly recognized in statements by Indonesian leaders since 2013 as well as the way Modi has characterized Australia ("the heart of the Asia-Pacific and Indian Ocean region").¹⁴ As powers between the United States and China continue to explore closer security cooperation with one another, some of them are beginning to

couch their connections in terms of shared Indo-Pacific interests.¹⁵ For instance, the low-key but historically important trilateral meeting in mid-2015 between the foreign secretaries of India, Japan, and Australia appears very much to have discussed the region and its security challenges in this shared frame of reference.¹⁶

THE INDO-PACIFIC AND ITS LIMITATIONS

For all this, does the Indo-Pacific make sense as a strategic system? The concept can quite easily be criticized on the grounds that it refers to a region so large as to encompass much of the globe and therefore too large to be a significantly bounded zone of strategic interaction. Certainly, much of what happens in one part of the Indo-Pacific region will not necessarily be of critical importance to others. Moreover, when it comes to solving security problems, the sheer scale of the region would seem to preclude the establishment of a cohesive, inclusive set of security or diplomatic institutions.

To be sure, many of the Indo-Pacific security challenges are not problems common across all of its subregions—in that sense it is not a fully integrated, interdependent strategic system. For instance, tensions on the Korean Peninsula are not of overwhelming concern to India, and India–Pakistan tensions would not generally seem to be a principal concern for East Asian countries. China–Japan friction in the East China Sea, even more the China–Taiwan problem, is principally a Northeast Asian concern. The subregions of Northeast Asia, Southeast Asia, and South Asia, which remain home to Asia’s hottest near-term security challenges, will undoubtedly retain their own distinct security dynamics.

For the United States, there does not seem to be a single defining or overarching Indo-Pacific security problem, other than strategic competition and the risk of conflict with China. The latter was already an Asia-Pacific problem before the emergence of Indo-Pacific economic and political currents. Some analysts even argue that, whatever the linkages between them, the United States ought actively to differentiate between the Asia-Pacific and Indian Ocean regions, so as not to disperse its strategic capabilities and influence.¹⁷ However, this point disregards the fact that the very nature of America’s China challenge is now Indo-Pacific. Just as China’s interests, capabilities, and vulnerabilities are extending across the Indian Ocean, so too are the reasons for the United States to respond to opportunities for cooperation or competition with China across this

domain. The perception that it should keep its regional strategy narrowly focused on East Asia fails to adequately recognize that it already has an established strategic role in the Indian Ocean and possesses certain advantages there. The Indian Ocean has long been part of the Pacific Command's (PACOM's) area of operations; the US–India partnership is consequential and growing; and the United States, its partners, and allies have a long record of basing, surveillance, and patrolling in many parts of the Indian Ocean.

The notion that the entire Indo-Pacific is becoming one connected region does have its obvious limits. Nevertheless, there exists a complex, multilayered Asian system where subregional contests exist alongside wider regional and global dynamics. If Asia is becoming the global center of economic gravity, any conflict there involving a major power would have a global impact. In any case, tensions can no longer be quarantined in local neighborhoods. Territorial disputes in the South China Sea are being watched as a laboratory for how a powerful China behaves when it does not get its way. Trading nations everywhere have stakes in Southeast Asian shipping lanes, and many regional players have a deep interest in what developments in the South China Sea mean for the fate of a rules-based order.

A BRIEF HISTORY OF THE INDO-PACIFIC

The term Indo-Pacific may seem new to geopolitics, but the underlying idea is anything but. In some ways it is an evolution, rather than a rejection, of the late twentieth-century idea of the Asia-Pacific. The Indo-Pacific has a long line of antecedents, dating back to precolonial times. It has been a more enduring way of understanding the geography of Asia than the late twentieth-century separation of East Asia and South Asia—a consequence of Cold War dynamics and the inward-looking, non-trading nature of the Chinese and Indian economies in the first few decades after World War II. Economic and cultural interactions between Asia's subregions go back millennia, as attested by the spread of Buddhism from India to East Asia. The interactions were not always from west to east: in the early 1400s, the Chinese empire sent a powerful “treasure fleet” led by Admiral Zheng He on multiple voyages into the Indian Ocean. Chinese interest in this enterprise was not sustained, and the emperor ceased the voyages after seeing little merit in them.

Soon after Zheng He ceased his expeditions, from the fifteenth century onwards, European adventurers saw merit aplenty, and began to visit the Indian Ocean and the waters and lands to its east and north. The activities of European mercantilist trading companies, explorers, diplomats, and military expeditions were not confined to narrow twentieth-century conceptions of Asia. The British Indian Empire, for instance, depended on links via Singapore to China and Australia, and westward to Africa and Suez. Throughout colonial times, European maps entitled “Asia” encompassed an Indo-Pacific arc from the Indian Ocean rim, through Southeast Asia to China, Korea, and Japan.

Ideas analogous to the Indo-Pacific became popular in the development of the study of geopolitics in the late nineteenth and early twentieth centuries. American sea-power theorist Alfred Thayer Mahan and British geographer Halford Mackinder each saw Asia as an integrated region. Indo-Pacific definitions of Asia came to further prominence, but also took on an ideological distortion, with another early twentieth-century advocate, German geographer Karl Haushofer.¹⁸ Haushofer drew on his travels in Japan, China, Korea, and India to create his own geographical determinism. In 1924, he envisaged a world of four “pan-regions,” arguing that each was a suitable sphere of interest, to be dominated by one strong power.¹⁹ The Indo-Pacific was becoming an accepted term in ethnography and marine science. Applying it to geopolitics, Haushofer saw the strategic and economic unity of this pan-region as the preserve of Japan, to be shared perhaps with Russia. Thankfully, today’s Indo-Pacific concept is precisely the opposite of Haushofer’s²⁰—it is about finding ways peacefully to manage the intersection of multiple powers’ interests in a vast commons, rather than using geography for allocating spheres of influence.

During World War II, the allies recognized their theater of operations against Japan as having something like an Indo-Pacific character. After the war, British strategic planning for the region continued to be Indo-Pacific, using that terminology into at least the 1960s. Nor did regional countries automatically abandon the idea of the Indo-Pacific as one region even when barriers to interaction arose with the onset of the Cold War and the economic inwardness of newly independent India and Communist China. Australian defense documents assessed the country’s security outlook in terms of risks and challenges across the “Indo-Pacific Basin” into the 1960s.²¹

TO THE ASIA-PACIFIC AND BACK AGAIN

Change was afoot, and from the late 1960s the Asia-Pacific came to dominate conceptions of Asia. This was generally understood as a region connecting Northeast and Southeast Asia with Oceania (and therefore Australia) and the Americas. Much of the purpose of this idea was to reflect and reinforce the crucial US strategic and economic role in Asia, as well as the success of the East Asian industrialized countries as US trade partners.

The Asia-Pacific reached new levels of relevance and institutionalization by the late 1980s, with the establishment of the Asia-Pacific Economic Cooperation (APEC) process. Its consolidation, including most East Asian and Australasian countries, plus the United States, Canada, and three Latin American countries, helped allay concerns about US retrenchment at the end of the Cold War. By the time China began engaging with Asian multilateralism in the 1990s, it found an Asia-Pacific set of institutions: not only APEC but also ASEAN and its wider security dialogue the ASEAN Regional Forum (ARF). In retrospect, the Asia-Pacific concept could not last without coming to terms with two factors that emerged in the 1990s: (1) the rise of India as a substantial economic and military power with interests beyond South Asia and (2) the increased connection between the economic powerhouses of East Asia and the Indian Ocean region, related especially to their demand for energy and other resources.

These new dynamics were soon reflected in Asia-Pacific institution-building. The ARF came to include India and other South Asian players in the mid-1990s. At its crowning moment—the establishment of the East Asia Summit (EAS) in 2005—the process of institution-building took a decisive twist, which, in retrospect, can be seen as Indo-Pacific in nature. Southeast Asians accepted India, Australia, and New Zealand as members of that regional leaders' forum from the outset—against China's lobbying—and so the contemporary Indo-Pacific era began. This interpretation of events was subsequently borne out in 2013 by Indonesian foreign minister Marty Natalegawa, when he argued that the shaping of the EAS was a conscious act of Indo-Pacific diplomacy by Southeast Asian states.²²

Since the early 2000s, the Indo-Pacific has returned in name as well as in substance. An explicit Indo-Pacific framework has entered the policy discourse of at least five countries. Although Australia has led the way by rebadging its region as the Indo-Pacific in its 2013 defense white paper, officials in the United States, India, Japan, and Indonesia have also begun using the term. This points to a growing acceptance of the concept.

Abbott has continued in the footsteps of Gillard, repeatedly using Indo-Pacific terminology to describe Australia's strategic environment and referring to the Indo-Pacific as the focus of the world's economic dynamism.²³ Indian Prime Minister Manmohan Singh began using the term in late 2012 and into 2013 as a way of defining his country's relations with ASEAN and Japan.²⁴ Modi has used analogous language, e.g., in describing his vision for relations with Japan and Australia.²⁵ Abe has begun utilizing explicitly Indo-Pacific terminology.²⁶ In May 2013, Natalegawa began an initiative for an "Indo-Pacific treaty."²⁷ In late 2014, Widodo spoke of his own new maritime vision for Indonesia as a strategic actor between two oceans.²⁸

The Indo-Pacific appears to have entered the official American foreign-policy lexicon in 2010, when Secretary of State Hillary Clinton and Assistant Secretary of State Kurt Campbell started using the term in speeches leading to the US "pivot" or rebalance to the Asia-Pacific, notably in the way they defined US strategic relations with India and Australia.²⁹ Indo-Pacific terminology is frequently used in the US armed forces: for PACOM, the default definition of the region in which their forces operate is the "Indo-Asia Pacific."³⁰ The United States under President Barack Obama has not explicitly replaced Asia-Pacific with Indo-Pacific terminology at all levels or in all agencies. However, Indo-Pacific language and thinking is now regularly used in State Department declarations of policy, and "Indo-Asia-Pacific" wording is now standard for PACOM. It would be fair to conclude that those parts of the Obama administration most regularly engaged with Asia see the region as Indo-Pacific in character, with India's eastward strategic and diplomatic engagement seen as integral to Asia's future.³¹ Most significantly, during his historic visit to India in January 2015, Obama implicitly endorsed the Indo-Pacific concept in the formulation of his joint statement with Modi, which recognized "the important role that both countries play in promoting peace, prosperity, stability and security in the Asia-Pacific and Indian Ocean Region."³²

This increasing evidence of Indo-Pacific terminology and thinking by various governments is an evolution of parallel perspectives, albeit with some cross-fertilization. It does not result from any formal coordination of positions. It is an organic process, not a plan. Of course, there is presumably some interplay and mutual encouragement, experimentation, or emboldening at work. Some notable appearances of the term have been, for instance, in joint statements or press conferences,

such as in India's interactions with ASEAN, Australia, or Japan, or Australia's with the United States. There is also an accumulating body of literature from think tanks and academics that reflect and help shape the emerging policy view.

CHINA'S INDO-PACIFIC: FOLLOW THE MARITIME SILK ROAD?

Of course, a viable strategic definition of Asia cannot be based solely on what the United States and its allies think. The enduring validity of an Indo-Pacific way of seeing and acting strategically in Asia will rest also on the perspective, choices and behavior of other countries, most notably China. Some observers suggest that the Indo-Pacific idea, particularly as presented by American voices in the context of the US rebalance to the Asia-Pacific, is unlikely to appeal to China and could even heighten its perceptions that it is the target of a US-led containment strategy.³³ The same observers and other analysts, however, recognize that the Indo-Pacific need not be a politically loaded concept. It would seem counter-productive and futile to employ the term to deemphasize the importance of China's role in the regional order, or to delegitimize China's pursuit of its interests as a major maritime trading nation in the Indian Ocean, for the simple reason that the Indo-Pacific includes China, by definition. For the same reasons, Chinese analysts are caught in a self-defeating semantic game if they seek to discount the Indo-Pacific idea by dint of its association with US, Japanese, Indian, or Australia policy statements—after all, there would be no basis for an Indo-Pacific view of Asia if not for China's own expanding interests and power. In that sense, China—not India—is becoming the quintessential Indo-Pacific power. There will, however, be a continuing need to manage Chinese sensitivities that the Indo-Pacific idea is in some way endorsed by—among others—Japan, India, Australia, and the United States, participants in a quadrilateral dialogue in 2007 that unnerved Chinese policymakers, who saw it as the embryo of a regional security alignment.

An Indo-Pacific definition of Asia lends further legitimacy to India's growing role as a strategic actor in East Asia, including the South China Sea and Western Pacific.³⁴ It also offers a rationale for a stronger US–India relationship.³⁵ The Indo-Pacific idea could dilute Chinese influence in those regional forums that adopt an Indo-Pacific membership, simply because one power's influence will naturally be lessened the more other strong, independent voices are in the same room. However, the Indo-

Pacific concept also recognizes China's role and interests in the Indian Ocean, and, therefore, dilutes Indian dominance, obliging it to at least consider how to address China's interest in joining regional bodies like the Indian Ocean Rim Association.

In any case, China's responses to the Indo-Pacific idea have not been wholly negative. They have included suspicion³⁶ and indifference, but, sometimes, Chinese analysts or officials are engaged and interested. Some Chinese observers have stated that the US rebalance involves a broad definition of Asia that encompasses the Indian Ocean, while others have warned that it is inventing a term to exclude China; yet some seem open-minded about the Indo-Pacific concept, acknowledging that China's own interests are Indo-Pacific in nature.³⁷

Ultimately, it has been the very expansion of China's interests, diplomacy, and strategic reach into the Indian Ocean that most raises consciousness of the Indo-Pacific. China is undeniably expanding its influence and presence in the Indian Ocean, where its interests—particularly energy imports—have grown sharply. With growing Chinese oil demand, the building of ambitious overland pipelines will only slightly offset China's critical reliance on the Indian Ocean.³⁸ An estimated million or more Chinese nationals are also living and working in Africa, where China is a principal foreign investor. Additionally, Chinese security personnel are playing a variety of roles in Africa, including as contributors to “public goods” such as medical relief and evacuation of noncombatants from crisis zones.

The development of China's naval capabilities is also a clear sign that its strategic priorities are tending towards the Indo-Pacific. The construction of a blue-water navy in recent years, including the recent investment in a fleet of new replenishment ships to allow long-range naval deployments, suggests that Beijing's maritime priorities will not remain limited to the so-called near seas off China's eastern seaboard.³⁹ In mid-2015, the latest Chinese Defense White Paper plainly signaled China's ambition to become a maritime power and one not confined to East Asian waters. “The traditional mentality that land outweighs sea must be abandoned,” the document stated. It was explicit about adding a role called “open seas protection” to the PLA Navy's existing task of “offshore waters defense.”⁴⁰ This turn to the “far seas” of the Indian Ocean is increasingly apparent in deployments. China has a long-term security presence in the Gulf of Aden, as well as increased naval activity and port investment in multiple locations across the Indian Ocean. Some Chinese naval activity is

becoming indisputably Indo-Pacific in character. The sustained counter-piracy activity since late 2008 is the obvious example, as is the “goodwill” voyage of the PLA-N hospital ship *Peace Ark* to many Indian Ocean countries in 2013. More potently, in late 2013 and early 2014, a Chinese nuclear-powered submarine undertook a long-range patrol across the Indian Ocean, to both test and signal capability. In early 2014, a Chinese surface action group, including two destroyers and a large amphibious ship, entered the Indian Ocean via the Sunda Strait and conducted combat-simulation exercises, causing some concern in Australia and India.

The story of Chinese submarine visits to Sri Lanka, perhaps, best illustrates the new geopolitics of China’s Indo-Pacific naval ambitions. In late 2014, a Chinese submarine twice docked in Sri Lanka. The growth of China–Sri Lanka economic and security ties, from the submarine visits to the development of massive Chinese-financed port infrastructure, has increasingly been identified as a key manifestation of Sino-Indian strategic rivalry in the Indo-Pacific. The submarine visits are widely reported to have stirred serious security anxiety in India. Some commentary has drawn a direct link between India’s reaction to the submarine visits and the surprise defeat of the Rajapaksa government in the January 2015 Sri Lankan general election, which has been described as a major setback for Chinese influence in the Indian Ocean.

Much Chinese diplomatic activity has also taken on an Indo-Pacific flavor. Li Keqiang’s first foreign visit as premier was to India in May 2013. More pointedly, in September 2014, Xi Jinping combined his first presidential visit to India with visits to Sri Lanka and the Maldives. The trips to the Indian Ocean island nations were conspicuous for the emphasis Xi placed on comprehensive engagement, including generous investment and aid deals, and the reframing of these relationships as part of the Maritime Silk Road. This in turn can be seen as a new strand in Chinese external policy, indicating that Chinese strategists are thinking in ways analogous to the Indo-Pacific idea.

The Maritime Silk Road could be viewed as both an alternative to and an endorsement of the Indo-Pacific idea—with Chinese characteristics. It is a major diplomatic and economic initiative for developing a China-centric network of relationships covering the sea route westward between China and Europe. Some Chinese analysts are comfortable using Indo-Pacific terminology in their writing, e.g., calling for an Indo-Pacific era of India-China cooperation.⁴¹ Another notable recent development is Beijing’s emphasis on continental and Eurasian frameworks and partnerships,

notably the China–Russia relationship, the SCO, and the Conference on Confidence-Building and Interaction in Asia.⁴² But this continental vision is a complement to, not a substitute for, China’s engagement with the maritime domain.

SOME PRINCIPLES AND PARAMETERS FOR MANAGING INDO-PACIFIC TENSIONS

Whether the region’s strategic future is dominated by competition or develops in a more cooperative fashion, an understanding of the regional dynamics playing out across the Pacific and Indian oceans will be necessary to inform effective policies for maintaining stability.

Existing in the same strategic space geographically does not automatically result in the alignment of interests and notions of regional stability. The gradual emergence of an understanding among key powers that the fates of the Asia-Pacific and the Indian Ocean regions are interlinked does not in itself translate into security cooperation or the amelioration of mistrust across such a broad space. Yet, if the Indo-Pacific is to have a peaceful and prosperous future, these are crucial objectives. The essential questions for policymakers relate to how a shared Indo-Pacific geographical understanding can contribute to security partnerships and stability. If the global center of economic and strategic gravity is shifting to the Indo-Pacific, how can regional powers manage the strategic tensions arising from such shifting power balances across this immense canvas?

Wider questions remain about how China can be incorporated into a two-ocean regional order without worsening the security anxieties of other states. A diplomatic and maritime-security infrastructure is needed to reduce the risk of conflict as the great powers expand their interests in the Indo-Pacific. These are uncharted waters but some basic principles can be identified. Coexistence among the significant powers, especially China, India, Japan, and the United States, will clearly be vital to the super-region’s peace and stability, but other states will require a say. Even if these four powers could conceivably overcome mistrust and habits of unilateralism, and coordinate their policies to protect the maritime commons, regional stability would still require that other states were convinced that such an arrangement was in their interests. Yet, the disparities and distances among the great number of theoretically Indo-Pacific states mean that a fully inclusive regional

organization is not the solution. It cannot be effective for practical matters such as crisis management or even rapid disaster relief. Asia's paramount diplomatic institution, the EAS, is already in essence Indo-Pacific in character, as are its kindred ASEAN-centric gatherings, the ARF and ASEAN Defense Ministers' Meeting Plus (ADMM-Plus). They all include India.

If the challenge is to devise ways and rules to manage China's strategic entry to the Indian Ocean, and potentially India's to the Pacific, an Indo-Pacific security order will need a third institutional layer between alliances and slow multilateralism: practical "minilateral" dialogues, exercises, or security operations among easy-to-coordinate coalitions of self-selecting partners. Sometimes these will include China—as with the antipiracy patrols or the deployment of Chinese aircraft and ships (as well as Japanese, South Korea, US, and British assets, among others) to the Australian-led international search for missing Malaysian Airlines flight MH370 in the southern Indian Ocean in early 2014. Sometimes minilateralism will not include China. This may simply be because of which participants happened to mobilize and coordinate in time (as in the 2004–2005 Indian Ocean tsunami relief operation and the early phase of the 2013 Typhoon Haiyan relief effort) or it may be based on wider strategic concerns amid a climate of mistrust.

In a large region where nations have such disparate capabilities and convergent as well as conflicting interests, a set of clearly understood principles for participation in minilateral security cooperation and dialogue efforts is required. The basic ground rules should be that participants in a functional minilateral initiative—that is, one designed to address a practical problem—comprise countries with interests at stake; significant relevant military capabilities and a readiness to use them; and willingness to help shape and abide by rules and norms for predictable, stable, and noncoercive behavior in the maritime domain. This third characteristic is important as a way to reduce suspicion that the projection of military capabilities to deliver public goods is actually cover for less altruistic purposes.

Given the size and complexity of the Indo-Pacific, it is not surprising that this is a region where countries will choose different security partners for different purposes. For as long as the region experiences armed tension, uncertainty and risk at sea—such as over contested islands in the East and South China seas—China will need to come

to terms with the fact that US alliances and partnerships will strengthen in ways that the participants see as defensive.

In the final analysis, a defining characteristic of a region on the scale of the Indo-Pacific is that it dilutes the ability of any single country to unilaterally shape the strategic order. Attempts by any country to maintain an assertive unilateral approach to security across such a large area will be destabilizing as they will cut across the interests of multiple powers. Unilateralism is not an option, nor is inclusive multilateralism a realistic solution to all the Indo-Pacific's serious security challenges. Given the region's size, its littoral states, and extra-regional stakeholders are too disparate and numerous to be expected to achieve timely and practical multilateral solutions to a host of problems ranging from piracy to strategic mistrust. A third way is needed: a set of minilateral arrangements for feasible security cooperation among a small number of key players.

The shape of the most viable of new forms of practical security cooperation in the Indo-Pacific will depend on a duality characteristic of the dynamics of the new super-region. The economic and strategic interconnectedness of the two-ocean region translates into both mutual benefit, such as in the cooperative delivery of security public goods, notably in counter-piracy and disaster relief, and mutual vulnerability, such as the major Asian maritime powers' heavy dependence on seaborne energy imports and their shared fear of disruption in times of crisis, conflict, or coercion. Regardless of what terminology analysts and leaders choose to use, a set of distinctly Indo-Pacific security dynamics—the ways in which states relate to one another on security—is thus beginning to emerge. Analyzing and shaping those dynamics should be a priority for all substantial powers with a stake in this two-ocean region and its future.

NOTES

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ASEAN and Asian Multilateralism

Multilateralism in East Asia: The Good, the Bad, and the Ugly

Jochen Prantl

In his masterpiece *The Good, the Bad, and the Ugly*, Italian film director Sergio Leone constructed a surreal cinematic space through microscopic close-ups of his movie characters juxtaposed against the vast macroscopic landscape of the greater American West. These characters were not merely captured by the camera; they were monumentalized by it, a flirt with parody to boldly overaccentuate the key features of the central cast: the Good, the Bad, and the Ugly. While this distortion of perspectives constituted an innovative art form that worked extremely well for Leone's surreal movies it would be better avoided by those searching for analytical lenses that can project an image of the real world. Transatlantic international relations (IR) theory has sought to study, in John Ruggie's words, what makes the world hang together. Yet, it is marred by concepts that seek to apply typically Western understandings of IR to the rest of the world.

The problems with the contemporary study of multilateralism in East Asia are threefold. First, we tend to get Asia wrong by using concepts and theories, derived primarily from European experiences, to explain

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,
https://doi.org/10.1007/978-981-10-3171-7_3

international relations in Asia.¹ At the same time, transatlantic IR theory has become entrapped in analytical straightjackets and paradigm wars that “ha[ve] created a body of soul-crushingly boring research,”² ignoring the empirical and theoretical challenges posed by area studies, diplomatic history, and comparative politics. As Iain Johnston recently observed, “a more careful examination of East Asian . . . cases could reveal important scope conditions for theories.”³ Second, IR theory overexposes transatlantic patterns of collective action and underexposes variations in institutional design and cooperation across regions, including East Asia. There is a tendency to heavily focus on institutional design and architecture rather than process in managing collective action problems, without due analysis of the global and regional context within which international cooperation is helped or hindered. Third, as a result, transatlantic IR theory generates a fairly warped view of the processes and institutions that guide or restrain East Asian multilateralism. The challenge we face is to develop analytical lenses that provide an accurate image of the dynamics of East Asian multilateralism rather than stylized stereotypes that belong to the realm of fiction and film.

This article departs from the observation that multilateralism is a label rather than a concept that is still searching for a framework to rationalize and explain international cooperation in the twenty-first century. East Asia is a treasure trove for the study of multilateralism as the region refutes so many mainstream conventions of transatlantic IR theory. The primary objective of this article is *not* to analyze the emerging architecture of East Asian multilateral structures, as it has already been done,⁴ but to contribute to the development of analytical concepts of multilateralism that can be used more widely. Analyzing the essence of multilateralism in East Asia helps to transcend the Western discourse and to gain a more subtle understanding of patterns of international cooperation across regions and institutions. The first section addresses the question of the distinct nature of multilateralism in East Asia. How does it differ from Europe? The second section highlights six important scope conditions for East Asian multilateralism, i.e., great power management, layered hierarchy of states, global-regional nexuses, informal/tacit understandings underlying regional cooperation, historical memory, and the reassertion of the state as market actor. The third section offers a potential pathway for the study of multilateralism in East Asia. The final section looks forward and teases out some principles that may serve as signposts for establishing a new multilateral security order in the Asia-Pacific.

MULTILATERALISM IN EUROPE AND ASIA: TWO DIFFERENT WORLDS?

By comparison, East Asian institutions are far less legalized than those in Europe.⁵ The notion of the “ASEAN Way” of institutional cooperation has gained particular prominence in this regard. In essence, it “involves a high degree of discreteness, informality, pragmatism, expediency, consensus-building, and non-confrontational bargaining styles which are often contrasted with the adversarial posturing and legalistic decision-making procedures in Western multilateral negotiations.”⁶ As Gill and Green have observed, multilateralism in East Asia “is still at a stage where it is best understood as an extension and intersection of national power and purpose rather than as an objective force in itself.”⁷ In short, East Asian and European institutions display a different set of functions in regional integration and collective action problem-solving that cannot be captured by standard accounts of institutional theory. However, one should not over-accentuate these institutional differences, as there has been a rapprochement in institutional development over recent years. While ASEAN multilateral processes became further formalized and legalized through the 2007 ASEAN Charter, the European Union has always been driven by frequent recourse to informal means of governance.⁸ In a nutshell, studying the interplay between formal and informal governance is crucial to generate a better understanding of the dynamics of cooperation not only *within* but also *across* regions.

SCOPE CONDITIONS OF MULTILATERALISM IN EAST ASIA

Great Power Management: China, Japan, and the United States

Liberal writing on global governance focuses too much on the identification of collective action problems and the delivery of public goods, while caring too little about the perils and pitfalls of managing unequal power.⁹ To begin with, post-1945 multilateralism worked precisely because it was centered on the United States and the industrialized Global North that largely excluded the developing Global South. The aims and scope of multilateralism were partial. But the situation has fundamentally changed in the post-Cold War world, with relative power shifting to emerging countries. The sources of authority in addressing urgent global problems are more contested. The United States today is no longer seen as the

exclusive framework to solve urgent collective action problems. This became most visible during the global financial crisis of 2008, which seriously damaged the authority of the center of global capitalism. Consequently, debates over multilateralism need to be conducted with full appreciation of the contested character of international political order.

In East Asia, the United States historically has shown a preference for hub-and-spokes bilateral alliances rather than embracing regional multilateralism, which has created very distinct dynamics of cooperation (or the lack thereof). In this context, China and Japan require special scholarly attention because they do not easily fit into Western theories of realism or liberalism. Yet, understanding and explaining their foreign policies is crucial, as both countries have key roles to play in the regional economy and regional institution-building such as the ASEAN Regional Forum (ARF) and the ASEAN+3 process. In fact, regional stability will depend a great deal on China and Japan's ability to define mutually compatible visions of cooperation to address collective action problems in East Asia. While rising China was long keen to be seen as a status quo power, Japan has yet to decide whether it should be a "normal" regional power. Japan's leadership is compromised by regional memories of its World War II legacy. China has shown a rather hostile attitude to noncommunist regimes in East Asia and exercised a policy of non-leadership in the post-Mao era. As a consequence, "for the most part, ASEAN rather than major powers has directed the drive toward multilateralism."¹⁰

Layered Hierarchy of States

While post-Cold War East Asia is in the midst of a power transition, the global shift in the distribution of relative power has not led to outbreaks of war, but is most visible in the subtle changes of authority, which has become more diluted, diffused, and differentiated.¹¹ Regional order is transitioning toward a layered hierarchy. The impact on regional security cooperation is as follows: regional states are forced to perform a balancing act between limiting or resisting the excesses of unequal power of China, Japan, and the United States on the one hand, and maintaining the hegemonic US regional leadership on the other. As a result, East Asian great powers—most notably China and Japan—thus far have had a tendency to defer to US leadership in order to maintain the existing regional security order. While traditional security concerns are primarily addressed by US bilateral hub-and-spokes military relationships, nontraditional

security issues have found their way into regional multilateral cooperative structures such as ASEAN. Major changes in East Asian security cooperation are only to be expected if US leadership will be further undermined by international events such as the global financial crisis, with regional support shrinking. In brief, major structural changes in the East Asian security order will only occur if the US-led regional hierarchical order is challenged at the top.

Global-Regional Nexuses

The stark juxtaposition of East Asian regionalism against both globalism and European regionalism is not helpful. Economic regionalization in East Asia has been in fact outward-looking and remarkably open, which highlights the need to study the global-regional and regional-regional dynamics that drive collection action in East Asia.¹² There is a strong nexus between the renegotiation of global and regional economic order. While the United States remains the key global provider of financial public goods, since the 1980s, there has been a gradual shift in burden-sharing, for example, regarding the terms and conditions of contributions to and disbursement of capital liquidity. The recently established Chiang Mai Initiative Multilateralization (CMIM) aims at providing an effective regional mechanism for emergency liquidity to ASEAN+3 economies in case of currency crises through formal reserve pooling arrangements, a weighted voting system for disbursement of funds, and enhanced surveillance capabilities. However, the regional CMIM is clearly nested within global institutions such as the IMF. In sum, East Asian economic powers may use regionalism as a vehicle for voice and representation in the global economic order. Although China has not directly challenged Western liberal institutions, it has used East Asian regionalism and its commitment to build a BRICS development bank to increase its voice and influence in the IMF.

Informal/Tacit Understandings Underlying Regional Cooperation

Multilateralism in East Asia depends a great deal on informal understandings underlying regional cooperation.¹³ Those patterns and understandings are not always visible but nonetheless extremely important. Robert Avson argues that formal institutions often reflect deeper understandings on the rules of the regional cooperation game. Most

importantly, the analytical focus on formal multilateralism in East Asia, with a strong preference for informality within formal institutional structures, does not expose the backbone of regional cooperation: informal or tacit understandings between the major powers, which will neither see the light of day nor be sanctioned by any formal treaty-based agreement. This is particularly evident in the area of regional arms control, where formal legal agreements are suspiciously absent. There are longstanding traditions of restraint in East Asia, which may effectively translate into a tacit understanding on regional arms control. Yet, striking an informal understanding between China and the United States on ways and means of sharing power will be the sine qua non of regional stability. Without an informal or tacit bargain on the rules of the game underlying regional cooperation in East Asia, multilateral institutions will not be able to perform their functions in solving collective action problems.

Historical Memory

Historical memory is a key driver of foreign policy decision-making in East Asia, especially in China and Japan. Negative historical memories (often expressed in nationalism) act as a powerful constraint on regional cooperation and integration with the ability to destabilize Sino-Japanese relations to a significant extent. For example, China's foreign policy orientation—epitomized in a rather absolutist understanding of sovereignty and rigorous defense of territorial claims—is deeply influenced by the trauma of colonialism.¹⁴ Furthermore, starting in the early 1980s, China instrumentalized memory of Japanese colonialism in its diplomatic relations with Japan.¹⁵ Historical memory has a constraining effect on regional cooperation that needs to be scrutinized if we want to explain patterns of multilateralism in East Asia. This is particularly evident when examining the impact of war memories on the foreign policies of the two key regional stakeholders, China and Japan. While Europe's post-World War II experience may provide a useful reference point or source of inspiration to study pathways to regional integration and reconciliation, it cannot serve as a model or blueprint for engaging with war memories and historical legacies in East Asia. At the same time, there is little evidence that democratization in Indonesia, Taiwan, and South Korea over the last two decades has created a “democratic peace” effect in East Asia.¹⁶ In sum, the processes and institutions of multilateralism in East Asia cannot be understood

without due consideration of the persistence of historical memory in the foreign policies of regional stakeholders.

Reasserting the State as a Market Actor

Especially after the global and European financial crises, East Asian states had to address the crucial question of whether they want more governance and greater responsibility in the global economic order.¹⁷ Three observations are in order. First, East Asian governments used both the ASEAN+3 framework and the G20 to achieve the short-term policy goals of stabilizing currencies and financial systems rather than the longer-term structural reforms toward recalibrating growth models. Second, despite the potential negative repercussions of the recent European crisis for the region, it turned out that East Asia may not necessarily wish to assume greater collective responsibility for key problems in the global financial system. East Asian countries may want more global governance to stabilize the international economy and address risks in the euro zone, but they also want less global governance if that comes in the form of stricter or more intrusive regulation in areas like current account imbalances and Sovereign Wealth Funds (SWFs), which go to the heart of domestic political economies. Finally, given the scarcity of funding sources, the global and European crises have highlighted the critical role of SWFs in rebalancing growth and long-term development financing. These crises have become turning points that reasserted the state as a market actor in East Asian economic governance.

PATHWAYS TO STUDY MULTILATERALISM IN EAST ASIA

Having examined six important conditions that guide and restrain collective action in East Asia, I briefly outline a potential pathway to study multilateralism.¹⁸ Since many of the collective action problems we are facing today are global in nature, several challenges arise. While there seems to be a growing demand for global cooperation, we have neither universally applicable concepts to analyze collective action nor a common language to paint a vision of *global* governance. In fact, the same collective action problem may be perceived and consequently addressed quite differently in different parts of the world. Hence, what does “multilateralism” mean looked at from separate regional perspectives? How can multilateralism be effective if there are no clear reference institutions

available at the regional level to deal with specific collective action problems? Who are the rule-makers and who are the followers in addressing collective action problems?

While there have been recent efforts to engage in comparisons of regional international institutions, which generated important insights into why different forms of institutionalization exist in different parts of the world and whether variation in institutional design leads to variation in the nature of cooperation,¹⁹ such an approach is marked by three limitations that need to be highlighted: (1) the focus on institutions and institutional design provides a relatively static view on cooperation and obscures the shift in the distribution of relative power that is currently occurring; (2) it obfuscates the dynamics of the formal and informal processes of collective action problem-solving that often evolve simultaneously at multiple levels, bilaterally and multilaterally; and (3) existing studies of regional international institutions do not grasp global-regional dynamics that are key for the understanding of cooperation.²⁰

In order to overcome the shortcomings in our conceptual approach to explain cooperation, we may want to study the formal and informal processes that define responses to specific collective action problems rather than looking at a particular set of institutions. The underlying aim is to explore the relationship between collective action problems and creation of authority; in doing so, we look at the sources of authority to engage in collective action, to enforce collective action outcomes, and to make those outcomes acceptable to a wider audience.²¹ Consequently, the analytical framework that is presented here to study multilateralism focuses on the processes to manage collective action problems rather than on institutional design and architecture. This is further substantiated in the following section.

Multilateralism as Governance: The Formal-Informal Continuum

Multilateralism is understood here as the processes and institutions, both formal and informal, that generate authority to forge collective action, to enforce particular collective action outcomes, and to make those outcomes acceptable to a wider audience. In essence, multilateralism is part and parcel of global governance. Rather than studying international cooperation in binary terms—formal versus informal—we situate the processes and institutions of multilateralism on a *formal-informal continuum* across regions, with varying degrees of formalization and

legalization; they may exist *permanently* or develop ad hoc around a specific issue. At the thinner end, we can see bilateral and multilateral caucuses and backstage negotiations, coalitions of the willing, contact groups, core groups, or groups of friends. Those informal institutions usually develop a set of procedural norms governing, inter alia, membership, operational practices, and rules, acting either *inside* the formal international organization (IO), or *within* the objectives of a resolution or a mandate of an established IO but *outside* its formal structures, or they can exist *wholly outside* of that framework. At the thicker end, we may find IOs that display significant differences in their pattern of legalization and formalization across regions. Understanding multilateralism as governance that evolves on a formal-informal continuum carries one important advantage. It allows for a far more subtle examination of international cooperation by grasping the dynamics of the formal and informal processes in response to a specific collective action problem. Those dynamics may have quite distinct patterns across regions.

Moreover, the neat distinction between bilateralism and multilateralism tends to obfuscate the same strategic purpose of these two cooperative approaches: they both display ordering functions in the evolving East Asian security system. In essence, bilateralism and multilateralism are channels of strategic interaction, reflecting contending visions of order, especially over the continuation or the potential replacement of the existing US regional hegemonic order.²² Key bilateral hub-and-spokes relations, promoted and maintained by the United States, serve as the underpinning of security order in East Asia and, in fact, create a strategic environment of both deterrence and reassurance that is conducive to multilateral regionalism. However, multilateral institutions in themselves may turn into a conduit for strategic competition between key regional stakeholders, notably China, the United States, and Japan. The bilateral-multilateral nexus can thus be seen as an indispensable part of the formal-informal continuum of international cooperation in generating authority over a particular path of collective action and in enforcing particular collective action outcomes. Multiple pathways to cooperation and strategic interaction are of particular importance at times when the rules of the game underlying security order are contested and in the process of being renegotiated. The result is a patchwork and multilayered set of relationships, which reflect the contested character of regional order in East Asia. Contestation implies that the transition of order in East Asia is essentially an ongoing process with an open outcome.

CONCLUSIONS

The end of the Cold War forced a major reevaluation of the principles and institutions of multilateralism and the US-led Western liberal project, which aimed to transform society in accordance with liberal values and practices. A decade later, the shift in global power has led not only to a diffusion of power but also to a diffusion of principles, preferences, ideas, and values that have implications for global and regional reordering. Hence, the liberal order is in a state of flux and great uncertainty, and an order based on US primacy no longer appears to be the exclusive framework it once was. There are claims that continued unipolarity will facilitate a transformation of the current order solely on US terms. Yet those views are far too rosy and ignore the deeply contested nature of the liberal project, and with it the patterns and understandings of multilateralism.

Maintaining Asia's peace and stability will be a challenge over the next few decades, as key adjustments are needed to manage the transition from an order based on US primacy to an order that accommodates the rise of Chinese power. China is no longer satisfied with its perceived political and strategic subordination to the United States. The patterns and understandings of the global order that evolved in the post-Cold War period are now deeply contested, resulting in global and regional arrangements that are often overlapping and—at times—competing. At the same time, US primacy is deeply entrenched in East Asia and will not easily fade, despite the global restructuring of power. The United States is realigning its defense strategy to meet these new realities by recalibrating and concentrating American resources in the Asia-Pacific, but US rebalancing creates a number of challenges that need to be addressed. First, rebalancing has reassured US followers in the region that they can still depend on American preponderance and the security umbrella that comes with it. Second, Asian countries do not seem to be satisfied with the prospect of a regional order based on Chinese primacy. Finally, US rebalancing and Chinese assertiveness create an extremely volatile situation in the Asia-Pacific that is neither an architecture nor an order. Instead, the region is still searching for both a vision and a design to manage relations among major powers on the one hand, and relations between major powers and weaker countries on the other.

Five principles may serve as signposts for creating a new regional security order in the Asia-Pacific. First, great-power management trumps institutional design. An effective security order requires political bargaining among key stakeholders on the “rules of the game.” Those rules precede international and regional institutional frameworks and help foster some degree of compliance with certain principles of conduct. A regional order in the Asia-Pacific must be based on a grand bargain—centered around a Sino-US condominium—with the (tacit) approval of other major powers such as India, Japan, and Australia.

Second, institutional form follows function. The form of regional institutions in the Asia-Pacific must follow the function of the grand bargain among great powers. Otherwise, the institutions will not have the capacity to shape the relationships among Asia’s key stakeholders. Those who promote an ASEAN-centric regional ordering need to work out how to manage great-power relations in an era of deeply contested US primacy.

Third, multilateral pluralism trumps monism. There is no one-size-fits-all strategy for effective security reordering. Collective-action problem solving needs to take advantage of both formal and informal approaches to multilateralism, and those approaches are not mutually exclusive. There is a strong demand to create synergies between minilateral groups and formal international organizations.

Fourth, contestation is part and parcel of collective action. Effective security governance requires a strategy on how to promote a discourse that champions one path of collective action over another. This strategy needs to generate *enough* authority to enforce a particular collective-action outcome and to make the outcome acceptable to a wider audience.

Finally, power needs to be matched by accountability. In light of the contested and fluid nature of global and regional security reordering, accountability of those who wield power and military force is of paramount importance. Accountability is inextricably linked to justice and legitimacy, which constitutes the flipside of the great-power bargain.

While US primacy is deeply entrenched in the Asia-Pacific, the shift in global power—and the rise of Chinese power—is transforming the regional order. A common understanding on the principles underlying the new security order for the region will assist in maintaining Asia’s peace and stability as these global shifts take place.

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ASEAN-Led Multilateralism and Regional Order: The Great Power Bargain Deficit

Evelyn Goh

The post–Cold War East Asian and Asia-Pacific strategic landscape has been dominated by three factors: (1) the United States’ military preponderance underpinned by its hub-and-spokes San Francisco system of bilateral alliances, (2) China’s seemingly inexorable resurgence economically as well as diplomatically and militarily, and (3) the proliferation of multilateral regional dialogues, initiatives, and institutions, many with the region’s oldest multilateral grouping—the ten-member ASEAN—at their heart. For the majority of scholars and policymakers who work from a de facto realist standpoint and are unsurprised by the determining effects of great powers, alliances, and relative power distribution on regional stability, the seemingly disproportionate impact of the smaller ASEAN states has drawn attention and contention. Do these strategically less significant Southeast Asian states “punch above their weight” in regional affairs because of their unique ability to create new multilateral institutions for security and economic cooperation, or is their rhetoric about the

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia’s Southern Tier*, Asan–Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_4

merits of multilateralism and transformative potential of regional institutions and regionalism “cheap” talk and deluded ambition?

In recent years, key developments within ASEAN and East Asia indeed suggest good reasons to reevaluate the extent to which ASEAN-led multilateralism has contributed to regional order. For instance, there has been growing competitive regionalism in both the trade and security arenas in which regional institutions seem to have become instruments and extensions of great power competition. At the same time, regional conflict hotspots remain active; in particular, the last 5 years have witnessed intensifying tensions and security dilemmas in the maritime zones, fuelled by perceived Chinese reassertiveness against Japan, the United States, and some Southeast Asian states. Notably, ASEAN has had increasing difficulties with holding a common stance vis-a-vis maritime territorial conflicts with China. Against this background, the United States has reinvigorated its security presence in East Asia, using its traditional bilateral alliances and new bilateral defense partnerships. These developments suggest that regional subscription to ASEAN-led multilateralism may be more instrumental and less effective in mediating key conflicts of interest than expected, and that regional security and stability are still primarily determined by great power politics.

In what follows, I examine ASEAN’s contributions to regional order, paying particular attention to the multilateral institutions the association leads and the expectations about multilateralism’s transformative potential that they have stimulated. The analysis is organized in three parts, beginning with a discussion of the relationship between multilateralism, regional institutions, and regional order. This is followed by an evaluation of the major achievements and contributions of ASEAN-led institutions to creating East Asia’s post-Cold War order, while the last section highlights the key limitations in ASEAN endeavors to build a sustainable regional order. I advance two main propositions: first, that ASEAN’s vital contribution to regional order was in persuading the great powers to commit to a supplementary supporting structure of multilateral confidence-building at a critical juncture of strategic transition after the Cold War ended. Second, however, ASEAN’s mode of multilateralism has grown less effective as the regional strategic challenges have evolved over the last two decades. Increasingly, ASEAN’s approach to enmeshing the great powers in regional multilateral institutions may be outdated, as it cannot help to bring about the negotiation of *modus vivendi* among the great powers

themselves so necessary to managing regional stability over the medium- to long-term.

MULTILATERALISM, ASEAN-LED INSTITUTIONS, AND REGIONAL ORDER

Since the end of the Cold War, the international system has been marked by uncertainties about triumphant unipolarity, the rapid rise of new great powers, and unprecedented global interdependence. The imperative at both the global and regional levels has been to create a new, stable international order. The notion of “order” tends to be conflated with peace or the absence of war; however, the classical understanding of international order refers to the condition of sustained, rule-governed interaction among states that share common understandings about their primary goals and means of conducting international affairs.¹ From this perspective, the maintenance of international order must involve limits on behavior, management of conflict, and accommodation of change without undermining the common goals and values of this international society—i.e., achieving international order is about agreeing on (and eventually institutionalizing) limits to power and competition, rather than about obliterating conflict *per se*.² Conceiving of order as norm-governed interaction strongly reinforces the vital role of sustained cooperation in international life. In this regard, as liberals would assert, commitments to multilateralism and effective multilateral institutions are core normative and functional elements of order.

Multilateralism and related institutions can also be vital means of managing power politics, especially the effects of unequal power. For instance, while the ascent of China represents a significant redistribution of power in the contemporary international system, the issue is not simply or even primarily the need to balance its rising power with similar opposing capabilities. Rather, the main challenge is how to harness China and other powers to some collective authority, or to embed them within stable structures of interstate cooperation—not just to prevent war between them, but more to protect the orderly functioning of international life along agreed rules and norms.³ With this understanding, multilateral cooperation and institutions take on a much more important role in the management of unequal power in the international system. Even from a stark rational-choice perspective,

multilateral cooperation is important as both an instrument of domination by great powers and a means for smaller states to constrain hegemony. For the powerful state, multilateral cooperation lowers transaction costs, especially in instances of standardization, and helps to deflect potential challenges from weaker states by ceding some degree of decision-making and thus lowering policing and enforcement costs.⁴ Leading states require cooperative mechanisms with other states to provide public goods, such as free trade or security. Normatively, the costs of hegemony can also be reduced if the hegemon supplements and sustains its material dominance by constructing a social framework that legitimizes its power and leadership. Cooperative multilateral institutions are a key form of such frameworks through which a hegemonic power agrees to bind itself to specified voluntary strategic restraints in dealing with its weaker partners, in return for the latter's long-term, institutionalized cooperation.⁵ Weaker states in turn gain limits on the action of the leading state and access to political process in which they can press their interests. Thus, multilateral cooperation and institutions help to legitimize as well as tame unequal power: first, they institutionalize or perpetuate in a sustained manner the structural domination of great powers; second, they also bind all members, but especially the stronger states, using rules and other normative expectations of conduct. Over the long term, multilateral institutions are also important sites of codified norms for governance which can provide building blocks for identity- and value-based "security communities" within which the use of force is inconceivable.

Multilateralism is not necessarily order-building in and of itself: it is a channel of action, the results of which depend on substantive and normative agreement that may or may not be achieved. This distinction is fudged in the Asia-Pacific security lexicon, within which "multilateralism" is something of an onion. Generically, the term ought to refer to coordinated modes of action that involve multiple numbers of participants. Peeling away the layers in regional usage, however, reveals the assumption of active cooperation, not just coordination; and the conflation of the concept with regional organizations or cooperative regimes or fully fledged institutions. This is usually accompanied by the implicit or explicit value judgment that "multilateralism is good, bilateralism is bad." With the drive toward various versions of East Asian "community" gathering pace in the 2000s, many analysts also began to use "multilateralism" interchangeably with "regionalism"—a frustrating confusion between

channels of action on the one hand, and normative ambitions about collective identity and capacity on the other.

These expansive and normative understandings of multilateralism arise from Asia-Pacific discourse in the immediate aftermath of the Cold War, which sought to draw from the European notion of seeking “security with” post-communist partner states within a regional framework, rather than deterrence or balance of power-based strategies for achieving “security against” enemies. While a number of other states and actors—including the Canadians, Australians, and Japanese—actively drove these early debates, ASEAN captured the eventual regional multilateral institution-building process and grounded it specifically in “cooperative security” conceptions, stressing the development of a multilateral “habit of dialogue,” cooperation and compromise in an evolutionary, pragmatic, informal, consultative and consensual manner.⁶ Encapsulated in the ASEAN Regional Forum (ARF), ASEAN-led multilateralism would be characterized by three features: leadership by weaker states, soft institutionalization (i.e., the avoidance of formal or binding approaches to problem-solving and collective action), and inclusiveness.⁷ As the next section details, ASEAN’s approach has helped to create a post-Cold War regional order that is distinctive for the way in which multilateral institutions have largely managed to coexist with and not supplant either traditional security arrangements (such as alliances) or narrower bilateral or wider global structures of economic governance. However, I go on to argue that part of ASEAN’s success is that the multilateral channels of cooperation within regional institutions and the normative desirability of multilateralism alongside regionalism have become the ends in themselves, rather than the means to achieving a stable and sustainable regional order.

ASEAN’S ACHIEVEMENTS IN REGIONAL MULTILATERALISM

Adaptation and Innovation

The establishment of the ARF in 1994 represented the triumph of ASEAN-style multilateralism in the wider Asia-Pacific. It also remains the prime example of the Southeast Asian states’ ability to adapt to new strategic circumstances and to formulate new concepts acceptable to other regional players that could underpin multilateral security and economic cooperation. It is important to acknowledge that the ARF did not entail the simple scaling-up or extrapolation of preexisting ASEAN norms. As

Alice Ba has shown in detail,⁸ in negotiating the ARF, ASEAN states had to make relatively radical departures from their original, hard-won norms against intra-regional military or security consultations, and against extra-regional multilateral security relations, both of which were seen as violating the association's founding principles of noninterference and regional autonomy. ASEAN adapted to post-Cold War imperatives by conceding these objections, but in return insisted on maintaining leadership and using its own political priorities and diplomatic process to shape the nature of the ARF. Thus ARF members endorsed ASEAN's Treaty of Amity and Cooperation (TAC) as a "code of conduct," and adopted ASEAN's version of "cooperative security." The latter emphasized inclusivity and informality, which implied equality and prevented agenda-hogging by the Western states; a loose dialogue format and nonintrusive voluntary-compliance processes, which assuaged Asian concerns about potentially legalistic negotiations over sensitive issues such as arms control and internal affairs such as human rights, democratization, and territorial claims; and complementarity with existing US alliances.⁹ Further, the innovation of being led by small states that had a "counter-realpolitik" agenda would preclude domination by any one great power.¹⁰ Of particular note here is the way in which Southeast Asian concerns about nontraditional, trans-boundary, and nonmilitary security issues—including infectious diseases, piracy, trafficking, money laundering, and terrorism—have come to form the core of regional security cooperation in the ARF and other ASEAN-led regional institutions.¹¹ Such widening of the concept of security provides for less strategically demanding cooperation through functional collaboration, while leaving unchallenged the military alliances and grand strategic consultations and coordination traditionally associated with great powers.

Inclusivity

Arguably, ASEAN's greatest achievement vis-à-vis Asian multilateralism has been to promote, assert, and protect the basic principle of inclusivity in regional institutions. From the start, ASEAN's ability to bring together all the relevant great powers in the ARF was no mean feat considering the initial opposition or reservations in Washington, Beijing, and Tokyo, especially concerning an inclusive regional security dialogue. The above characteristics of ASEAN-led cooperative security helped to assuage these three key powers' worries about being unduly

constrained by multilateral institutions. But ASEAN also went on to help establish an extensive definition of the Asia-Pacific region, by reinforcing the immutable US role in East Asia, by attaching South Asia (via India and Pakistan) as well as Australia and New Zealand, and by extending Russia's membership in various regional frameworks, including the East Asia Summit (EAS). The importance of such inclusiveness to the regional architecture was twofold: first, it helped to legitimize the security interests and role of each of these great powers in East Asia; and second, it also institutionalized the small states' and middle powers' claims to legitimate voice and political relevance in the management of regional security affairs.

Legitimizing Great Power Roles

ASEAN-led multilateralism was particularly important in helping to justify the preponderant US presence in East Asia beyond the Cold War. In the immediate post-Cold War years, the George H. W. Bush administration retracted its initial objection to the proposals for a multilateral security institution because it was useful as part of a strategy to signal that the United States remained committed to its central security role in the Asia-Pacific in spite of its planned military reductions. When the Clinton administration began to update its regional alliances, participating in the ARF provided a way to supplement its bilateral alliances and forward military presence.¹² During this period, many ASEAN states retained a strong belief in the US role as a regional security guarantor,¹³ and when faced with the acute uncertainty about continued US security commitments, their reaction was to reinforce their security binding with the United States using a variety of bilateral security partnerships, but also multilateral institutions. For many ASEAN states, the choice of a wide, inclusive "Asia-Pacific" membership—rather than a more geographically limited "East Asia" one—centered on the need to "keep the US in." The ARF crucially helped to lend legitimacy to ASEAN's desire for an integral US role in regional security. As Singapore Prime Minister Goh Chok Tong put it: through the ARF, ASEAN had "changed the political context of US engagement" because these countries had "exercised their sovereign prerogative to invite the US to join them in discussing the affairs of Southeast Asia." As a result, "no one can argue that the US presence in Southeast Asia is illegitimate or an intrusion into the region."¹⁴

Japan shared this aim of using inclusive multilateral institutions to legitimize Washington's security guarantee under different circumstances. For other regional states too, these secondary security and economic institutions would help to justify why Japan would not need to seek a radical independent strategic role after the Cold War. Instead, the security-related multilateral institutions in particular would support the US-Japan alliance by providing a forum to discuss Asian fears about Japanese security strategy and to allow Japan to reassure its neighbors about its expanded burden-sharing within the alliance.¹⁵

In contrast, a particular effort was not required to justify China's entitlement as a rising regional great power to a special role in East Asian security. Instead, the ASEAN-led multilateral institutions helped to give China what it urgently needed in terms of legitimacy and social status in international society. Against this background, ASEAN's second major rationale for creating the ARF was to provide a multilateral normative setting to "socialize" China into being a status quo power. Unappealing as this was to Beijing, it initially joined to avoid isolation.¹⁶ From the mid-1990s, Chinese leaders and officials began to appreciate the value of the ARF and other multilateral institutions for legitimizing China's rising power.¹⁷ By subscribing to key ASEAN norms and practices—especially sovereignty, noninterference, the nonuse of force, and nontraditional security cooperation—China used these regional institutions as premier demonstration precincts to showcase its new sociability and to reassure neighbors about its benign intentions and commitment to a "peaceful rise" and regional stability.¹⁸

Insofar as a large measure of the logic of ASEAN-style multilateral institutions relies on the constructivist conviction that institutional membership would, over the medium term, create expectations and obligations on the part of the great powers, and over time, socialize them into embracing peaceful norms, China's voluntary self-restraint and pursuit of mutual benefits signaled a good start to what was potentially the most dangerous part of the post-Cold War transition. Hence, China's compliance with the ARF norm of issuing defense white papers; its hosting of multilateral working groups and meetings; its introduction of a "new security concept" stressing peaceful coexistence and cooperative security; its initiative for a China-ASEAN free trade area; and its participation in the multilateral negotiations of the South China Sea territorial disputes with ASEAN leading to the 2002 Declaration of Conduct all suggested that China was responding to

being socially and morally bound to some degree to peaceful modes of interaction.¹⁹ As China's power has grown over the last two decades, Beijing's willingness to stake at least a part of its regional legitimacy as a great power on its relationship with ASEAN has also increased the pressure on other great powers to affirm the centrality of ASEAN and its multilateral norms. For instance, the Obama administration was persuaded to sign up to ASEAN's TAC in 2010 in order to be included in the EAS alongside China, Japan, and Russia among others.

Institutionalizing Small State Voices

That ASEAN has over the last two decades developed its bilateral "ASEAN+" dialogues with each great power, and created additional ASEAN-centered regional institutions—ASEAN+3, the EAS, and the ASEAN Defense Ministers Meeting Plus²⁰—testifies to what Eaton and Stubbs called its "competence power,"²¹ its ability cohesively and normatively to shape and frame regional perceptions and approaches to security cooperation in ways beneficial to itself. This is manifested in the logistics, functions, and norms of the resulting institutions, which meet in Southeast Asia in conjunction with ASEAN's own summit, have their agendas set by the ASEAN Chair, and—in the case of the EAS—have their criteria of membership determined by accession to TAC, formal recognition as an ASEAN "dialogue partner," and unanimous acceptance by ASEAN. This driver's seat grants ASEAN structural power because these large regional institutions are difficult to "reprogram": subsequent regionalist developments must adapt to, or be grafted onto, these ASEAN-led institutions already entrenched at the heart of the strategic architecture.²²

LIMITATIONS OF ASEAN-LED INSTITUTIONS IN CREATING REGIONAL ORDER

Nearly 25 years into the post-Cold War adjustment process, we are in a position now to recognize the peculiar context of ASEAN's achievements in promulgating wider Asian multilateralism, which was marked by the acute and widespread uncertainties of order transition. This milieu created unique space for ASEAN states and supporters to persuade others that multilateral institutions could critically help in "defusing the conflictual

by-products of power balancing practices” while they tried to forge new world and regional orders.²³ As this process advanced, however, the assumed benefits and cumulative effects of ASEAN-style multilateralism became increasingly questionable for four main reasons.

Restricted Scope and Domain

First, the issue scope and oversight domain of these ASEAN-centered regional institutions have remained limited. Judging its transformative potential is difficult because many of the key “hard” cases of regional security conflicts are not dealt with through these institutions, and member states do not treat these institutions as channels of first resort in preventing or resolving conflicts, but instead rely on bilateral and other avenues.²⁴ The ASEAN style of multilateral institutionalism brought the United States, China, and other major powers to the table precisely because the informal, consensual, and nonbinding norms entailed were relatively nondemanding, low cost, and low stakes.²⁵ In spite of their rhetorical ascription to TAC, the informal character of the security institutions in particular assured the United States and China that they would not have to be bound by formal agreements; consensual decision-making procedures meant that they could prevent discussion or action on issues against their interest; and the lack of any enforcement mechanism essentially left them with a free hand to pursue unilateral policies when necessary. For instance, Beijing has not felt itself constrained by ARF or EAS norms in maritime confrontations with the Philippines, Vietnam, and the United States in the South China Sea.

Minimalist Norms

Second, having lured the various great power and other stakeholders to the table with these nondemanding and nonintrusive norms, ASEAN has subsequently provided conservatives with a minimalist normative position from which to resist others’ attempts to negotiate new strategic norms or rules of regional behavior. One of the major reasons for the resilience of the “ASEAN Way” in East Asian institutionalism is that ASEAN has found a major normative ally in Beijing: China has successfully utilized it to block the development of other norms that would entail more sustained restraint, transparency, and scrutiny.²⁶ China has lent its considerable weight to the more conservative Southeast Asian states’ wariness about

the introduction of potentially intrusive norms, and has successfully hampered progress toward preventive diplomacy and conflict resolution in the ARF, against the efforts of the United States, Australia, and Canada. Beijing also further entrenched ASEAN's nonintervention principle by ruling out any discussion within regional institutions of Taiwan and what it regarded as domestic Chinese security affairs, such as Tibet and Xinjiang. China has also leveraged ASEAN's conflict avoidance norm to resist addressing the South China Sea disputes within these multilateral institutions. ASEAN's style generated the nonbinding 2002 Declaration of Conduct, which was loose enough to allow China to continue to pursue bilateral actions such as the controversial joint exploration agreement with the Philippines in 2004, and to oppose over the next decade ASEAN's attempts to negotiate multilaterally on the Code of Conduct. At the 2012 ASEAN summit, Beijing successfully exploited ASEAN's consensus principle to put pressure on Cambodia as chair not to issue the traditional ASEAN joint statement because the draft included a negative reference to China's confrontation with the Philippines over a disputed shoal in the South China Sea.

Institution-Racing

Third, ASEAN's model of "comfortable" regionalism allows the great powers in collusion with smaller states to treat regional institutions as instruments of so-called soft balancing, more than as sites for institutionalizing regional "rules of the game" that would contribute to a sustainable modus vivendi among the great powers. This tends to channel great power balancing behavior into a stagnant pool of nonmilitary, but still deeply political and ultimately nonproductive, blocking maneuvers. These dynamics surfaced most clearly after the 1997 financial crisis, when ASEAN once again demonstrated its unique ability to marshal multilateralism using its "ASEAN +" mechanisms. In establishing the ASEAN+3 framework for regional economic and financial cooperation in 1997, ASEAN created the first exclusive East Asian institution in which China and Japan would have to share leadership. This expressed a consensus on "East Asia" as a regional community and legitimized the pursuit of regional institutions excluding the United States.²⁷ However, this consensus broke down over the next 5 years because of renewed uncertainties about US security commitments after the terrorist attacks of September 2001 and deteriorating Sino-Japanese relations. Subsequently, power

competition and balancing by Japan and China within and across regional institutions intensified in a round of “institution-racing.”²⁸

Hence, the widely publicized disagreements about membership in the EAS in 2005, which saw China—with Malaysian support—pushing for intensifying and broadening the scope of cooperation within the exclusive ASEAN + 3 community, against opposition from Japan—along with Indonesia and Singapore—which successfully lobbied for the inclusion of Australia, India, and New Zealand, in order to stave off potential Chinese domination within the EAS. The current coexistence of the EAS alongside the ARF provides two regional groupings with overlapping mandates for cooperation in finance, energy, education, and disease and natural disaster management.

Competing initiatives for regional integration similarly dog the economic landscape. After Beijing surprisingly proposed a China-ASEAN FTA in 2000, Tokyo quickly followed up with a suggestion for a Japan-ASEAN FTA; they then took this battle to the wider East Asian region with China putting its weight behind the idea of an exclusive ASEAN+3 FTA versus Japan’s proposal for a Comprehensive Economic Partnership Agreement to be pursued within the EAS. As Hughes points out,²⁹ Japan has been using regional institutions to counter China’s rising influence, by deflecting Beijing’s bids for dominance and “deliberately ‘over-supplying’ regionalism so as to diffuse China’s ability to concentrate its power in any one forum.” More recently, in assiduously courting ASEAN support for Japanese opposition to China’s maritime assertiveness in 2013, the Abe Shinzo government again took the opportunity to increase the political momentum for the EAS as opposed to ASEAN+3. This regional habit of institution-racing has become even more widespread and mutually reinforcing: ASEAN has responded to the economic arm of the US “re-balance” to Asia, the ambitious TPP trade liberalization negotiations, by starting talks on an RCEP trade pact with China, Japan, South Korea, India, Australia, and New Zealand. In so doing, the association appears to be reinforcing the pattern of countering regionalist enterprises that include the United States and non-Asian states by promoting exclusive regionalism that includes China at America’s expense.

THE GREAT POWER BARGAIN DEFICIT

The above limitations of ASEAN-led multilateral institutions are related to ASEAN’s imperative of maintaining its “relevance” in the rapidly changing Asia-Pacific strategic landscape. The fear of being sidelined in

regional affairs on the basis of capacity leads the ASEAN states to prefer to help perpetuate some distance among the great powers, so that the latter would find it difficult to conduct independent dialogue or create a concert, and would rely instead on ASEAN's supposed brokerage.³⁰ But these complex Southeast Asian strategies may not be innovative enough because they pay insufficient attention to two vital and related issues: the great power balance and the great power bargain.

In the process of enmeshing the regional great powers into multiple multilateral dialogues and mechanisms of cooperation, ASEAN has facilitated both continued US preponderance and China's integration in the region. The other East Asian states are now faced with some awkward questions about the balance of power—or more accurately, the deliberate imbalance of power, between the United States and other regional great powers. In particular, Southeast Asian states now need to consider how to persuade China to accept unequal power and authority vis-a-vis the United States. Southeast Asian strategists may have focused on constraining rising China at the expense of the even more difficult task of how to ensure that the United States tempers its preponderance with restraint and legitimacy. Most challenging of all, it is unclear how ASEAN multilateralism has helped to socialize US policymakers into the recognition that they must negotiate seriously with China over which elements of their mutual “core interests” are reasonable and legitimate, how these might be protected, and how they might identify and cooperate to achieve their shared imperatives in East Asia.

The other aspect of great power balance is the stuff of classic geopolitics: how should the changes in the US-Japan-China strategic triangle be managed? In material, operational, and legal terms, the American resurgence in East Asia has been crucially underpinned by updating and reinvigorating the US alliance with Japan. However, Japan's increased military capabilities and strategic role within the alliance since the mid-1990s has undermined China's assurance that the alliance keeps Japan in check, thus intensifying the trilateral security dilemma.³¹ Southeast Asian states have very limited ability directly to transform the nature of this vital triangular relationship; what is required is a new set of strategic bargains that these great powers have to strike among themselves.

The optimistic view is that ASEAN has created overlapping institutions, which help to mute the security dilemma by offering great powers multiple opportunities to cooperate with different groups of states without

generating zero-sum games.³² But the more profound task of creating regional order requires great power relations to be regulated in terms of institutionalized mutual understandings about constraints, rules of conduct, and conflict management. The urgent need for these “rules of the road” has been repeatedly highlighted by events in 2013: the flaring up of China and Japan’s conflicting claims to the Senkaku/Diaoyu islands, China’s controversial declaration of an air defense identification zone over the East China Sea and new fishing regulations in the South China Sea, and the near-collision of the *USS Cowpens* with a vessel accompanying the Chinese aircraft carrier *Liaoning* in the South China Sea. Yet, the Southeast Asian claim to mediating great power peace rests on not taking sides and in facilitating dialogue. In spite of constructivist arguments that this would in time shift state interests and create mutual identification, the ASEAN-centered channels do not yet appear to have helped substantively in negotiating mutual constraints and a *modus vivendi* among the great powers.

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EAS is an annual meeting of the ASEAN+3 plus India, Australia, and New Zealand begun in 2005, and expanded to include the United States and Russia in 2011, which also addresses political and security issues but in smaller groupings than the ARF. The ADMM was inaugurated in 2006 and expanded in 2010 to include all EAS members (ADMM+). From 2011 the ADMM+ included the United States and Russia.

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Southeast Asia's Developing Divide

Malcolm Cook

The *Asan Forum's* introductory Topics of the Month article of August 2014 on the present state of Northeast Asian strategic competition and regionalism by Sergey Radchenko shares much in common with this chapter. The authors summarized in *Multilateralism in Northeast Asia I* contend that: (1) there are developing geostrategic divides in Northeast Asia just as the Cold War divided the region; (2) the causes of the divides and which states are on which respective side differ from the Cold War; (3) China and regional states' relations with China are at the core of the new divides; and (4) regional multilateralism is being stymied by these divides rather than serving as a cooperative bridge over them.¹

Looking at the present state of multilateralism and strategic competition in Southeast Asia, one can draw the same four general conclusions. The starker asymmetries in power between China and any particular Southeast Asian state and the larger number of states in Southeast Asia mean that the nature of the divides is more complex and dynamic in the south than the north of East Asia. The much more advanced state and

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,
https://doi.org/10.1007/978-981-10-3171-7_5

diverse agenda of ASEAN compared with the Six-Party Talks and the fact that China is not a member-state of ASEAN, but a major external power for which Southeast Asian states try to use ASEAN to manage its regional influence, means that the stymying effect is much less paralytic for ASEAN than it is for the moribund Six-Party Talks.

THE COLD WAR DIVIDE

As with Northeast Asia, the Cold War ideological battle and its intramural Sino-Soviet schism deeply divided Southeast Asia, creating a deep sense of insecurity in each regional state and aggravating the shared fear of extra-regional major power dominance. The Southeast Asian divide between the five maritime states of Southeast Asia that were on the US-led free side and the three continental ones that were communist dictatorships overlapped substantially with the longstanding maritime-continental divide in the region. Burma (now Myanmar) and Thailand were partial exceptions to this strategic-geographic overlap.

Arguably, Myanmar is the most continental of Southeast Asian states in strategic terms as, like landlocked Laos, it does not border the South China Sea. It is the only Southeast Asian state to share land borders with both India and China, historically (and in the future) the two most important extra-regional powers. Yet during the colonial period and the Cold War it was a continental Southeast Asia outlier with a postcolonial settlement more in line with its South Asian neighbors who, like Burma, negotiated their peaceful exit from British rule. Burma did not gain independence at the point of a gun and did not become a communist dictatorship closely aligned with either the Soviet Union or China unlike Vietnam, Cambodia and Laos after the French were pushed out. Rather, Burma adopted a policy of autarkic, neutral nonalignment.²

Even though Thailand is recognized widely as a continental state with significant historical influence in Cambodia, Laos, and Myanmar, Thailand, befitting its geographical position, has long straddled the maritime-continental divide. The Sukhothai Kingdom, whose establishment in 1238 is seen by many as the start of Thai history, was based in northern continental Thailand and laid contested claim to much of the Malay Peninsula.³ During the Cold War, Thailand, in strategic terms, stopped straddling the divide. Like the Philippines, it allied itself to the United States and joined the Southeast Asian Treaty Organization, the key US regional security mechanism in the early Cold War. It and the Philippines

were the only two Southeast Asian states to join this “Southeast Asian” regional security body. Within Southeast Asia, Thailand aligned itself with Singapore, Malaysia, Indonesia, the Philippines, and Brunei against the southward push of communism. Thailand became the key front-line state against the spread of communism from continental Southeast Asia, where it had become the ruling ideology, to maritime Southeast Asia, where it had failed to gain ascendancy.

The China Factor

As in Cold War Northeast Asia (witness the continuing China-Taiwan civil war and China’s alliance with North Korea), China was often the main communist power in response to which Southeast Asian states organized their external and domestic security and foreign policies. On Zhou Enlai’s 1954 trip to Burma and India, both Rangoon and New Delhi agreed to adopt the “five principles of peaceful co-existence” advocated by China as the basis for their respective bilateral relationships with China. Despite significant Chinese support during the war, Vietnam and Laos established Communist regimes allied with the distant Soviet Union and not neighboring China while Vietnam and China jostled for influence in Cambodia.⁴ Ho Chi Minh had first sought a close security partnership with the United States to help ensure Vietnam’s autonomy from its largest neighbor.⁵

In maritime Southeast Asia, it was China and not the Soviet Union that was the main external source of support for local communist movements and, hence, the key external threat to the ruling regimes. No maritime Southeast Asian state recognized China diplomatically before the United Nations did. Cambodia, Laos, Burma, and North Vietnam all recognized China well before the UN imprimatur as did the US Atlantic allies, Canada and Great Britain. Indonesia (after withdrawing recognition in 1967 following the fall of Sukarno), Singapore, and Brunei waited until the very end of the Cold War period, two decades later than the UN, to shift their “One China” policies to the People’s Republic of China. Among these six states, only the Philippines recognized China diplomatically before it recognized the Soviet Union.

Unlike Northeast Asia, the Cold War division of Southeast Asia led to the development of effective regionalism. ASEAN was established by the five main maritime Southeast Asian states (with Brunei to join later) initially as a mechanism for collective diplomacy. The Cold War-affected political rupture in Indonesia that led to Sukarno’s *Konfrontasi* policy

against Malaysia and Singapore and then his fall and the rise of Suharto was the key intra-regional trigger for the formation of ASEAN in 1967 in Bangkok. Communist advances in continental Southeast Asia and their links to communist insurgencies in maritime Southeast Asia were key external drivers. ASEAN's first four dialogue partners (the key mechanism for relations with external powers) were Australia, New Zealand, Japan, and the United States, with the United States being the global superpower with which the ASEAN member-states allied or aligned in the Cold War and Japan, and Australia, and New Zealand the northern and southern "anchors" of the US East Asian hub-and-spokes system of security alliances. ASEAN itself and its diplomatic relations with major extra-regional powers mirrored perfectly the Cold War Southeast Asian divide and the positions of the most important major extra-regional powers in the Cold War's bipolar order globally.

SOUTHEAST ASIA UNDIVIDING

Unlike Northeast Asia, the denouement of the Cold War divide at the global level with the collapse of the Soviet Union ended the Cold War divide in Southeast Asia. While no physical wall was dismantled, thick and high conceptual ones were. Befitting its Cold War origins and primary role as a collective diplomatic platform, changes within ASEAN and its dialogue partner network have reflected and facilitated the rapid undividing of the region.

Vietnam quickly moved from being at the pointy end of ASEAN diplomatic efforts in Cambodia from 1978 to 1991 to being the first continental Southeast Asian state to join ASEAN in July 1995. Belying criticisms of the slowness and indecisiveness of the "ASEAN Way," by the end of 1999 the other three continental Southeast Asian states were members of ASEAN. All member states have been united, both during and since the Cold War, by the core concern at the heart of ASEAN's formation in 1967, namely the vulnerability of individual states, and hence the region as a whole, to undue, autonomy-reducing influence by the surrounding major powers. Today, ASEAN is not focused on upholding the strategic divide between maritime and continental Southeast Asia. It is focused on reducing the sharp developmental divide between these two parts of the region.

The end of the Cold War led to the extension of ASEAN's dialogue partner system, to the benefit of ASEAN centrality, to include India in 1995 and both Russia and China in 1996. ASEAN's "dialogue relations"

with the two communist major powers during the Cold War began in 1991 when Malaysia, as ASEAN chair, invited both China and the Soviet Union to send representatives to the ASEAN Ministerial Meeting and its ASEAN-Dialogue Partner discussions. At the same time, ASEAN, with strong support from key dialogue partners, sought to further connect the “spokes” of the ASEAN+1 dialogue partner process by building ASEAN-centered wider regional bodies starting with the ministerial-level ASEAN Regional Forum (ARF) in 1994. In 2005, ASEAN established the leaders-level East Asia Summit (EAS), which by 2011 included all the major powers surrounding the region.

The emancipating effects of the end of the Cold War came at the same time as maritime Southeast Asian economies, followed by China and then Vietnam, adopted similar export-oriented, FDI-based economic models that spurred their incorporation into proliferating regional and global production networks. Externally, this deepened and diversified Indonesia, Malaysia, the Philippines, Singapore, and Thailand’s relations with Japan, the United States, South Korea, and Taiwan, the home countries of the firms that developed and controlled these networks. Vietnam became the first and remains to be the only continental Southeast Asian economy to be internationally and regionally integrated in this manner. Today, it receives significantly more new Japanese FDI than Malaysia.⁶ With China’s embrace of a similar export-oriented, FDI-based model, the Southeast Asian economies’ integration and competition with China greatly increased. Southeast Asia became much more important economically to the major powers, as did these major powers become for the six major Southeast Asian economies.

This sharp intensification of extra-regional interdependence contributed to the diversification of ASEAN from a body for collective security diplomacy to one for collective trade diplomacy as well. Within ASEAN, this new trade diplomacy orientation saw the signing of the ASEAN Free Trade Area (AFTA) in 1992 and the later incorporation of the four continental Southeast Asian states into this agreement. The maritime Southeast Asian economies (minus Brunei) and Vietnam’s embrace of the export-oriented, FDI-driven model drove the signing of AFTA and the subsequent acceleration of its tariff reduction schedule in two key ways. First, it heightened member-states’ appreciation of the benefits of economies of scale and realization that no Southeast Asian economy alone has a competitive economy on the scale of China’s or of India if it would adopt a similar economic model. Only Southeast Asia together could be of

sufficient economic scale. Second, the individual Southeast Asian economies' integration into these regional and global production networks increased and diversified intra-regional manufacturing trade and the demand for supporting logistics and services. The fact that Japanese firms at the center of many of these networks were a key advocate for AFTA reflects the origins and importance of these two drivers.

Externally, similar logic prevailed. From 2003, ASEAN began to negotiate an expanding number of preferential trade agreements with key and willing dialogue partners. The ASEAN-Japan deal was the first to come into full effect in 2008, followed by those with China, South Korea, India, and Australia, and New Zealand in 2010. Today, the United States and the EU are the only two major dialogue partners that have not negotiated an ASEAN trade deal. The United States has focused its trade diplomacy in Southeast Asia on bilateral trade deals and on the wider TPP that includes four ASEAN member-states. In the last decade, ASEAN's internal and external trade diplomacy functions have been arguably the organization's most dynamic and successful.

The China Factor

The rapid and significant changes in China's relations with the countries of Southeast Asia and with ASEAN both reflected and facilitated the undividing of the region. As signaled by the beginning of dialogue relations with ASEAN in 1991, China, post-Cold War, has adopted a policy of close and broad engagement with ASEAN.⁷ China's engagement has contributed significantly to the strengthening of ASEAN's dialogue partner relationships with all other major extra-regional powers and consequently has strengthened ASEAN centrality.⁸ China and India became the first major extra-regional powers to sign the ASEAN Treaty of Amity and Cooperation on the same day in 2003. Papua New Guinea was the first extra-regional state to sign this core ASEAN treaty in 1989. In order, Japan, South Korea, Russia, New Zealand, and Australia all signed in 2004 or 2005. The United States signed this agreement, a prerequisite for an ASEAN invitation to the EAS, in 2009, a year after North Korea. Article 10 of the treaty requires that each High Contracting Party (signatory state) "shall not in any manner or form participate in any activity which shall constitute a threat to the political and economic stability, sovereignty, or territorial integrity of another High Contracting Party."

China was the first extra-regional state of any sort to negotiate from 2001, and in 2004 it signed an FTA with ASEAN on goods. Japan competitively followed suit with negotiations on the ASEAN-Japan Comprehensive Partnership starting in 2004. An agreement was signed in 2008. Negotiations with South Korea, Australia, and New Zealand, and India followed with preparatory work on an ASEAN-EU FTA now underway. Beyond helping to trigger a cascade of ASEAN trade negotiations with most of the other key extra-regional powers (not the United States or Russia), the ASEAN-China FTA is particularly important. As noted above, a principal driver of AFTA was the shared concern among ASEAN member-states about the uncompetitive size of their national economies of scale and the problem this would cause for their FDI-based trade and development models. China was and still is perceived as the main economy of scale sufficient to pose a threat to Southeast Asia, a threat that looked like it was being realized at the time of the ASEAN-China trade negotiations. In 2003–2004, China received, in net terms, roughly three times more new Japanese FDI than the six largest Southeast Asian economies. A decade later, this ratio has been reversed.⁹ Signing the trade deal with China, now the region's largest trading partner, both deepened regional worries about Chinese economic competition/dominance and focused regional attention on gaining greater access to the Chinese market. No other ASEAN+1 trade deal has this same combination of competitive fear and opportunity, and no other deal is as important.

For over a decade after the Cold War, China largely pursued a “win-win” policy of closer cooperation with the individual states of Southeast Asia, a “charm offensive” that delivered many positive returns for China and its “peaceful rise” claims. When President Hu Jintao visited Manila in 2005, President Macapagal-Arroyo referred to this as a “golden moment” in the relationship and the Philippines later agreed to receive military aid and equipment from China. Vietnam, long the most fearful of Southeast Asian countries toward China, normalized relations with it in 1990, and then both sides adopted a “Four Goods” (good neighbors, good friends, good comrades, and good partners) approach to relations. This seemed to be working when Hanoi and Beijing came to an agreement over their land border disputes in 1999.¹⁰

During this same period, even the vexed issue of China's territorial and maritime boundary disputes with five Southeast Asian states in the South China Sea permitted a deepening of China's relation with ASEAN and ASEAN's political-security centrality and unity. China became the first

state to sign a declaration of conduct concerning territorial and maritime boundary disputes with ASEAN, and ASEAN became the first regional organization to sign such an agreement with China. The 2002 Declaration on the Conduct of Parties in the South China Sea signed in Cambodia after 3 years of ASEAN-China negotiations, came a decade after ASEAN released its Declaration on the South China Sea in the Philippines after a bitter dispute between China and Vietnam (not yet an ASEAN member-state) in the waters around the Paracel Islands and the passage of a Chinese law authorizing the use of force to uphold its claims in the South China Sea. China-Philippine tensions, pressure on ASEAN to work together to manage the South China Sea disputes, and the gap between China's good neighborly diplomacy and assertive actions in disputed waters spiked further in 1994–1995 when China began to build permanent structures on Mischief Reef, a South China Sea atoll also claimed by the Philippines and Vietnam (and Taiwan).

China's agreement to sign the 2002 Declaration (after refusing ASEAN's preferred, higher-level document, a Code of Conduct) gave credence to its peaceful rise narrative and associated hope that China was responsive to regional concerns about its strategic intentions and actions, and bound it and ASEAN together into a regular, regional diplomatic negotiation process over core sovereignty disputes between China and a range of ASEAN member-states. The final article of the Declaration calls on China and ASEAN to "agree to work, on the basis of consensus, toward the eventual attainment of" a code of conduct. Eleven years on, in December 2013, China agreed to start these negotiations. China and ASEAN also set up a joint working party to support the effective implementation of the Declaration of Conduct, whose terms of reference were agreed to in 2004.

Since 2002, the ASEAN position toward its member-states' different disputes with China in the South China Sea has been to remain neutral on the opposing claims, not to call China out by name when it is accused by member-states of breaching the Declaration of Conduct, and upholding the process of negotiating a Code of Conduct as the proper means to manage these repeated flare-ups. This diplomatic formula contributed to the concepts of ASEAN unity and centrality and China's cooperative engagement with ASEAN. It does not require ASEAN member-states to address within ASEAN their own overlapping disputes in the South China Sea or for China to depart from its firm position that territorial and maritime boundary disputes should be resolved bilaterally.

THE DEVELOPING DIVIDE

Over the last 5 years, hopes that Southeast Asian states, through ASEAN, could effectively manage their major power relations in a way that maximizes their autonomy and that China-Southeast Asia relations were truly on a new and more cooperative path have been dashed. Now, what dominates is dark talk of parallels between the present regional security situation and the start of World War II in Europe and of US-China strategic rivalry again dividing Southeast Asia as did the US-USSR rivalry. Euan Graham traces how regional reactions to the US “rebalance” to Asia reflect, with some reservations, the maritime-continental divide with Thailand reverting to a more continental stance and Vietnam a clearly maritime one.¹¹ Focusing on the economic and infrastructure integration of the Greater Mekong Subregion that brings together China (Yunnan Province and the Guangxi Zhuang Autonomous Region) and the five continental Southeast Asian states, Geoff Wade sees a more clear-cut and deeper division between maritime and continental Southeast Asia.¹² Donald Emmerson, focusing on both strategic and economic factors, argues that the nature of the US-China rivalry will determine if Southeast Asian states and, hence, ASEAN split between China-deferring states and China-defying ones.¹³

That there are divisions among Southeast Asian states in relation to China is not in doubt. President Aquino of the Philippines publicly draws parallels between Chinese actions in the South China Sea and Nazi Germany, while Hun Sen’s Cambodia refers to China as a “big, old friend.” The Philippines and Vietnam (with some opacity) see China’s actions in the South China Sea as the primary external security threat facing their countries, while Cambodia and Laos see their growing economic relations with China as the most important external support for regime security. What is in question is the nature of this developing divide and what does it mean for ASEAN unity and centrality.

The China Factor

As noted by Evelyn Goh and Sheldon Simon, for the first time since the 1940s, “an Asian state has become the primary security focus for Southeast Asia.”¹⁴ Again, it is the predominant Asian power from Northeast Asia and again it is a rising one not fully integrated or accepting of the current global order. At the core of the developing divide is China, and not the US-China relationship. China’s actions from being the primary infrastructure and aid

provider in Cambodia and Laos to declaring and enforcing unilateral fishing bans in the South China Sea and turning disputed shoals off the coast of Palawan into landing strips and permanent docking facilities are reshaping its relations with each Southeast Asian state.

This is the primary determinant of Southeast Asian states' (and, less so, the publics') view of the US "rebalance" and not the presence or absence of fear in these states about the US-China rivalry and its impact on Southeast Asia. This is a very different situation than the Cold War divide where the ruling elites in Southeast Asian states positioned themselves in relation to the already existing and external to Southeast Asia US-USSR rivalry. Unlike the Cold War, the US strategic interests in Southeast Asia pose no direct threat to any Southeast Asian state. China's do to those with which it has territorial and maritime boundary disputes.

As with the situation in Northeast Asia and the East China Sea, China's growing assertion of what it perceives as its sovereign rights are aggravating its relations with less powerful states in the region with which it has territorial disputes. In reaction, these states are seeking stronger security guarantees from and closer security relations with the United States.¹⁵ As in Northeast Asia and the maritime boundary dispute between South Korea and China, China's maritime boundary disputes with Malaysia, Brunei, and Indonesia, despite occasional incidents, so far, have largely stayed latent. Correspondingly, these three disputants have not been as focused on their disputes in their relations with China or on the counterbalancing benefits of enhanced American strategic involvement in the region as have the Philippines and, to a lesser extent, Vietnam. As in Northeast Asia, China's territorial disputes and assertiveness in Southeast Asia may affect the US-China relationship in the region more than the overarching US-China relationship will affect regional security relations. The tail of China's disputes in Southeast Asia could well wag the US-China rivalry dog.

Developing, but Not Crystallized

The divide in Southeast Asia caused by China's actions is still only a developing one and is far from crystallizing in the way the Cold War one did. China already has a significant economic presence in and immigration flows to the region (it is the largest source of imports and immigrants and the largest destination of exports and FDI for Southeast Asia as whole), and particularly in Myanmar, Cambodia, and Laos, China's presence certainly will continue to grow. At the same time, China seemingly has settled on a more assertive approach to its

maritime boundary disputes. These two China-based divisive forces are bound to pull harder on Southeast Asia in the future. Likewise, leadership change in Southeast Asian states can have a significant impact on the approach to China. Aquino has taken a much firmer stance against China on the Philippine claims in the South China Sea (West Philippine Sea) than his predecessor Macapagal-Arroyo.¹⁶ The 2014 Indonesian presidential elections included some debate over the proper approach to Indonesia's maritime boundary dispute with China and a spike in Indonesian and international interest in this dispute.

Presently, any simple dualistic divide of Southeast Asia throws up as many outliers as inliers. The continental-maritime divide does not work on the continental side. Vietnam's increasingly tense relationship with China in the South China Sea and Vietnam's emerging security partnership with the United States are casting Vietnam more in the China-defying category than the deferring one, while Vietnam's embrace of the export-oriented, FDI-based economic model means that Vietnam is not dependent on China and is unlikely to become so. Likewise, some have traced the partial political and economic opening up of Myanmar to a desire to seek greater autonomy from China. As of now, in maritime Southeast Asia, unlike the continental subregion, the divide is not between those with or without border issues with China. Singapore has taken a much stronger position on supporting an enhanced US strategic position in Southeast Asia than Brunei, Malaysia, or Indonesia. This could change if China's disputes with Brunei, Malaysia, and Indonesia stop being latent.

Presently, Southeast Asia can be best categorized as having; two states that are closely aligned with and increasingly economically dependent on China—Cambodia and Laos; two where their territorial disputes with China are the primary external security threat—the Philippines and Vietnam; and six others ranged in between but distinct from either pole. With the possible exception of Cambodia and Laos, all Southeast Asian states are united in their desire to maintain their autonomy from the surrounding major powers and their interest in Southeast Asian cohesion. Vietnam and the Philippines' strong concern over Chinese actions in Southeast Asia puts them, alone in the region, in conflictual relationships with China.

ASEAN REBALANCING

China's actions in the South China Sea from moving an oil rig into disputed waters with Vietnam to gaining control of a growing number of land features means that the facts on the water are now moving

much faster than the glacial pace of the ASEAN-China consultations on the disputed sea. The Philippines' decision to take its dispute with China to an international tribunal and Vietnam's public references that it may follow suit are clear indications that ASEAN's role in managing its member-states' relations with major powers is no longer functioning in this case of increasing importance. China's repeated emphasis that any eventual code of conduct will not be a mechanism for resolving the disputes further undercuts the credibility of ASEAN playing this role as did the Cambodian chairing of ASEAN in 2012, where it ruled out any mention of the South China Sea in the ASEAN Foreign Ministers Joint Statement, a refusal that led to there being no such statement released. With good reason, the Philippines and Vietnam are looking more and more outside ASEAN and Southeast Asian states to seek diplomatic and concrete counterbalances to China's growing assertiveness in the South China Sea. The G7 position on the East and South China Sea disputes, as stated in the joint statement in Brussels on June 4–5, was clearer, more comprehensive and more in line with the Philippine and Vietnamese positions on the South China Sea disputes than ASEAN's own position, as stated in the joint statement at the end of the ASEAN leaders' summit in Myanmar on May 10–11 or the preceding joint statement by ASEAN foreign ministers on "current developments in the South China Sea." The G7 statement publicly endorsed the rights of claimants to "seek peaceful resolution of disputes in accordance with international law, including through legal dispute settlement mechanisms." Neither ASEAN statement included such an endorsement of international legal actions already taken by a member-state. Rather, both statements focused on the seemingly quixotic if diplomatically expedient quest for a Code of Conduct.

ASEAN's approach to the South China Sea is increasingly divided and divisive, and ASEAN is playing an increasingly peripheral role in the management of these disputes. Given the importance of these disputes for the second and third most populous ASEAN member-states, this lack of unity and centrality strikes at the heart of ASEAN and its geostrategic utility to its member-states. If Chinese assertive actions in the South China Sea were to intensify in waters in dispute with Malaysia, Indonesia, and Brunei or the awareness of these states of Chinese actions in these disputed waters were to grow, then this problem for ASEAN could deepen.

Fortunately for ASEAN, the organization's primary focus and its utility for its member-states is no longer as a collective diplomatic platform to address major power strategic and military interests in Southeast Asia. As shown by its ambition to establish an ASEAN economic community, an ASEAN sociocultural community and an ASEAN political-security community, in the post-Cold War period, ASEAN's coordination of intra-ASEAN relations has become the main focus of activity. ASEAN is now the main trade diplomacy platform for the less open member-state economies with RCEP the latest enhancement of ASEAN's trade diplomacy function. Southeast Asian states now increasingly use ASEAN-based engagement with the surrounding major powers to seek support for ASEAN's institutional strengthening and internal community-building mandate. ASEAN's larger rebalancing toward a greater focus on trade diplomacy and internal integration means that its diminishing role in the South China Sea disputes will not paralyze the institution.

The Cold War divided Southeast Asia and united ASEAN. Today, relations with China, not the US-China relationship, are dividing both. However, the parallels between the present China-based divisions in Northeast and Southeast Asia are strengthening strategic and defense ties between like-positioned states in both regions. The rise of China and its maximalist approach to maritime disputes, just as in the Cold War, mean that the strategic futures of Northeast Asia and Southeast Asia may well be similar. Though this time, rather than the great power rivalry between the United States and the USSR defining the strategic circumstances of the states in both regions, China's relations with its Northeast and Southeast Asian neighbors may define the strategic circumstances of the US-China relationship.

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Doomed by Dialogue: Will ASEAN Survive Great Power Rivalry in Asia?

Amitav Acharya

Pundits and policymakers increasingly see the changing great power politics in Asia (or the Asia-Pacific or Indo-Pacific, terms I use interchangeably) as an existential challenge to ASEAN. Of particular concern here is the growing military assertiveness of China in ASEAN's backyard, the South China Sea, and the US "rebalancing" or "pivot" strategy. Added to this picture are Japan's moves to amend its constitution to allow more room for forward military operations, and India's growing military presence in the Indian Ocean extending to East Asian waters and its assertive diplomacy under Prime Minister Narendra Modi. Critics argue that ASEAN is both toothless and clueless in responding to these changes. Its main reaction has been to persist with regional institutions such as the ASEAN Regional Forum (ARF) and the East Asian Summit (EAS), disparagingly seen as "talk shops." While such an approach might have served a useful purpose when great power relations were less volatile in the immediate aftermath of the end of the Cold War, it has now outlived its usefulness. Critics not only write off the idea of "ASEAN centrality" in

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan-Palgrave Macmillan Series,
https://doi.org/10.1007/978-981-10-3171-7_6

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Asia's regional architecture but also the very survival of ASEAN as a regional community.

I argue below that while ASEAN faces significant challenges, these have less to do with its external environment, such as great power policies and interactions. Much more important are strains in ASEAN's internal cohesion and capacity, especially owing to its expanded membership and agenda. ASEAN is not without precedent and advantages in dealing with great power politics. Its external environment is actually more helpful to its security role than is commonly portrayed by the pessimists. If ASEAN's unity holds and it makes necessary changes to its ambitions and agenda, it should not only survive great power competition but also continue to play a meaningful role in managing that competition, at least in Southeast Asia.

WHAT KIND OF RIVALRY?

In his book *The Tragedy of Great Power Politics*, John Mearsheimer argues that rising powers must expand to survive, which often leads them to seek at least a regional hegemony. He predicts that if the growth of Chinese power continues, it will seek regional hegemony, which in turn will provoke conflict possibly leading to war with the United States. He cites the examples of Nazi Germany, imperial Japan, and the United States before the twentieth century to illustrate his thesis.¹

A second perspective on great power politics, derived almost entirely from Europe before World War II, holds that international stability is a function of the number of great powers and the distribution of capabilities among them. A multipolar system, where the main actors are the great powers (the "poles"), is usually more prone to instability and conflict than a bipolar system, such as the Cold War. Another distribution of power is unipolarity, and while not all realists agree that unipolarity is unstable, most concur that it is rare and that multipolarity is the least stable of power configurations. A multipolar system has more dyads, hence more opportunities for competition, which, in turn, renders interactions among the great powers less predictable.

Both scenarios point to a bleak future for ASEAN. Chinese regional hegemony, whether of the coercive Monroe Doctrine type or even a relatively benign one,² which provides Chinese aid, investment, and market access in return for loyalty to China in a manner akin to the old tributary system, is bad news for ASEAN. If it materializes, it will certainly cover at least parts of Southeast Asia, including the states

involved in the South China Sea conflict. A multipolar system dominated by the great powers gives little space to smaller and weaker states, which would be made victims of great power politics., As Aaron Friedberg hypothesizes,³ the end of the Cold War ushered in a multipolar system in Asia, similar to Europe before World War II. China, like Germany then, is a revisionist rising power, and wants to challenge the status quo of an American dominated liberal international order. Hence, Asia is “ripe for rivalry,” and can expect intensified great power competition leading to catastrophic breakdowns as happened in Europe in the early twentieth century. Both these perspectives have been reinforced by Chinese moves in the South China Sea and East China Sea area, which along with Russian moves in Ukraine and Eastern Europe, many analysts see as signs of Chinese and Russian expansionism and a “return of geopolitics” in the world and the arrival of nineteenth century European geopolitics in Asia.

There are of course more optimistic and positive views about great power politics. Hedley Bull stressed the special responsibility of the great powers in the management of international order. Karl Deutsch and David Singer rejected the idea that multipolarity invariably leads to great power competition and conflict. It may make war less likely by making a potential aggressor less sure about its alignments and enlarging the size and power of the potentially countervailing coalition. Multipolarity increases interaction opportunities among the major players, creating cross-cutting pressures on their strategic designs. On occasion, multipolar interactions may also promote pluralistic common interests. This may sometimes lead to significant cooperation, as happened with the early nineteenth century European Concert system.

Even these relatively optimistic perspectives still assume great power primacy in maintaining stability. The concert of powers or its bilateral variant, a two-power condominium (such as a G2 between the United States and China), leaves ASEAN marginalized. None of the above perspectives recognizes the possibility of smaller and weaker players influencing great power politics. They are seen as objects. Yet, if the traditional perspectives are correct, ASEAN would have been doomed from its birth in 1967, as many Western and some Asian analysts had indeed predicted then and keep predicting. ASEAN is an anomaly in the universe of great power politics. Not only has it survived, but it has contributed significantly to conflict reduction and management in Southeast Asia and served as the main anchor of regional cooperation now involving all the major powers

of Asia and indeed the world. As a result, Asia is the only region in known history where the strong live in the world of the weak, and the weak lead the strong. ASEAN's record has been a mixed one, but ASEAN turns traditional realism on its head.

Great power politics may be a constant through world history, but it does not reappear in the same way and for the same reasons. It is unfortunate that pundits keep using nineteenth century (mainly European) lenses to describe twenty-first century realities in Asia and the world. The term great power rivalry and competition is a bit misleading because of the significant and far-reaching cooperation that exists among the same great powers both at regional and global levels. And this cooperation is underpinned by a type of interdependence that simply did not exist a century ago.

The term multipolarity, a Eurocentric notion, is quite out of date now. It described a world of great powers and referred mainly to the number of actors and the distribution of power among them. It said much less about the substance and quality of their interactions. If one takes the latter into account, the dominant feature of today's world and Asia is not multipolarity, but multiplexity. Multiplexity, or the idea of a Multiplex World, differs from a multipolar system in significant ways.⁴ Whereas the traditional conception of multipolarity assumed the primacy of the great powers, actors (or agents) in a Multiplex World are not just great powers or only states (Western and non-Western), but also international institutions, nongovernmental organizations, multinational corporations, and transnational networks (good and bad). A multiplex order is marked by complex global and regional linkages including not just trade but also finance and transnational production networks, which were scarce in pre-World War European economic interdependence. Moreover, interdependence today is not only economic in nature but also covers many other issue areas, such as the environment, disease, human rights, and social media. A multiplex order has multiple layers of governance, including global, interregional, regional, domestic, and substate. Regionalism is a key part of this, but regionalism today is open and overlapping, a far cry from nineteenth century imperial blocs that fueled great power competition and war, and which are unlikely to reappear. It is a decentered world. While power hierarchies remain; the overall architecture of a Multiplex World is non-hegemonic. The world is unlikely to see global hegemons like Britain and the United States. China is not going to be one, as I argue below. At the same time, a Multiplex World is not a

“G-Zero” world,⁵ but one that encourages pluralistic and shared leadership at both global and regional levels. ASEAN’s prospects should be judged not in terms of old-fashioned, outdated notions of multipolarity, but of these unfolding changes toward a Multiplex World, which also affect the Asia-Pacific region.

A CHINESE MONROE DOCTRINE?

The key feature of the Asian strategic landscape is, of course, the rise of China, both as an economic and military power. Rising powers do not necessarily worry their neighbors simply by their rise. What matters more is change to the balance of threat rather than the balance of power. ASEAN has serious reasons to worry about recent Chinese behavior, especially in the South China Sea. While China’s claims are not new, some of its tactics are, such as land reclamation work to create new “islands.” These claims are backed by increasing Chinese military capability and financial clout (used to buy support from Myanmar and Cambodia). But the Chinese threat is only to the disputed offshore territories and waters of ASEAN members rather than to their metropolitan territory. China is not alone in the reclamation effort, and the talks to conclude a South China Sea code of conduct are proceeding, despite the delays and obstacles.

Robert Kaplan and John Mearsheimer believe that the South China Sea and Southeast Asia are a natural theater for a Chinese version of the Monroe Doctrine, which can coerce, if not directly threaten, ASEAN, but this is based on both flawed logic and a false ghost from history. They focus on ASEAN’s weaknesses in dealing with China, while ignoring China’s difficulties and dilemmas in the South China Sea issue. The Monroe Doctrine was possible when the United States had no countervailing power in its neighborhood. Spain had withered away as a great power. Britain and France, the European powers that could have challenged in the US backyard, were too busy fighting each other in Europe and elsewhere and later a unified Germany together.

China faces a very different situation today. Any temptation it might harbor for creating a zone of exclusion in the South China Sea or a sphere of influence over Southeast Asia would be met with stiff resistance by the presence of not only the United States but also of India and Japan, with America’s allies Singapore and Australia. Some ASEAN members are at least capable of raising the costs of Chinese military aggression. Moreover,

in committing aggression or denial in the South China Sea, China has to consider the consequences for its own shipping through chokepoints where ASEAN navies have powers of reconnaissance, detection, and even interdiction and the Indian Ocean, where the US and Indian navies are more active and superior. Unlike the Caribbean's role for the United States, geography is not on China's side in its maritime environment.

Moreover, emerging powers cannot become truly legitimate global powers if they keep picking quarrels with all (or almost all) their neighbors. For China, global legitimacy may not be possible without regional legitimacy. One might point, as John Mearsheimer does, to the United States as an exception, and say that as a rising power, it could coerce and threaten its immediate neighbors and pursue expansionism in the form of the Monroe Doctrine, but it did not become a *legitimate* global power until after it abandoned the Monroe Doctrine in the late 1920s.

ASEAN AND THE BALANCE OF POWER

The conventional wisdom about Asian security today is that the rise of China is creating an imbalance of power in Asia. This is misleading. There was never really a *balance* of power in Asia in the conventional sense. Asia has always been a region of US primacy, if not outright hegemony, although the latter term might apply if hegemony is understood in terms of military power projection. Even today, the United States outspends China by four and half times in defense. China may be aspiring to anti-access/area denial, but it is nowhere close to upstaging US military superiority in Asia. The idea of an Asian balance of power—an equilibrium of power—is a myth without much regard for what the term of balance of power actually means.

On the contrary, the relative rise of China may actually be creating something of a military equilibrium for the first time in Asian history. If realists are right that a balance of power contributes to stability, this cannot be a bad thing for the region as well as its smaller states like ASEAN. After all, some proponents of balance of power claim as one of its virtues the protection of small states by denying hegemony to any single power. This is not to say that there is no balancing happening between China and the United States and its allies, but it is defensive, rather than offensive in nature, and it is accompanied by other forces favoring regional stability.

The US rebalancing policy unquestionably responds to China's rise, but there are three important things about it that are often forgotten by analysts. First, it is an outgrowth of "hedging policy" and retains many elements of an open and flexible policy that does not write off peaceful Chinese behavior. Second, the rebalancing does not represent a dramatic shift in US military deployment in the region, mainly reversing the 60–40 percent ratio of deployment between Europe/Middle East and Asia. Finally, it is not a policy of preemptive containment, even though many Chinese analysts claim it is to score propaganda points. US-China economic ties, not just trade but a virtual mutual assured destruction situation in financial links, demonstrate how different it is from the US containment of the Soviet Union. The US rebalancing policy is not a preemptive strategy of containment but a countervailing posture that gives China ample room for rising peacefully, exactly what it claims to want to do, while preventing it from acquiring a Monroe Doctrine like regional hegemony. Chinese analysts and officials should do well to accept this. At the same time, China is not pursuing, and is hardly capable of pursuing, a policy of expansionism of the kind a rising Germany did in the late nineteenth and early twentieth centuries or as Japan did before World War II. This is something for both Western and Asian hyper-realists to acknowledge.

ASEAN AND "EUROPE'S PAST"

Another reason why ASEAN's external situation is not as stark as portrayed by the pessimists is the gross misreading of the "Europe's Past, Asia's Future" argument, which is taken seriously by pundits and the media, such as the *Economist* through an abuse of historical parallels. There is little reason to accept the view that the rise of China is taking place in an environment that is similar to what existed in Europe after the unification of Germany in the late nineteenth century. Any comparison between Asia now and Europe before World War I shows more differences than similarities. It is far from clear that China is a revisionist power, a category that assumes that the existing international system denies it opportunities and privileges that it needs to become a global power. In reality, China is on its way to becoming a global player within the existing international system. This does not mean China will not seek changes to that system, but it seems China is challenging those aspects of the system—especially the leadership and direction of global institutions—that are almost universally

accepted as unfairly advantageous to the West and increasingly anachronistic. And China is far from being alone in challenging them; others, including democratic India, Brazil, and South Africa, seek the same changes; China has more reasons to keep the status quo as a sitting permanent member of the UN Security Council.

Moreover, the European multipolarity before world wars was not accompanied by deep and wide-ranging economic interdependence. Interdependence—including the much-vaunted interdependence between Germany and UK—was relatively thin, based primarily on trade.

The most crucial element of economic interdependence in Asia is not trade, but transnational production networks, which did not exist in pre-war Europe. ASEAN is an integral part of those production networks,⁶ initially triggered by Japan in the 1980s, now sustained by China. Add finance and investment to the picture, and it becomes clear that economic interdependence in Asia and the Asia-Pacific (involving the United States) increases the costs of war to a much greater degree than in Europe's "past." (Economic interdependence discourages war by increasing its costs; it does not preclude war.) If anything, Asia increasingly resembles Europe's present. Its financial and production networks are no less significant, and about 55 percent of total trade is intra-Asian, compared to about 65 percent for EU's internal trade, even though Asia does not have anything close to the extensive bureaucratic apparatus of the EU. This is a form of regionalization that deserves to be recognized on its own terms, rather than on the basis of the increasingly questionable EU-centric criteria.

Although ASEAN is often faulted for its low levels of intra-ASEAN trade, a situation that might not change much despite the realization of the ASEAN Economic Community in 2015, this is offset by the fact that ASEAN is an integral part of East Asian trade, production, and financial interdependence, which has grown more extensive with the gradual entry of India into it. That interdependence is not only nonideological, it is the most inclusive regional interdependence in the world today, in contrast to European interdependence, which does not really cover Russia.

European multipolarity was also a period of outright colonialism—not only causing conflict among the powers, contributing to Germany's rejection of the status quo as a latecomer to the colonial game, but also undercutting the benefits of economic interdependence. Asian powers today are *not* colonial powers. Competition for energy and other resources do not amount to colonial competition. Not only are such

resources available on the market, but the costs of going to war to obtain them surely outweigh the benefits in today's increasingly destructive warfare. Although the Chinese economy has diverted some investment from ASEAN and Chinese manufactured goods pose a threat to ASEAN's industries in some sectors, this is a far cry from a neocolonial situation. ASEAN's openness to the economies of all outside players and to market- and multinational-driven industrialization offsets any such prospect of Chinese colonization or competition among the great powers such as China, Japan, the United States, EU, and India for ASEAN resources and markets leading to political dominance by any of them.

Not only economic interdependence but regional economic and security institutions in Asia are also more inclusive than Europe's. There is no NATO in Asia, a real blessing in geopolitical terms. China is a member of all East Asian and Asia-Pacific regional bodies, in contrast to Russia's exclusion from NATO and the EU. Asian regional institutions are often disparaged as "talk shops," and some of that criticism is well-deserved. There is no question that ASEAN needs to shift gear from dialogue to action and adopt a more problem-solving approach. It needs to overcome the persisting "non-intervention" mindset of its members by emulating not the EU (the wrong role model) but the African Union (AU), especially when it comes to collective peacekeeping. ASEAN has more resources but less willpower to do regional peacekeeping than the AU, so it should achieve more success than the AU if it garners the requisite political will.

But Asia's regional institutions are not "talk shops." They have produced results.

One singular misconception about Asian regional institutions is that they are "led" by ASEAN. ASEAN has to blame itself for this unhelpful myth. Its role is better described as the hub and the agenda-setter, a convening power with a normative and social leadership. Lacking structural power (the ability to compel or coerce) and material resources, ASEAN has used socialization and persuasion to engage not only other Southeast Asian and East Asian countries, but *all* the great powers of the current international order. What might be Asia's security order today had there been no ASEAN? At the very least, there would be a lot less opportunity for dialogue and diplomatic interactions among the major powers with an interest in Asia, and the prospects for a preemptive US containment of China would have been greater. It was some ASEAN

leaders, the late Lee Kuan Yew in particular, who strongly discouraged the United States from taking such a course, and no other foreign leader had more influence on US policy toward China than Lee.

Other contributions of ASEAN include keeping intra-Southeast Asian conflicts at a relatively low level,⁷ and providing Cambodia, Vietnam and later Myanmar a readymade forum to help them return to the international system after decades of self-destructive isolation. Anyone who says these developments were possible because of sanctions by the Western countries has a poor understanding of Southeast Asian history and politics.

In short, the Asian strategic environment is not just about a power shift, but also a paradigm shift.⁸ In the aftermath of World War II, Asia's security environment was marked by economic nationalism and autarchy (import-substitution), security bilateralism (America's "hub-and-spoke" alliances), and political authoritarianism. Asia today is marked by an unmistakable economic liberalism and interdependence, much greater degree of security multilateralism, and democratic politics (the last one constraining China's capacity for regional hegemony through ideology). What is more, the emergence of these trends predates Chinese assertiveness. Instead of being shaped by China and great power politics, as Mearsheimer and other traditionalists argue, Asia's changing regional environment is more likely to shape Chinese and great power behavior.

ASEAN'S PREDICAMENT AND OPTIONS

ASEAN's own internal situation is a cause for concern, a far cry from ASEAN during the Cold War. First, it is a much bigger entity. Membership expanded in the 1990s to bring in Vietnam, Laos, Myanmar, and Cambodia, with East Timor likely to be the 11th member. Its functions have also expanded significantly. In its early days, ASEAN's role was mainly political and security (although not in the military sense), expressed in the form of initiatives like the proposal for a Zone of Peace, Freedom and Neutrality (ZOPFAN) in Southeast Asia. While economic development was a shared goal, trade liberalization, the staple of regional organizations everywhere, did not enter its agenda until the late 1970s, and even then in a rather limited sense.

ASEAN today deals with a whole range of issues. Economic cooperation has expanded from the idea of an ASEAN FTA to a much more comprehensive ASEAN Economic Community, which technically enters into force in 2015. While it continues to reject turning itself into a military

alliance, ASEAN militaries cooperate, bilaterally and multilaterally, on intelligence-sharing, counterterrorism, and maritime security. Through initiatives such as the ASEAN Political-Security Community and ASEAN Socio-Cultural Community, ASEAN also deals with a range of transnational issues, such as environmental degradation, air pollution, pandemics, energy security, food security, migration and people-smuggling, drug-trafficking, human rights, and disaster management.

ASEAN no longer confines itself to addressing and managing security issues in Southeast Asia. By helping to create and anchor wider Asia-Pacific institutions such as ARF and the EAS and involving itself centrally in APEC, ASEAN today is a much larger regional and even a global actor, with varied consequences. But these extensions impose burdens with which even a more resource-rich regional body can barely cope. ASEAN's institutional machinery is hopelessly out of capacity in dealing with the wider responsibilities. An expanded membership means greater disagreements and quarrels, especially involving latecomers to the ASEAN Way. The most serious breakdowns of consensus and unity have involved its new members. Cambodia, as ASEAN's chair disastrously refused to issue a joint ASEAN Communique in 2012 to please China, rejecting the position of fellow members, Philippines and Vietnam, on the South China Sea dispute. Another instance is Myanmar, whose entry in 1995 brought ASEAN a great deal of international embarrassment and whose handling of the Rohingya issue now is having a similar effect. The entry of Vietnam, Laos, and Myanmar brings ASEAN closer to China physically. Vietnamese membership means that ASEAN is embroiled deeper into the South China Sea conflict with China.

A more recent, challenge to ASEAN is the uncertain leadership of Indonesia. There are signs that the Jokowi government has downgraded Indonesia's leadership role in ASEAN, at least in comparison to its predecessor, the Yudhoyono government. ASEAN has been moved from being *the* cornerstone of Indonesian foreign policy to being *a* cornerstone. But ASEAN can ill-afford to lose a proactive Indonesian role. Not only is Indonesia the most populous nation and largest economy, but it is ASEAN's only G20 member and has a record of mediation and good offices in both intra-ASEAN and extra-ASEAN conflicts (the latter including the South China Sea). Indonesia is also a thought leader; the idea of an ASEAN Security Community, which morphed into the ASEAN Political-Security Community today, came from Jakarta. Its ability to combine

democracy, development, stability, and peaceful Islam is a singular achievement in the world today, and thus a key element of ASEAN's normative pull before the international community. It remains to be seen if Jokowi's posture will last; Indonesia had also downgraded its engagement with ASEAN after the fall of Suharto, but that could be understood in terms of its domestic turmoil that left little space for foreign policy attention. If a democratic, economically dynamic and stable Indonesia does not take ASEAN seriously, neither would the world at large.

Domestic politics is looking less rosy in Thailand and Malaysia. The Thai situation is worse due to a combination of succession uncertainties hanging over its monarchy and the military government's rewriting of the constitution that may impose significant long-term constraints on political freedom and thus create a potential for long-term domestic strife. Its engagement with ASEAN has already suffered. In Malaysia, divisions within the ruling party UMNO and challenges to its political dominance create uncertainties that may distract and diminish its capacity for engaging in ASEAN.

These domestic and intra-ASEAN challenges could weaken ASEAN to a greater degree than great power politics. In dealing with the latter, ASEAN's big advantage is that there is currently no alternative to ASEAN's convening power in the region. The great powers of the Asia-Pacific, China, Japan, India, and the United States, are not capable of leading Asian regional institutions because of mutual mistrust and a lack of legitimacy, even for countries such as Japan and India.⁹ Renewed great power competition does not undermine but supports "ASEAN centrality."

Recent Chinese economic and security initiatives such as the AIIB and the Silk Road Fund are not likely to alter this situation. The AIIB represents one of the first serious initiatives coming from China to promote Asian cooperation. China had little to do with the establishment of APEC in 1989, the ARF in 1994, ASEAN+3 in 1997, and the EAS in 2005. The AIIB challenges the principle of ASEAN centrality; yet, Chinese initiatives are undermined by China's problems in regional political and security issues. China has proposed the idea of a Conference on Interaction and Confidence-Building Measures in Asia (CICA), calling for "Asian solutions to Asian problems." But this initiative has found little traction and has even evoked suspicion. Its prospects are diminished by China's territorial disputes with its

neighbors and the mistrust and apprehensions about Chinese geopolitical intentions and power in the region.

ASEAN cannot take full advantage of this situation if it becomes a house divided against itself, if the domestic politics in key member states detract from their engagement in ASEAN, and if it suffers from a lack of leadership. To revitalize itself, ASEAN should perhaps do what a large corporation facing declining competitiveness and profitability does: downsize. Not in terms of its membership, or its staff, which are small anyway, but in terms of issue areas. This does not mean removing itself from South China Sea issue, as suggested by Cambodia, which forgets that there might not be an independent Cambodia today had ASEAN not engaged in conflicts outside of its membership (Neither Cambodia nor Vietnam were ASEAN members when the former occupied the latter). But ASEAN should focus more on issues within Southeast Asia and its immediate environment, and forget about the Korean Peninsula, Taiwan Strait, and India-Pakistan conflicts. These are now discussed through the ARF and EAS, but as the convener and agenda-setter, ASEAN should give more focused attention to the South China Sea, no matter what China says. On transnational and global challenges, ASEAN should share more responsibilities with middle powers, such as South Korea, Australia, and Canada.

ASEAN should take advantage of its global membership structure to pursue global and transnational issues and share or delegate leadership to others, auditing its commitments, dropping the less urgent ones, and focusing selectively on the more important and urgent items. It should make greater use of global and interregional institutions (such as the Asia-Europe Meeting, the various UN bodies, and the G20 through Indonesia) to build cooperation in areas that cover but go beyond Southeast Asia, rather than taking them on directly. This would include climate change, health issues, terrorism, and disaster management. Moreover, ASEAN should seek rationalization of the purposes and functions of regional bodies in which it participates. There is overlap in the ARF, APEC, ASEAN+3, EAS, and ASEAN's Post-Ministerial Meetings (ASEAN-PMC). Creating a division of labor and building better synergy among them would reduce the burden on ASEAN. It should cut the number of meetings attended by its secretariat staff by a third from over 1000 per year now, and better train and deploy expanded core staff, selectively and more purposefully. It should use a professional international agency to handle the recruitment of its core secretariat staff, eliminating political manipulation and enhancing professionalization.

ASEAN's marginalization—even death—from changing great power behavior has been predicted a few times before, and each time proven to be exaggerated. This was the case when the United States withdrew from Vietnam in 1975, allowing China and the Soviet Union to expand their influence. The conflict between China and Soviet ally Vietnam over Vietnam's invasion of Cambodia in December 1979 caused fears of a "new cold war" in Southeast Asia. The end of the Cold War led analysts to predict a scramble among China, Japan, and India to fill the resulting "power vacuum," especially in view of the end to the Russian naval presence in Vietnam and the removal of the US military bases from the Philippines. On each occasion ASEAN emerged stronger, not only because these prophecies proved to be exaggerated, but also because ASEAN stepped up its act to cope with the new strategic developments. The Bali Summit in 1976, the decade of persistent diplomacy to end the Cambodia conflict through the 1980s, and the launching of multilateral dialogues in the early 1990s are examples of responses to changing great power politics. If ASEAN fails to adjust course now, it might not be so lucky this time.

NOTES

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Rethinking ASEAN in Light
of the South China Sea Tensions

ASEAN is Neither the Problem Nor the Solution to South China Sea Disputes

Satu Limaye

An evaluation of the impact of SCS disputes on ASEAN at this critical juncture in its evolution depends, fundamentally, upon what one thinks ASEAN is all about. Individual ASEAN member-states adopted a charter in 2008 that lays out the organization's formal objectives. A centerpiece is that ASEAN will become a single economic and political-security community. But leading experts still disagree on what ASEAN is and should be, what challenges the organization faces, and whether or not ASEAN can cope with or even survive them. Hence, it is best to assess the implications of the SCS tensions on ASEAN in the context of an assessments of the organization's purpose, challenges, and prospects.

The views expressed here are entirely personal. Satu Limaye gratefully acknowledges the research assistance of Neil Datar and Clarence Cabanero.

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_7

This analysis argues that there are several reasons to question why the SCS disputes should be considered “central” to ASEAN or that ASEAN should have a unified position on the disputes. The fact that ASEAN failed for the first time in its history to issue a joint communiqué in 2012 due to disagreements on the SCS issue does not mean the issue has “centrality” to ASEAN or that ASEAN is a useless organization. However, there are also arguments for why ASEAN should be coherent and responsible regarding the SCS, and limited signs that it is increasingly becoming so. This balance is nuanced and subject to change given shifting and complex dynamics of the disputes themselves. But a more sustainable assessment of the impact for ASEAN of the SCS’s disputes can be made if one evaluates the main arguments about the purposes, challenges, and prospects of ASEAN itself.

Set against these arguments, the implications of the SCS disputes for ASEAN are very different. And there are some surprises, including the very low salience of the SCS issue in discussions about the future of ASEAN. If one takes the position that ASEAN should be what the charter lays out—a community—then unity on the South China Sea is a logical objective. And yet, given the first-order challenges confronting the creation of a true ASEAN community, SCS disputes are the least of ASEAN’s community-building problems. If one thinks ASEAN should set its sights on simply sharing a diplomatic voice and facilitating cooperation among members and with external partners, then one would not worry too much about ASEAN’s “all-over-the-map” perspectives and actions on the SCS. Yet, these minimal goals would suggest more coherence on SCS disputes than has been shown to date, i.e., a truly “shared voice.”

There is a paradox: If one has big ambitions (a community) for ASEAN, then unity on this issue is a logical ultimate though not immediate goal; if one has minimal goals for ASEAN (a shared voice and cooperation), then unity on South China Sea disputes does not matter much but does detract in a more visible way from the achievement of these goals. If one has a “middle-of-the-road” ambition for ASEAN, thinking of it first and foremost as a nation and state building project with adherence to lowest common denominator norms, incremental regionalism, and pragmatism, ASEAN’s position on the SCS is “Goldilocks right.” If one thinks ASEAN’s problems are mostly internal cohesion and capacity and not external relations, then SCS tensions are doubly problematic because they create complications for both external relations and cohesion and capacity.

ASSESSMENTS OF ASEAN'S PURPOSE, CHALLENGES, AND PROSPECTS

As ASEAN approaches its close-of-2015 target date to become a single economic and political-security community, as well as its 50th anniversary in 2017, leading specialists agree that the organization representing ten diverse and mostly developing member countries faces important challenges. They disagree about the nature of these challenges, what to do to address them, and whether or not ASEAN can cope with or even survive the challenges.

For example, former Singapore diplomat Barry Desker argues that "ASEAN integration remains an illusion."¹ He bemoans the "codifying of existing norms instead of breaking new ground" when ASEAN adopted a legal charter in 2007, failure to take up "ground-breaking and innovative proposals for ASEAN integration" and reliance on "consensus decision-making, which resulted in a conservative, lowest common-denominator approach... [or] 'ASEAN Way' [that] has now become embedded in regional institutional structures and is an obstacle in community-building efforts." Desker's claim is that ASEAN has not gone as far as it could or should regarding either community building or economic integration as laid out in the charter.

Muthiah Alagappa, meanwhile, takes issue with ASEAN's self-declared goal of community building itself, describing it as a "millstone" that cannot be achieved and should be "delicately sidestepped" in favor of concentrating on its core (though limited) competencies as an intergovernmental organization. He characterizes these competencies as "strengthening the diplomatic voice of ASEAN countries, legitimizing the Southeast Asian political map, facilitating bilateral and multilateral cooperation among member states in certain areas, enhancing security of member countries, and constructing orders in the regions."² His basic assessment is that ASEAN is first and foremost a tool for an unfinished nation and state-building project in Southeast Asia; not a community-building exercise in the true meaning of that phrase.

Singapore-based analyst Alan Chong, declaring that ASEAN's "romance with nationalism and the nation-state is not over,"³ echoes Alagappa in the emphasis on ASEAN's role in nation and state-building, but he also says that ASEAN has very basic normative agreements ("the ASEAN Way"), and member governments are pragmatic. Chong writes, "Treating Southeast Asian regionalism as a progressive trajectory needs to

undergo a reality check... Southeast Asian regionalism is hemmed in by the politics of nationalism, the persistence of ASEAN's normative frameworks, and pragmatism as a diplomatic virtue."⁴

Amitav Acharya frames ASEAN's contemporary problems in terms of the duality of external and internal issues. He writes that ASEAN's challenges "have less to do with its external environment, such as great power policies and interactions [and] more [to do with] strains in ASEAN's internal cohesion and capacity, especially owing to its expanded membership and agenda."⁵ Acharya suggests "[t]o revitalize itself, ASEAN should perhaps do what a large corporation facing declining competitiveness and profitability does: downsize. Not in terms of its membership, or its staff, which are small anyway, but in terms of issue areas."⁶ Leaving aside that ASEAN is nothing like a large corporation, a strategic restructuring to address largely external issue areas will do little to strengthen the organization if its fundamental problems derive from issues of "internal cohesion and capacity," to which should be added commitment.

Striking among these select assessments of contemporary ASEAN is the paucity of reference to the impact of the SCS, despite the fact that though tensions including violent clashes have occurred regarding SCS claims for decades, since 2009 acute tensions have revived because of the overlapping claims among ASEAN, China, and even Taiwan. In the past several years, intense and expansive Chinese reclamation activity along with US statements and some activities (e.g., flying military aircraft near PRC reclamation projects) aimed at assuring freedom of air and sea navigation have brought real worries about the prospect of conflict. In expert assessments about ASEAN's challenges and directions discussed above, the SCS is not seen as an especially critical challenge to the organization.

Alagappa does not refer to the SCS in his assessment at all. Desker, curiously, warns that the "ability of external parties to shape the positions of ASEAN members on regional issues such as the competing maritime claims in the SCS could undermine efforts to create an agreed ASEAN view"—rather than ASEAN's own inability or unwillingness to create a unified position. Chong suggests that the SCS issue is used by regional states to harness nationalism and "it is probably healthy for the Code of Conduct on the South China Sea to remain as vague as possible in order that something of a lasting, albeit imperfect, peace can be obtained amongst the claimants."⁷ In other words, ASEAN is handling the SCS consistent with its regionalist objectives and as its normative and pragmatic interests dictate.

Among these specialists, Acharya addresses the SCS issue most extensively, but downplays the threat to ASEAN. He writes: “The Chinese threat is only to the disputed offshore territories and waters of ASEAN members rather than to their metropolitan territory. China is not alone in the reclamation effort, and the talks to conclude a South China Sea code of conduct are proceeding, despite the delays and obstacles.” He also concludes that “[a]ny temptation [China] might harbor for creating a zone of exclusion the South China Sea or a sphere of influence over Southeast Asia would be met with stiff resistance” by the United States and other countries. He dismisses worry about the impact of SCS tensions on ASEAN. The surprising lack of salience of SCS disputes in consideration of ASEAN’s future may reflect a savvy assessment of reality: only the United States can (and ultimately will) defend the core goals of Southeast Asian states, which are not specific claims, but access to the global commons of and through the SCS.

Other analysts, however, have expressed considerable worry about ASEAN’s future in the light of SCS tensions. One Southeast Asia-based analyst claims that its failure regarding the SCS places in jeopardy “the credibility of ASEAN as an arbiter of peace in the region . . . [because] the regional body has yet to craft an optimal response.”⁸ Others lament its inability to “stand up to China.”⁹ An American specialist on Southeast Asia argues that “[t]he problem is that Southeast Asia’s traditional vehicle for collective action, the Association of Southeast Asian Nations, has proven irrelevant to the search for a solution [to South China Sea disputes]”¹⁰ and therefore “[i]t is high time for Washington to find new avenues of approach.”¹¹

Criticism of ASEAN regarding its handling of the SCS comes amidst a larger analytical discourse and policy concern about the organization’s future. Commentators have also cited ASEAN’s recent handling of the outflow of Rohingya refugees¹² and its limited progress toward an ASEAN economic community despite the declaration of one. How then should ASEAN’s handling of SCS disputes be viewed in the context of its other challenges? Is the ASEAN project on the eve of its declaration as a community imperiled by SCS tensions and its response to them?

ASSESSING THE SCS’S CENTRALITY TO ASEAN

It is not immediately obvious why ASEAN should have a unified or coherent position on disputes in the SCS or why the disputes should have centrality to ASEAN as an organization. First, of the ten member

countries, only four (Brunei, Malaysia, Philippines, and Vietnam) have claims to features in the SCS. These four in turn have, to a lesser or greater degree, overlapping claims with each other as well as with China—and Taiwan—that have not been resolved. Indonesia's official position is that it is not party to a territorial dispute in the SCS, but experts question that stance. SCS specialist Bill Hayton notes that the government of Indonesia's official position is that it does not share a maritime boundary with China, but China appears to think it does.¹³ At a minimum, five ASEAN members including Cambodia, land-locked Laos, Myanmar, Thailand, and Singapore (six if one accepts Indonesia's position) have no claims to features in the SCS and, therefore, there are no disputes with Southeast Asian neighbors or with China and Taiwan on this score. Not having specific claims and disputes in the SCS does not preclude all Southeast Asian states having an interest in freedom of navigation and other public goods in the SCS, but, as noted earlier, this is not something ASEAN or members states individually can ensure.

Second, just as the disputes themselves do not implicate all ASEAN member-states, the combined "demography" of the claimants does not argue for the disputes being central to ASEAN either. Claimants account for about 36 percent of ASEAN's population, 30 percent of its total GDP, just over 20 percent of ASEAN territory, and around 30 percent of ASEAN total military spending. Assessed in this admittedly narrow way, the "weight" of the SCS issue in ASEAN is not especially heavy.

A third reason why SCS disputes may have limited salience and centrality to ASEAN is that they implicate the organization only recently as the membership has expanded and the tensions have grown. Only two of ASEAN's 1967 founding members (Malaysia and Philippines) have claims in the SCS, and Philippines tensions with China date back to the mid-1990s tensions about Mischief Reef (now controlled by China)—before the present ten-member ASEAN configuration. Vietnam's violent clashes with China on the SCS go back almost four decades, long before it joined ASEAN in 1995. Brunei's muted dispute is encompassed in ASEAN since it became a member in 1985. Thus, ASEAN as an organization has been fully and technically implicated in the full range of SCS disputes only recently.

A fourth argument against the "centrality" of the SCS for ASEAN is that none of the four Southeast Asia claimants who have overlapping claims to features and related EEZs have recognized each other's claims;

nor is there any agreement about claims or approach to de-conflicting the claims between ASEAN claimants and non-claimants. There has been some progress in the bilateral settlement of claims between Malaysia and Indonesia, Malaysia and Brunei, and Indonesia and the Philippines.¹⁴ Obviously, this both reflects and further undermines ASEAN unity and the centrality of the SCS issue. ASEAN is not alone in shirking from making determinations of sovereignty or declaring an approach to resolving conflicting claims. No country with the possible exception of China (and Taiwan) takes a position on ownership of all the South China Sea's land features and accompanying EEZs, and all interested countries are experimenting with a variety of approaches to making, defending, and resolving claims and interests. Rear Admiral (ret) Michael McDevitt recently proposed a way for ASEAN claimants to reconcile with each other and present a common front to China. However, he concludes: "Given the very difficult compromises that Hanoi and Manila [being the two largest ASEAN claimants] would have to make in giving up portions of their claims, plus the uncertainty surrounding Beijing's reaction, this modest proposal will likely never take place. It does, however, highlight the devilishly difficult problem of eliminating the Spratlys as a potential East Asian flashpoint."¹⁵

Fifth, among the four South China Sea claimants, there is a complex rather than uniform degree of contestation with China. Of the four countries with overlapping claims with each other and with China, two, the Philippines and Vietnam, have been most overtly and directly engaged in disputes with China; and the Philippines with Taiwan, although diplomatic efforts have been underway to resolve this bilateral dispute. And yet there is irony in the fact that Vietnam, one of ASEAN's newest members, has had the most intense tensions and clashes with China regarding the SCS, the most expansive claims vis-à-vis China and other ASEAN states, and yet has managed at least in recent years to keep its relations with Beijing on a manageable path (unlike in the Sino-Vietnam disputes in the 1970s and clashes in 1988). The other major ASEAN claimant, the Republic of the Philippines, has had significant tensions with China for two decades and has had much more difficulty in managing bilateral ties with China (and Taiwan) than Vietnam, Malaysia, and Brunei or even Japan and Taiwan—all of whom are pursuing a range of confidence-building and crisis-management mechanisms with Beijing despite serious ongoing tensions over claims in the South as well as East China seas. And since President Duterte

took office in 2016 in Manila, the Philippines has pursued a very tumultuous policy of seeking accommodation with China and distance from the United States, and closer partnership with Japan. Its approach to the South China Sea has also been mixed, with gestures designed to continue claims on territory but at the same time emphasizing progress with China—as on access for Filipino fisherman in the Scarborough Shoal.

Many cite the now infamous failure of ASEAN to issue in 2012 a post-summit joint communiqué as “proof” of the lack of ASEAN unity regarding SCS disputes. This assessment is incontrovertible; the questions it does not answer are why SCS disputes should have centrality to ASEAN and why ASEAN should be unified about them.

ASSESSING ASEAN’S COHERENCE VIS-À-VIS SOUTH CHINA SEA DISPUTES

In light of explanations of why SCS disputes are not central to ASEAN and why there has not been a unified position regarding them, what counter-vailing factors argue for a coherent ASEAN interest and responsibility? What elements of coherence/unity characterize ASEAN’s position on the SCS? Is there any evidence that ASEAN coherence is **increasing** in this context?

First, previous acute tensions in the SCS between Vietnam and China and the Philippines and China occurred when ASEAN did not include all Southeast Asian parties in the disputes. With the 2008 adoption by all ten members of the ASEAN charter, there is now a legal rather than informal obligation to the ASEAN project. While the ASEAN charter says nothing specifically about the SCS, its legal entry into force does implicate and bind ASEAN at least formally, which partially explains why analysts and others at least expect ASEAN to have a common position.

Second, ASEAN as a whole is implicated in the SCS disputes because all member countries have signed the Declaration on the Code of Conduct (DoC) and are negotiating parties to the Code of Conduct (CoC). ASEAN countries have been unified in insisting that China sincerely negotiate and implement a CoC even if they have disagreed on other elements of their respective approaches to the disputes. This concurrence among Southeast Asian claimants and non-claimants is the bedrock of “ASEAN’s approach” to the SCS despite the difficulties in realizing the

objective—which stems more from Chinese resistance than ASEAN disunity. As of mid-2017 there are signs that progress on a framework on the Code of Conduct has been made in recent ASEAN-China meetings and there is speculation that a binding Code of Conduct can be reached as early as August 2017. Whether this will happen remains to be seen.

Third, recent statements indicate slightly increased ASEAN “coherence” about SCS disputes at least in terms of concerns about China’s behavior. Notwithstanding the 2012 joint communiqué fiasco, the 26th ASEAN Chairman’s Statement following the April 2015 summit in Malaysia notes “serious concerns expressed by some Leaders on the land reclamation being undertaken in the South China Sea, which has eroded trust and confidence and may undermine peace, security and stability in the South China Sea.”¹⁶ A close reading of the statement would indicate that only some, not all, leaders expressed serious concern, and China was not mentioned by name. Still, this statement goes further than most recent ones and when combined with other indications (discussed below) suggest that the ASEAN position, if not unanimous, is getting more coherent and more explicit. On the other hand, the ASEAN statement issued on the occasion of the 30th summit chaired by the Philippines is widely viewed as one of the weakest on the South China Sea yet.

Fourth, a more difficult metric of ASEAN coherence is attitudes toward China in light of SCS tensions. With the exception of Malaysia (Brunei was not polled), claimant states do not view China favorably. Only 16 percent of Vietnamese and 38 percent of Filipinos regard China favorably in a 2014 poll; this rating would likely be even lower if taken today in the aftermath of a massive reclamation and construction program by China.¹⁷ While this poll does not account for attitudes toward China specifically regarding the SCS, it is quite likely that in such a poll Malaysian (and Indonesian) favorability ratings for China would decrease. Malaysia’s recent response to China’s activities in the SCS,¹⁸ Indonesia’s recent announcement of plans to build a military facility in the SCS,¹⁹ and earlier its military chief’s unprecedented article in *The Wall Street Journal* criticizing Beijing²⁰ attest to growing worry. These steps are not coordinated ASEAN positions, but they do reflect a trend that provides a basis for ASEAN unity of outlook, if not action.

Against such attitudes must be balanced the expressed interest of ASEAN claimants and non-claimants alike to continue cooperating with China in other areas. All ASEAN members, SCS claimants and non-claimants alike, for example, are founding members of the China-initiated

Asian Infrastructure and Investment Bank (AIIB).²¹ The implications for the United States are mixed. On the one hand, there is demonstrable and growing SCS claimant interest in military cooperation with the United States. On the other, neither ASEAN nor every claimant has signed up to all US approaches to SCS issues, e.g., for different reasons, some individual ASEAN members have rejected US freeze proposals in 2014; and ASEAN's statement at the time simply "took note" of the US suggestion. More recently, US proposals for all countries engaged in reclamation and construction activities to cease and desist were met with a range of non-committal responses.

Fifth, there is evidence of rising interest among ASEAN members in region-wide cooperation. External countries have called for such cooperation. Seventh Fleet Commander Vice Admiral Robert Thomas was quoted as suggesting combined maritime patrols, though he acknowledged the constraints saying: "Perhaps easier said than done, from both a policy and organization perspective, such an initiative could help crystallize the operational objectives in the training events that ASEAN navies want to pursue." He went on to say: "If ASEAN members were to take the lead in organizing something along those lines, trust me, the US Seventh Fleet would be ready to support."²² Within ASEAN, there have been suggestions for cooperation such as a possible Visiting Forces Agreement (VFA) among the Philippines, Brunei, Indonesia, and Malaysia.²³ However, it is highly unrealistic that ASEAN will take a unified military cooperation position on the SCS, and, if it did, its capacity to affect permanent outcomes would be minimal. It is likely that ASEAN and its member countries will remain security consumers rather than providers.

CONCLUSION

If one thinks ASEAN should be a true economic and political-security community as Desker suggests, then ASEAN should have a unified and far more robust approach to the SCS. The obstacles to such a vision of ASEAN community would be recognized as extending far beyond the inability or unwillingness to create a common position on South China Sea disputes. In contrast, one could seek a "lean ASEAN," as does Muthiah Alagappa. He emphasizes core competencies, such as "strengthening the diplomatic voice of ASEAN countries, legitimizing the Southeast Asian political map, facilitating bilateral and multilateral cooperation among member states in certain areas, enhancing security of member countries,

and constructing orders in the region.” In this vision, disagreement on the SCS would not be especially unexpected or worrying for ASEAN’s role, even if these competencies would demand ASEAN do more about the SCS.

There is a paradox: If one has big ambitions (a community) for ASEAN, then unity on the SCS is a logical ultimate goal, but the least of ASEAN’s problems; if one has minimal goals for ASEAN (a shared voice and cooperation), then unity on the sea does not much matter but does detract in a more visible way.

If one privileges ASEAN’s nationalist project and a mid-path commitment to regionalism, norms, and pragmatism as does Chong, ASEAN has got its approach to the South China Sea “Goldilocks right.” The real irreconcilable of SCS tensions on ASEAN is if one assesses ASEAN’s real problems to be internal not external, as does Acharya. SCS tensions would seem to complicate this assessment as well as ASEAN’s external environment. Southeast Asia’s persistent quest for internationalization in the form of a balanced distribution of power is increasingly fraught as external powers, with the facilitation of specific ASEAN countries, create local imbalances. This encompasses proposals for intra-ASEAN coalitions. The net result is a more complicated “strategic exposure” for ASEAN as a whole. It does not matter whether the disputes are confined to metropolitan or offshore territory; contesting countries will seek military equipment and security commitments that make no distinction. Similarly, shared micro-aggressions regarding reclamation, domestic legal manipulations over claimed territory, and construction of military and other facilities do not impede the search for external balancers; though they cannot obscure the massive untenable macro-claims of China in the SCS.

Instead of serving as a platform to manage bilateral and multilateral cooperation among member states, ASEAN may become an arena where bilateral and multilateral cooperation are contested. As for internal cohesion and capacity challenges resulting from an expanded membership and agenda, these pale in comparison, as ASEAN member states and their external partners make a raft of diplomatic, economic, and security decisions that further undermine cohesion. It is, thus, not the expanded membership of ASEAN that undermines cohesion but the external environment while it simultaneously contributes to further asymmetries in capacities (e.g., economic and military ones) of specific countries. The net effect is to further perturb the internal cohesion and capacity, already sketchy, of ASEAN itself.

Beyond the “eye-of-the-beholder” dilemma for evaluating SCS tensions on ASEAN are other difficulties facing ASEAN. Generational change, increasingly contested political situations in countries such as Thailand and Malaysia, and increased diversity of regime types with the entry of communist and monarchical regimes into ASEAN over the past three decades have undermined rapport. Regime changes such as the transition to democracy in Indonesia pose fundamental questions for ASEAN’s future. Some argue that Indonesia, the most populous and most economically and militarily powerful Southeast Asian state, wishes to move beyond ASEAN—though Evelyn Goh makes a fine case that Indonesia may go beyond ASEAN centrality, but not ditch ASEAN.²⁴ What are the implications if the dominant power of a regional organization decides to remove its ballast from the regional project? And implications of Myanmar’s first open elections as an ASEAN member are still working themselves out with very mixed results as the Rohingya/Rakhine state issues demonstrate.

Nor is it clear that China or ASEAN member countries will take the same positions toward the SCS in the years ahead that they have taken over the past few years. The Philippines has demonstrated how quickly positions can change on the South China Sea. China also can turn on and off the tap of tensions in the SCS, as it has proved over the years. Currently, China seems intent on lowering tensions and at least “walking the walk” of progress on a Code of Conduct without budging at all on fundamental sovereignty claims. Its approach to the SCS is not the only initiative it is taking that challenges ASEAN coherence. The “One Belt, One Road” initiative is also seen as “splitting ASEAN between mainland and maritime SEA,” and Phook Kung argues that some in ASEAN have warned their mainland counterparts “to be cautious, and not to be lured by China’s big money.”²⁵

ASEAN member countries are themselves wary of being locked into a path of confrontation with China from which they will find it difficult to move.²⁶ Even during periods of intense tension, the PRC’s approach has been multi-layered. As Richard Heydarian noted at the start of 2015: “ASEAN has been rightly encouraged by the more conciliatory language emanating from China. Southeast Asian countries have been particularly encouraged by Xi’s decision to resume discussions over confidence-building measures (CBMs) with neighboring states such as Japan and Vietnam as well as the United States. The prospect of a China-ASEAN hotline and defense ministers’ dialogue has solicited praise and optimism across the region.”²⁷ Ultimately, ASEAN’s

position on the SCS tensions may matter less compared to the fundamental challenge that all member states, as security consumers rather than providers, have to address: China's intentions, US commitments, and their own navigation between them. SCS tensions will not go away any time soon, but the newest and, perhaps, weakest tool to deal with them, ASEAN, is neither the problem nor the solution.

NOTES

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ASEAN's Failing Grade in the South China Sea

Ian Storey

Since around 2008, a worrying disconnect has been readily apparent in the South China Sea. On the one hand, competing claims to ownership of disputed atolls and their adjacent maritime spaces has led to growing discord between China and several countries in Southeast Asia, especially Vietnam and the Philippines, and propelled the problem to the top of Southeast Asia's security agenda. In the past 2 years alone, China's assertive—some would say coercive or even aggressive—actions in the South China Sea have raised tensions to their highest point since the dispute first emerged as a major regional security issue in the late 1980s. In 2014, Beijing's decision to deploy a billion dollar drilling platform, Haiyang Shiyou 981 (HYSY-981), into Vietnam's claimed 200 nautical miles exclusive economic zone (EEZ) triggered a severe crisis in bilateral relations, one that resulted in hundreds of dangerous skirmishes between the Chinese and Vietnamese coast guards, and anti-China riots in Vietnam that resulted in several fatalities. In 2015, detailed satellite imagery made regional states sit up and realize that the massive artificial island building in which China has been engaged in the Spratly Islands since late 2013 could eventually allow it to assert dominance in the very

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_8

heart of maritime Southeast Asia. Yet, the ten-member Association of Southeast Asian Nations (ASEAN), which is often cast as the arbiter, or at least the moderator, of regional security has failed to substantively engage China on the problem and get it to agree to a set of concrete measures that would roll back interstate tensions.

Tensions in the South China Sea are serious but have not brought the countries in dispute to the brink of war (though the risk that one of the growing number of “incidents at sea” could blow-up into a bloody confrontation should give regional leaders pause for thought). Nor has increasing friction among the various parties hampered the huge volume of maritime traffic that flows through the South China Sea and which lubricates the global economy. Yet, the failure of ASEAN and China to arrest and turn about the deteriorating situation in the South China Sea has created a set of acute problems. First and foremost, it fuels enmity between China and the Southeast Asian claimants (who do not, as a general rule, squabble among themselves despite overlapping claims) as well as contention between China and the other major powers, especially the United States and Japan, which feel that China’s assertiveness undermines their national interests, including freedom of navigation. Indeed, it may not be an exaggeration to state that the South China Sea has quickly become the locus of geostrategic rivalry between Washington and Beijing. Second, and related, rising tensions among the principal players, and the lack of progress toward a resolution, generates nervousness, apprehension, and uncertainty about where the region is headed, and this, in turn, creates arms build-ups and security dilemmas. Third, the worsening dispute undermines ASEAN’s aspiration to retain “Centrality” in the regional security architecture it has played the leading role in creating since the end of the Cold War.

Why has the two-decade long “conflict management” process between ASEAN and China in the South China Sea yielded such meager returns? The answer is due to a combination of ASEAN’s internal dynamics, and the growing conviction in China that its territorial and jurisdictional claims are superior to those of its neighbors, and that its birth right is to protect and advance them.

FLAWED DECLARATION, UNCERTAIN CODE

The 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea (DoC) was meant to prevent precisely the situation in which we find ourselves today. Signed with much fanfare, and hailed at the

time as a major breakthrough in the long-running dispute, the DoC shows parties pledging to promote “good neighbourliness and mutual trust” so as to create a “peaceful, friendly and harmonious environment in the South China Sea.”¹ Yet, the agreement was fundamentally flawed. Due to objections from China (and Malaysia), the DoC was nonbinding and, therefore, included no enforcement or dispute resolution mechanisms, and no sanctions against those deemed to have violated its provisions. It also excluded one of the six claimants, Taiwan. The language of its provisions was too vague, especially Article 5 which called for the signatories to “exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability.” Tensions in the South China Sea did drop significantly in the early 2000s, but the DoC was essentially a product of the prevailing climate of cooperation engendered by China’s regional “charm offensive” rather than a catalyst for it. When tensions began to escalate in the late 2000s, it proved singularly unsuited to driving them down.

Since then, as competition among the claimants to advance their claims has intensified—through national legislation, submissions to international bodies such as the United Nations, and attempts to enforce administrative control on or around the occupied atolls—the DoC has been disregarded and contravened to the point where the current ASEAN Secretary General Le Luong Minh has bemoaned, “We are seeing a widening gap between the political commitments and the actual actions, the real situation at sea.”² All of the claimants—with the possible exception of Brunei which plays a very low-key role in the dispute—have accused each other of violating the agreement, especially the self-restraint clause. But as the DoC does not define what self-restraint actually entails, almost any action undertaken by one of the claimants in the South China Sea could be interpreted as an infringement of Article 5, whether it involves a physical act at sea or a political gambit. Thus, China has fumed that the Philippines decision in January 2013 to seek legal arbitration over the two countries competing jurisdictional (but not sovereignty) claims at the International Tribunal of the Law of the Sea (ITLOS) violates the DoC because under Article 4 the parties undertake to resolve their disputes peacefully “through friendly consultations and negotiations by the sovereign states directly concerned”—in China’s view, the Philippines’ action is an unfriendly act, and ITLOS is not a direct party to the dispute. The Philippines, however, maintains that bilateral discussions over the past two decades have led nowhere, and that the DoC provides for the

resolution of disputes “in accordance with universally recognized principles of international law, including the 1982 United Nations Convention on the Law of the Sea” (UNCLOS).

Some infringements of the DoC are arguably more flagrant than others. Many of China’s recent actions fall into this category, including: the severing of towed seismic arrays on Vietnamese-chartered survey vessels in 2011 and 2012; attempts by Chinese-flagged ships to prevent the resupply of Filipino Marines on Second Thomas Shoal in 2014; the deployment of HYSY-981 in 2014 (and again in July 2015, though further from Vietnam’s coast); and, since 2013, the transformation of seven submerged or semi-submerged features in the Spratlys into large man-made islands capable of hosting significant military facilities such as radars, harbors, and airstrips. None of these actions has promoted a “peaceful, friendly and harmonious” environment in the South China Sea, nor do they demonstrate even a modicum of self-restraint. The DoC also calls on the claimants not to occupy uninhabited features. For nearly a decade that prohibition was observed until 2012 when China took possession of Scarborough Shoal after a 2-month long stand-off with the Philippines.

It is hardly surprising then that in this atmosphere of growing rancor and mistrust, of claim and counterclaim, action and reaction, the parties have failed to agree on a set of cooperative measures identified in the DoC in five areas: protection of the marine environment (China’s reclamation activities that have destroyed hundreds of acres of coral reefs are particularly egregious in this regard), marine scientific research, safety of navigation, search and rescue, and responses to transnational threats such as maritime piracy. A joint ASEAN-China working group continues to discuss such measures, but it is doubtful whether cooperative initiatives in any of these five areas could substantially mitigate tensions generated by competition over resources, chest beating nationalism, and geopolitical maneuvering. Probably not.

In recognition that the provisions of the DoC were too flimsy to tamp down growing friction between China and the Southeast Asian claimants, in 2011 ASEAN leaders began pushing for a successor agreement that was envisaged in the DoC, and which would include binding obligations to prevent incidents at sea from occurring. But China pushed back, arguing that the time was “not yet ripe” for a code of conduct for the South China Sea (CoC), especially as the DoC had not yet been fully implemented and because, in its view, Manila and Hanoi were continually violating it

through unilateral actions. After much cajoling from ASEAN, 2 years later China grudgingly agreed to begin preliminary discussion for a code, though it cautioned the member states that it was in no hurry and that they should not have unrealistic expectations of a quick deal.³

Those preliminary discussions—or talks about talks—began in 2014 at the joint working group level and have continued into 2015. Progress has been imperceptible. ASEAN as an organization has repeatedly called for an “early conclusion” to the code, and in January 2015 the member states’ foreign ministers urged their senior officials to “work vigorously” to achieve that goal.⁴ That call has been echoed by individual ASEAN leaders, including Vietnamese Prime Minister Nguyen Tan Dung, Indonesian President Joko Widodo, and most recently by Singapore Prime Minister Lee Hsien Loong in his keynote speech at the 2015 Shangri-La Dialogue in which he stressed that the CoC was needed to “break the vicious cycle” of tensions.⁵ Other stakeholders in the South China Sea, such as the United States, Japan, Australia, and the European Union have also urged a speedy resolution to the talks.

As Philippine President Benigno Aquino said in late 2014, there is no need to “reinvent the wheel” when it comes to the CoC process because “we can source the elements of the proposed [code] from existing norms and international conventions that promote good conduct.”⁶ He was right. There are a number of conventions that codify maritime “rules of the road,” and which could be used as the basis for the CoC, including the 1972 International Regulations for Preventing Collisions at Sea (COLREGS), the 1972 US-USSR Incidents at Sea (INCSEA) agreement (and subsequent INCSEAs between the USSR/Russia and several European and Asian countries) and the Code for Unplanned Encounters at Sea (CUES) that was signed in April 2014 by the members of the Western Pacific Naval Symposium, which include China and seven ASEAN members (Brunei, Cambodia, Indonesia, Malaysia, Singapore, Thailand, and Vietnam).

Yet, as Secretary-General Minh laments, ASEAN has found it very difficult to engage China in “substantive discussions” on the CoC.⁷ Part of the reason is that ASEAN and China have very different expectations of when the code should be concluded, as noted by Singapore’s Foreign Minister K. Shanmugam: “The real problem is you need both sides to agree that the Code of Conduct is worth doing and should be done at a certain pace . . . There hasn’t been a clear agreement on the pace those negotiations should proceed.”⁸ So what explains China’s reluctance to

hasten the talks and agree on a substantive code? Perhaps a more pertinent question to ask is why would China sign a credible, legally binding, and effective code of conduct that ties its hands in the South China Sea when it increasingly possesses the naval and coast guard assets to pursue *de facto* control within the nine-dash line, and when the United States seems flummoxed about how to respond, and all ASEAN does is issue statements of concern (of which more later).

The CoC seems to have become an article of faith in Southeast Asia—especially for bureaucrats in the ASEAN secretariat in Jakarta—a magic bullet that will reduce the dispute to a minor irritation in ASEAN-China relations. Such hopes are unfounded. As many observers have noted, China’s CoC-strategy is to play for time by prolonging the talks for as long as possible while expanding and consolidating its presence within the nine-dash line. Perhaps 1 or 2 years from now, ASEAN and China will eventually issue a code of conduct for the South China Sea. But whether that agreement contains detailed provisions that proscribe the kinds of tension-generating activities we have been witnessing over the past few years, or whether it is largely composed of high-sounding platitudes, remains to be seen. This author’s bet is on the latter.

THE EBB AND FLOW OF ASEAN UNITY

ASEAN has had a bottom-line, lowest common denominator consensus on the South China Sea since 1992, when it issued its first statement on the dispute, the ASEAN Declaration.⁹ Put simply, the ASEAN members (six at that time) agreed that tension-generating incidents in the area “adversely affect regional peace and stability,” and that until the complex sovereignty disputes were resolved—peacefully, without the use of force, and through negotiations between the claimants themselves or in an international court—the parties directly concerned should cooperate to ensure safety of navigation, protect the environment, and address transnational threats, as well as work toward a code of conduct. That consensus has remained essentially unchanged since 1992.

As the membership of ASEAN expanded from six to ten members between 1995 and 1999, the 1992 consensus on the South China Sea came under strain several times, but at the annual meeting of the organization’s foreign ministers in Phnom Penh in July 2012, it broke down spectacularly. During their discussions, the stand-off at Scarborough Shoal and the cable cutting incidents off the Vietnamese coast were raised. The

normal practice would have been for the final statement to have reflected those discussions, but the then chair, Cambodia, refused because it argued that these were bilateral issues that did not affect ASEAN as a group; Vietnam and the Philippines protested. Cambodia's stance was at odds with the organization's three-decade consensus, given that both sets of incidents clearly adversely affected regional peace and stability. Yet, despite frantic efforts to find a set of words that everyone could agree on, Cambodia dug in its heels, and the ministers failed to issue a final statement for the first time in the organization's history. Whether Cambodian Foreign Minister Hor Namhong was acting at his own behest, or at the behest of China in gratitude for, and in future expectation of, economic largesse, is still a matter of conjecture. But whatever the reason, the Phnom Penh summit was not ASEAN's finest hour.

As the great powers vie for influence in Southeast Asia and use economic and other levers of power to influence the foreign policy decision making of ASEAN member states, was this breakdown in unity a "harbinger of things to come," as Barry Desker warned?¹⁰ Given that great power competition in Southeast Asia is likely to play out over the next few decades, Desker's warning remains a distinct possibility. Yet, since 2012, China's behavior in the South China Sea has not led to widening of divisions within ASEAN, but actually encouraged greater unity. That unity has been demonstrated on two occasions. In May 2014, barely a week after China had dispatched HYSY-981 into Vietnam's EEZ, ASEAN foreign ministers met in Naypyidaw. At that meeting, Hanoi requested that in the face of this unprecedented provocation, ASEAN issue a stand-alone statement that would give vent to its and other members' outrage. To the surprise of many observers, Vietnam's ASEAN partners, including Cambodia, agreed. In the ensuing statement, the foreign ministers expressed "serious concern" at ongoing developments and reiterated their call for all parties to "work expeditiously" toward the "early conclusion" of a CoC.¹¹ The language was not very strong, and the statement did nothing to defuse the crisis, but at least the nine other members had closed ranks behind Vietnam.

The second display of unity occurred in April 2015. The Philippines, greatly alarmed by the scope and pace of China's reclamation projects, one of which lies within its EEZ, called on fellow ASEAN members to take a firmer line with China. At the 26th ASEAN Summit in April, it did, at least by the standards of ASEAN. In the chairman's statement, the members expressed "serious concerns" at the reclamations which had, in their view,

“eroded trust and confidence and may undermine peace and stability in the South China Sea.”¹² This is ASEAN’s strongest statement to date on the dispute.

While ASEAN unity may have survived the stresses imposed on it by the oil rig incident and the reclamations, they also revealed the limits of that unity, for neither statement criticized China by name nor did they call for the removal of HYSY-981 or a halt to China’s artificial island-building. This problem of consensus of action is not, of course, unique to ASEAN, and many other international organizations are faced with it, to varying degrees. The EU and NATO, for instance, face a similar problem of consensus on how to respond to Russia’s annexation of Crimea in 2014 and revanchist policy in Europe; those countries closest to Russia’s borders, especially the Baltic states and Poland, are more nervous, and seek more resolute measures to deal with the perceived threat from Moscow than those countries that are geographically far removed and face more immediate crises, such as Greece. And so it is with ASEAN. Members who find themselves in direct confrontation with China, such as Vietnam and the Philippines, would like to see ASEAN get tough with Beijing, while states that do not have a direct stake in the dispute and do not want to rock the boat with their largest trading partner elicit much less concern. Differing perceptions, interests, and stakes, and the desire of some members to appear strictly neutral, have meant that ASEAN has been unable to build on its lowest-common denominator consensus and agree on a set of measures to advance the conflict management and conflict resolution processes. The Philippines in particular has found little support among its ASEAN partners for a number of its initiatives over the years, including a proposal in 2011 to “segregate” the disputed islands, demilitarize them, and establish a joint development authority, and its decision in 2013 to challenge the legal basis of China’s claims at ITLOS. Severe domestic political problems, of the kind currently faced by the leaders of Myanmar, Thailand, and Malaysia also distract attention away from the South China Sea.

INDONESIA AND SINGAPORE: NON-CLAIMANTS BUT KEY PLAYERS

Other chapters in this volume examine the perceptions and policies of claimants regarding the South China dispute, as they faced rapidly growing challenges in the mid-2010s. They have been much discussed of late, as the focus of tension. Two non-claimants, Indonesia and Singapore, play

important roles in the management of regional security and should not be overlooked. As island states (albeit massively different in scale), both countries have vital economic and strategic interests in the area, were key players in the negotiations that led to UNCLOS in 1982 and, therefore, have an interest in seeing that its central tenets are upheld, and have been perturbed by negative developments in the South China Sea over the past few years.

Indonesia is invariably classed as a non-claimant (as I have done in this essay), but this is not really the case. In fact, its position is largely analogous to Brunei, which is generally classed as a claimant. Although two geographical features belonging to the Spratlys group—Louisa Reef and Rifleman Bank—fall inside Brunei's claimed EEZ, they are low-tide elevations or semi-submerged features and, therefore, not subject to a claim of sovereignty. In any case, Brunei has never formally made a claim to either. However, China's U-shaped line encroaches to within 40 miles of the Brunei coast, and could cover as much as 12,600 square nautical miles of the country's EEZ.¹³ Similarly, the nine-dash line overlaps with the EEZ generated by Indonesia's Natuna Islands, whose adjacent waters hold significant deposits of natural gas. While China does not claim sovereignty of the Natunas themselves, it has, from time to time, suggested that the two countries have an unresolved maritime border.

Indonesia, however, categorically rejects the notion that it is a claimant country. Beginning in the early 1990s, Indonesian academics and officials quizzed their Chinese counterparts on the meaning of the nine-dash line and how they reckoned it was compatible with UNCLOS. It was not until nearly two decades later, however, that Jakarta put its position in writing. In May 2009, in reaction to submissions by Vietnam and Malaysia to a specialized UN body tasked with examining extended continental shelf claims, China had, for the first time, officially lodged a copy of the nine-dash line map attached to a note protesting the Vietnamese and Malaysian submissions. As one of the driving forces behind UNCLOS, Jakarta felt compelled to respond, and in July 2010 it sent a letter to the UN secretary-general asserting that the map had no basis in international law and was a violation of UNCLOS.¹⁴ This stance was reiterated by the Indonesian government in early 2014, when the South China Sea briefly popped up during the presidential elections.¹⁵ Having spurned the nine-dash line, Jakarta has cast itself as a neutral party in the dispute. Whether China sees it as such is open to question. However, a series of incidents since 2010 in which armed Chinese vessels have prevented Indonesian

patrol boats from detaining Chinese fishermen operating illegally in the Natuna's EEZ suggests Beijing does not see Jakarta as a neutral party.

Under President Susilo Bambang Yudhoyono, Indonesia was a keen advocate of the DoC/CoC process, and indeed it was his Foreign Minister, Marty Natalegawa, who was instrumental in shoring up ASEAN unity in the wake of the Phnom Penh fiasco in 2012. Yet, it was also under Yudhoyono that the armed forces began beefing up their presence on the Natunas in a sign, no doubt, of increasing concern at China's behavior in the South China Sea. Yudhoyono's successor, Joko Widodo, who prefers the moniker Jokowi, has hewn pretty much to the same line: Jokowi has stressed Indonesia's neutral status, the government's position that the U-shaped line does not comport with international law, and that, because it is a non-claimant, Indonesia can play the role of "honest broker."¹⁶ Jokowi has also called for ASEAN and China to wrap up the CoC as soon as possible, and continued the military build-up on the Natunas.

Whether the new Indonesian administration can provide leadership on the South China Sea—something that would appear critical given Indonesia's status as *primus inter pares* within ASEAN—is unclear, for several reasons. First, as Amitav Acharya and others have observed, Jokowi seems to have downgraded ASEAN's importance in the conduct of its foreign policy.¹⁷ Second, Jokowi lacks interest and experience in foreign affairs.¹⁸ And third, Jokowi's focus is on protecting the country's maritime sovereign rights, including clamping down on illegal fishing in the country's EEZ, as witnessed by the destruction of foreign boats deemed to have been undertaking such activities. So, even as Jokowi courts Chinese investment to help improve the country's maritime infrastructure, his officials are blowing up Chinese fishing boats. If this policy continues, Indonesia's relations with China are bound to suffer and throw into sharper relief the disconnect between Jakarta's claim that it is a neutral party because it rejects the nine-dash line, and Beijing's determination to uphold its so-called historic rights within that line, including in the waters off the Natuna Islands.

Singapore has no conflicting territorial or maritime boundary claims with China. However, since independence in 1965, the city-state has transformed itself into a global maritime trading hub, and has, therefore, been long concerned at any roiling of the waters in the South China Sea, which might disrupt the flow of shipping that is its life blood. Like Indonesia, Singapore has stressed its neutrality in the dispute, but unlike its southern neighbor it has

not come out formally against the nine-dash line. It has, however, called on China to clarify its claims, and some of the country's foremost legal experts, with close ties to the government, have questioned the legal basis of China's maritime claims.¹⁹ Singapore's leaders have called for the prompt implementation of the DoC, and a swift conclusion to the CoC. As a pragmatic country that thinks strategically and long-term, Singapore may not have much faith in the DoC/CoC process, and almost certainly places a good deal more emphasis on the importance of maintaining a stable balance of power in Asia undergirded by a strong US military presence, which Singapore enthusiastically facilitates at its ports and naval bases.

UPCOMING TESTS

It is hard to disagree with Philippine Foreign Minister Albert del Rosario when he argues that the failure by ASEAN to take action on the South China Sea undermines its Centrality, unity, and credibility: "Is it not time for ASEAN to say to our northern neighbor that what it is doing is wrong and that the massive reclamation must be immediately stopped?"²⁰ Unfortunately, because of the organization's internal dynamics, it seems unlikely that ASEAN will adopt language that directly criticizes China's actions any time soon. But over the next year or so, several important issues will likely test ASEAN's credibility in the South China Sea, and hence its ambitions to remain at the center of the region's security architecture.

1. Code of Conduct: Events on the water increasingly make the CoC talks look irrelevant, especially the longer they drag on. ASEAN must make a concerted effort to persuade China that it is in everyone's interests to hammer out a detailed code that prohibits dangerous behavior, freezes the status quo, and lowers tensions. If China's preference is to create a symbolic code that lacks teeth, ASEAN members should refuse to sign it.
2. Freedom of Navigation and Overflight in the South China Sea: The construction of airstrips on Fiery Cross, Mischief and Subi reefs, and their ability to accommodate fighter aircraft and surveillance planes, raises the prospect that Beijing might declare an Air Defense Identification Zone (ADIZ) over the Spratlys. When China controversially established an ADIZ over parts of the East China Sea in November 2013, a month later ASEAN—via a joint statement with

Japan to commemorate 40 years of diplomatic engagement—issued a mild rebuke to China by underscoring the importance of enhancing cooperation to ensure “freedom of overflight.”²¹ ASEAN needs to go a step further and preempt a South China Sea ADIZ by telling Beijing that it would regard such a move as destabilizing and an infringement of freedom of navigation in Southeast Asia. If China goes ahead anyway, ASEAN should protest in the strongest possible terms. Similarly, if China declares 12 nautical miles territorial waters around 4 of the semi-submerged or submerged features it has reclaimed, ASEAN should reject it as an infringement of freedom of navigation.

3. The Philippine Arbitration Case: Although China has refused to participate officially (though it is participating unofficially by issuing a position paper in December 2014, and the Arbitral Tribunal is treating it as a nonparticipating participant) in the arbitration case brought by the Philippines in 2013, the Tribunal is currently deliberating, and a judgment is expected in mid-to-late 2016 (though it is eminently possible that it will take the judges much longer to reach a decision). ASEAN has not supported the Philippines in its legal endeavor, but if the Tribunal rules that the nine-dash line is incompatible with UNCLOS, it must endorse this decision, given that the DoC calls on parties to resolve their jurisdictional disputes in the South China Sea in accordance with UNCLOS. ASEAN needs to show it is on the side of international law, not arbitrary lines drawn in the sea.

By pushing China on the CoC, opposing a Chinese ADIZ over the South China Sea, and supporting the decisions of the Arbitral Tribunal, ASEAN would surely vex China. But if it does not, its credibility will be in tatters. After 20 years of wasted opportunities, ASEAN has a chance to redeem itself over the South China Sea. For its own sake, and the sake of regional stability, it should take this opportunity.

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Malaysia's "Special Relationship" with China and the South China Sea: Not So Special Anymore

Scott Bentley

On June 2, 2015, Minister Shahidan bin Kassim held a press conference to announce an "intrusion" by a foreign vessel in the South Luconia Shoals (*Beting Patinggi Ali*, in Malay) (Fig. 1). A picture of the vessel, China Coast Guard (CCG) hull number 1123, was taken during a surveillance flight over the area on which the minister had flown and was subsequently released on his Facebook page.¹ He announced that Malaysia was responding to the incident by filing an official protest with Beijing and dispatching navy (RMN) and coast guard (MMEA) vessels to "monitor the vessels twenty-four seven."² According to a statement on his Facebook page along with photos, the RMN and MMEA vessels were anchored less than one nautical mile (nm) from CCG 1123, which was itself anchored near the shoals, leading to what is, in effect, an ongoing confrontation in the area.

Coverage in the Western press has described Malaysia's response as "much firmer and more public,"³ even "unusually assertive."⁴ According to one analysis, the fact that the intrusion will be taken

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_9

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Fig. 1 MMEA Bombardier 415 surveillance flight over South Luconia Shoal, where Chinese coast guard ships are reported to have established a permanent presence. June 2015 (Facebook)

up and protested at the diplomatic level “could be a signal that Kuala Lumpur has toughened its stance vis-à-vis China’s behavior.”⁵ Others have noted “an apparent departure from Kuala Lumpur’s previous low key approach.”⁶ But has Malaysia’s approach really changed, and if so, how? The extent to which it has actually toughened its stance on China’s behavior or has become more assertive in the South China Sea is debatable. It is true that the press coverage surrounding the episode was highly unusual for Malaysia, which had previously adopted a policy of “quiet diplomacy” toward incidents of this nature, choosing not to publicize them. Beyond the new publicity, however, the response outlined by the minister actually differs little in substance from previous Malaysian responses to Chinese activities in the same area, which primarily revolved around a combination of diplomatic protest and active surveillance at sea.

Rather than a substantive shift in policy, the response may be more emblematic of persistent political inertia that has resisted making difficult strategic decisions. The requirement for new strategic thinking has been obscured by what many in the country continue to regard as a "special relationship" with China. Chinese activities over the past several years in the waters off Malaysian Borneo have called into question the validity of this perception, however, and have placed Prime Minister Najib Razak in an increasingly awkward and potentially vulnerable position domestically. Such activities are representative of wider geostrategic shifts occurring and will only become more pronounced as China continues to push further south into the South China Sea.

Political inertia is being slowly diminished by a new operational reality, which has given rise to increasing concern within the government. With this concern has come new questions about Malaysia's relationship with China, but these questions will not answer themselves. They will require new and difficult answers from the Malaysian leadership, which may necessitate a reappraisal of the country's broader approach to the disputes and to ASEAN.

A NEW ISLAND EMERGES

The recent confrontation has brought to the fore one of the least well known, but perhaps increasingly important, disputes in the South China Sea. While incidents between China, Vietnam, and the Philippines have received comparatively greater publicity, a growing number of incidents further south involving Malaysia have until recently received less attention. The most serious of these have occurred in the vicinity of South Luconia Shoals, the site of the ongoing confrontation between Malaysian and Chinese vessels. South Luconia Shoals is "one of the largest and least known" reef complexes anywhere in the South China Sea.⁷ It lies just 84 nautical miles off the coast of Malaysian Sarawak, to the southwest of the Spratlys, and is composed of six reefs which together cover nearly one thousand square kilometers.⁸ In addition to being one of the largest reef complexes, it may also be one of the most resource rich areas of the South China Sea, with large populations of fish as well as potentially substantial deposits of both oil and natural gas (a point highlighted by Shahidan⁹). This potential is already being exploited by Malaysia, which operates active oil and gas fields in the area, including the

Central Luconia Gas Field¹⁰ connected to Sarawak via a pipeline that lies less than 30 km from Luconia Breakers (described below).¹¹

Nearly the entirety of the reef complex is completely submerged, ranging from depths between 5 and 40 m. The only exception is Luconia Breakers (*Hempasan Bentin*), a part of the shoals, which according to a geographical survey published in the mid-1990s is the only feature to “dry,” meaning that it is partially exposed at low tide.¹² This description is used by other current, authoritative publications.¹³ Such a feature is referred to under international law as a “low tide elevation.”

In addition to those of CCG 1123, Shahidan provided pictures taken from the surveillance flight depicting what must be assumed to be Luconia Breakers (given that it is the only feature in South Luconia not permanently submerged). The feature in the photograph is clearly above water, and includes a sedimentary deposit on top resembling dried sand or crushed coral. Curiously, Shahidan stated at the June 2 press conference that Luconia Breakers had recently “become a small island,”¹⁴ which he thought might explain the possible intent behind the intrusions. Similar comments were made by other Malaysian officials to the author during recent field research, implying that there had been a change in the status of the feature.¹⁵ Given the ongoing large-scale reclamation activities being conducted by China in the Spratlys, such comments are particularly intriguing.

Available documentary evidence suggests that Luconia Breakers was likely reclaimed into an artificial island sometime prior to 2009. An expedition made by a group of Chinese media to the feature in May 2009 provides strong evidence that at that particular point in time the feature had already been reclaimed, and was permanently above water, including at high tide.¹⁶ Given the lack of probability of such rapid change in elevation occurring naturally within such a short amount of time, the feature has to have been reclaimed.¹⁷ According to some experts, the unusually flat surface and highly linear edges of the dried sediment visible in pictures from the Chinese expedition may also indicate reclamation had been undertaken at some point prior to the date the photographs were taken.

Given that there were no reports of any regular, official Chinese presence around South Luconia Shoals before 2012 (more detail in the following section), it seems that at least this initial reclamation is unlikely to have been undertaken by China. Malaysia has previously conducted reclamation activities at features it claims in the Spratlys, including at Swallow Reef (*Pulau Layang Layang*), and may have decided to undertake smaller scale reclamation at Luconia Breakers. Since even authoritative

publications have noted no change in the status of the feature, any reclamation would have been conducted without the "due notice" required by the United Nations Convention on the Law of the Sea (UNCLOS).¹⁸

Other statements made by Shahidan suggest that Malaysia does not consider this feature (or any part of the South Luconia Shoals) to be subject to a dispute with China. Once again using the word for island, in his post on Facebook the minister stated that "this little island has no overlapping claims" (*pulau kecil ini bukanlah tuntutan bertindih*). Yet, China clearly believes it has a claim to the entirety of South Luconia Shoals, which was included in the initial list of features in the South China Sea published by the Republican government in 1935.¹⁹ The reported Chinese presence at the reef clearly indicates that China continues to maintain this claim to South Luconia Shoals, including Luconia Breakers, whether or not such a claim has any foundation in international law.

This is why the status of the feature is so important. If Luconia Breakers was originally a low tide elevation, as most publications agree, and has been subsequently reclaimed as an artificial island, then China has no legal basis to claim sovereignty over the feature. Under international law, including that embodied in UNCLOS, a state cannot claim sovereign possession over a low tide elevation,²⁰ and the right to reclaim or create artificial islands out of such features falls to the coastal state on whose continental shelf it lies.²¹ In this case, the right is Malaysia's. This was the conclusion reached by a recent study undertaken by eminent US legal scholar Ashley Roach, who argued that none of the features at South Luconia Shoals were subject to appropriation. According to Roach, they are in effect an extension of the Malaysian continental shelf, and, therefore, "Malaysia clearly has sovereign rights over them."²² This would include the right to reclaim the feature into an artificial island if Malaysia so decided. And yet, despite the fairly clear legal grounds for Malaysia arguing there is no dispute over this feature, the actions of the CCG indicate that China clearly disagrees and regards the feature as its own sovereign territory.

CHINESE "INTRUSIONS" AND THE MALAYSIAN RESPONSE AT SEA

While the June 2 press conference was the first to be held by a member of the cabinet in response to China's growing presence in areas including South Luconia Shoals, this is not the first time such incursions have been

discussed publicly by Malaysian officials. Shahidan has testified before the Malaysian Parliament on several occasions, including on March 20, 2014 where he stated that since 2013 there had been a marked increase in “intrusions” in the area, as well as around James Shoal.²³ According to Shahidan, during 2013 alone there had been 7 intrusions by 16 assets of the PLA-Navy (PLAN) and CCG.

This increase in Chinese assets was not new, and had been occurring in similar numbers around the Spratly Islands since 2008. According to one Malaysian security analyst, this had included the presence of as many as 35 assets from the CCG as well as the PLAN in that area between 2008 and 2012.²⁴ What was new, beginning in roughly 2012, was that Chinese maritime paramilitary assets had begun operating further away from the Spratlys and much closer to the coast of Sarawak, including in areas such as South Luconia Shoals. In August 2012, two vessels from what was formerly China Marine Surveillance (now part of CCG) “came in contact with Malaysian owned survey vessels operating off James Shoal and North Luconia Shoals.”²⁵ By January 2013, similar incidents had occurred “involving Chinese ships and a Shell contracted survey vessel” in areas proximate to South Luconia Shoals.

Prior to 2012, the Chinese presence seems to have remained primarily focused around the Spratlys; by 2013, it was clear that the CCG, in particular, had shifted strongly to the southwest. Concern began to grow as the Malaysian government struggled to find an appropriate response. The Chinese patrols had by October of that year “set off alarm bells among senior Malaysian officials,” and US intelligence assessments had reportedly begun referring to the South Luconia Shoals as a “new regional challenge.”²⁶ The concern noted in these reports is evident in the parliamentary testimony of senior Malaysian officials, including Shahidan.

In the same testimony given in March 2014, Shahidan outlined the emerging response to the new intrusions that had been occurring since the previous year. Malaysian navy, air force and coast guard assets, he stated, regularly carried out “patrols” (*rondaan*) and “maritime surveillance” (*pengawasan maritim*) in these areas of the South China Sea.²⁷ This has been the predominant operational response to the growing Chinese presence in the waters off Sabah and Sarawak—to surveil and monitor but not to directly confront. It is, thus, difficult to see any substantial shift or unusual “assertiveness” in the minister’s recommendation to deploy RMN and MMEA vessels to monitor the Chinese intrusion.

Deputy Defense Minister Abdul Rahim Bakri testified in March 2015 that surveillance remained the primary operational response, and noted a recent shift in Malaysia's defense posture in order to facilitate such activities. He said that Malaysia had recently strengthened its defense posture in Sabah and Labuan because "we want to increase surveillance in the South China Sea" (*kita ingin mempertingkatkan pengawasan di kawasan Laut China Selatan*).²⁸ This shift in defense posture was undertaken to provide ships for the MMEA and navy to "constantly monitor" (*memantau sentiasa*) several important "hotspots," which he specifically mentioned included South Luconia Shoals. The ultimate strategic aim of this shift in defense posture was, according to the deputy minister, "to create a deterrent" (*mewujudkan suasana deterrent*). Constantly monitoring "hotspots" such as South Luconia Shoals has, however, failed to deter encroachment into these areas. As a result of the policy favoring surveillance over confrontation, Malaysia's maritime security services have only been able to watch over the last several years as what might at one point have best been termed "intrusions" have become a permanent Chinese presence.

The permanence of this presence was hinted at by the local news coverage of the press conference, which reported that the CCG vessel spotted during the patrol "had been anchored in the area for about two years."²⁹ Any basic knowledge of coast guard deployment periods and patterns would caution against a literal interpretation of this understanding, yet field research undertaken by the author in Malaysia during 2015 corroborates the recent establishment of what is in effect a permanent Chinese presence there.³⁰ To reinforce this fact, satellite imagery from February 2015 shows the previously unannounced presence of a much larger CCG vessel of the 4000 ton "3401 class" stationed 3.5 km from Luconia Breakers at that time.³¹ As would be expected based on the official testimony discussed above, anchored 2.7 km northwest of the vessel is a RMN Kedah class offshore patrol vessel (OPV).

The reality of the Chinese presence should come as no surprise to the Malaysian leadership. In contrast to Malaysia's quieter approach, Chinese officials have been clear about their intention to not only claim but to actively enforce their jurisdiction over South Luconia Shoals. According to Liu Cigui, the former director of China's State Oceanic Administration (SOA), regular patrols of South Luconia Shoals (*Beikang Ansha* in Mandarin) began in August 2013 and were subsequently "reinforced" in

2014.³² Liu's replacement as SOA director, Wang Hong, stated in early 2015 that these plans were executed by what had at that point become the CCG. Furthermore, he noted that SOA's operational plans for 2015 included the intention to "enhance law enforcement over uninhabited islands."³³

Though he did not mention South Luconia Shoals by name, recent reports in Chinese media sources state that this objective has been achieved there from April 2015, arguing that the feature has been "effectively under China's control" since that time.³⁴ Such claims are highly questionable from the standpoint of both operational facts as well as international law, and would obviously be disputed by Malaysia. Yet, they do capture a new operational reality—permanent and persistent Chinese efforts to enforce its jurisdiction and authority in what amounts to Malaysia's EEZ and continental shelf extending into the South China Sea from Borneo.

While the civilian leadership has been slow to recognize this new operational reality out at sea, Malaysia has quietly entered into its own "Scarborough Shoal" model standoff with Beijing since at least February 2015, if not earlier. Malaysia has just refused to recognize it as such. But as the close proximity noted by Shahidan shows, once again, Chinese vessels are facing down another neighbor in the South China Sea.

A NEW CONFRONTATION

To get a better sense of what this standoff looks like at the operational level, it is possible to read between the lines from Shahidan's press conference. In addition to deploying surveillance patrols to keep tabs on the CCG ship, he had convened a meeting with the National Security Council "with regards to the security of the South China Sea and the movement of illegal foreign fishermen there."³⁵ The latter part of the statement is particularly significant, since according to the minister, Malaysia would "take action against illegal foreign fishing boats that encroached on our waters."

As has been the case with other countries such as Indonesia in the South China Sea, the minister is trying to communicate Malaysian resolve to arrest foreign fishermen viewed as operating illegally in these areas. As in the case of Indonesia, it suggests that such attempts may have met with intervention and the possible use of coercive measures by the CCG.³⁶ Reports coming out of the Chinese press

suggest this is a distinct possibility, stating that a “confrontation” with Malaysian security vessels had occurred recently in the vicinity of Luconia Breakers.³⁷ This suggests that there have been incidents involving the CCG preventing MMEA vessels from enforcing their jurisdiction over Chinese fishermen operating illegally in the area. Interviews separately indicate that such incidents have occurred in the past at this feature, including one that occurred during the latter part of 2014.³⁸ If accurate, the picture painted of the current confrontation is highly reminiscent of that in 2012 at Scarborough Shoal, which also arose from intervention by Chinese agencies in Philippine attempts to enforce their jurisdiction over Chinese fishermen operating illegally in disputed areas, resulting in a standoff at sea.

In not directly stating this, the minister was trying to walk a fine line between signaling Malaysian resolve and stepping too far outside the confines of “quiet diplomacy.” Statements from Chinese officials indicating their own intent suggest that such operations will, nevertheless, continue. While MMEA vessels from the Sabah command have been assisting with law enforcement efforts in these areas, the force will require more assets in order to meet this challenge.³⁹ Yet, meeting the challenge is not solely a question of resources. It will also require more difficult strategic decisions and increased operational planning surrounding “grey zone” contingencies with Chinese forces in these areas, something that is almost nonexistent at present in Malaysia.

Comments by Malaysian officials, including more recent testimony before Parliament by Shahidan, suggest that they are not adequately assessing this challenge and believe that responses to the two issues of illegal fishing and military or paramilitary “intrusion” can be neatly compartmentalized. In testimony on March 26, 2015, Shahidan stated that “foreign military assets” (*aset tentera asing*) operating at South Luconia would be handled diplomatically, while illegal fishermen will not be tolerated and would be arrested.⁴⁰ But what if the CCG or a “foreign military asset” actively prevents the arrest of the fishermen? The minister provides no answer to this question. The comments also indicate a level of confidence at that point in time in dealing with Chinese “intrusions” through diplomatic channels. This emphasis on protesting incursions through “quiet diplomacy” has been a central pillar of Malaysia’s response until recently, and is largely a product of a widely shared belief in the existence of a “special relationship” with China.

PROTEST AND THE “SPECIAL RELATIONSHIP”

Malaysia’s current response is, to put it simply, not working. There are no indications that CCG vessel 1123 has departed from the area or that it intends to leave anytime in the near future. Statements by Chinese officials indicate a clear intention to remain there indefinitely, either with one ship or more regularly patrolling the area. Protests conducted to date through backchannel diplomacy have been operationally ineffective, and have not resulted in a change in Chinese behavior. The persistence of this approach has resulted primarily from a perception among policymakers that a “special relationship” exists with China, whereby Malaysia is treated differently from its neighbors.

Leaving aside the question of whether or not this perception was in the past a valid one, shifting geostrategic circumstances are rendering it increasingly untenable. Where China once seemingly permitted Malaysia to conduct exploratory surveys and even offshore drilling operations for oil and gas in disputed areas,⁴¹ now CCG ships regularly interfere with and harass similar undertakings. This development raises a troubling possibility for the Malaysian leadership—what if China had never, in fact, permitted such activities, and had merely lacked the means to effectively enforce its will? What if the “special relationship” was little more than a function of geographical distance and a lack of power projection capability?

Malaysia is no longer the beneficiary of the strategic buffer its geographical distance from China had previously provided. Shahrman Lockman, a senior analyst at a prominent Malaysian think tank, has recently spoken of a “new reality,” whereby China’s current reclamation activities in the South China Sea “will inevitably bring the operations of Chinese and Malaysian maritime forces into ever closer proximity.”⁴² This “new reality” is creating ever greater strain on the relationship and is likely to erode any “special relationship” Malaysia may have had with China. Yet, a great deal of faith is still placed in its existence by policymakers. This is evident in Shahidan’s statement at the press conference that part of the response would be to file an official protest with Beijing. Malaysia has been filing such protests with Beijing for the last several years, to no avail.

In a later interview, Shahidan specified that this protest would be delivered by Najib directly to Xi Jinping.⁴³ As this action would indicate, the prime minister is himself one of the foremost proponents of the special relationship, believing in a reservoir of goodwill that remains following his father’s opening of relations with China in 1974. According to Najib, Xi

personally thanked him for Malaysia's "quiet diplomacy" approach to the South China Sea during a visit Najib made to China in November 2014, noting that it was the "best method" as it "stressed discussion rather than confrontation."⁴⁴

It is not immediately clear if previous protests had occurred at this level, but the expectation of "special" treatment continues to remain the ballast in an increasingly troubled relationship. The fact that the press conference was held, however, indicates that doubt is emerging at least within parts of the cabinet about the nature of the relationship.

Early indications suggest that there is good reason for doubt, and that even direct protest at the senior-most levels of leadership are unlikely to elicit the desired results. In fact, there may, in the end, be no protest at all. Several days after making his statement regarding a direct protest from Najib, Shahidan retracted it, saying that there would be no meeting between the two leaders, only that any intrusions would elicit diplomatic protests.⁴⁵ On June 11, Chinese ambassador in Kuala Lumpur Huang Huikang said that he had received no protest note through diplomatic channels. He played down the confrontation, stating that it was "normal practice" for CCG vessels to operate in these areas.⁴⁶

Given these developments, the MMEA and RMN have simply been left to look on and observe what the Chinese consider to be the "normal practice" of their ships operating at South Luconia Shoals. With the emergence of a permanent Chinese coast guard presence off its shores and a standoff reminiscent of others in the South China Sea, such as that at Scarborough Shoal, the question arises—what is so "special" about Malaysia's relationship with China? The answer, it would seem, is not all that much anymore.

ASEAN AND MALAYSIA'S BROADER RESPONSE

No longer able to rely on direct channels of communication with Beijing, Malaysia is likely to have to turn increasingly to bilateral and multilateral relationships in the region. These have previously formed an important part of Malaysia's broader strategic response to a rising China, yet were ultimately secondary to the primary emphasis on protest and maritime surveillance. The primary multilateral instrument has centered on Malaysia's membership and involvement in ASEAN. According to one recent analysis of Malaysia's broader response in the

South China Sea, in addition to private or backchannel diplomacy, it has continued to work through ASEAN, both publicly and privately, to advance its interests there. The author of the report noted that since 2012 a newfound sense of urgency had emerged in Malaysia for bringing “to a speedy conclusion” negotiations over a binding Code of Conduct (CoC) in the South China Sea.⁴⁷

This sense of urgency continues to pervade comments by Najib,⁴⁸ as well as Minister of Defense Hishamuddin Hussein,⁴⁹ reiterating the importance of achieving this goal as part of Malaysia’s wider diplomatic strategy. Yet, the negotiations have effectively stalled, and there is little cause for optimism that should such an agreement eventually be reached, itself an unlikely prospect, that the substance of the agreement would serve to effectively constrain Chinese behavior. As ASEAN chair in 2015, Malaysia might be expected to “play a strong diplomatic role behind the scenes in encouraging China to be more forthcoming” on the negotiations,⁵⁰ but there has as of yet been little public indication that such efforts have borne fruit. A more effective utilization of backchannel diplomacy might be to intensify Malaysia’s discussions with other ASEAN claimants such as Vietnam and the Philippines, which would enable them to achieve common ground from which to more effectively approach China in the negotiations. These sorts of discussions began in 2014 but are reported to be at “a very preliminary stage.”⁵¹

China’s preference to handle these issues bilaterally is already challenging the ability of ASEAN to maintain a coherent and unified front on the South China Sea, a development that was clearly on display in 2012 during Cambodia’s chairmanship. Similar to protests or direct surveillance at sea, ASEAN is unlikely to prove an effective deterrent to Chinese behavior. As a result, Malaysia is likely to have to place greater emphasis on its security and defense arrangements outside of ASEAN, including through the Five Powers Defense Arrangement (FPDA) with countries such as Australia and through its bilateral relationship with the United States.

These relationships do not have to be mutually exclusive from each other or from ASEAN, and could actually be leveraged to strengthen ASEAN solidarity, and ultimately deterrent power within the organization. They are already being brought into greater synergy with ASEAN wide initiatives such as ASEAN Defense Minister’s Meeting (ADMM) plus and others. Future emphasis should be placed on building more serious security cooperation within ASEAN, including among smaller subsets of its members outside the formal organizational arrangements.

This already occurs through FPDA or US-led exercises with Malaysian forces and in the future might include ASEAN partners such as Indonesia, Vietnam, and the Philippines, or even Japan (all of whom are facing similar challenges). These exercises might begin to simulate relevant operational scenarios existing in the "grey zone" between traditional and nontraditional security at sea, specifically those dealing with fisheries or law enforcement issues. This would send a strong message, while also improving the operational capacity of the relevant Malaysian maritime security organizations, as well as that of their ASEAN partners.

CONCLUSION

Amidst increasing concern over China's activities in portions of the South China Sea off Sarawak, we may be seeing the first move toward a more effective and appropriate response from Malaysia. But it is at best only that, a beginning, and it is not even all that clear yet it has actually begun. In and of itself, Malaysia's current response is likely to prove neither "firm" nor "assertive" enough to change Beijing's calculus. The current response actually differs very little from Malaysia's previous responses, and is more emblematic of a deficit of strategic thinking about alternative approaches than it is of any wider shift in the country's approach at present.

Whether or not its leadership wants to recognize it, Malaysia is already in the midst of a continuous and persistent confrontation with Chinese forces off the South Luconia Shoals. The similarities between this new reality and the old one to which Vietnam and the Philippines have long become accustomed raise grave doubts about the existence of a "special relationship" between Malaysia and China, the crumbling façade of which will inevitably have to be replaced with a new overarching strategic framework. What that framework will look like is for the prime minister and his cabinet to decide, but the need for decisive action has now become increasingly apparent.

The confrontation at South Luconia Shoals, in combination with other incidents occurring in the area as well as off the coast of Indonesia's Natuna islands, clearly demonstrates the full extent of China's expansionist claims in the South China Sea. Furthermore, China is now for the first time in history not only clearly claiming the entirety of the nine-dash line but is actively attempting to enforce its expansive claims within that area. The enforcement of these claims represents a clear and persistent threat to

peace and stability in the region, as well as to the current international maritime order. Malaysia is now in danger of suffering a similar fate to that of the Philippines at Scarborough Shoal, and this problem is not Malaysia's alone.

If it did, in fact, undertake reclamation activities at Luconia Breakers, Malaysia should declare so publicly and assert its right to do so under international law. It should further repeat that it does not recognize China's claims to this feature and detail the legal rationale for this position. Such a rationale could include the inability of states to claim sovereignty over submerged features or low tide elevations. To do so would be in keeping with its commitments under UNCLOS and would prevent China from claiming in the future that Luconia Breakers had emerged naturally, therefore making it subject to a dispute over sovereignty.

Australia and the United States should both encourage and support Malaysia in doing so. This should be done in maintenance of the two countries' principled positions regarding the South China Sea. They would not be taking a position over sovereignty, but clarifying that claims to maritime areas must originate from legitimate land-based features. This position would support and reinforce Malaysia's, emphasizing the line that has already been drawn around international legal principles and the maritime order at sea. It is time to draw the line more clearly, not in the sand but on the water.

NOTES

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12. Hancox and Prescott, *A Geographical Description*, 21.
13. NGA, *Publication 163*, 330.
14. Laeng, "Chinese Coast Guard Vessel Found at S Luconia Shoals."
15. Interviews conducted by author in Malaysia, March 2015.
16. "Luconia Breakers: China's New Southernmost Territory in the South China Sea?" *South Sea Conversations Blog*, June 16, 2015, <https://southseaconversations.wordpress.com/2015/06/16/luconia-breakers-chinas-new-southernmost-territory-in-the-south-china-sea/>.
17. The natural emergence of new islands can occur rapidly, as was the case with an island off the coast of Gwadar, Pakistan, in 2013 and Japan's Niijima in 2014. Such rapid natural development is, however, almost always associated with a dramatic geomorphologic event, such as volcanic eruptions or earthquakes. No such events have occurred in the area surrounding South Luconia Shoals, suggesting that it is highly unlikely that the island emerged naturally. See "Japan's Newest Island is Now Eight Times Bigger," *National Geographic*, January 4, 2014, <http://news.nationalgeographic.com/news/2014/01/140103-niijima-nishino-shima-japan-island-volcanoes-science/>.
18. United Nations Convention on the Law of the Sea (UNCLOS), Article 80 (3) requires that: "Due notice must be given of the construction of such artificial islands, installations or structures, and permanent means for giving warning of their presence must be maintained."
19. Private correspondence with Bill Hayton. As was the case with the features claimed at that time in the Spratlys, China had never actually surveyed South

- Luconia Shoal and simply translated or transliterated the names of the features from Western nautical charts. For more on this see Bill Hayton, *The South China Sea: The Struggle for Power in Asia* (New Haven, CT: Yale University Press, 2014), 54.
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 37. “China Now Tussling With Malaysia in the South China Sea,” June 5, 2015.
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The US-China-Japan Triangle and the Concept of “ASEAN Centrality”: Myth or Reality?

Kuroyanagi Yoneji

ASEAN watchers may have heard of the adage, “when two elephants fight, it’s the grass that gets trampled; and when they make love, the grass suffers as well.” The first part of the adage is said to be an old Swahili proverb, whereas the latter half is an adept appendix by former Singapore Prime Minister Lee Kuan Yew, a most eminent statesman in contemporary Southeast Asia. The former shows the grievances of the weak vis-à-vis the bullying forces, whereas the latter represents the complex feelings of vigilance and apprehension of weak powers toward the egoistic behavior of the mightier powers. In the Asia-Pacific region, this adage may be applicable to the South China Sea disputes, where the US-China (two elephants) rivalry leaves the ASEAN countries and, to a lesser extent, Japan (the grass) deeply concerned and vigilant about the development of bipolar relations: fighting or love-making.

This chapter tries to shed light on the South China Sea disputes with special emphasis on three factors: a rising China, the US-China rivalry, and the concept of “ASEAN centrality.” These three components emerged in the early 1990s and gradually grew more significant in the twenty-first

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia’s Southern Tier*, Asan–Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_10

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century, influencing each other. In order to analyze the contemporary dynamics of this triangular relationship in the Southeast Asian context, I consider the recent encounter among the three at the 14th Shangri-La Dialogue in Singapore from May 29 to 31, 2015, where the most conspicuous issue was the South China Sea disputes. In his opening remarks, John Chipman, director-general of the host IISS, candidly pointed out that “(t)he defining characteristic of the region has become ‘strategic unease,’” due primarily to resurgent tensions in the South China Sea. Both in plenary and Q&A sessions, most speakers, especially US and Chinese delegates, touched on the South China Sea issue, although it was not on the agenda.

FOURTEENTH SHANGRI-LA DIALOGUE 2015, SINGAPORE¹

At the dialogue, where some 500 government and military officials as well as “Track II” delegates from 38 countries attended, the South China Sea disputes drew major attention. Although Secretary of Defense Ashton Carter and PLAN Deputy Chief of Staff Admiral Sun Jianguo spoke candidly about the South China Sea situation, their tone was less provocative than during the Thirteenth Dialogue the previous year.

The basic fact is, according to Carter, “China has reclaimed over 2,000 acres . . . in only 18 months. It is unclear how much further China will go. This is why this stretch of water has become a source of tension in the region and front-page news around the world.” Carter bluntly criticized that “China is out of step with both the international rules and norms that underscore the Asia-Pacific security architecture.” He emphasized that “(t)here should be no mistake: the United States will fly, sail and operate wherever international law allows, as US forces do all over the world.” In return, Sun’s prepared text is nonchalant, saying “(a)t present, the situation in the South China Sea is on the whole peaceful and stable, and there has never been an issue with the freedom of navigation in the South China Sea.” As to the land reclamation operations, they are “well within the scope of China’s sovereignty and are legitimate, justified and reasonable.”

The two delegates expressed three things in common. First, they emphatically justified themselves, stressing their firm deference to abiding by international law and norms and easing tensions through dialogue. They also insisted that their respective countries are favorable to peaceful settlement of disputes over the South China Sea. Finally, both delegates mentioned—in this regard, China is less explicit though—their

consultation with ASEAN as a reliable fulcrum to keep the peace and stability in the Asia-Pacific region. Yet, Sun admitted that China's reclamation has a military purpose, saying "(a)part from *meeting the necessary defense needs*, it is more geared to better perform China's international responsibilities and obligations regarding maritime search and rescue . . . and fishery production services" (italic added). On balance, Beijing has gained by changing the *status quo* in the South China Sea in its favor. Now that it has completed 3,000 meter airfields on Johnson South Reef and Fiery Cross Reef, where military airplanes can reportedly operate, those islands may someday function as a sort of "unsinkable aircraft carrier."

How did the ASEAN delegates respond to the Sino-US debates at Shangri-La? Among their presentations, the keynote address by Prime Minister Lee Hsien Loong was exceptional as a presentation by the host at an opening session—substantial, enlightening, and rich in contents. As to the South China Sea disputes, Lee warned of the danger of a vicious cycle because "(e)ach country feels compelled to react to what others have done in order to protect its own interest." According to him avoiding a physical clash is not enough, because a compromise "on the basis of might is right . . . will set a very bad precedent." The best scenario for both China and ASEAN is to conclude a binding Code of Conduct, he concluded.

In speeches by other delegates of ASEAN countries, two opposite trends appeared. On the one hand, no voice from the hardline disputants in the South China Sea disputes—the Philippines and Vietnam—was heard. Indeed, no name of the Vietnam delegate appeared in the agenda. As for the Philippines, Vice Admiral Alexander Lopez made a very low-key presentation, without mentioning the disputes in the Western Philippine Sea (i.e., South China Sea) *per se*. On the other hand, Dato' Seri Hishammuddin Tun Hussein, Malaysia's Minister of Defense, made a remarkable speech, stressing the importance of "a strong ASEAN's . . . stabilizing influence in the region," and aptly mentioning the South China Sea issue as "*the elephant in the room*." He warned "(i)f we are not careful, it could certainly escalate into one of the deadliest conflicts of our time, if not our history." But he deliberately pointed his finger at neither China nor the United States in regards to the tensions aroused by China's island reclamation in seven areas since early 2014. The overall impact of ASEAN's inputs was rather favorable to China in that they were not provocative when they touched upon the South China Sea issues. Whether this was just

a coincidence or the result of deliberation among the ASEAN member countries deserves further analysis.

DESCRIPTIONS OF THE SOUTH CHINA SEA DISPUTES

The South China Sea disputes can be described in at least two ways. For one thing, they are a “Pandora’s Box,” in the sense that a train of tensions and conflicts emerged one after another, putting these disputes at the core of the vicious spiral facing the region’s countries. Some littoral countries (Vietnam and the Philippines among others) censured China’s unilateral reclamation around the Spratly Islands as illegal as well as dangerous. The United States supports those countries, claiming that China has endangered freedom of navigation and overflight, and refuses to acknowledge the legitimacy of China’s claims. China, on its part, categorically dismisses those criticisms, claiming the reclamation is within its sovereignty and justified.

In May 2015, the US Navy flew over the Fiery Cross Reef, using a P8-A Poseidon reconnaissance plane with a CNN crew on board for the first time. The CNN chief national security correspondent reported, including aerial views of land reclamation sites as well as strained radio communications with the Chinese Navy, that there were eight warnings from an early warning radar facility installed on the reef, culminating in a curt warning cry with exasperation, “This is the Chinese Navy . . . you GO!”²

Some countries are already worrying about the possible imposition scenario of an Air Defense Identification Zone (ADIZ) in the South China Sea by Beijing. Not a few Japanese have a sense of *déjà-vu*, because only 2 years ago, in November 2013, China unilaterally declared an ADIZ in the East China Sea including the Senkaku Islands, and adamantly demanded that any flights that enter the ADIZ report their identity to Chinese authorities at the risk of facing “defensive emergency measures” by the Chinese air force. Tokyo warned world opinion and Asia-Pacific countries of a “China threat.” Taking this incident seriously, Washington dispatched two B-52s to the area without prior notification, “in direct challenge” to China’s ADIZ.

For another, the South China Sea disputes are a sort of “Black Hole,” absorbing almost all conciliatory ideas in the Asia-Pacific region, voiding proposals and scenarios for peace and stability. When China, for instance, asserts that she respects international law and norms, her unilateral activities in and around the Spratly waters made a mockery of the 2002 Declaration

of Conduct (DoC) between China and the ASEAN nations, explicitly inhibiting such unilateral activities which aggravate tensions in the region. The South China Sea disputes are symbols of strategic distrust. Insofar as they remain unsettled, a “cooperation spiral” is out of the question.

THE US-CHINA RIVALRY AND THE “THUCYDIDES TRAP”

The US-China relationship has been far from stable, twisting and turning at so many points—for ideological as well as strategic reasons—that it is aptly dubbed a “roller coaster ride.” In 2012, Graham Allison’s essay on the “Thucydides trap” appeared in the *Financial Times*.³ After quoting Greek historian Thucydides’ findings that “what made war inevitable was the growth of Athenian power and the fear which this caused in Sparta,” Allison observed that “(i)n 11 of 15 cases since 1500 where a rising power emerged to challenge a ruling power, war occurred.” He is warning that the mounting US-China rivalry could, if not managed properly, lead the two great powers to aggravated distrust, hostility, and eventually war.

How, then, have Washington and Beijing dealt with ASEAN? There are three dimensions: (1) a contested area that each power attempts to pull into its own orbit; (2) an unwelcome solicitor of their involvement in intractable disputes; and (3) a buffer zone that may have soothing effects. First, in April 2015, President Obama in a speech in Jamaica prior to the Caribbean summit, worried that Beijing is “using its sheer size and muscle to force countries into subordinate positions,” to which China immediately retorted that everyone can see who is using the biggest size and muscle in the world. Second, as far as territorial sovereignty is concerned, Washington has made it clear, time and again, that it will remain neutral lest it should “fish for trouble” in the South China Sea. Third, the United States and China agreed in 1993 on the establishment of the ASEAN Regional Forum (ARF)—a multilateral scheme, emulating the CSCE experience of cooperative security in Europe, under the leadership of ASEAN.

In 1995, at the second ARF meeting at Bandar Seri Begawan, Brunei, ASEAN produced “ASEAN Regional Forum: a Concept Paper,” which explicitly declared ASEAN’s role as “the primary driving force” in this multilateral security dialogue. It urged the ARF members to emulate ASEAN’s record of enhancing peace and development in general (explicitly) and the “ASEAN Way” (implicitly) in particular. In addition, it introduced a three-staged scenario—promotion of confidence building,

development of preventive diplomacy mechanisms, and development of conflict resolution mechanisms⁴—as a gradual, evolutionary approach to security in the Asia-Pacific region. “ASEAN centrality” thus became an acceptable notion to both the United States and China.

China’s policies toward ASEAN countries seem to have been led by “triple avoidance principles”: (1) not to be disregarded by its weak neighbors; (2) not to be feared by them; and (3) not to be encircled by less amicable countries. First, the more confident it is of its power and influence, the more assertive its behavior. Foreign Minister Yang Jiechi asserted in 2010 that “China is a big country and other countries are small countries, and that’s just a fact,” staring directly at Singapore’s Foreign Minister, George Yeo.⁵ Second, for instance, China has, however, had to be careful not to intimidate its neighbors too much, for, after all, they have been, and will be, the very advocates of the “China threat” claim. In August 2014, Foreign Minister Wang Yi extended a conciliatory hand by advocating a “dual-track” approach, i.e., relevant disputes being addressed by countries directly concerned through friendly consultations and negotiations in a peaceful way, and peace and stability in the South China Sea being jointly maintained by China and ASEAN countries.⁶

Third, those who would counter Chinese power are most likely to appeal to China’s adversaries, both real and potential. Thus, the easiest, and perhaps most effective way is to improve relations with the ASEAN countries. Yan Xuetong, who is said to be close to the Xi Jinping leadership, argued that “China’s rise will be more effectively achieved by fostering friendly relations with neighboring countries, rather than focusing on improving US-China relations.”⁷ Whereas this message sounds accommodating, it is daunting to know the underlying reasoning of Yan’s proposition is not genuine friendship but a blatantly *realist* calculation to the effect that “(f)aced with the reality that China is stronger than they are, neighboring countries must choose whether they support or obstruct China’s rise.” This perhaps the last thing that ASEAN countries would like to do.

Now that Beijing has acknowledged the possible imposition of an ADIZ over the South China Sea, the crises of the East and South China seas are undeniably interlocked. Thus, Tokyo is, like it or not, forced to be involved in the simmering situation over the South China Sea, where it has no territorial claim. But, as the weakest side of the US-China-Japan triangle—an appendage to the US-China duplex—it has to play a delicate role. Whereas Tokyo could not yield on its

sovereignty, it should behave as prudently as possible, lest it should provoke its northern giant.

“JAPAN IS BACK,” FOR WHAT?

On August 20, 2007, on his first official visit to Indonesia, Prime Minister Abe Shinzo made a policy speech “Japan and One ASEAN that Care and Share at the Heart of Dynamic Asia.” Five years later, in January 2013, 1 month after he resumed the office for the second term, he planned to make a new policy speech “The Bounty of the Open Seas: Five New Principles for Japanese Diplomacy” in concluding his ASEAN tour in Jakarta.⁸ Comparing the two speeches, one may find a few important differences. First, in the 2007 speech, Abe mentioned “ASEAN” 52 times, whereas in the 2013 speech only 18 times, although 2013 was the 40th anniversary of the Japan-ASEAN partnership. Second, while in the 2007 speech Abe did not mention the Japan-US alliance at all, in the 2013 speech he deliberately emphasized the importance of the alliance and America’s military presence in the region. Third, in the 2007 speech Abe did not refer to regional security affairs, whereas in the 2013 speech his second principle of Japanese diplomacy is to keep the seas as free as possible to be “governed by law and rules, not by might.”

These differences reflect both the changing regional security environment as well as Japan’s shifting perception of ASEAN. At the turn of the century, Japan could not help but admit that a rising China was overtaking its superior position in the ASEAN region. Japan was still lingering in “two lost decades” in the wake of the collapse of the bubble economy in the late 1980s, whereas China had enjoyed continuous economic development at a double-digit rate. In the early 2000s, Beijing’s ascendancy over Tokyo was twofold. In the economic arena, Beijing succeeded in winning agreement on a China-ASEAN Free Trade Area (CAFTA) in 2002. In the strategic arena, Beijing and ASEAN agreed on the long-awaited DoC of Parties in the South China Sea in 2002; on China’s accession to the Southeast Asian Treaty of Amity and Cooperation (TAC) in 2003; and on establishment of a “strategic partnership for peace and prosperity” in 2003. Tokyo had dragged its feet so long on these issues, taking into account repercussions to its domestic economy and possible negative influence on the Japan-US alliance, leaving the Japan-ASEAN relationship behind. The Foreign Ministry was reportedly

unenthusiastic about accession to the TAC, which was seen as an obsolete Cold War-type device, spoiling a strategic free hand for both Japan and particularly the United States.

Abe's 2013 speech was designated as the "Abe Doctrine," apparently emulating the "Fukuda Doctrine" pronounced by the then Prime Minister Fukuda Takeo in 1977, which had emphasized three points: (1) the "heart to heart" friendship between Japan and the ASEAN countries; (2) Japan would never again become a military great power; and (3) bridging the Cold War-type cleavages between ASEAN and Indochina. The Fukuda Doctrine successfully put an end to the "anti-Japan sentiment" prevailing among the Southeast Asian peoples, that culminated in an "anti-Japan riot" in Jakarta in January 1974, which was the darkest moment for the Japan-Southeast Asia relationship since the end of World War II. The Fukuda Doctrine, in a sense, provided the ASEAN countries with a symbol of transition to graduate from the "anti-Japan mindset" molded by their agonized experiences during the Japanese occupation.

Having overcome the anti-Japan sentiment, the ASEAN countries have enjoyed amicable relations with Japan. Unique features of the Japan-ASEAN relationship emerged in what became the "cauldron" of Asia. First, the ASEAN countries found "Japan, Inc." as a model of economic development. Such slogans as "Learn from Japan" by Singapore's Lee Kuan Yew and "Look East policy" by Malaysia's Mohammad Mahathir—both ASEAN leaders painstakingly tried to emulate the Japanese way of economic development—were among the most prominent cases. Japan's model was followed first by the "four small dragons"—Taiwan, Hong Kong, Korea, and Singapore—then by the ASEAN countries (including Vietnam by the time it joined), and China in a so-called "flying geese" configuration. Yet, by the turn of the century, Japan was viewed as lacking dynamism economically, whereas a rising China was offering abundant economic benefits to ASEAN states. To the extent that ASEAN centrality was about increasing trade, China was seen as a more important actor than Japan. China took the initiative, and Japan often was playing catch up.

Second, in terms of peace and security, Japan and the ASEAN countries closely cooperated for, and succeeded in, the peaceful settlement of the Cambodian conflict from 1978 to 1991. Beijing, for its part, also improved its relations with ASEAN countries under the pragmatic leadership of Deng Xiaoping. The image of a threatening China faded in the process of joint struggle against the Vietnamese attempt to install a puppet

regime in Cambodia. Having long focused on economics and unaccustomed to viewing Japan as a factor in security, ASEAN did not at first look to Japan when security problems emerged, notably after 2000.

The return of Abe to power with a record high popular support rate in December 2012 marked a turning point after two decades of economic as well as diplomatic doldrums. Abe's thrust has been twofold: "*Abenomics*" and "Japan is back." The former is economic rejuvenation through development and financial stimulus. The latter includes the resurgence of conservative, realist initiatives in the political and diplomatic arena. Abe candidly portrayed his initiative as "Japan is back,"⁹ when he spoke at CSIS, Washington, D.C., in February 2013. Domestically, he wants to liquidate the past, *self-guilt mindset* embedded in the Japanese polity in general and advocated a long-due revision of the peace constitution. On the diplomatic front, his major thrust is also two-pronged: strengthening the US-Japan alliance and hedging against a rising and assertive China, with the diplomatic row over the Senkaku Islands in mind.

While Japan's strategic engagement in the region is legitimate, its position is delicate. In contrast to Washington, which, as a great power, can afford to choose accommodation or confrontation with Beijing, Tokyo has to be neither belligerent in its impression nor provocative in its expression. In order to restrain China without provoking it, the Japanese need patience, tenacity as well as shrewdness. The cooperative partnership with ASEAN may be of much help for such an endeavor.

Soon after taking office for a second term, Abe completed his ASEAN tour, visiting all ten countries in 2013. He emphasized shared "universal values" such as democracy and human rights, thinly veiled criticism of China under its communist regime. In addition, Abe strenuously sold his idea of Japan's "proactive contribution to peace," calling for a more active role for the Japan's Self-Defense Forces (SDF). Abe's ASEAN policy is, however, likely to stumble in the following three contexts. One, ASEAN countries do not want to be forced to choose between Japan and China. Whereas it is understandable for Japanese to feel uneasy about China's blatant claim to the Senkakus and ominous attempts at militarization of man-made islands in the South China Sea, it is ill advised to counter a rising China in a provocative manner. Moreover, Beijing may regard Tokyo's stress on the US alliance as nothing but an attempt at encirclement and, thus, feel obliged to take countermeasures. Two, the ASEAN countries, with the possible exception of Indonesia, do not necessarily share the value of liberal democracy. They respect economic development

and good governance even under authoritarian rule. Although welcoming Tokyo's growing engagement in Asian peace in general terms, they remain more or less apprehensive of Japan's military role, as in the oft-quoted remark of Lee Kuan Yew to the effect that allowing a military role to the Japanese runs the risk of "giving a whisky bonbon to an alcoholic."¹⁰

In a nutshell, what Tokyo can be proud of is not the past empire established by military force, but the postwar success in building a peace-loving nation and a peaceful country by learning the lessons of history. Japan's SDF has never violated the border of another nation, tried unilaterally to change the regional *status quo*, or killed anybody for more than seven decades. ASEAN countries may well acknowledge that few, if any, countries have such a remarkable record in the contemporary world.

FROM THE "DRIVER'S SEAT" TO "ASEAN CENTRALITY" THROUGH THE "ASEAN WAY"

Both Washington and Beijing, to varying degrees, agree that ASEAN could play an important role in the maintenance of peace and security in the Asia-Pacific region in general and in the South China Sea dispute in particular. What is not clear, however, is what role, exactly, is expected of ASEAN. Some may consider that a group of such weak and small countries could not make any tangible contribution to regional peace and security, let alone the international order. In fact, ASEAN has contributed to regional peace and security in at least three ways: (1) providing region-wide strategic dialogues including the great powers (sitting in the "driver's seat"); (2) producing scenarios and ideas for regional peace-building (non-threatening initiatives); and (3) eliminating negative provocations within the region (ASEAN-ization of Southeast Asia). These contributions can be called "*Pax Aseana*" as a whole. At the outset, major powers let ASEAN take a leading role for peace and security through multilateral dialogue, such as in the ARF. As a prominent realist, ASEAN watcher Michael Leifer, once put it, "bricks made without straw are better than no bricks at all."¹¹ There are substantial merits of ARF in fostering confidence through habits of dialogue among the major powers in the Asia-Pacific region.

"Unity in diversity" is one of the sacred clichés in the ASEAN lexicon, reflecting the heterogeneity among its members in terms of ethnicity,

religion, languages, level of economic development, political systems, and strategic orientations. In order to secure unity and cooperation among such heterogeneous member countries, they have nurtured what has become a unique *modus operandi*, i.e., the “ASEAN Way.” In the words of Adjit Singh, former secretary general of ASEAN, the “ASEAN Way” is “that undefinable expression that readily comes to mind when we want to explain how and why we do the [*sic*] things the way we do.”¹² At the risk of oversimplification, it can be explained as an amalgamation of three sets of norms: (1) universal norms like respect for sovereignty and non-interference in internal affairs; (2) procedural norms such as decision-making by consensus and agreement through deliberation; and (3) deference to “Asian values,” including, among others, preference for orderly society over individual freedom, respect for authority, and appreciation for of face.

As a weak force in the Asia-Pacific power constellation, ASEAN has to rely on its cooperative security schemes as much as possible and promote regional dialogue through ASEAN-inspired architecture. Otherwise, as the “two elephants and the grass” adage suggests, ASEAN countries would be at the mercy of the great powers in the balance-of-power world led by the United States and China. The cardinal mission of “ASEAN centrality” is, as See Seng Tan aptly put it, “to keep the Americans included, the Chinese in check and ASEAN in charge.”¹³ Thus, another appendix to the old adage is in order: “But for the grass, two elephants must live on a rugged terrain, with their feet getting hurt.”

During the 1980s, ASEAN was dubbed a “one-issue organization,” because it had been preoccupied with the Cambodian conflict, caused by Vietnam’s invasion and occupation of Cambodia, both of which are now members of ASEAN, for more than 12 years. The Cambodian conflict was a three-faceted issue for ASEAN, and so are the South China Sea disputes. First and foremost, it is a *threat* to the peace and security of the ASEAN region as a whole and claimant countries in particular. As the “nine-dashed line”—which covers almost 90 percent of the South China Sea—implies, China may someday take all the islands, reefs, shoals, and atolls within the nine-dashed line by means of military force; no ASEAN country is free from the threat. Second, it is a *theater* where ASEAN can appeal to world opinion, mobilizing international support on its side against China. Finally, it is a *trial* of the unity of the ASEAN member countries facing a critical situation.

For more than a decade of the Cambodian conflict, ASEAN suffered serious discord among member countries, although they were unanimous about their basic position of peaceful resolution of the conflict:

guaranteeing security to Thailand, a “frontline state,” insisting on the immediate and total withdrawal of Vietnamese troops from Cambodia, supporting the self-determination of the Cambodian people, and denying a puppet government installed by Hanoi as a *fait-accomplis*. Whereas Thailand and Singapore stood tough against the Vietnamese occupation of Cambodia, Indonesia and Malaysia were soft toward Hanoi. ASEAN was shaken by this discord to the extent of nearly dismantling the regional body more than once.

In a similar vein, ASEAN has been haunted by the South China Sea disputes, especially since 2010 when China’s foreign policy turned more assertive. Although ASEAN is unanimous in support of peaceful resolution of the disputes, there is a fourfold discord: non-claimants (Cambodia, Laos, Myanmar, Singapore, and Thailand); tough disputants (the Philippines and Vietnam); moderate claimants (Brunei and Malaysia); and an ambiguous Indonesia. While all want peace and stability in the South China Sea, their attitudes differ substantially on how to attain this goal. At their 45th ministerial meeting (AMM) in 2012 in Phnom Penh, they failed to issue a joint statement by consensus for the first time in ASEAN’s 45-year history due to disagreement between the chair Cambodia, a China protégé on the one hand, and the Philippines and Vietnam on the other. Both sides stick to their position to the detriment of ASEAN consensus and solidarity, causing a serious blow to ASEAN’s international reputation, which had been painstakingly nurtured for four and a half decades.

In mid-June 2015, Beijing announced the near completion of land reclamation projects in the South China Sea and its next plan to install structures for civil as well as military purposes, turning a deaf ear to US entreaties not to militarize the man-made islands and to ASEAN’s deep alarm. Daniel Russel, assistant secretary of state for East Asia, told the *Washington Post* that “reclamation isn’t necessarily a violation of international law, but it’s certainly violating the harmony . . . of Southeast Asia, and it’s certainly violating China’s claim to be a good neighbor and a benign and non-threatening power.”¹⁴ This may be an advice that Beijing should take most seriously.

CONCLUSION: WHITHER ASEAN?

The “Thucydides Trap” remains rampant, even if it is not a major driving force in the US-China relationship at the moment. At this juncture, ASEAN centrality could play a soothing role commensurate as an honest

broker in the face of a realist world of power politics on the one hand and a constructivist project of cooperative security on the other. Whereas the constructivists appreciate ASEAN as a “nascent security community,” the realists tend to dismiss the ASEAN-driven security architecture as a “talk shop” at the best or regional delusion at the worst. The South China Sea disputes provide both theoretical schools with testing grounds to prove their case.

Generally speaking, ASEAN leaders are realists, especially in terms of sovereignty and national interests. They all acknowledge the significance of power in international relations, but they will not simply follow the realist logic of power politics, leaving their destiny at the mercy of Washington or Beijing. Instead, they seek to confirm constructivist multilateral security dialogue as much as possible. Yet, ASEAN is allowed regional leadership as long as the major powers suffer a “trust deficit.” It needs deference to its leadership from the major powers. ASEAN centrality relies on default leadership and non-threatening initiatives. These may now be in question. Insofar as ASEAN could maintain its unity and cohesion, it could be allowed to take lead in regional architectures; but if ASEAN fails, it will become an area for great power contestation for supremacy. It must continuously pursue a narrow path with two cliffs on both sides: the risk of complacency on the one hand and haughtiness on the other.

At the ASEAN summit of April 2015, ASEAN “deeply deplored” the negative developments in the South China Sea, to which Beijing responded angrily, saying China was “gravely concerned with the ASEAN statement over the issue.” Meanwhile, Beijing agreed, for the first time, to take a “dual track approach,” by which it officially acknowledges ASEAN as a partner in discussing the peace and stability in the region as a whole, while it reiterates that the South China Sea disputes *per se* should be discussed only among the parties directly involved.

ASEAN unity and cohesion are prerequisites to its centrality, with the time limit for the establishment of the ASEAN Community being December 31, 2015. “Without unity, no centrality” was how Rizal Sukma curtly put it in his column in *the Jakarta Post* (July 17, 2012) in the wake of the fiasco of the 45th AMM. Sukma warned that ASEAN would be marginalized in a polarizing region, “where Southeast Asia once again becomes an appendix to great power politics.” This warning was followed by a stunning message that “if other ASEAN countries do not share Indonesia’s passion for and commitment to ASEAN, then it is indeed time for us to start another round of debates on the merits of a

post-ASEAN foreign policy” (italic added). Since Indonesia is commonly accepted as *primus inter pares* of ASEAN, Jakarta’s alienation deserves much more attention by ASEAN member countries as well as Asia-Pacific countries including the United States, China, and Japan.

NOTES

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The South China Sea Disputes: Some Blindspots and Misperceptions

Joseph Chinyong Liow

The South China Sea disputes have in recent years emerged as, arguably, the most contentious issue on the security agenda in Southeast Asia. Fueled by heated rhetoric, mutual distrust, perceptions and misperceptions, and nationalism, it has become the most extensively discussed subject in the literature on security challenges in Southeast Asia, with experts expressing different, often contending views. At the same time, there are blindspots in the broader discussion on these disputes, where closer scrutiny is wanting, and misplaced assumptions hold. Four stand out. These relate to: (1) the identity of the disputants; (2) the possibility of open armed hostilities; (3) the US role; and (4) the place of international law in the search for resolution. While these various distortions by no means constitute the dominant view of the disputes, they are prevalent enough in the existing discussion on the topic to warrant closer scrutiny.

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_11

INTRA-ASEAN DISPUTES AS A SOUTH CHINA SEA “BLINDSPOT”

There is no gainsaying that China looms large over the South China Sea. Few would contest the observation that no serious study of this issue can be undertaken without taking into consideration the weighty role of China. At the very least, this is necessary given the fact that with its controversial yet ambiguous nine-dash line map, China is making the largest sovereignty claim in the South China Sea. Yet, widespread fixation with Chinese activity has tended to distract from the reality that the South China Sea dispute is in fact an atomized series of diplomatic tussles involving periodic saber rattling and demonstrations of strength, where China is by no means the only (other) actor in the script.

Aside from China and Taiwan, four states—Vietnam, the Philippines, Malaysia, and Brunei—are making claims to various parts of the South China Sea. Apart from Brunei, the other three Southeast Asian claimants have physically occupied more features in the South China Sea than China, a statistical imbalance Chinese policymakers are quick to repeat (and evidently, in a hurry to remedy). As the world’s gaze remains fixated on Chinese adventurism in the South China Sea, the Southeast Asian claimant states have struggled to find a common position among themselves on the matter of their respective claims, and have, in fact, continued to prosecute their claims against each other.

One of the first serious clashes between ASEAN countries in the South China Sea occurred in April 1988 in the Spratlys between the Philippines and Malaysia at Permatang Ubi (Ardasier Bank) when Malaysian authorities arrested 49 Filipino fishermen.¹ Intra-ASEAN disagreements over the sea gathered pace in the early 1990s, when Chinese activities in the Spratly Islands, which resulted in clashes with Vietnam and the Philippines, led Indonesia to convene a series of informal workshops on the South China Sea. When launched, they were envisaged as a confidence-building platform for claimant states and other ASEAN members to discuss ways to diffuse growing tension on this sea. Nevertheless by 1994, the workshops themselves became an issue of contention among ASEAN states, when some members expressed concern that Indonesia was attempting to transform the informal workshops into official conferences with the intent of “containing” China through multilateralism.²

Tensions between Malaysia and the Philippines escalated with Manila’s discovery of Malaysian features constructed on two Spratly reefs during the period between April and June 1999. Strains in their relationship

peaked in July 1999, when Malaysia's move to prevent the South China Sea issue from being tabled at the ASEAN Regional Forum meeting in Singapore elicited criticisms from the Philippines, which lamented the lack of support from one ASEAN member for another.³ That year witnessed the Philippines clash a total of six times with either Malaysia or Vietnam. Ownership of the continental shelf of the Natuna Islands in the South China Sea was also contested between Indonesia and Vietnam during this time, although they managed to avoid open confrontation over the issue.

Since 2010, ASEAN's perceived unwillingness or reluctance to take a firmer stand against increased Chinese assertiveness has been a cause of frustration for the Philippines and Vietnam. Even so, this coincidence of interest has not translated into efforts at coordinating their positions, much less close cooperation. For its part, Manila has expressed displeasure toward the Vietnam-China six-point agreement, which it interpreted as containing statements that demonstrated disregard for multilateral means of conflict resolution.⁴ At the July 2012 ASEAN ministerial meeting in Cambodia, ASEAN foreign ministers failed to find consensus on a position in response to China's assertive behavior in the previous months despite numerous attempts by senior officials of member states to propose different variations of an ASEAN statement and position on the issue. The result was the organization's inability to conclude a joint communiqué for the first time in its history. Subsequently, even though Indonesian Foreign Minister Marty Natalegawa's shuttle diplomacy paved the way for ASEAN states to agree to the "Six Point Principles" and an "early conclusion" to ongoing discussions for a Code of Conduct on the South China Sea, the damage to the organization's reputation had been done.

The inability of ASEAN claimant states to manage their own differences has also been manifested in the legal sphere. The differing submissions to the UN Commission on the Limits of the Continental Shelf (CLCS) by Vietnam, Malaysia, and the Philippines provide a case in point.⁵ On May 6, 2009, Vietnam and Malaysia made a joint submission to the CLCS concerning a "defined area" of the South China Sea. The Philippines responded with a separate Notes Verbale in August 2009, contesting the Vietnamese and Malaysian joint submission. Vietnam replied to the Philippines' Notes (00818 and 000819) with Note No. 240 HC-2009, reiterating its position that its submissions to the CLCS concerning the outer limits of Vietnam's continental shelf beyond 200 nautical miles, including its joint submission with Malaysia, constitute legitimate undertakings in implementation of the obligations of State Parties to the 1982

United Nations Convention on the Law of the Sea (UNCLOS), which conformed to the pertinent provisions of the said convention as well as the scientific and technical guidelines and the rules of procedures of the CLCS. Further, it maintained that its submissions have been made without prejudice to matters relating to the delimitation of boundaries between states with opposite and adjacent coasts as well as the positions of states which are parties to land or maritime disputes. Malaysia also sent a Note (HA 41/09) on August 21, 2009, responding to Note 000819 of the Philippines, strongly rejecting the Filipino claims over North Borneo, indicating perhaps that the land disagreement is linked to the two countries' disputes in the South China Sea.⁶

In the case of the Philippines, it has delivered Notes with respect to three submissions: the joint submission of Malaysia and Vietnam, Vietnam's partial submission, and the submission made by Palau. Its Note concerning the joint submission by Malaysia and Vietnam, wrote that: "[the] Joint Submission for the Extended Continental Shelf by Malaysia and Vietnam lays claim on areas that are disputed not only because they overlap with that of the Philippines, but also because of the controversy arising from the territorial claims on some of the islands in the area including North Borneo." The Note did not name the exact area contended by the Philippines. Yet, it can be seen that the southern part of the claim in the Spratly archipelago partly covers the area marked out under the joint submission completed by Malaysia and Vietnam. Another subject discussed in the Note is the territorial dispute between the Philippines and Malaysia over North Borneo (i.e., the East Malaysian state of Sabah).

The Philippines Note concerning Vietnam's partial submission asserts that the areas enclosed by Vietnam's submission concerning the northern part of the South China Sea are "disputed because they overlap with those of the Philippines." This seems to point to a likely continental shelf claim by the Philippines from Scarborough Shoal. In these Notes, the Philippines asked for the CLCS to abstain from taking into consideration the aforementioned submissions "unless and until after the parties have discussed and resolved their disputes."

In reply to the Philippine objections, Malaysia reaffirmed its sovereignty over Sabah, and Vietnam did as described above. During the 24th session of the CLCS in August 2009, Vietnam and Malaysia reiterated their respective positions. They stressed that the joint submission was without discrimination to the query of delimitation between states and that

paragraph 5 (a) of Annex I of the Rules of Procedure should not be summoned. Both Malaysia and Vietnam appeared to stand in agreement that such claims can neither be backed by international law nor be fit to be called disputes in the sense of paragraph 5 (a).⁷

Indonesia has objected to the addition of Palmas Island situated 47 nautical miles east-northeast of the Saranggani Islands off Mindanao in the Philippines. Meanwhile, the Philippine opposition to the Joint Submission of Malaysia and Vietnam and the submission by Vietnam appeared to have been a result of the country's consideration of the "regime of islands" and whether or not they can create their own continental shelves or only territorial seas. This line of thought is made clearer in Note 5 of April 5, 2011 conveyed by the Philippines to the secretary general of the United Nations in response to China's May 2009 Notes with maps enclosed showing the nine dotted lines. In this Note, the Philippines expressed that "under the international law principle of 'la terre domaine la mer' . . . , the extent of the waters that are adjacent to the relevant geographical features are definite and determinable under UNCLOS, specifically under Article 121 (Regime of Islands) of this said Convention."⁸

The legal and diplomatic posturing between ASEAN states over their respective CLCS submissions illustrates not only the gulf that remains between regional states over the South China Sea; it is also indicative of how difficult it is (and will continue to be) for them to present a common position on the disputes.

IS OPEN ARMED CONFLICT INEVITABLE?

A second view holds that China is the aggressor in the South China Sea, and Beijing's actions are fundamentally threatening the stability of the region. This is premised on the fact that China has been increasingly assertive in staking its claims in the South China Sea in recent years, to the extent of harassing vessels belonging to other claimants (as well as non-claimants), building features at an accelerated rate, and building artificial islands in order to literally change the facts on the ground. At its extreme, this view hypothesizes that driven by this Chinese assertiveness, the current trajectory of affairs means that conflict is poised to break out not only between China and other claimant states but more alarmingly, between China and the United States.⁹ It is worth noting that this view is not confined to decision-makers and policy elites, but is held by public opinion as well. According to

a Pew Survey, the majority of Filipinos, Vietnamese, Malaysians, and Indonesians polled in a survey on threat perceptions expressed concern that “China’s territorial ambitions could lead to military conflict with its neighbours.”¹⁰ The defense minister of a Southeast Asian claimant state has sounded an ominous warning that “if we are not careful, it (the South China Sea disputes) would escalate into one of the deadliest conflicts of our time, if not our history.”¹¹ Are the alarm bells warranted, and is China beating the war drums?

To be sure, the absence of conflict management mechanisms and the stoutly nationalist rhetoric that shapes discussions and statements on the South China Sea are cause for concern. More than anyone else, Chinese words and deeds have become the focus of attention of those who warn of the possibility of open hostilities. Illustrative of precisely such fiery and dangerous nationalist rhetoric in China, an editorial in the state-run tabloid *Global Times* identifies China’s two “bottom lines” in the South China Sea dispute—the completion of its reef reclamation and American “respect” for China’s territorial sovereignty and “maritime rights” in the South China Sea—warning that armed conflict between China and the United States would be “inevitable” if the latter were to assume a bottom line of forcing China to halt its island-building activities.¹² It is also easy to see how Chinese deeds demonstrated in the development of a blue water navy and the building of military structures and artificial islands in contested areas of the South China Sea add to the alarm.

Notwithstanding the above, there is good reason to believe that the incentives for restraint outweigh those for aggression. For starters, smooth passage for commercial ships such as that which presently exists in the South China Sea is critical for the Chinese economy. It is simply not in China’s interest to compromise commercial shipping in this sea by creating instability in the region. Moreover, there is no guarantee that an attempt by the Chinese to control shipping through punitive measures would work in its favor. Such actions would risk alienating ASEAN friends, and paradoxically, could provide the centripetal force that ASEAN currently lacks.

One further point needs to be made regarding the potential for conflict in the South China Sea. The view that China could use force precludes the possibility that the opinions of Chinese officialdom are fragmented on the issue of just what China claims and how Beijing should go about prosecuting those claims. For many Chinese decision-makers, the belief that

China is reacting to provocations and defending legitimate core interests is not just palpable but real. It should be no surprise that Chinese assertiveness coincided with the US declaration of a “pivot” to the region, a move interpreted in Chinese circles as a source of regional instability. The challenge for Chinese decision-makers has been how to respond to this. Several opinions have emerged. As a specialist on Chinese policy on the South China Sea has observed:

Within the policy community, there is a rather broad but private acknowledgement of the problematic nature of China’s policy towards the South China Sea, such as China’s strategic ambiguity over its claims, the status of the “nine-dotted line” (which is constantly raised by experts but never acknowledged or denied by the government), the feasibility of bilateral negotiations of multiparty disputes, as well as the application of the United Nations Convention on the Law of the Sea (UNCLOS). However, such acknowledgement is collectively silenced in public.¹³

It is this uncertainty and lack of consensus within Chinese decision-making circles that has led a former US senior official to conclude that the fragmentation of views explains China’s inability and/or reluctance to clarify the extent of its claims.¹⁴

THE UNITED STATES “SECURITY GUARANTEE”

Most analysts agree that US declaratory policy on the South China Sea has gathered strength in recent years, accompanied by a strengthening of diplomatic, military, and economic ties with key Southeast Asian littoral states, notably the Philippines and Vietnam. Secretary of State Hillary Clinton went so far as to declare that the United States considers “peace and stability” and “respect for international law” in the South China Sea a matter of “national interest to the United States.” Specifically, she mentioned: “The United States has a national interest in freedom of navigation, open access to Asia’s maritime commons and respect for international law in the South China Sea.”¹⁵ Slightly over a year later during a visit to the Philippines, Clinton would refer to the South China Sea by its local nomenclature: “We are strongly of the opinion that disputes that exist primarily in the West Philippine Sea between the Philippines and China should be resolved peacefully. Any

nation with a claim has a right to exert it, but they do not have a right to pursue it through intimidation or coercion.”¹⁶ The significance of this gesture was not lost on the Philippines, whose officials expressed “pleasant surprise” at the endorsement they were receiving.¹⁷

Viewed in the context of the much-publicized “rebalance” to Asia, it should be no surprise that the vast majority of analyses on the evolving American role in the South China Sea have concluded that this policy has been a source of consternation for the Chinese, while at the same time emboldening some Southeast Asian claimant states, particularly pre-Duterte Philippines, a US treaty ally. Yet, while the United States is clearly ready to intervene in the event of an outbreak of hostilities in the South China Sea, would it be willing to do so? Notwithstanding the flurry of military and diplomatic activity in recent years, it is prudent to bear in mind that the United States has consistently maintained a position of neutrality on the South China Sea and continues to do so. Indeed, its current position on the South China Sea hews closely to its original stance articulated in 1995 in the wake of China’s occupation of Mischief Reef in the Spratly island chain. This position has been encapsulated in the following five points:

1. Peaceful Resolution of Disputes: “The United States strongly opposes the use or threat of force to resolve competing claims and urges all claimants to exercise restraint to avoid destabilizing actions.”
2. Peace and Stability: “The United States has an abiding interest in the maintenance of peace and stability in the South China Sea.”
3. Freedom of Navigation: “Maintaining freedom of navigation is a fundamental interest of the United States. Unhindered navigation by all ships and aircraft in the South China Sea is essential for the peace and prosperity of the entire Asia-Pacific region, including the United States.”
4. Neutrality in Disputes: “The United States takes no position on the legal merits of the competing claims to sovereignty over the various islands, reefs, atolls, and cays in the South China Sea.”
5. Respect for International Principles: “The United States would, however, view with serious concern any maritime claim or restriction on maritime activity in the South China Sea that was not consistent with international law, including the 1982 United Nations Convention on the Law of the Sea.”¹⁸

Beyond these five points, several new elements have been introduced to frame US policy on the South China Sea. These include: “resolving disputes without coercion;” support for “collaborative diplomatic process by all claimants” to willingly “facilitate initiatives and confident building measures consistent with the 2002 Declaration on the Code of Conduct”; “support for drafting of a full code of conduct”; and the position that legitimate claims to maritime space in the South China Sea should be derived solely from legitimate claims to land features.¹⁹ Yet, arguably, the most controversial perceived shift in the US position on the South China Sea relates to the possibility of active military intervention should a crisis materialize. Several US officials have on occasion indicated that Washington would come to the aid of their allies in times of crisis. Indeed, former Secretary of Defense Chuck Hagel allegedly assured the Philippines of American protection in its dispute with China.²⁰ These presumed assurances notwithstanding, there are reasons for doubt.

First, while the United States and the Philippines are doubtless bound together by the Mutual Defense Treaty that dates back to 1951 and was reinforced with the Manila Declaration of 2011, it remains unclear if Washington considers the agreement to cover Philippine claims in the South China Sea, particularly since their very status as part of the sovereign territory of the Philippines is being disputed, not only by China but in some cases by Vietnam and Malaysia as well. Compounding this ambiguity is the fact that the Philippine claim to the Spratlys was made after the signing of the 1951 Mutual Defence Treaty, and, therefore, was not taken into account by Washington when it made that commitment. Nor have American officials offered clarification on what actions would trigger their “protection,” for instance, if Philippine forces came under attack in areas outside of Philippine territory.²¹

Second, and more to the point, it is unlikely that the United States would risk triggering a larger conflagration with China for the sake of an ally’s contested claims over atolls and features in the South China Sea. Even measured military intervention on behalf of the Philippines would likely lead to an escalation of tensions, and, possibly, direct US-China conflict. In turn, such escalation would undermine the United States; it could compromise sea lines of communication, the interests of US energy companies, US interests and relations with Southeast Asian states, and, indeed, its own image as a benign power that can contribute constructively to the management of tension and conflicts in the region. At the same time, from their close observation of crises in Iran, Syria, Georgia, and

Ukraine, Chinese officials are keenly aware of the difficulties that the United States faces, both domestically and internationally, when the need arises to follow up on bold declaratory statements with actual punitive measures.

While the South China Sea is a matter of national interest for the United States, its explicit interest is freedom of navigation and unimpeded commerce, both of which China has guaranteed. Commerce, however, has little if anything to do with the concerns that both parties have. Underlying their differences on this matter is their competing interpretations of UNCLOS in relation to military activities within a state's Exclusive Economic Zone. Whereas Washington has taken the position—despite not having ratified UNCLOS—that such activities are permitted under the convention, Beijing has opposed this, which takes on urgency because of Chinese plans to use the naval base on Hainan island, home to China's nuclear submarine fleet, as a major base from which to project naval power into the South China Sea, which Beijing views as its natural sphere of influence. These differences aside, it is unlikely that Washington will consistently raise this issue given that China is not the only regional state that has expressed reservations about military activities being pursued within a state's EEZ.²²

THE ROLE OF INTERNATIONAL LAW

Much about the South China Sea dispute evokes international law. While ultimately a sovereignty dispute, claims and counterclaims over the South China Sea possess a definite legal dimension. ASEAN states have called for resolution of the imbroglio in accordance with international law, and the Philippines (with the support of Vietnam) took China to an international Arbitral Tribunal in the hope that it could compel the latter to at least clarify the extent of its claims. This has not materialised, despite the release of the Arbitral Tribunal's findings on July 12, 2016, which ruled conclusively in favor of the Philippines. Meanwhile, ASEAN and China are deep in discussion over the formulation of a (hopefully) legally binding Code of Conduct to govern claims, activities, and interactions in the South China Sea.

The UNCLOS regime is critical in this regard, and also one that disadvantages China despite the fact that Beijing, along with all the Southeast Asian claimant states, is a signatory to it. The fact that UNCLOS granted littoral states the right to establish a 12 nautical mile territorial sea and a 200 nautical mile EEZ was welcomed by the Southeast Asian littoral states as it translated, for instance, to sovereign rights to

marine resource exploitation within the EEZ, particularly of fish, a main source of dietary protein for local communities in Southeast Asia. For China's South China Sea claims, however, UNCLOS has posed a problem as it would not be able to make a legal claim extending from the mainland, and can only do so from the Spratly Islands.

International lawyers have weighed in on the debate, and the broad consensus in this community maintains that China's claim of historical rights over the South China Sea has no standing in the eyes of international law. China has not exercised continuous and uncontested sovereignty over the South China Sea, nor does the sea itself constitute coastal waters that might be accommodated by a claim based on historical rights. Others have ventured to propose legal ways to get around the impasse of competing claims, such as a more specific definition of an EEZ. For instance, Robert Beckman and Clive Schofield have suggested that:

China could limit its exclusive economic zone (EEZ) claims to just larger islands, such as the 12 largest islands in the Spratlys. The same logic can be applied to the largest features among the Paracel Islands group together with the Pratas Islands. Claiming only the larger islands will not limit China's maritime reach significantly. But it would bring these claims more in line with international law... Under our proposal, the total land area of the larger islands that China might claim is only about 2 square kilometers. But they all have vegetation and, in some cases, roads and structures have been built on them. Therefore, it can be argued in good faith that they are "islands" entitled in principle to EEZ and continental shelf rights of their own, as allowed under the 1982 UNCLOS. They are not "rocks which cannot sustain human habitation or economic life of their own" that are only entitled to a territorial sea of 12 nautical miles. As "islands" they would be entitled to the full 200 nautical miles of exclusive economic zone activity. Next, China can trigger a paradigm shift in the disputes in the South China Sea if it were to issue charts indicating the outer limit of its EEZ claims from the islands over which it claims sovereignty. The EEZ extends to a full 200 nautical miles over the open sea from the coastal fringes of the islands being claimed.²³

While there are legal ways to get around the impasse, it can be argued that the South China Sea dispute is ultimately not about international law. Political will, or in this case, lack thereof, is the reality that lies at the heart of the matter. Regardless of all the legal contents being put forward by claimant states to substantiate their claims, it all boils down to this: if there

is political will on the part of these claimants to seek resolution and compromise, then legal recourse offers a viable way out. If, however, claimant states insist on the “indisputable sovereignty” of their respective claims, then international law will fall by the wayside as strategies of self-help will be pursued.

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Southeast Asian Case Studies

Can Indonesia Fulfill Its Aspirations to Regional Leadership?

Joseph Chinyong Liow

There is much talk today about Indonesia's rise and aspirations to regional leadership as a middle power. Supporters of this proposition often cite a raft of facts and statistics to validate this claim: Indonesia's impressive economic growth rates in recent years (averaging six percent) relative to other Asian countries, its young population and vibrant democracy, its size and enormous natural resources, etc. These are necessary conditions for regional leadership; yet on their own they are insufficient. Leadership in international affairs is not just about sitting at the table, nor is it solely about brandishing a country's potential; it is about what an aspiring power can bring to the table, what sort of following it can muster, and how it can contribute to and promote peace and stability.

This article looks beyond the factsheets and unpacks the notion of Indonesian leadership by assessing key initiatives associated with Indonesia in terms of the intent and objectives behind them, their overall effect (and effectiveness), how they were received by the region, and whether such initiatives are the best means through which Indonesia can

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_12

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play a leadership role toward the ends of regional stability. It considers three recent high-profile initiatives, in particular, that are associated with Indonesia: (1) the ASEAN Security Community concept; (2) the Bali Democracy Forum; and (3) the proposal for an Indo-Pacific Treaty.

INDONESIAN LEADERSHIP IN HISTORICAL CONTEXT

While it is in vogue to talk about Indonesian leadership today, one should realize that this proposition that Indonesia is a regional actor of considerable consequence which can influence its geostrategic neighborhood in significant ways is not new. Indeed, the proposition is as old as independent Indonesia itself, though historians might even trace it further back to the kingdom of Majapahit and the rise of Javanese hegemony in archipelagic Southeast Asia. Soon after independence in 1949, President Sukarno sought to position Indonesia alongside India as a leader of the non-aligned world. In return, Indonesia found itself courted by the major powers of the day—the United States, the People’s Republic of China, the Soviet Union. Yet, as events unfolded, Indonesian adventurism under Sukarno proved to be a source of great instability in the region, particularly in maritime Southeast Asia when his policy of “Konfrontasi” (Confrontation) to “Ganjang Malaysia” (Crush Malaysia) strained relations with Malaysia and Singapore.

The damage of the failed campaign against the formation of Malaysia to Indonesia’s regional reputation in the eyes of its neighboring states, and some major powers from the Western world as well, was slowly but adroitly repaired by Sukarno’s successor, President Suharto, his capable foreign minister, Adam Malik, as well as key figures of the military intelligence who worked to cultivate counterparts in the region and beyond. Suharto moved quickly to shift Indonesia’s foreign policy stance away from the adventurism associated with his predecessor toward greater self-restraint. This he did through a deliberate act of regional leadership “from the rear.” Unlike Sukarno, who harbored intense suspicions of regional organizations, particularly those such as the Association of Southeast Asia (ASA) and the Southeast Asia Treaty Organization (SEATO), whose membership included West-leaning members, Suharto welcomed the formation of ASEAN. Not only that, he was also prepared to compromise in order to ensure the association’s survival.¹ This created conditions for a thawing of relations with key Southeast Asian neighbors, and anchored almost three decades of peace and stability among ASEAN states.

Indonesia's credibility and regional status as *primus inter pares* within ASEAN during the presidential tenure of Suharto was severely crippled by the 1997–1998 Asian financial crisis, which brought an end to Suharto's 32 years in office and Indonesia to the brink of disintegration. With national attention and resources preoccupied with the considerable challenges that came after the fall of Suharto, Indonesian foreign policy drifted even as ASEAN relevance and credibility came under intense scrutiny. Against this backdrop, Indonesia prepared to host the Ninth ASEAN Summit in 2003, which occasioned an attempt on Jakarta's part to return to a position of leadership in ASEAN, albeit not one in the mold of self-restraint that had characterized Indonesian activism within the region under Suharto.

THE ASEAN SECURITY COMMUNITY, 2003

At the Ninth ASEAN Summit held in Bali, Indonesia, in October 2003, Indonesia proposed the concept of an ASEAN Security Community, which was later adopted as one of the three pillars of ASEAN (the other two being the ASEAN Economic Community and the ASEAN Social-Cultural Community). Collectively, the three concepts became part of Bali Concord II, a signal document for the regional organization as it came out of the Asian financial crisis. Indonesia was assigned to lead and coordinate the development of a Plan of Action that would operationalize the ASC. In February 2004, Jakarta formally presented a draft Plan of Action for an ASEAN Security Community, which contained 70 proposals. After several revisions, the ASEAN Security Community Plan of Action was adopted by ASEAN at the Tenth ASEAN Summit in Vientiane, Laos, in November 2004. Notably, the ASEAN Security Community blueprint on which ASEAN eventually settled differed considerably from Indonesia's draft Plan of Action.

The inception of the ASC can be traced to an earlier paper authored by Rizal Sukma, an influential foreign policy think-tanker from the Jakarta-based Centre of Strategic and International Studies, which had as its opening premise the view that “the need to cooperate in political and security area was conspicuously absent in the founding document of the Association.”² Sukma argued that in order for ASEAN to retain its relevance, it needed to “strengthen its capability to prevent and resolve conflicts and disorder.” Sukma's paper formed the intellectual foundation upon which Indonesia's draft Plan of Action was built and presented to

the association. While the draft Plan of Action did not depart from ASEAN's cherished norms of non-interference in domestic affairs and consensus-based decision-making, it did raise issues that ASEAN had hitherto tended to elude. They included calls for the signing of an extradition treaty and a non-aggression treaty, formation of a human rights commission, commitment to regular elections, open access to information, and the creation of a social climate of tolerance and transparency. The most controversial element was the proposal to establish a regional peacekeeping force to tackle situations of civil conflict and humanitarian crisis. The contents of the draft Plan of Action were undoubtedly bold and ambitious. They were also ahead of their time, for it was not until the creation of the ASEAN Charter in 2007 that at least some of these proposals were adopted.

Several developments informed Jakarta's move to seize the opportunity of the Bali Summit to launch a major initiative. Based on a range of statements made by representatives from the Indonesian foreign policy establishment, deeper ASEAN integration and closer cooperation on security matters were necessary in response to a new strategic environment. Two particular concerns in this regard were ASEAN's impotence during the Asian financial crisis and its recent expansion. Both events threatened the credibility of the association and threatened to undermine its effectiveness, which, in turn, compromised its claim to centrality in regional affairs.

Notwithstanding these pressing concerns, Indonesian proactivism at the 2003 Bali Summit was also prompted by a strong sense that the time had come for Jakarta to break out of its diplomatic dormancy and lay claim to a role in shaping the future of the region by reasserting Indonesian primacy in Southeast Asia. Indeed, Sukma himself tellingly cautioned that if Indonesia failed to push closer cooperation through the ASEAN Security Community, it "would need to wait ten years before its turn comes again."³ Indonesia's push for the ASEAN Security Community was further informed by domestic pressures on two other counts. First, the previous year (2002) saw Indonesia lose its case against Malaysia at the International Court of Justice over the ownership of the islands of Sipadan and Ligitan, which provoked a strong nationalist backlash in Indonesia. In response to that episode, the ASEAN Security Community was envisioned to provide a platform for regional states to manage, if not resolve, bilateral differences. Second, the inclusion of references to democracy and human rights as part of what Indonesia wanted to see as the core values of ASEAN

via the ASEAN Security Community was also, in part, due to domestic pressure, particularly from increasingly vocal and active civil society and lobby groups.

The Indonesian draft for the security community received a cautious reception within ASEAN when it was presented. While regional states recognized Jakarta's desire as hosts to table a substantive agenda, the contents of the proposal met with resistance from almost all member states. Founding members such as Singapore, Malaysia, and Thailand responded negatively to suggestions for the establishment of a peacekeeping force, which implied a security and defense function for ASEAN—a path which it had consciously sought to avoid since its formation in 1967. To be sure, the issue was not something new for the founding members. Indonesia had on at least two previous occasions proposed some manner of institutionalized defense cooperation in Southeast Asia: in 1976, it sought unsuccessfully to nudge ASEAN into adopting a formal framework for defense cooperation, and in 1990, former foreign minister Mochtar Kusumaatmadja suggested that Indonesia, Malaysia, and Singapore consider establishing a defense agreement. In both instances, Jakarta's proposals met with staunch opposition as latent suspicions of Indonesian intent were reawakened. The founding members were not the only ones who expressed reservations. Newer member states like Vietnam and Myanmar also harbored misgivings toward the Indonesian proposal, particularly in response to how it implicitly advocated intervention in the internal affairs of member states. The final document, which set out the terms of the ASEAN Security Community, differed significantly from the original Indonesian draft. Rather than push for the establishment of new institutions to enhance security and defense cooperation within ASEAN, it was notable for its conservatism, as it essentially reinforced existing ASEAN norms and values.

BALI DEMOCRACY FORUM, 2008

In 2008, Indonesia organized the inaugural Bali Democracy Forum with a view to showcase its successful transition from authoritarian rule to a full-fledged, functioning democracy within a few years. Thus far, it remains the only inter-governmental forum where discussions revolve around democracy and political development in the region. The chief architects were the former foreign minister Hassan Wirajuda, and Indonesia's director of public diplomacy Umar Hadi. The brainchild of the forum, however, is

believed to be President Susilo Bambang Yudhoyono. On its website, the Bali Democracy Forum claims that it aims to be “an annual, inclusive and open intergovernmental forum on the development of democracy in the Asia-Pacific region. The forum promotes regional and international cooperation in the field of peace and democracy through dialogue-based sharing of experiences and best practices that adhere to the principle of equality, mutual respect, and understanding, with the participating countries sharing its ownership.” In order to achieve these lofty goals, an Institute for Peace and Democracy was created and tasked to organize workshops and undertake research to support the Bali Democracy Forum and its objectives. Such was the draw of the forum that in 2013, more than 12 heads of government and representatives from more than 80 countries and nongovernmental organizations attended.

The creation of the Bali Democracy Forum signaled Indonesia’s intention to make the promotion of democracy a key element of its foreign policy and a niche issue area in which its diplomacy hoped to make a regional, if not global, contribution. Such aspirations were understandable given Indonesia’s own successful transition to democracy. Further informing the creation of the Bali Democracy Forum was the belief that the promotion of “Western-style” democracy would be counterproductive and inappropriate for Asia given the diversity of cultures, histories, and political systems. Regardless of the striking similarities between Indonesian democracy and what we are broadly told constitutes “Western-style” democracy (namely, the emphasis on elections, human rights, and freedom of the press), the view from Jakarta was that through the socialization of undemocratic regimes in the non-threatening venue of the Bali Democracy Forum, they may become more open to the language and process of democratization. Such subtle proselytization aside, the forum served the domestic purpose of enhancing the ruling government’s democratic credentials. This dual purpose is captured in the following report from the Jakarta Post: “Through the (Bali Democracy) Forum, the country can advance its role on the global stage and protect its democracy from exposure to an undemocratic region. It also serves to remind our neighbors about the importance of a working democracy.”⁴

The Bali Democracy Forum undoubtedly provides an important platform where discussions on the democratization processes and peace building can take place in a non-confrontational setting. States, particularly those considered “undemocratic,” would not feel threatened by the forum, as opposed to, say, a more robust and direct European or North

American style of democracy promotion. While this, on its own, could probably be lauded as a success, it would be a pretty low benchmark. Moreover, this also means that the Bali Democracy Forum merely reinforces regional preferences for form over substance, which continue to define diplomacy in this part of the world. There would hardly be any need for regional “leadership” in this case. Likewise, success is measured by participation rates—both in terms of absolute numbers as well as the level of participation from various governments, which in the past have included the prime ministers of Australia and Japan, and the Sultan of Brunei. So, the usual platitudes aside, how might one assess the effectiveness, if not success, of the forum in a more substantive fashion?

One immediate way is to consider the initiatives or grand ideas it may have spawned. Here, it could well be that any effect the Bali Democracy Forum might have had is likely to be oblique at best. As Don Emmerson rightly surmised as he mused on the hypothetical example of Myanmar: “The Bali Democracy Forum has emphasized process over performance, diplomatic discourse over actual democratization. To my knowledge, the forum has shown no interest in trying rigorously to evaluate its own effectiveness. Its reluctance is understandable in view of the difficulty of the task. If such an assessment were undertaken, however, one might find that exposure to the speeches and especially the corridor conversations at Bali Democracy Forum gatherings did facilitate, however marginally, the liberalizing steps that Myanmar’s president Thein Sein has taken to date.”⁵ Another way is to assess the extent to which the Bali Democracy forum has strongly advocated and pressured for democratization rather than merely serving as a platform for Indonesia (and other participating states) to present its own experiences. Here, criticism has been leveled by civil society groups that the forum does not go beyond merely talking about democracy to advocacy. Even worse, others have suggested by inviting undemocratic regimes, the forum has allowed them to “appropriate the term ‘democracy’ and then to woefully distort its meaning.”⁶ Judged against the considerably more measured objectives of the Bali Democracy Forum, however, these criticisms miss their mark. Indeed, its organizers made clear from the very outset that the Bali Democracy Forum would be a forum, and not an advocacy group. A more trenchant critique would be the lack of support that the Indonesian government has provided to the Institute of Peace and Democracy in order to enable it to drive the Bali Democracy Forum. Arguably, its incapacity accounts for the forum’s

inability to move from a discussion platform to incorporate an action-oriented agenda, as desired by civil society activists and participants. In the final analysis, the forum still does not have the institutional or procedural mechanisms to facilitate democratization in the region; it remains very much a “talk shop.”

THE INDO-PACIFIC TREATY, 2013

On May 16, 2013, Indonesia’s dynamic foreign minister, Marty Natalegawa, proposed the signing of an Indo-Pacific “Treaty of Friendship and Cooperation” during a keynote address at a conference in Washington, D.C. In Natalegawa’s words, “I am of the view that we should be ready to work towards an Indo-Pacific wide treaty of friendship and cooperation—a commitment by states in the region to build confidence, to solve disputes by peaceful means, and to promote a concept of security that is all encompassing; underscoring that security is a common good.”⁷ The Indo-Pacific Treaty was envisaged to give form to the foreign minister’s concept of dynamic equilibrium, which he used to describe the environment in the Indo-Pacific, and which refers to the “absence of preponderant power not through the rigidity, rivalry and tensions common to the pursuit of a balance of power model,” but “through the promotion of a sense of common responsibility in the endeavor to maintain the region’s peace and stability.” The treaty would address what he identified as three key areas: (1) a “trust deficit” between some states in the region; (2) the existence of unresolved territorial claims; and (3) a rapid transformation of regional states that affects the relationships between them. In December 2013, Yudhoyono took the discussion a step further, proposing that the treaty take the form of a legally binding framework.

The Indo-Pacific Treaty aims to adopt ASEAN’s chief conflict management instrument, the 1976 Treaty of Amity and Cooperation (TAC), for the wider Indo-Pacific region, on account of its purported success in facilitating the management of distrust and division within Southeast Asia. At the same time, the Indo-Pacific Treaty would, arguably, be more ambitious given that it would also “anticipate conflict in the region, offering a preemptive mechanism for conflict prevention and resolution.” Similarly, Natalegawa’s suggestion, when queried over internal conflicts in the region, that intervention might be a feature of the treaty clearly departs from ASEAN’s non-intervention principle.⁸ Despite Yudhoyono’s calls for

a legally binding treaty, Indonesia has yet to provide any blueprint as to how the treaty would be arrived at, or even what form it might take.

Shorn of rhetoric, the Indo-Pacific Treaty is in many ways hardly new. The idea for a mechanism to anticipate conflict sounds suspiciously like the ASEAN Regional Forum's (ARF's) numerous failed attempts to introduce preventive diplomacy into its activities, while the ASEAN TAC, along the lines of which the Indo-Pacific Treaty is supposed to be modeled, already has more than 30 high-contracting parties, far more than what the Indo-Pacific Treaty would cover. Even if the geographical scope of the Indo-Pacific Treaty is wider, the fact that the TAC has had hardly any impact on escalating tensions over competing claims in the South China Sea would invariably cast doubts on the utility of such a treaty.

Identifying the Indo-Pacific as a geopolitical entity is one thing, extending that to an institutional expression is another. Natalegawa's message of how security is a common good, and that the security of regional states is interlinked, is a timely reminder of their collective interest in stability in the Indo-Pacific. But the leap from that acknowledgment to the establishment of an institution in the form of a treaty is a sizeable one. While tabling the idea is laudable, the question remains whether Indonesia can make it happen. Given that existing institutions and mechanisms—for which there are many—have not been able to ameliorate tensions on regional states, it is difficult to see how an Indo-Pacific Treaty can be a game changer.

INDONESIAN AMBITIONS IN CONTEXT AND RETROSPECT

Several observations can be made following this brief survey of recent initiatives that Indonesia has proposed in order to stake a claim to leadership in regional affairs. First, while these initiatives certainly provide food for thought, with perhaps the exception of the ASEAN Security Community, the Bali Democracy Forum and the Indo-Pacific Treaty are long on ambition but short on substance. There is little indication how these ideas might navigate structural obstacles such as the sanctity of ASEAN norms, or ideational obstacles in the form of residual suspicions that some neighboring states still harbor toward Indonesia. Second, while it is true that regional states acknowledge Indonesia as "first among equals," this has not been at the expense of their own interests, which in certain instances involve perspectives that are fundamentally divergent from Jakarta's. Cases in point would be Thailand's insistence that

ASEAN take a strong stand against Vietnamese aggression in Kampuchea during the Third Indochina War and Indonesia's inability to push through Timor Leste's membership in ASEAN.

Third, Indonesia's attempt to put forward ambitious, but vague, initiatives goes against the grain of regionalism in East Asia. Southeast Asian states have consistently preferred bilateral means to deal with the most pressing of security challenges. Consider disputes between Thailand and Cambodia over Preah Vihear, Malaysia and Indonesia over Ambalat, Singapore and Malaysia over Pedra Branca, and even the Philippines' move to take China to the International Tribunal of the Law of the Sea. In all these instances, regional states have clearly chosen the bilateral approach. Moreover, insofar as multilateral approaches have been preferred, they tend to be incentivized by shared concerns. ASEAN's very formation and survival in its first two decades was driven by reservations over Vietnamese ambitions, while the creation of the East Asia Summit was triggered by ASEAN's collective fear of being rendered irrelevant in the wake of the rise of China and India. In the case of all three initiatives (including Indonesia's original draft Plan of Action for the ASEAN Security Community), it has never been clear what the shared concerns are.

Perhaps the greatest challenge of all for Indonesia is whether it can mitigate the rising tension caused by intense strategic rivalry between major powers in East Asia. Regional states are increasingly entertaining doubts that America can sustain its rebalance to Asia in the coming years. These doubts are further reinforced by the US foreign policy establishment's current preoccupation with urgent crises in the Middle East and Ukraine. At the same time, China and Japan are ramping up their own regional engagement strategies. President Xi Jinping has proffered a new Maritime Silk Route initiative—ironically, announced during his address to the Indonesian parliament on the occasion of his visit to Indonesia in October 2013—to enhance maritime economic cooperation with South and Southeast Asia. It remains unclear what institutional mechanisms will facilitate this objective, or whether it can surmount the tensions that exist between China and Southeast Asia over competing South China Sea claims. What is clear is that China intends to both broaden and deepen its engagement with the region in the coming years, even as it continues its relentless expansion in the South China Sea. Meanwhile, Japan is also enhancing its diplomatic and strategic clout in the region as it seeks to win support for its own territorial disputes with China. Against this

backdrop, grand transformative strategic designs such as Jakarta's proposed Indo-Pacific Treaty must be able to facilitate a *modus vivendi* for these adversarial relationships in order to be credible.

A second point warrants mention. All this major power posturing is taking place amidst a proliferation of regional initiatives, the most recent being the ASEAN Defence Ministers Meeting Plus and the East Asia Summit. Against this backdrop, Indonesia will have to compete for attention in order to be heard above the cacophony, and this will command significant investment of effort, resources, and attention on Jakarta's part.

In the final analysis, careful scrutiny of Indonesia's track record of regional diplomacy will reveal that its most constructive contributions to regional security have not come in the form of big ideas or grand initiatives, but rather through low-key, discrete efforts, including mediation, dialogue facilitation, and the exercise of its good offices. During the Kampuchean conflict, Indonesia played a quiet but pivotal role as ASEAN's interlocutor with Vietnam. It assumed a similar role to facilitate dialogue between the Philippine government and the rebel leadership of the Moro National Liberation Front that culminated in the signing of the 1996 peace agreement. More recently in 2011, Jakarta also contributed to efforts to reduce tensions on the Thai-Cambodian border, where both Bangkok and Phnom Penh claimed ownership of the Preah Vihear Temple, although Jakarta's offer to send observers was eventually declined by Thailand. In 2012, Natalegawa's personal shuttle diplomacy was instrumental in putting ASEAN back on track after the debacle of the Phnom Penh ministerial meeting when the association failed to release a joint communique for the first time in its history because of disagreements over the South China Sea issue.

INDONESIAN FOREIGN POLICY UNDER PRESIDENT JOKO "JOKOWI" WIDODO

Foreign policy has not been a matter of priority for the presidency of Joko Widodo, or "Jokowi" as he is more commonly known in Indonesia. This is understandable given the president's own persona. Jokowi's political experience had for the most part been in municipal administration (he was previously mayor of Solo and governor of Jakarta), and he has continued that emphasis after winning the presidency. Unlike his predecessor

who enjoyed the international stage, Jokowi has shown that he is more comfortable laboring over domestic issues such as infrastructure development and educational reform. Hence, to the extent that Indonesia will continue to harbor aspirations to regional leadership, it will be the diplomatic establishment rather than the presidential palace that will stand at the forefront. Second, as the Jakarta gubernatorial elections demonstrated, Jokowi has been preoccupied with domestic political challenges from the opposition, which require him to mount frequent rear-guard actions against political opponents. Once again, this indicates that domestic issues (and domestic political battles) are likely to exercise Indonesian politics far more than matters of international affairs, and this will likely be the case for the foreseeable future as the president readies himself for his re-election campaign.

CONCLUSION

Indonesia's aspirations to regional leadership are confronted with a host of external as well as internal obstacles. Initiatives such as the Bali Democracy Forum and an Indo-Pacific Treaty, though well-intentioned, still lack the clarity and substance needed to be considered credible blueprints for regional political and diplomatic transformation. It is noteworthy too that regional responses to Indonesia's attempts to play a greater role in the management of regional order via such grand strategic designs have been, at best, equivocal. While Jakarta's proactivism is generally welcome, its Southeast Asian neighbors for the most part prefer that this activism takes place within the edifice, and through the vehicle, of ASEAN. In addition, it is also unclear how major powers, each with its own ideas and strategies of engagement, have received Indonesia's gestures. It is notable, for instance, the scant response that the proposal for an Indo-Pacific Treaty has received from the capitals of major powers. Ultimately, the biggest obstacles to Indonesia's foreign policy aspirations may well originate from within its own domestic politics.

As this article has suggested, in its attempt to contribute to regional stability and security, Jakarta has opted for grand gestures and ideas, which it believes are commensurate with the picture that its factsheets portray. Yet, given the constraints outlined above, and if historical precedents in regard to Indonesian foreign policy activism are anything to go by, it appears that low-key, restrained, but resolute action in the exercise of its good offices is Indonesia's best bet to make a lasting, constructive contribution to regional peace.

NOTES

1. Two examples come to mind. First, in the compromise statement on the “temporary” nature of foreign bases in the region that allowed ASEAN’s founding document, the 1967 ASEAN Declaration, to be signed. Second, when Jakarta decided in 1980 to set aside its concern for China’s creeping regional influence, epitomized in its involvement in the Third Indochina War, in order to stand with regional partners Thailand and Singapore, who held the view that Soviet-sponsored Vietnamese aggression was, at the time, the primary threat to the region.
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3. Rizal Sukma, cited in Amitav Acharya, *Constructing a Security Community in Southeast Asia*. (London: Routledge, 2009), 226.
4. “Bali Democracy Forum: Yodhoyono’s Legacy at Stake,” *Jakarta Post*, September 25, 2014.
5. Donald K. Emmerson, “Regional Efforts to Advance Democracy and Human Rights in Asia,” *Issue Briefs*, October 31, 2012. <http://en.asianinst.org/contents/issue-brief-no-32-regional-efforts-to-advance-democracy-and-human-rights-in-asia-apid-the-pg20-and-a-possible-gain/>.
6. Benjamin Reilly, “Regionalism and Democracy in Asia: The Australia-Malaysia Nexus” in Claudia Tazreiter and Siew Yean Tham, eds., *Globalisation and Social Transformation in the Asia-Pacific: The Australian and Malaysian Experience* (Basingstoke: Palgrave, 2013), 21.
7. Marty Natalegawa, “An Indonesian Perspective on the Indo-Pacific” (key-note address, Washington, DC, May 16, 2013), http://csis.org/files/attachments/130516_MartyNatalegawa_Speech.pdf.
8. “Marty Urges Treaty to Ward Off Indo-Pacific Conflict,” *Jakarta Globe*, August 2, 2013.

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Malaysia's China Policy after MH370: Deepening Ambivalence amid Growing Asymmetry

Cheng-Chwee Kuik

Malaysia and China have seen one of the most cordial and productive relationships in the Asia-Pacific throughout the post-Cold War era, one with implications beyond their bilateral ties. Despite their rocky past during the Cold War due to ideological and political problems, bilateral relations have undergone a transformation since their rapprochement in 1974, evolving from mutual hostility to a mutually beneficial partnership.¹ Malaysia was the first Association of Southeast Asian Nations (ASEAN) country to forge official ties with China. Over the past two decades, despite overlapping territorial claims in the southern South China Sea (SCS), the two countries have pursued close collaboration on both

The author would like to thank the support of the Princeton-Harvard China and the World Program and the Lynde and Harry Bradley Foundation Fellowship while writing this article.

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan-Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_13

geopolitical and economic matters. Malaysia has, along with its neighbors, played a vital role in promoting ASEAN–China dialogue as one of the key pillars of the post–Cold War Asian regional order. The convergence of the two countries’ worldviews and geoeconomic interests was instrumental in the formation of ASEAN+3 (APT) in 1997 and the East Asia Summit (EAS) in 2005.² Malaysia has been China’s largest trading partner in the ASEAN region since 2009, contributing approximately a quarter of the overall ASEAN–China trade volume. In 2013, it became the third Asian country after Japan and South Korea to surpass 100 billion dollars in trade with China. Its location between the Indian Ocean and the Pacific Ocean makes it an important strategic point for China’s energy security and regional connectivity initiatives (e.g., the Maritime Silk Road). Perhaps more importantly, Putrajaya’s non-confrontational position on the SCS issue as well as its low-key approach to US rebalancing (compared to Manila and Hanoi’s open embrace) is welcomed by Beijing. Malaysia will take over the chairmanship of ASEAN in 2015. Its relative size notwithstanding, its “equidistant” policy vis-à-vis the major powers—coupled with its historical role in the institutional development of ASEAN and ASEAN-led forums as well as the prospect of its strategic realignment—all make it one of the potential regional swing states in a fluid geopolitical environment. In October 2013, during President Xi Jinping’s three-day visit to Malaysia, the two countries elevated their ties to a “comprehensive strategic partnership” and designated 2014 as “Malaysia–China Friendship Year.” Bilateral relations appeared to be at their best in history.

In a matter of a few months in the first half of 2014, however, relations were tested through a series of unprecedented events. These included the reappearance of Chinese vessels in Beting Serupai (James Shoal in English and Zengmu Ansha in Chinese) in January after a similar occurrence in March 2013 and the mysterious disappearance in March of Malaysian Airlines flight MH370, two-thirds of whose passengers were Chinese citizens. The furious reaction in the Chinese media and cyberspace as well as the pressure from the Chinese government caught many Malaysians by surprise. As emotions ran high in China with netizens posting angry comments against Malaysia, certain groups taking to the streets, and some even calling for a boycott of all Malaysian things, many in Malaysia felt rattled. A former envoy described China’s reaction as revealing its “bullying tendency” and called for Putrajaya to “review its ties with China.”³ The backlash came at a time when the two countries were celebrating the fortieth anniversary of diplomatic ties. The abduction

of a Chinese tourist in Semporna in Malaysia's eastern state of Sabah by the Abu Sayyaf militants on April 2, as Prime Minister Najib Tun Razak lamented, heightened the tension. Reflecting frustration with the seemingly never-ending bad news, Najib said, "[T]here may be those who were attempting to drive a wedge between us and China. They may be trying to take advantage of the situation."⁴ On May 6, another Chinese citizen was kidnapped from a fish farm in Lahad Datu, Sabah. The tourist and the fish farm manager were released in late May and early July, respectively; however, the ill-fated MH370 has remained missing.

What impact do these events have on Malaysia–China relations? This article analyzes how the Beting Serupai incidents have impacted Malaysia's evolving SCS policy, then assesses the impact of the MH370 and Sabah kidnapping incidents on bilateral relations. Finally, it makes an overall assessment of the implications of these events, focusing on the developments after Najib's visit to Beijing in May–June 2014.

THE BETING SERUPAI INCIDENTS AND MALAYSIA'S EVOLVING SOUTH CHINA SEA POLICY

Although the disappearance of MH370 has attracted more extensive media coverage, the reappearance of Chinese vessels in James Shoal in January 2014 (hereafter the "Beting Serupai 2" incident)—together with the "Beting Serupai 1" the previous year—engendered the adjustments in Malaysia's security policy. On March 26, 2013 four vessels led by the PLA Navy's latest amphibious landing ship, the *Jinggangshan*, sailed into the waters of Beting Serupai, a collection of submerged rocks located 80 km from Bintulu in Malaysia's Sarawak state and about 1800 km from China. The visit to the southernmost tip of China's expansive territorial claims, which followed several days of naval exercises in the Spratlys, staked its claim to the areas.⁵ After a few days of silence, on April 1, the spokesman for Wisma Putra (Malaysian foreign ministry) stated: "Malaysia conducts regular patrols in the South China Sea, but upon checking with the Royal Malaysian Navy and Malaysian Maritime Enforcement Agency, they did not report any sightings of the said Chinese navy ships within the vicinity of Malaysia."⁶ Despite this public statement, Malaysia privately protested to China over the incident. In April, a Chinese ship returned to the shoal to leave steel markers to assert its claim.⁷ On January 26, 2014 a three-ship flotilla comprising an amphibious landing craft and two destroyers from the South Sea Fleet of the PLA Navy conducted exercises in Beting

Serupai, with hundreds of naval personnel standing on a warship's deck for an oath-taking ceremony pledging to defend China's sovereignty. Both incidents were publicized by China's state media.

The impact of the incidents was three-fold. First, they pushed Malaysian policy elites to begin questioning their long-held view that China's policy toward Malaysia over the SCS is benign, e.g., Abdul Razak Baginda noted that, in August 1999, while Manila protested vehemently over Malaysia's construction of structures on Terumbu Peninjau (Investigator Reef) and Terumbu Siput (Erica Reef), Beijing's response was low-key.⁸ Zakaria Haji Ahmad observed in 2005 that Malaysia does not believe that China will enact policies harmful to Malaysia: "It will be benign."⁹ Vice Admiral Noor Aziz Yunan of the Malaysian Maritime Enforcement Agency wrote in 2011 that "[u]nlike Philippines and Vietnam, there has been no incident of clashes between Malaysian and Chinese forces nor Brunei and Chinese. There have been sighting reports of Chinese survey vessels and warships in the area of dispute; however, no untoward incident has happened."¹⁰ Shahrizan Lockman wrote that unlike Manila and Hanoi, Beijing "hasn't publicly objected to Malaysia's oil and gas explorations in the South China Sea."¹¹ Non-Malaysian analysts have made similar observations. Two researchers at the International Institute for Strategic Studies (IISS) pointed out that while Vietnam and the Philippines have occupied some Malaysian-claimed territory, China has not made a territorial presence in any of the areas claimed by Malaysia in the southern Spratlys.¹²

After March 2013, however, some Malaysian analysts started to voice their concern about China's changing policy in the disputed areas. Tang Siew Mun commented that China's display of its military might in the vicinity of Beting Serupai "may prove too close for Malaysia's comfort," and that China's move "is a strategic mistake as Kuala Lumpur has been one of the most moderate voices in counseling for reason and diplomacy when others pushed for a hard balancing approach."¹³ Beting Serupai 2, arguably, has had a bigger psychological impact on Malaysian policy elites because the second occurrence suggests that there might be more such encounters. After China's incursion in 2014, Tang remarked that for some time, Malaysia had believed in its "special relationship" with China, but the incidents showed "over and again that when it comes to China protecting its sovereignty and national interest, it's a different ball game. . . . It's a wake-up call that it could happen to us and it is happening to us."¹⁴

Even before the Beting Serupai incidents, there had been indicators that Malaysia had become more concerned about China's actions over the SCS.

In May 2009, China attached a nine-dashed-line map to a protest it lodged against the Malaysia–Vietnam joint submission to the United Nations Commission on the Limits of the Continental Shelf (UNCLCS). A former head of the Malaysian foreign ministry publicly opined that China's map and its assertive actions in the SCS “have created doubts, uncertainties and concern about China's actual intentions.”¹⁵ In September 2010, Najib remarked in New York: “Malaysia does not see China as indulging in power projection, but [Malaysia] wants to engage with major powers to achieve a balance in the region,” adding although “China has become more assertive than ever before, we believe China would not want to destabilize the region.”¹⁶ While the statements were couched in a generally positive tone, the fact that Najib openly used the term “assertive” to describe China and talked about power-balancing can be seen as an indicator of growing unease about Beijing's policy.

At the Council of Foreign Relations in September 2013, Najib said China needs to handle the issue of conflicting territorial claims with its neighbors more as a problem “between friends” than a conflict with one another.¹⁷ When asked if the new Chinese administration “is more understanding” of the need to handle the territorial issue as a problem between friends, Najib responded: “We are getting mixed signals from China, to be frank with you,” and added that China “has problems with Japan, they have problems with Vietnam and the Philippines,” and “if they have problems with Malaysia, then the world will begin to wonder that all these countries can't be wrong.”¹⁸ While it remains unclear if Najib's rare candid remarks were a direct reaction to Beting Serupai 1, his statements clearly reflected the smaller state's growing anxiety over China's actions in the disputed waters. Beting Serupai 2 has increased the Lilliputian's apprehension of the giant neighbor's future actions.

The second impact of the Beting Serupai incidents is that Malaysia is hedging more deeply in the face of an increasingly powerful and assertive China. This takes three forms: 1) projecting a posture of beefing up its defense in the SCS, e.g., by announcing the establishment of a marine corps and a new naval base in Bintulu; 2) enhancing military partnerships with the United States and other regional players, e.g., Vietnam; and 3) working to promote ASEAN unity on the SCS issue.

Third, despite these adjustments, Malaysia has adopted a seemingly contradictory stance of developing a closer and more comprehensive relationship with China, by sending positive signals that it has not diverted from its equidistant position and non-confrontational policy toward

China, while taking pragmatic steps to deepen bilateral collaboration under the comprehensive strategic partnership framework. Interviewed by the Japanese media during his visit to Tokyo in May 2014, Najib emphasized that growing territorial conflicts should not jeopardize the “strategic importance” of Malaysia–China relations: “We must look at the big picture and not define relations with China on a single-issue basis but look at the broad spectrum of the relations, and recognize the strategic importance of our bilateral relationship with China.”¹⁹ About a week later, a joint communiqué by Najib and his counterpart Li Keqiang “reaffirmed their commitment to handling bilateral relations with a strategic, comprehensive and long-term perspective.” On the SCS, they “emphasized that all sovereign states directly concerned shall exercise self-restraint and settle their differences by peaceful means,” and “recognized the fact that intervention or involvement of parties not directly concerned could be counter-productive and further complicate the aforementioned differences.”²⁰ This language reflects persistence in not letting the territorial issue affect overall ties.

The fact that the two Beting Serupai incidents were not widely reported in the local media is a sign of a desire to look at the “broad spectrum” of relations, which underpins Malaysia’s cautious and non-confrontational approach in responding to the increased sighting of Chinese ships in the Malaysian Exclusive Economic Zone, displaying the will to protect its sovereign and maritime interests without overreacting. Hence, while it has been sending naval assets to monitor the activities of Chinese coast-guard ships near the Malaysian waters to demonstrate determination to defend its interests, Malaysia has chosen to do so in a “minus-one” approach, dispatching one ship fewer than the Chinese vessels in the areas to send a gentle and neighborly signal to Beijing.²¹ In addition, in a move aimed at avoiding problems of miscommunication, it has been the practice for Malaysian navy and maritime enforcement ships operating in the contested waters to have a Chinese-speaking staff member on board.²²

IMPACT OF MH370 AND SABAH ABDUCTIONS

Whereas the Beting Serupai incidents resulted in an adjustment in Malaysia’s security policy, the impact of MH370 and the Sabah kidnappings is primarily in economic and perceptual terms: a hit on Malaysia’s tourism industry and a less-than-positive image of each other in the eyes of the populace and the elites. For years, Malaysia has been a popular holiday destination for the

Chinese, part of the “Xin-Ma-Tai” (Singapore-Malaysia-Thailand) tourism route. Chinese travelers are the fastest growing tourism market for Malaysia with 1.79 million visiting in 2013. After the disappearance of MH370 on March 8, however, many Chinese tourists and travel agencies shunned Malaysia as a result of their disapproval of its handling of the investigation and the perceived lack of information. In the next two weeks, three top travel agencies in China reported a sharp drop in travelers to Malaysia.²³ The trend continued after the abductions of Chinese nationals in Sabah. The number of tourist arrivals from China declined 20 percent in April, and 32 percent in May compared with the same period the previous year.²⁴ In August, a double-digit decline continued.²⁵ This was one factor raising concerns about the possible repercussions of deepening commercial ties with the Asian powerhouse, highlighting the need for economic diversification.²⁶

Another impact of MH370 was changing mutual perceptions. After the tragedy, many in China have accused Malaysia of being incompetent, opaque, and even deceitful due to its authorities' missteps and contradictory statements. Some Malaysians saw China's reactions, including the state-sanctioned protest at the Malaysian embassy in Beijing, as unfriendly and hypocritical. Karim Raslan wrote that the “whiplash-like anger of the Chinese public left much of Putrajaya worried about how future bilateral relations could develop.”²⁷ Ahmad Mokhtar Selat described Beijing as showing its “true colors” in dealing with smaller neighbors: “All this while, China has bullied the Philippines and Vietnam. So Malaysia has to be careful.”²⁸ Munir Majid opined that “China is becoming a great power that will assert its interests without special favors, and which, worryingly, is all too often captive to raw and unreasoning nationalism.”²⁹ *The Washington Post* commented that the Chinese government appeared to see an opportunity to ride on the anger of the victims' families and the public to bolster its own nationalist credentials.³⁰ A Chinese official interviewed by CNN claimed that the Chinese government had to “tolerate” the protests in order to let the affected families and public “express anger while keeping them restrained” and preventing them from shifting the target to the Chinese authorities.³¹

As perceptions shifted, trust eroded, and sentiments ran high in some quarters in both countries, governmental decisions were delayed, including China's proposal to open a consulate in Sabah's capital Kota Kinabalu, Malaysia's plan to open a consulate in Guangxi's capital Nanning, and sending two giant pandas to Kuala Lumpur. Later, in an apparent attempt to repair the damage to bilateral ties, Chinese Ambassador Huang

Huikang held a press conference in Kuala Lumpur, telling reporters that “radical and irresponsible opinions” aired by some Chinese families, internet users, and celebrities “do not represent the views of Chinese people and the Chinese government”, and that “China and Malaysia are sincerely co-operating with and trust each other.”³² Many observers believe that China’s softening stance was driven in part by geopolitical considerations: Malaysia is an important member of ASEAN, which Beijing does not want to alienate because “it needs Malaysia as a counter-weight to countries like the Philippines and Singapore in its diplomatic strategy in the region.”³³ *The Economist* held a similar view: “In the regional battle of wills with America,” China needs good relations with Malaysia.³⁴ According to another analysis, China would not take any action “that could provide the US with a major strategic advantage at Beijing’s expense.”³⁵ During President Obama’s visit to Kuala Lumpur in April 2014, he stood up for Malaysia by praising its leadership of the MH370 search operation.

Najib visited China from May 27 to June 1, 2014 to commemorate the fortieth anniversary of the establishment of diplomatic ties. The trip held special significance for personal and family reasons. It was Najib’s father, the country’s second prime minister, Tun Abdul Razak Hussein, who established ties in the early 1970s when other non-communist ASEAN countries were hesitant because of Cold War politics. During his six-day visit, Najib met with Xi, Li, and Zhang Dejiang, the three top government leaders. The two sides signed six memoranda of understandings and issued a joint communiqué. The two giant pandas arrived in Malaysia about a week before Najib’s visit. The troubled relationship appears to have recovered from a low point, at least at the official level.

ASSESSMENT: A DEEPENING AMBIVALENCE

The net effect of the above developments over an eventful year signify a deepening of Malaysia’s ambivalent policy, i.e., while the smaller state has continued to develop a closer and more comprehensive relationship with Beijing, it has also adjusted its external posture to hedge against the growing risks surrounding a more assertive China. Such a two-pronged approach is not only aimed at striking a balance between addressing security concerns and maximizing economic benefits deemed politically crucial to the ruling elite’s domestic authority, it is also driven by a pragmatic calculation of repositioning in an increasingly fluid geopolitical environment. This approach is best reflected in Malaysia’s evolving SCS

policy. Diplomatically, Malaysia has appeared to be more committed to a common stance among claimant countries, particularly with the Philippines and Vietnam. Less than a week after the January 26, 2014 incident, Foreign Minister Anifah Aman reportedly made an unannounced visit to Manila and met with his Philippine counterpart. On February 18, officials from Malaysia, Vietnam, and the Philippines met to discuss their policy on the code of conduct for the SCS.³⁶ In late February, President Benigno Aquino visited Malaysia. In April, Najib visited Vietnam. In May 2014, Defense Minister Hishammuddin Tun Hussein declared, "Malaysia and the other ASEAN countries need to work as one entity to preserve the security" and maintain peace in the region.³⁷

Militarily, Malaysia has sought to elevate defense partnerships with the United States and regional countries, while moderately upgrading its own defense posture in the contested waters. It has signaled a desire to draw on US expertise in the establishment of its marine corps.³⁸ During his maiden visit to the United States as defense minister in January 2014, Hishammuddin stated that the two countries are prepared to strengthen Malaysia's maritime capabilities by using the US Marine Corps model.³⁹ There have been frequent visits and port calls of US naval vessels to Sepanggar Naval Base, which houses Malaysia's submarine pen and serves as the headquarters for the Royal Malaysian Navy (RMN) Naval Region 2, responsible for surveillance around the SCS. During Obama's April visit, the relationship was elevated to a comprehensive partnership. Their joint statement "affirmed the importance of safeguarding maritime security and ensuring freedom of navigation and over flight throughout the region, including critical waterways in the South China Sea."⁴⁰

The above adjustments do not mean that Malaysia has departed from its long-held policy of equidistance vis-à-vis the major powers. Neither has it abandoned its non-confrontational approach on the SCS issue. Amid growing apprehension about China's naval assertiveness, it adheres to diplomatic and political approaches in managing the maritime disputes and has avoided following the Philippines' (and to some extent, Vietnam's) footsteps in using upgraded military partnership with the United States as the main leverage to deal with Beijing. To Malaysia, China remains a potential security concern rather than an immediate military threat. Any overreaction would be deemed strategically unnecessary, politically counterproductive, and economically unwise. Since Malaysia has not had any direct, untoward encounters with China on the contested waters, it does not see the urgency to adopt any drastic measures

that might risk changing the status quo. In an hour-long bilateral meeting with Xi Jinping in May 2014, Najib stated that the SCS dispute “must be resolved through dialogue and handled appropriately,” and that ASEAN and China “should work closely together for mutual peace and prosperity” in the region.⁴¹

Malaysia’s long-standing policy on the SCS is to manage the maritime disputes for common peace and prosperity without siding with or confronting any power. In 2013, Najib called for claimants “to jointly develop resources” and “to share prosperity” to avoid conflict,⁴² referring to Malaysia and Thailand’s decision to enter into a joint development zone in the Gulf of Thailand in 1990 as an example. Some international media described this appeal as “siding with China”, presumably because of its allusion to the danger of involving “extra-regional states” in the dispute.⁴³ A closer look, however, indicates that Najib’s reference to “extra-regional states” should not be seen as siding with China. Rather, it was the smaller state’s usual, “subtle” way of signaling to Beijing to be more conciliatory in approaching the code of conduct in the SCS, because protracted delay in producing the code is likely to escalate tensions, inviting extra-regional states to get involved, and adding “yet another layer of complexity to the dispute.” Najib stated that a code of conduct would be “a good starting point” to prevent tensions from escalating, adding: “Should we stray from the path of dialogue and cooperation, we may pave the way for other parties to take remedial action to protect the freedom of navigation and safe passage.”⁴⁴

By insisting on not taking sides and pursuing seemingly contradictory measures—seeking to develop a stronger partnership with China, but quietly adopting some low-key contingency measures to offset possible risks—Malaysia attempts to gain benefits while strengthening its fallback position in the long run. This is quintessentially a hedging approach and is well illustrated by several episodes since 2013. After winning the thirteenth General Election, Najib wrote on his tweet on May 14, 2013: “Had a very productive discussion with @BarackObama. I look forward to growing the Malaysia-U.S. relationship.”⁴⁵ Half a day later, another tweet was added: “Spoke with [Chinese Premier] Li Keqiang over the phone recently. Looking forward to expanding our relationship with China. A vital link for commerce & growth.”⁴⁶ Although the tweets may seem trivial, the fact that the leader and his advisors felt compelled to add the second tweet is indicative of the administration’s sensitivity to the importance of under-scoring Malaysia’s “equidistant” position vis-à-vis the two powers.

On August 29, 2013, Hishammuddin said that Malaysia is not worried about the frequency at which Chinese ships patrol the SCS areas which Malaysia claims, noting that they “can patrol every day, but if their intention is not to go to war,” it is of little concern, and “I think we have enough level of trust that we will not be moved by day-to-day politics or emotions.”⁴⁷ Despite this positive signal to China, on October 10, the minister announced that Malaysia is to set up a marine corps and establish a new naval base at Bintulu to protect the surrounding areas and oil reserves, following the incursion by armed Sulu militants in February. *Jane's Navy International*, however, reported: “The marine corps proposal was planned before the Sulu incursion but has since been prioritized.”⁴⁸ Tang Siew Mun described this as “sending a signal to other parties that the country has the resolve to repel any test of our sovereign interests.”⁴⁹

Ian Storey observed that “there is no way Putrajaya will ever state that their recent defense decisions have anything to do with the South China Sea.”⁵⁰ Instead, it wants to send a signal to Beijing that not only is Malaysia not targeting China, but it is actually very keen on developing a closer partnership, including enhancing military cooperation. When Hishammuddin visited Beijing in late October (less than three weeks after the Bintulu announcement), he invited his Chinese counterpart General Chang Wanquan to visit the base in Teluk Sepanggar in 2014 to launch a “direct-contact” relationship between Malaysia’s Naval Region Command 2 (Mawilla 2) and China’s Southern Sea Fleet Command.⁵¹ After meeting Chang, he announced that the Malaysian Armed Forces and the People’s Liberation Army would hold their first-ever joint exercises in 2014, shoring up defense ties.⁵² Then he made a two-day visit to Vietnam and proposed a “direct connection” communication link between Malaysia’s Maritime Region 1 Base in Kuantan (the east coast of peninsular Malaysia) and Vietnam’s Southern Command to enable the two countries “to contact each other should any problems occur at sea during an operation.”⁵³ Efforts to enhance defense ties with Vietnam have been carried out in parallel with endeavors to strengthen military cooperation with other players, most notably the United States. Hishammuddin’s week-long visit to America strengthened this security partnership. Given the timing of China’s incursion in Beting Serupai (January 26, a week after Hishammuddin’s US trip), it remains a matter of conjecture if this move was a reaction to strengthen US military ties. In late August 2014, Malaysian armed forces and the US marines conducted an eight-day

amphibious exercise near Lahad Datu, eastern Sabah to improve amphibious training, readiness, and interoperability. In September 2014, it was reported that Malaysia has allowed the US Navy P-8A Poseidon aircraft to fly out of its air base in East Malaysia on a “case-by-case” basis.⁵⁴

It is highly unlikely that the Malaysian government would declare that these moves are targeted at China. They are precautionary and survival measures on the part of a smaller state to prepare for contingencies that may arise from *any* party, either the Sulu militants or an unfriendly state. The principal thrust of Malaysia’s China policy—even after the incidents in the first half of 2014—has been a desire to develop a closer, more comprehensive, and mutually beneficial relationship. This is evidenced by the policy direction set after Najib’s China trip, aimed at giving content to the bilateral comprehensive strategic partnership. Upon his return, Najib said a special committee chaired by him would monitor, follow-up, and coordinate the actions required to give substance to all the Malaysia–China agreements “so that there is fresh momentum to the bilateral relations.”⁵⁵ Among the prioritized sectors are trade, investment, finance and monetary, and regional connectivity. The two countries aim to raise the trade volume from 106 billion dollars in 2013 to 160 billion dollars in six years. Malaysia eyes a good portion of China’s outward investments estimated at 100 billion dollars a year.⁵⁶ The sister industrial parks in China’s Guangxi and Malaysia’s Kuantan are regarded as an innovative experiment by two countries in the proposed Maritime Silk Road initiative.⁵⁷ Malaysia is positive about Renminbi internationalization. It is also keen on becoming a founding member of the China-initiated Asian Infrastructure Investment Bank.

Malaysia’s position on these issues is driven not only by economic pragmatism but also by long-term geopolitical considerations. Because of geographical proximity and power asymmetry, it has long viewed China as a permanent factor in its external environment. A senior diplomat who once headed the Malaysian foreign ministry said:

Strategically speaking, China is important to Malaysia because it is a permanent neighbor in the region, unlike, say, the United States which can decide to retreat to its own regional domain far away from Asia. China is here to stay forever, and it will assume super-power status sooner or later. It is pragmatic to establish friendship and understanding with super-powers. Malaysia has always held the view that the correct approach towards China is not to isolate China but to engage China. This is the best way to enable

Malaysia to maintain its non-aligned posture and sustain its own independence in the international arena.⁵⁸

As enunciated by a former Malaysian envoy recently: Putrajaya wants to develop a strong relationship with Beijing so as to “invest in the emerging China,” because the rising power is playing an increasingly vital role in regional and global affairs.⁵⁹

CONCLUSION

Notwithstanding policy adjustments as a result of the Beting Serupai incidents and the MH370 episode, Malaysia has not changed the direction of its China policy. It still chooses not to take sides with or against any power; persists on a non-confrontational approach toward China in the SCS; and pursues deliberately opposite measures in order to keep a fallback position. Its growing apprehension of a more assertive Beijing after the incidents, however, has pushed it to adjust its defense and diplomatic postures by seeking a stronger military partnership with the United States while promoting a more united ASEAN stance on the SCS issue, but without jeopardizing Malaysia–China relations. This hedging approach is primarily attributed to a relatively moderate level of threat perception; it is also rooted in the ruling elites’ domestically-driven economic and geopolitical rationales. Unless China does something that directly threatens Malaysia’s fundamental interests, the approach is likely to persist.

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Vietnam among the Powers: Struggle and Cooperation

Mark Manyin

Like other countries in East Asia, Vietnam has had to cope with a changed strategic and economic environment forged by China's rise and growing competition between China and Japan. Although Vietnam's relationship with China is its most important, Vietnamese leaders have sought to hedge against becoming too dependent on and vulnerable to China by boosting relations with other powers, particularly the United States, Japan, and India. Notably, over the past several years, Vietnam and Japan have expanded their relationship beyond the economic sphere that previously had dominated. Pushed together by the two countries' heightened sense of threat from China, Hanoi and Tokyo have accelerated their strategic cooperation.

The primary variable affecting the pace and extent of future Vietnam–Japan relations is the Vietnam–China relationship. The more intense the threat Vietnamese leaders feel from China's actions, the more likely they are to pursue improved strategic relations with Japan. This was shown during the spring and summer of 2014, when longstanding tensions between Vietnam and China over competing territorial claims in the South China Sea flared after the state-owned China National Offshore

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,
https://doi.org/10.1007/978-981-10-3171-7_14

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Oil Corporation (CNOOC) moved the Haiyang Shiyou (H.S.) 981 exploratory oil rig into waters claimed by both countries. Scores of Chinese ships, including some coast guard and naval vessels, reportedly entered the area escorting the rig. The crisis, which was defused in July when the rig was withdrawn, prompted Vietnamese officials to engage in a flurry of diplomacy with the United States and Japan, including the culmination of a long-discussed agreement by Japan to provide Vietnam with several naval patrol vessels, accompanied by hints that Tokyo would be selling or transferring more security-related hardware in the future.

There are, however, at least two factors inhibiting the development of Vietnam–Japan relations. The first is the pull factor that China exerts on Vietnamese foreign policy, both because of concerns about unduly upsetting Beijing and because of the sensitivity toward China on account of Vietnam’s political system. The second related brake is Vietnam’s proclivity to maintain an “equidistant” foreign policy, in which it does not lean far toward any one side. This approach generally has served it well for the past quarter-century, but it is unclear whether that will continue to be the case if the “win–lose” competition between China and Japan in East Asia deepens. In particular, an intensification of the tensions between China and Japan—as well as between China and the United States—could strip away some of the insulation that has protected the Vietnam–Japan relationship thus far, subjecting it more to the careful calibrations that Vietnamese leaders have had to employ when debating their relationship with the United States.

GREAT POWER RIVALRY IN SOUTHEAST ASIA

Over the past four years, great power rivalries have intensified in Southeast Asia, with the primary competition being between the United States and China. But, since at least 2012, Japan has resurfaced as a significant player through its economic diplomacy and, more recently, its military diplomacy. In contrast to previous periods, when Japan sought to carve out a somewhat independent regional role, it has explicitly associated itself with US policy, aggressively boosting its capabilities to support US influence and expanding its security consultations and relations with Australia as well as the Philippines and Vietnam. Increasingly, the competition is occurring between China on the one hand, and the United States and Japan on the other, with the latter two building bridges to third countries and Beijing seeking to dissuade them from participating in any collective

efforts to oppose China's initiatives. Vietnam has become a significant player in this drama between China and the United States/Japan.

At least three factors have sparked the intensification of great power rivalries in Southeast Asia:

1. China's increasingly aggressive efforts to solidify claims to disputed territories and waters, as well as to weaken the US alliance system's ability to constrain it. Although Chinese officials present their moves as reactive—a response to other nations' moves in the South and East China seas and to US-led moves that allegedly are designed to contain China's rise—most non-Chinese observers see Beijing as the *provocateur*.
2. Increased requests from Vietnamese and other Southeast Asian leaders for a greater presence by outside powers, particularly the United States and Japan, to help them resist what is perceived as China's attempts at creating a hegemon-like situation. Their efforts are conditioned by China's size, particularly its economic importance to the region.
3. The United States and Japan's responses of increasing their role in Southeast Asian international politics, which, not surprisingly, have triggered a Chinese counter-response. In 2011, the Obama administration, with great fanfare, launched its initiative to “rebalance” its priorities toward the Asia-Pacific, a move designed to help shape the region's rules and norms as China attempted to influence them in ways deemed inimical to US interests. Likewise, as will be discussed below, Japan became more assertive, driven by its perception that its intensifying territorial battle with China in the East China Sea was linked to developments in China's battles with other claimants in the South China Sea.

VIETNAM'S STRATEGY: PUSH AND PULL FACTORS

Vietnam is an example of the contradictory pushes and pulls being felt by Southeast Asian nations as they try both to react and shape the new regional situation. On the one hand, its leaders have attempted to increase their leverage against what they perceive as a worrying increase in Chinese influence and territorial assertiveness by attempting to forge a unified Association of Southeast Asian Nations (ASEAN) response and cultivating

stronger relations with outside powers. On the other hand, wariness of provoking a stronger Chinese response has led Hanoi to take these steps cautiously and incrementally. Indeed, the state of the Sino-Vietnamese relationship appears to be the primary variable influencing the pace and scope of Vietnam's partnerships with these other powers.

In many ways, this hedging strategy has been in place for nearly 30 years. Since the mid-to-late 1980s, Vietnamese leaders have essentially pursued a four-pronged national strategy: 1) focus on economic development through market-oriented reforms; 2) advance good relations with Southeast Asian neighbors that provide Vietnam with economic partners, diplomatic friends, and—through ASEAN—the institutional vehicle to promote its desire for middle-power influence; 3) deepen its relationship with China; and 4) simultaneously seek counter-weights to Chinese ambition and influence by expanding relations with the United States, but also with other powers such as Japan and India.¹

This strategic approach reflected a central lesson learned from the Cold War period: Hanoi's interests were often ill-served by leaning on one external power and heavily toward one side in great power rivalries.² In 1978, amidst deteriorating relations with China and after the failure of rapprochement attempts with the United States, Vietnam formed an alliance with the Soviet Union. Combined with its invasion of Cambodia that same year (in response to the communist Cambodian government's incursions into its territory), Vietnam, in short order, found itself with few friends outside of Moscow. Its isolation played a role in the disastrous deterioration of its centrally planned economy over the coming decade, a point that was brought home when Soviet leader Mikhail Gorbachev began to cut back on Soviet patronage.

In response, Vietnamese leaders adopted the landmark Politburo Resolution no. 13 of May 1988, consolidated as doctrine three years later during the Seventh National Congress of the Vietnam Communist Party (VCP), which called for Vietnam to “diversify and multi-lateralize economic relations with all countries and economic organizations . . . and become the friend of all countries in the world community.”³ Turning away from reliance on the Soviet Union, it instead would follow an omnidirectional foreign policy orientation, necessary to secure economic development. This maximized Vietnam's space for maneuver by cultivating as many interdependent ties as possible, a “clumping bamboo” strategy—behaving like bamboo that will easily fall when standing alone, but will remain standing strong when growing in clumps.⁴

Vietnam's Governing Structure

In Vietnam, the Vietnamese Communist Party (VCP) sets the general direction for policy, while the details of implementation generally are left to the four lesser pillars of the Vietnamese polity: the state bureaucracy, the legislature (the National Assembly), the Vietnamese People's Army (VPA), and the officially sanctioned associations and organizations that exist under the Vietnamese Fatherland Front umbrella. The Party's major decision-making bodies are the Central Committee, which has 175 members, and the Politburo, which has 16 members.

Over the ensuing years, Vietnam withdrew its forces from Cambodia, repaired its relations with Beijing and the United States, joined ASEAN, and expanded contacts with virtually all countries. Starting in 2001, it expanded its approach by pursuing "strategic partnerships" and "comprehensive partnerships" with various countries that its leaders deemed important to achieving the goal of integrating with the global community (see [Table 1](#)). Ideologically, this evolution in diplomatic strategy was made possible, among other steps, by guidance adopted in 2003 by the VCP Central Committee's Eighth Plenum, which directed Vietnam to "cooperate" with outside powers for mutual benefit when interests converge and to "struggle" with them when they challenge Vietnam's national interests, such as one-party rule and human rights.⁵

Vietnam's strategy has worked best when tensions with its neighbors are not inflamed and great power rivalries in Southeast Asia remained muted, especially when Vietnam and China are able to insulate their territorial tensions from other aspects of the relationship and, likewise, when a zero-sum competition in the region is kept to a minimum. However, the contradictions in Vietnam's so-called "omnidirectional" approach are many and appear to have become increasingly difficult to manage as China has become more assertive and a Cold War-type environment has settled on the region.

SINO-VIETNAMESE RELATIONS

Over the past decade, Sino-Vietnam relations have followed seemingly contradictory trends, and China acts as both a push and a pull factor on Vietnam's relations with other countries.⁶ This dynamic of ambivalent

Table 1 Partial List of Vietnam's Strategic and Comprehensive Partnerships

<i>Country</i>	<i>Date</i>
Russia	2001
Japan	2006
India	2007
China	2008
Australia*	2009
Venezuela*	2008
New Zealand*	2009
South Korea	2009
Spain	2009
United Kingdom	2010
Germany	2011
Denmark*	2013
France	2013
Indonesia	2013
Italy	2013
Singapore	2013
Thailand	2013
Ukraine*	2013
United States*	2013

* Indicates comprehensive partnership.

Sources: Huong Le Thu, "Bumper Harvest in 2013 for Vietnamese Diplomacy," ISEAS Perspective, 5; Carl Thayer, "Vietnam on the Road to Global Integration: Forging Strategic Partnerships Through International Security Cooperation," Oral Presentation to the Opening Plenary Session Fourth International Vietnam Studies Conference, Vietnam Academy of Social Sciences and Vietnam National University, Hanoi, November 26–30, 2012; and various news sources.

Sino-Vietnamese relations is nothing new. They have a long history of struggle and cooperation, and Vietnamese have tended to view China as both a role model and a potential threat. China ruled Vietnam for over 1000 years until Vietnam successfully fought for its independence in the year 939. China ruled Vietnam from 1407 to 1428, until another rebellion drove it out. Despite this restoration of independence, Ming China continued to exert a profound influence on Vietnamese culture and governance, particularly among the elite.

After China's Communists defeated Chinese Nationalist forces in 1949, Beijing was an important patron for Vietnamese Communists who fought first against French colonial rule and then against South Vietnam and the United States; however, even then relations often were strained. Many

Vietnamese Communists felt betrayed whenever the People's Republic of China appeared to pursue its interests at their expense. Long-repressed tensions resurfaced in the 1970s, coinciding with the US military withdrawal from Vietnam in 1973 and communist Vietnamese forces' defeat of the US-backed Republic of Vietnam in 1975. China seized the Paracel Islands (which it calls the Xisha Islands) from Vietnam in 1974, and it sought to limit Vietnamese influence in Cambodia, which also had territorial disputes with Vietnam. In early 1979, following Vietnam's alliance with the Soviet Union and invasion of Cambodia, China attacked Vietnam for a two-month period, in a brief, but bloody, border conflict, during which the two sides severed relations. Vietnamese forces exacted an unexpected heavy toll on Chinese troops. Military skirmishes continued during the 1980s across their disputed land border.

Hanoi's move to repair relations resulted in rapid normalization of official and party-to-party relations in 1990. Thereafter, efforts continued to maintain good overall relations with its northern neighbor, despite ongoing tensions over competing claims in the South China Sea. Particularly notable were a 1999 agreement to demarcate the countries' land border and a demarcation and fishing cooperation agreement for the Gulf of Tonkin a year later. In 2008, Vietnam and China formed a strategic partnership, which was upgraded to a "comprehensive strategic cooperative partnership" the following year.

By the time these partnership arrangements were formalized, China had re-solidified its status as Vietnam's most important bilateral partner. Maintaining stability and friendship with its northern neighbor is critical for Vietnam's economic development and security. China has emerged as Vietnam's largest trading partner (see Fig. 1), albeit one with which Vietnam runs a large (and rising) trade deficit.⁷ Tourism has mushroomed, with nearly two million—over a quarter of all foreign visitors—Chinese visiting Vietnam in 2013, more than double the number in 2005 (see Fig. 2). China is also an ideological bedfellow, as well as a role model for allowing more market forces without threatening the Communist Party's dominance. Vietnam and China see most global issues through the same lens, and during Vietnam's two-year stint as a non-permanent member of the Security Council from 2008 to 2009, they generally adopted similar positions. Hosting Foreign Minister Yang Jiechi in 2008, Prime Minister Nguyen Tan Dung remarked that "the mountains and rivers of Vietnam and China are adjacent, cultures similar, ideologies shared, and destinies interrelated."⁸ Until the oil rig crisis of 2014, many Vietnamese officials

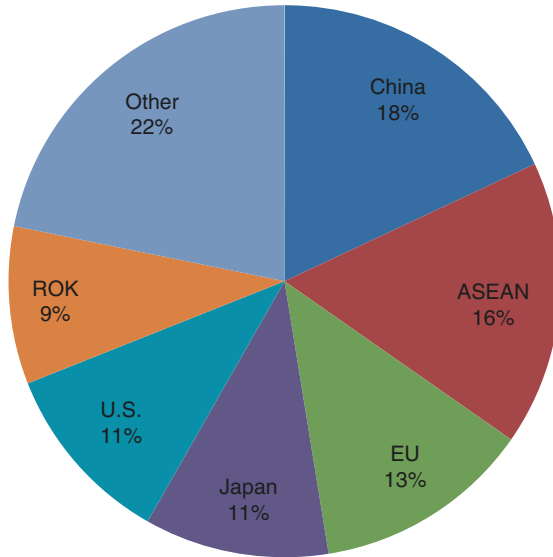


Fig. 1 Vietnam's Major Trading Partners, 2012

Source: General Statistics Office of Vietnam

said that aside from their South China Sea disputes, bilateral relations were proceeding smoothly.

Moreover, the VCP and Chinese Communists Party have maintained strong connections, including over the past five years when bilateral tensions have mounted over competing South China Sea claims. These party-to-party ties provide a vehicle for managing relations that Vietnam lacks with Japan or the United States, depriving both countries of a window into its innermost decision-making circles.

STRATEGIC DYNAMICS

Despite these expanding ties, Vietnam's historical ambivalence and suspicions of China have increased due to concerns that China's expanding influence in Southeast Asia is having a negative effect on Vietnam. The most significant of these have been the two countries' unresolved maritime

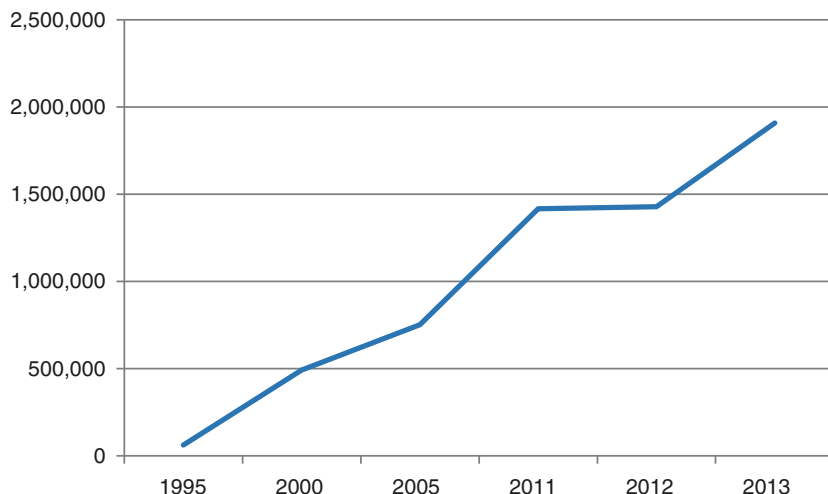


Fig. 2 Foreign Visitors to Vietnam from China

Source: Vietnam General Statistics Office, reprinted by Vietnam National Administration of Tourism

disputes in the South China Sea. Even before the 2014 oil rig crisis, China had taken a number of actions to assert its claims since 2007, including reportedly warning Western energy companies not to work with Vietnam to explore or drill in disputed waters, announcing plans to develop disputed islands as tourist destinations, and cutting sonar cables trailed by seismic exploration vessels working in disputed waters for PetroVietnam. For its part, Vietnam has stepped up its presence in the disputed areas; since 2005, it has been active in soliciting bids for the exploration and development of offshore oil and gas blocks off its central coast and in areas disputed with China, and Vietnam's last two Five-Year Plans, which covered the years 2006–2011 and 2011–2016, placed a strong emphasis on offshore energy development. Both Vietnam and China have seized fishing boats and harassed ships operating in the disputed waters.

In keeping with their belief in the need to struggle as well as cooperate, concerns over perceived Chinese encroachment have led Vietnamese leaders to take steps to lessen their vulnerability to Chinese influence. According to Vietnam's most recent Defense Ministry White Paper,

released in 2009, Vietnam's defense budget increased by nearly 70 percent between 2005 and 2008.⁹ In a move widely interpreted as related to increased maritime tensions, Vietnam in 2009 signed contracts to purchase billions of dollars of new military equipment from Russia, including six Kilo-class submarines that have begun to arrive.

In 2010, Vietnam used its one-year term ASEAN chair to internationalize the disputes, in the hopes it would force China to negotiate in a multilateral setting, rather than Beijing's preferred bilateral manner. The Vietnamese campaign targeted the United States and Japan; a new level of cooperation was seen during the July 2010 ASEAN Regional Forum (ARF) meeting in Hanoi. Secretary of State Clinton, Vietnamese Foreign Minister Khiem, Japanese Foreign Minister Okada Katsuya, and counterparts from nine other nations, including several ASEAN members, raised the issue of South China Sea. Clinton said that freedom of navigation on the sea is a US "national interest" and that the United States opposes the use or threat of force by any claimant. She added that "legitimate claims to maritime space in the South China Sea should be derived solely from legitimate claims to land features," which many interpreted as an attack on the basis of China's claims to the entire sea.¹⁰ Though Okada did not go as far as her, he argued that the South China Sea disputes were best handled in a multilateral setting.¹¹ Chinese Foreign Minister Yang Jiechi reportedly verbally attacked those who raised the issue during the meeting.¹²

Since 2010, Vietnam has intensified its multipronged strategy toward the South China Sea disputes. As [Table 1](#) shows, it engaged in a flurry of partnership diplomacy, adding the United States and several important ASEAN countries. It also increased its push within ASEAN to negotiate a multilateral code-of-conduct with China, and cooperation with the Philippines, another claimant in the South China Sea disputes. A key part of its clumping bamboo strategy has been to deepen military and strategic cooperation and information sharing with Japan, e.g., prior to the 2014 oil rig crisis, Vietnam reportedly proposed convening a trilateral security dialogue with the United States and Japan.¹³

Vietnam has simultaneously sought to avoid moving too fast to unduly provoke China. After the 2010 flare-up of South China Sea tensions, e.g., it sought to improve overall relations with China, both by managing their maritime dispute and by compartmentalizing it. Between 2011 and May 2014, Hanoi and Beijing expanded high-level ties, signed an Agreement on Basic Principles Guiding the Settlement of Maritime Issues, and negotiated a

2013 bilateral agreement creating working groups to discuss joint development in the disputed areas and a hotline to deal with fishery incidents.

Hanoi's response to CNOOC's H.S. 981 deployment epitomizes the tightrope that Vietnamese leaders have attempted to walk between China and its rivals. Almost immediately after the rig was moved into position, Vietnamese patrol boats and fishing boats entered the same waters, leading to a number of collisions. In the initial weeks of the crisis, China reportedly refused to hold high-level bilateral meetings unless Vietnam first agreed to stop harassing the rig, drop its sovereignty claims over the Paracel Islands, abandon plans to pursue legal action against China, and stop trying to involve third parties, such as the United States and Japan. Instead, Vietnam began making preparations for initiating legal action against China for allegedly violating the United Nations Convention on the Law of Sea (UNCLOS),¹⁴ and its diplomats aggressively reached out to partners around the globe for diplomatic support.¹⁵ It, however, dropped many of its more confrontational plans—such as proceeding with legal actions—once China appeared to back down from some of its other preconditions for a meeting. Over the early summer, the crisis was gradually defused, and in July, CNOOC withdrew the rig weeks earlier than scheduled, announcing that it had completed its operations and needed to move the rig to avoid an approaching typhoon. In late August, VCP Politburo Standing Committee member Le Hong Anh, a special envoy of Party General Secretary Nguyen Phu Trong, traveled to Beijing to meet with his counterparts, including Xi Jinping. The two sides agreed “[t]o effectively control sea disputes and not act to complicate or expand disputes . . .” in the South China Sea.¹⁶ At a minimum, Hanoi and Beijing appeared to have halted the downside in their bilateral relationship.

DOMESTIC DYNAMICS

The H.S. 981 crisis revealed how sensitive Sino-Vietnamese relations are in Vietnamese domestic politics. In the days after the rig's deployment, protests erupted inside Vietnam, culminating in Vietnam's worst reported violent unrest in years. Workers in industrial areas on the outskirts of Ho Chi Minh City and in central Vietnam rioted, damaging Chinese, Taiwanese, and other foreign-owned factories and killing at least four foreigners, including at least two Chinese, and wounding scores of others.¹⁷ The riots showed how relations with China increasingly have become a feature of domestic

politics.¹⁸ Leaders have become exceedingly cautious about handling high-profile matters involving China, in part because the leadership is often divided about where Vietnam should be on the struggle–cooperation continuum. These internal battles tend to surface whenever relations with China become tense, as was seen during the 2014 oil rig crisis, when the Politburo reportedly engaged in heated debates over whether to take more confrontational measures, such as initiating international arbitration proceedings against the rig’s deployment and engaging in more overt cooperation with the United States and possibly other outside countries. Reporting on these internal discussions has associated some of Vietnam’s more ideological conservative leaders, such as President Nguyen Phu Trong, who are believed to have a greater affinity toward China, with the less confrontational camp.¹⁹

No other bilateral relationship triggers as much raw emotions at the popular level in Vietnam. Over the past decade, growing numbers of Vietnamese have become angered by what they see as their leaders’ overly solicitous attitudes toward China. Whereas the leadership appears to be debating how best to uphold the status quo with China, voices at the popular level tend to be more strident. As one report puts it, “everywhere in Vietnam, one hears the phrase *thoát Trung*, escape from China’s orbit.”²⁰ The frustrations have focused on Vietnam’s territorial disputes with China and on China’s increased economic presence in Vietnam. These concerns morphed together in the May 2014 riots that followed the oil rig deployment; although there is evidence that the rioters were motivated in part by longstanding labor grievances against a range of foreign-owned factories, it appears that anti-Chinese sentiments, at a minimum, triggered the outburst.²¹

The potency of anti-Chinese sentiment can be seen in the way the Vietnamese government has handled it. Although leaders occasionally allow anti-Chinese protests, in general they attempt to suppress them, particularly because of concerns they will quickly morph into criticisms of Vietnamese government policy. Many of the bloggers and lawyers whom Vietnamese authorities have arrested or harassed over the past five years have criticized Vietnam’s policy toward China and/or have links to pro-democracy activist groups.

VIETNAM–JAPAN RELATIONS

Vietnam’s relationship with Japan appears to be both less significant and less sensitive than its relationships with China and the United States. While no VCP general-secretary has ever visited the United States, two have

traveled to Japan: Do Muoi in 1995 and Nong Duc Manh in 2002.²² When asked about the prospects of such a trip to the United States, government and party officials have said that concerns about upsetting China are among the reasons for the high-level caution.²³

Until recently, Vietnam–Japan relations have tended to be dominated by economic matters. For years after Vietnam launched its *doi moi* economic reforms in 1986, Japan was its most important trading partner, e.g., in 2000, it was the destination of nearly 18 percent of exports—nearly double the share of the second largest market, China (see Fig. 3). That same year, Japan was the source of nearly 15 percent of Vietnam’s imports, compared with nine percent for China (see Fig. 4). However, this shifted rapidly with China’s entry into the World Trade Organization and Vietnam’s normalization of economic relations with the world’s major markets, particularly the United States.²⁴ By 2005, the United States had surpassed Japan as

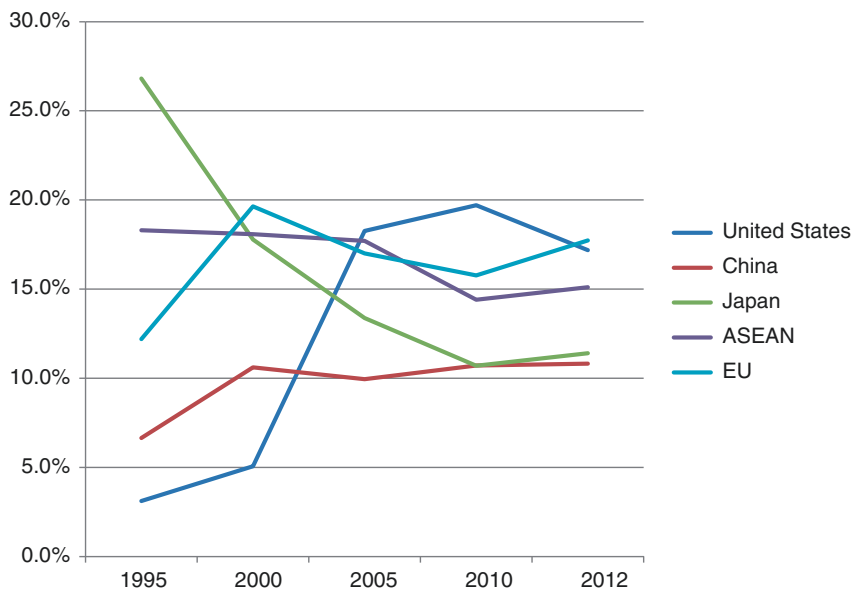


Fig. 3 Shares of Vietnam’s Exports with Top Trading Partners, Selected Years

Source: General Statistics Office of Vietnam

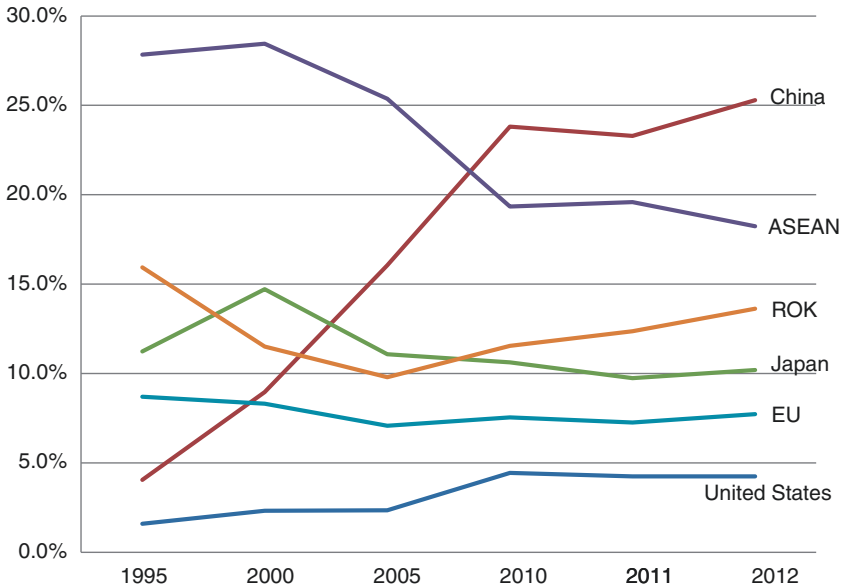


Fig. 4 Shares of Vietnam's Imports from Major Trading Partners, Selected Years

Source: General Statistics Office of Vietnam

Vietnam's largest export market. Meanwhile, first China in the middle of the decade and then South Korea by the end passed Japan on the list of its sources of imports.

Even after being eclipsed by China economically, Japan's primary importance continued to be in the commercial and financial spheres. For nearly two decades, Japan has been Vietnam's largest bilateral aid donor, a status that it retained despite periodic suspensions of assistance due to corruption surrounding Japanese aid projects in Vietnam. In 2008, the two countries signed Japan's equivalent of a free trade agreement (an economic partnership agreement) and three years later, Japan was the first G7 country to recognize Vietnam as a "market economy," which provides significant commercial benefits to Vietnamese exporters. Japan also expanded science cooperation, including orchestrating a Japanese consortium's successful bid to build what is slated to be Vietnam's second

nuclear power plant in the 2020s. In 2013, Japanese companies became Vietnam's largest source of FDI, according to the Vietnamese government.

As part of both countries' efforts to hedge against China's rising power, bilateral cooperation on strategic matters gradually increased, e.g., in 2010, they began annual "2+2" dialogues among senior foreign and defense ministry officials, and in 2013, a MOU on defense cooperation was signed, focusing on increasing cooperation in the areas of humanitarian aid and disaster relief. Also in 2011, Phung Quang Thanh became the first defense minister to visit Japan in 13 years.²⁵ In 2013, the first vice-ministerial defense talks were held, and Japan announced it would begin providing non-lethal military assistance.²⁶ Since at least the mid-2000s, Vietnam has backed Japan's bid to become a permanent member of the United Nations Security Council, a step China has emphatically opposed. However, such cooperation often appeared to be downplayed. For instance, although Foreign Minister Okada Katsuya joined a coalition of countries criticizing China's actions at the July 2010 ARF meeting, an October 2010 joint statement between Prime Ministers Dung and Kan Naoto made no mention of maritime disputes. The statement, issued at the end of Kan's visit to Vietnam, occurred weeks after a major flare-up in Japan's territorial dispute with China over the Senkaku/Diaoyu islets, perhaps indicating an unwillingness by one or both countries to rile Beijing.²⁷

In contrast, by early 2014, neither country hesitated to mention maritime cooperation or maritime disputes. Weeks before CNOOC deployed its oil rig to the South China Sea, a joint statement announcing the two sides' agreement to upgrade relations to an "extensive strategic partnership" prominently featured defense and maritime cooperation near the top of the list of 69 items.²⁸ In August, while visiting Hanoi, Foreign Minister Kishida Fumio announced that Tokyo would provide six used non-combatant patrol ships and "related equipment," reportedly radar, "for the enhancement of maritime law-enforcement capabilities of Vietnam." The two sides agreed to "accelerate" ongoing discussions of Japan's provision of new patrol vessels to Vietnam.²⁹ So far, China's official public reaction to the deal appears to have been muted. Japanese ship assistance had been discussed at least since December, during Dung's visit to Japan.

At least two changes account for the increased Vietnam–Japan strategic cooperation. First, the two increasingly see a convergence of interests on maritime issues. Notwithstanding improvements in Vietnam–China

relations in 2013, as well as China's decision to countenance multilateral code-of-conduct talks with ASEAN, Vietnamese leaders appear to have perceived the strategic environment as continuing to deteriorate, leading them to deepen their cooperation with potential balancers such as Japan, the United States (with which Vietnam signed a comprehensive partnership in 2013), and India. According to a number of sources, the Haiyang 981 deployment only accentuated distrust toward China.³⁰ Increased Chinese assertiveness over the Senkaku/Diaoyu led Japanese leaders increasingly to see the South China and East China Sea disputes as part of the same phenomenon.³¹

Second, the changing power balance in East Asia has led Japanese leaders to expand their network of partners beyond Japan's US ally. In particular, the growing threat perception from China prompted Japan to vastly increase its defense diplomacy, an area that Japan had almost entirely eschewed since the end of World War II. As Celine Pajon has documented, the process began during the Democratic Party of Japan government, which relaxed Japan's ban on military exports, increased security-oriented official development assistance, and initiated a new military assistance program.³² Abe has dramatically expanded Japanese defense diplomacy and involvement in Southeast Asia security matters. In his first year in office, Abe visited all ten ASEAN countries, and chose Vietnam to be the first overseas visit. Under Abe, Japan also has increased security coordination with Australia and the Philippines, including an agreement to send naval patrol vessels to Manila. The Abe government's relaxation of Japan's longtime restrictions on arms exports and his government's historic decision in July 2014 to ease Japan's ban on participating in collective self-defense (CSD) activities could open the door to sales of lethal defense articles to and greater military cooperation with Southeast Asian countries.³³ One goal appears to be to obtain support from East Asian countries for this decision as the Japanese Diet undergoes the process of debating legislation to implement it. Speaking at a press conference two days after the Abe Cabinet announced its CSD decision, Foreign Ministry spokesperson Le Hai Binh expressed cautious if ambiguous support, reportedly stating, "Japan, as an influential country, would contribute to regional peace and stability."³⁴

Unlike China, Japan triggers few, if any, sensitivities inside Vietnam. Improving relations with Japan also has been less controversial than doing so with the United States. This is not only because of the legacy of the Vietnam War. Perhaps more important, Vietnamese conservatives suspect

that Washington is trying to undermine the VCP's monopoly on power; human rights issues occupy a prominent place in the US relationship. In contrast, Japanese leaders rarely, if ever, criticize Vietnam's human rights record. Improving relations with Japan does not face the same domestic constraints as with China or the United States.

CONCLUSION

Over the past several years, shared perceptions of a growing challenge from China have pushed Vietnam and Japan to establish and expand cooperation in the security sphere. If China continues to act in ways that leaders believe are infringing on their sovereignty, Hanoi and Tokyo's interests are likely to further converge. We then can expect more and deeper cooperation, which perhaps would include overt trilateral and/or quadrilateral cooperation with the United States and/or the Philippines on maritime security.

China's gravitational presence, however, exerts considerable force on Vietnam that acts to moderate Hanoi's behavior. For economic, ideological, strategic, and geographic reasons, Beijing remains Hanoi's most important partner, and Vietnamese leaders must calculate how China will react to any large-scale moves. Vietnam–Japan relations thus far appear to be somewhat insulated from these pull factors, e.g., Vietnam formed a strategic partnership with Japan before doing so with China. However, if Sino-Japanese tensions escalate in the years to come and are not accompanied by an acute break between Hanoi and Beijing, Vietnam's outreach to Japan may become more cautious as it strives to maintain a balance between its clumping bamboo and omnidirectional diplomatic strategies.

Thus, the future course of Vietnam–Japan relations is likely to be highly dependent on China's behavior. The more heavy-handed China's assertiveness is from the Vietnamese and Japanese points of view, the more rapidly the two sides will deepen their strategic relationship and perhaps form a *de facto* link to the US alliance system. If China and Vietnam are able to contain their maritime disputes, it is likely that Vietnam will continue its current pattern of slowly building its capacities through incrementally expanding its relationship with Japan, while simultaneously avoiding the most overt forms of cooperation that could trigger a Chinese counter-response. In either case, short of the outbreak of military conflict with China, Vietnam is unlikely to abandon its non-alignment policy by

pursuing a full-throttle counter-balancing strategy against China. Rather, Vietnam's use of Japan as a hedge is likely to be of a softer variety.

*The views expressed in this paper are those of the author and are not presented as those of the Congressional Research Service or the Library of Congress.

NOTES

1. Adapted from Marvin Ott, "The Future of US-Vietnam Relations" (Paper presented at the future of relations between Vietnam and the United States, SAIS, Washington, DC, October 2–3, 2003).
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The Politics of “Struggling Co-evolution”: Trade, Power, and Vision in Vietnam’s Relations with China

Truong-Minh Vu

China’s increasing presence, economically and militarily, has the potential to lead to a Chinese sphere of influence in which Southeast Asia is regarded as China’s “backyard.” For realist scholars, China’s regional leadership constitutes an irresistible outcome of its technology, military forces, economic scale, and population. Among them, military and economic indicators are the two crucial factors determining the degree of its influence.¹ Specialists favoring a historical-cultural approach emphasize, additionally, that Southeast Asia includes countries that belonged to the “Chinese tribute system” in the past. John King Faibank’s well-known concept of the “Chinese world order” provides a model to understand international relations in Asia, which depicts China’s centrality and superiority in this system. With the long history of hierarchical order in Asia, the prospect that the Middle Kingdom would return to the central position as the most dominant power on the regional ladder should not be surprising.²

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia’s
Southern Tier*, Asan–Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_15

Of all the countries in Southeast Asia, Vietnam has the most complicated and multifaceted relationship with China. Sino-Vietnamese interactions are far more complex than historical, cultural, or ideological issues alone. In the post-Cold War era, four factors characterized China's main interests in Vietnam: 1) to gain advantage in territorial disputes with Hanoi; 2) to keep Hanoi from veering toward the United States; 3) to encourage Hanoi to pursue pro-China policies on the Taiwan issue and other international affairs; and 4) to encourage Hanoi to give preferential treatment to Chinese products and businesses.³ Since the early 1990s' normalization of Vietnam–China ties, Hanoi has assiduously pursued a strategy of hedging its bets toward China: on the one hand, it has undertaken measures to increase economic engagement as well as deepen party-to-party relations; on the other, Vietnam has sought to diversify its external strategic relations by reaching out to other powers (i.e., Russia, India, and the United States) in order to check Chinese territorial adventurism.

While Beijing and Hanoi cooperate where they can, there has also been a deepening struggle in this relationship. The context has shifted to what is aptly called “struggling co-evolution,” as the two countries are continuously searching for a “glue” to keep their relations together for both their international and domestic affairs. Meanwhile, Beijing wants to control Hanoi within *its sphere of influence* as much as possible, and Vietnam tries to manage the asymmetries to *maintain its autonomy*. The “struggling co-evolution” between both countries is more and more comprehensive: commercial, political, diplomatic, and technological, even in the “ideal” world where China tries to provide “objective and common” knowledge that supports regional planning and cooperation and create the image of a regional order led by it.

ASYMMETRIC TRADE DEPENDENCE AND INCLUSION –EXCLUSION LOGIC

Economic interdependence rarely means economic equality; one side benefits more in such a relationship and, as a result, has powerful leverage over the other. Sino-Vietnamese economic relations exemplify this reality. While China is Vietnam's top trading partner, Vietnam is not China's top partner. Vietnam is strongly dependent on cheap exports from China and investment from Chinese businesses, whereas the same could not be said for China. If China closed its southern border with Vietnam, both

countries would be hurt economically, but because Vietnam’s economy is smaller and more dependent on China than vice versa, it would be less able to sustain the economic consequences. China holds an important economic advantage, and its rise will pose an increasing threat to Vietnam as its power continues to grow relative to that of Vietnam. In 1991, bilateral trade was only USD 32 million. China is now Vietnam’s largest partner, with trade totaling USD 50.21 billion in 2013 and expected to reach USD 60 billion in 2015, while bilateral trade with the United States in 2013 was USD 30 billion.⁴

China is also the country with which Vietnam has the biggest trade gap, an imbalance that has grown wider over the years. Unprocessed goods, such as crude oil and coal, account for a significant proportion of Vietnam’s export basket to China. The problems deepen for Vietnam’s production industry, as enterprises, even export-centric ones, are becoming more reliant on Chinese inputs for value-chain production. Imported goods from China encompass various essential materials for export-specified production, including raw materials, machinery and equipment, steel, chemicals, oil, and fabrics. Vietnam is now importing nearly 50 percent of yarns and fabrics needed for its textile industry from China. If China disrupted the yarn supply, it would greatly damage Vietnam’s labor-intensive garment industry, culminating in mass unemployment.

Vietnamese have concerns about being under the shadow of the dragon and being dominated in the long term by China’s increasing economic and political power, but closer economic relations may make Hanoi reluctant to adopt a policy against China in their territorial dispute. For instance, conservative Vietnamese leaders might learn the ongoing lesson from Europe as the Ukraine economy is heavily hit by Russian economic pressure and sanctions. A Vietnamese report says the impact of China’s unilateral deployment of an offshore drilling rig into Vietnam’s exclusive economic zone in 2014 might cost Vietnam’s economy USD 1.0–1.5 billion.⁵ The figure could have been bigger if China had not one-sidedly withdrawn the rig sooner than scheduled.

Vietnam’s trade deficit with China and the asymmetrical north-south divide between their economies are important reasons why the Trans-Pacific Partnership (TPP) is significant in Vietnamese eyes. The benefit of opening another market needs to be understood in this context: Vietnam would pay a higher cost of missed opportunities, especially after other new trade initiatives led by China are emerging. On January 1, 2010, the ASEAN–China Free Trade Agreement (ACFTA) was formally

established with zero-tariffs implemented between China and the six founding member states of ASEAN on over 90 percent of products. For the less developed ASEAN members, such as Cambodia, Laos, Myanmar, and Vietnam, the zero-tariff policy for 90 percent of Chinese products will be implemented in 2015 (and 2016).

The TPP partners, including the United States and Japan, are complementary to the Vietnamese market. Since the first round of negotiations in 2009, TPP has been regarded as a means for securing Vietnam's economic interests vis-à-vis China. Hanoi worries that China's size, geographical proximity, and mercantilist policies will harm Vietnam's economic development. In the shadow of the dragon, the concern that core industries could be wiped out or, at least, dominated by Chinese companies is becoming very real. However, Vietnam may be able to compensate for its trade deficit with China through a surplus in trade with TPP members, especially the United States. It could also have a spillover effect in the form of deeper cooperation in areas such as intellectual property, services, and investments. TPP membership is the best bet for Vietnam at the moment, helping it to expand its export market and indirectly mitigating the unfavorable trade balance vis-à-vis China.

Since early 2014, however, some doubts have begun to emerge among Vietnamese policymakers. Economists question the ability to quantify tradeoffs for the economy and determine domestic losers under TPP. Other experts question the model itself, arguing for instance, that Chinese trade competition in the long term has proven very difficult for Vietnam to manage. This should mean that TPP's "China exclusion" effect will become valuable, particularly in the textile, garment, and footwear industries, in which Vietnam's competitiveness is expected to reap relative advantage over China's. Still, Vietnam's economic benefits are far from certain. The "yarn forward" rules of origin being pressed by the United States in negotiations put some of these apparent benefits in question. Vietnam's supply chain is heavily dependent on Chinese textiles and other inputs, which are disqualified by the "yarn forward" rule that requires TPP signatories to use TPP member-produced yarn in textiles. For Vietnamese garment makers to get access to zero tariffs under TPP, they have to seek alternative suppliers inside the treaty zone.

For a time, the outlook for promoting US-Vietnam bilateral relations via TPP was murky, as was the chance of using the trade bloc as a "soft alliance" against China. The negotiations process was sluggish, with multiple missed deadlines. Vietnam's government decided to fast-track alternatives, including

free trade talks with South Korea (completed in May 2015), the Russia-led Eurasian Customs Union linked to the Eurasian Economic Union (completed in May 2015), and EU talks, as promising alternative markets.

While Vietnam is striving to *reduce* its *dependence* on the *Chinese economy*, recent economic diplomacy under the Xi Jinping administration has put Hanoi’s leaders in a difficult situation again. China’s “One Belt and One Road” (OBOR) initiative, fully unveiled at the 2014 APEC summit in Beijing, aims at nothing less than establishing a web of traffic, transport, and communications networks between China and neighboring regions, including Central Asia, the Russian Far East, Southeast Asia, and ultimately Europe. The necessary financial backbone will be provided by several new China-led funding institutions, most notably the USD 40 billion Silk Road Fund and the USD 100 billion Asian Infrastructure Investment Bank (AIIB). The task of both agencies is to use their financial instruments for creating “connectivity partnerships.” Beijing’s outlook is extraordinarily far-reaching, especially compared with its rather limited goals over the last three decades. The Silk Road initiatives, in particular, and Beijing’s foreign policy ambitions, in general, increasingly embody Xi’s dream “for the great renewal of the Chinese nation.”⁶

Rational calculations about the expected costs, direct and indirect, of (non-) followership lie behind Hanoi’s decisions. Exclusion from a free trade agreement may make a small economy lose its competitiveness to other countries. China’s charm offensive from many large-scale projects and cooperative initiatives, however, have, at times, been mired in controversy over economic sovereignty and political priorities. This is clearly a dilemma since economic interests are closely intertwined with security. Not only will China be much more powerful than it is today, but viewed in Hanoi, it will also remain deeply committed to making Vietnam part of its sphere of influence. For Vietnam, joining TPP could be the second step of “Doi Moi,” or renovation, launched by the Communist Party in 1986 by opening the door to more competent, transparent governance and to pressure to overhaul domestic corporations to be more competitive. Is joining OBOR or AIIB the same? It has not been clear to Vietnam until now.

TRIANGULAR DYNAMICS

The South China Sea (SCS),⁷ China’s front yard, is of particular importance in the context of China–Vietnam relations. Not only does it hold great economic value (e.g., due to its huge significance for global Sea

Lines of Communication (SLOC) as well as its often noted yet still hard to quantify riches of energy⁸ and seafood) but it is also significant to China's regional strategy and future regional role. Indeed, it is fair to say that the SCS is the most important waterway of our time in SLOC that connect Singapore with Northeast Asia. Years ago, the economic value and volume of goods in this SLOC surpassed that of the SLOC between Rotterdam and New York. Around two-thirds of the Asian route runs through the SCS, making it the maritime economic runway of the Asia-Pacific essential for the region's future economic development.

By attempting to incorporate the SCS into the People's Republic as undisputed Chinese territory, Beijing is able to put strategic pressure on the SLOC important for three regional US allies (Japan, South Korea, and Taiwan) to gain a potentially very energy-rich area right at its doorstep, and thus, to further reduce Chinese dependency on ship-based energy transports from the Middle East and Africa (which are strategically vulnerable to other nations' naval assets) as well as to demonstrate to neighboring states its ability to shape its "near abroad." Chinese maritime thinkers such as Admiral Liu Huaqing have emphasized that nation states are engaged in an intense competition over resource-rich areas and that China's navy has an important role to play in protecting Chinese maritime interests and in developing China into a maritime great power.⁹

China, the strongest party in the disputes, gave the appearance of a hegemonic stabilizer by leveraging code of conduct (COC) negotiations with ASEAN since 1998 as a force for building a rule-based order. The resulting order based on law and norms has yet to be achieved, but a temporary outcome resulted from the establishment of a declaration of conduct (DOC), which has served as the conflict management mechanism in the SCS. The agreement was significant because China engaged in a "peace enhancing process" to form long-term relations with its neighbors. As the balance of power has been shifting in China's favor since the economic crisis in 2008, China's attitude toward the DOC/COC in the SCS has changed significantly. Contrary to its earlier relatively peaceful approach, recent actions by China have alarmed other claimants as it competed for sovereignty, jurisdiction, and control of the SCS. China is becoming too powerful and has not agreed to limit its power by institutional frameworks.

This change has resulted from the regional power shift since 2008 with China's clear-cut military superiority in the SCS over the combined forces of ASEAN countries. Although both the Philippines and Vietnam are

currently engaged in territorial struggles with China over islands in the SCS, Vietnam faces two distinct disadvantages compared to the Philippines. First, it is in conflict with China in both the Paracel and Spratly Islands. While the Spratly Islands involve other Southeast Asian nations and directly affect regional maritime freedom, disputes on the Paracels remain a bilateral issue. Second, more importantly, Vietnam’s long-time “three no’s” non-alliance policy—no military alliances, no allowance for any country to set up military bases on Vietnamese territory, and no reliance on any countries for help in combating other countries—sets the country apart, although it has become more controversial.

After the events linked to the HD-981 oilrig, Vietnamese strategists realized that it is difficult to make the case that territorial conflicts are tests of maritime freedom, an obvious US concern. Therefore, with neither an alliance nor military support, Vietnam will be badly hurt in physically confronting China in the Paracel Islands. A slow but steady move to military cooperation with the United States is hardly inevitable. In April 2014, two US navy ships participated in the fifth annual six days of joint non-combat exercises with the Vietnamese navy, symbolizing closer defense cooperation between the two former adversaries. They forge the basis for building mutual trust and understanding between the United States and Vietnam, hopefully catering to each other’s priorities. During his trip to Vietnam in December 2014, Secretary of State John Kerry announced that the Vietnamese coast guard would receive USD 18 million in aid with five fast patrol-boats to enhance its maritime police capacity.¹⁰

Vietnam is not going to establish a formal alliance with the United States in the foreseeable future, mainly because policymakers do not want to see a strengthened US relationship disproportional to frayed Sino-Vietnamese relations in a zero-sum game. Hanoi will not risk ruining its relationship with China in order to make an alliance with the United States. Vietnam and China have already established an institutionalized mechanism to undergird their bilateral relationship with annual high-ranking official visits and frequent discussions on border issues, maritime security, defense cooperation, territorial waters, and joint fishing activities. Even though China is increasingly aggressive in the SCS disputes, Vietnam keeps reiterating the critical importance of a friendly relationship with China.

A fundamental problem for Vietnam’s political elite is the absence of convergence in “threat perceptions” toward China. At the Tenth Plenum

of the 11th Party Congress earlier this year, the Vietnamese Communist Party's (VCP) chief, Nguyen Phu Trong, faced with the age-old question of whether "China is friend or foe," emphasized that the answer could be found in the party documents and resolutions of the Central Committee. Resolution No. 28 on contemporary strategies for national defense states that the Standing Committee of the Central Committee continues to focus on identifying "partners and targets" (*doi tac va doi tuong*). What constitutes a strategic "partner?" The document asserts: "Those who respect the sovereignty of Vietnam, who seek to establish and expand their friendship and equal, win-win cooperation with Vietnam, are considered as our partners; however, those who plan at subverting our nation's objectives, as well as our project of building and protecting the Fatherland are considered as our adversaries."¹¹

The forces that support Vietnam's policies and development are considered (strategic) partners. In contrast, those who disrupt and harm Vietnam are considered adversaries—necessitating appropriate counter-maneuvers. Following the above description, it is hard to put China in a specific category; China could be considered both a partner, primarily in economic terms, and a threat, especially in light of the deepening territorial disputes in the SCS. In this light, Vietnam will have to adopt a dualistic strategy, which, on one hand, preserves stable economic relations with China as a strategic partner, while simultaneously exploring means to keep Chinese maritime ambitions within Vietnamese-claimed waters in check. This is where the United States is of paramount importance.

Given the US–Vietnam–China triangular relationship, the high-profile state visit of Vietnam's paramount leader to Washington in July was expected to stir controversy, raising critical questions over the evolving dynamics of a long-standing hedging strategy toward the great powers. After considerable preparation and strategic contemplation, VCP General Secretary Trong made important visits both to China and to the United States over the summer. Some analysts have interpreted this as a sign that Hanoi continues to place greater emphasis on maintaining stable, if not cordial, ties with its giant neighbor, despite their intensified jostling in the SCS, which can undermine the VCP's internal legitimacy. Some pundits interpreted those trips as indicative of subordination and one-sided leaning of the VCP toward Beijing. Such arguments are deeply affected by Cold War thinking and tell only one side of the story. Strategists in Hanoi's inner circle consider "such obedience" a diplomatic means to coax China into reorienting her focus toward Hanoi's priorities. Indeed,

upon closer inspection, it becomes clear that the trip to Beijing was largely designed as a “shock absorber”—to offset the strategic fallout from Trong’s visit to Washington. Vietnam’s foreign policy is to enhance defense and economic ties with the United States while maintaining a good relationship with the northern juggernaut. What Hanoi wants is not to defeat the Chinese military, but instead to make Beijing pay a huge price in case of a preventive strike in the SCS. They believe that with conventional deterrence, walking a delicate balancing act between these two superpowers can still work.

Vietnam has good strategic motivation to be comfortable with multi-lateral arrangements in dealing with powerful China. ASEAN can indeed bring to Vietnam’s table two important things: the first is its normative clout. Norms are an important facet of SCS disputes. Contending parties frame their respective claims in distinct normative contexts. The main illustration is that, whereas China resorts to a concept of “historical waters” and historical legitimacy to back its expansive claims, another claimant like Vietnam, the Philippines or Indonesia opposes it with the Convention on the Law of the Sea (UNCLOS). Interpretations of states’ rights and obligations under UNCLOS and its applicability to the SCS context also diverge from one actor to the other. From Vietnam’s stance, given the power discrepancy with China, having ASEAN defend the validity of existing rules and procedures, and their usefulness in dispute management in the SCS is a major asset. All claimants seek the moral high ground.

The second is enhancing bargaining power. A multilateral framework like ASEAN tends to favor weaker actors by giving them more “voice” opportunities toward the powerful (in comparison with bilateral arrangements, where China could maximize its political leverage toward then weaker actors), just as multilateral institutions allow the weaker to raise their voice collectively to influence the decision-making process. ASEAN and its various initiatives have not only become an important consideration for stabilizing Sino-ASEAN political and economic relations but also can serve as a mechanism protecting weaker Southeast Asian states from the advantages of the hegemonic power. In the case of SCS disputes, the same argument for peaceful settlement and institutionalizing for greater political autonomy can be found in the more general attitudes of weaker states toward dispute settlement.

The main challenge for ASEAN to become a harmonized group successfully employing institutionalization is its internal division. Member

states can be generally divided into three groups regarding their behavior in the SCS dispute: those on the front lines of the sovereignty issue (Vietnam and the Philippines); those with significant interest in the ultimate outcomes of the conflict (Indonesia, Malaysia, Singapore, and Brunei); and those tilted toward accommodating China (Cambodia, Laos, Myanmar, and Thailand).¹² This division signifies a major problem facing ASEAN as a single bloc in reacting unanimously vis-à-vis China in SCS territorial disputes. Singapore's Law Minister K. Shanmugam brilliantly summed up the prevailing state of mind of the majority of ASEAN nations when he bluntly stated: "If you start looking at ASEAN-China relations through the prism of the South China Sea, you are getting it wrong completely... The facts on the ground are the very substantial economic, security, political relationship between China and every country in ASEAN and ASEAN as a whole. The SCS forms part of it, and we will not be doing our duty for our country and our people if we forget that."¹³ In short, the SCS disputes do not and should not define the overall texture of China-ASEAN relations. It is not worth alienating a key trading partner, so the argument goes, over disputes that are essentially bilateral in nature.¹⁴

ONE WORLD, DIFFERENT VIEWS

Reinforcing China's regional dominance is its scientific and engineering expertise. Drawing on its enormous experience in dam building and having a massive construction industry that operates worldwide, Chinese actors assume a dominant position when it comes to knowledge about planning, constructing, and operating large infrastructure. Hydropower development in the Great Mekong Sub-region (GMS) is an example. Other actors along the Mekong depend on the data, engineering skills, and scientific assessments delivered by their northern neighbor. This is particularly relevant for undertaking environmental (and social) impact assessments for the dozens of planned dam projects. China's previous non-cooperative stance in information sharing between upstream and downstream states renders trust-based common understanding as well as objective knowledge about the large-scale trans-boundary impact of dams very difficult. Nonetheless, the overall role of China could be seen as a "giver of last resort" of information, regarding the management of hydropower planning for the Mekong River.

The exploitation of the river affects the interests of countries in the region. The impact on species and people living in and along the river depends on the balance among economic development, social security, and environmental issues. Besides contested images of how “sovereignty” and technologies ought to be reconciled, the vision of a “prosperous and peaceful Mekong region” presents a central controversial point. China has utilized its projects in hydropower development as a tool for pursuing its long-standing vision of “common prosperity” for the whole region. However, in building hydropower plants on the Mekong River and assessing environmental impact, one can observe a normative divergence between China and the GMS countries, especially Vietnam. This infrastructure is linked to different collective visions of the public good. While some GMS countries have accepted China as their partner supporting them to construct dams (Lao PDR and Cambodia) and others are big importers of electricity from China (Thailand and Vietnam), the three downstream states of Thailand, Cambodia, and Vietnam have pursued diverse benefits in the development of GMS. Resolving environmental issues and aiming at a more sustainable future may require sacrificing short-term economic benefits by controlling the hydropower boom, which goes against the assumptions ingrained in the Chinese government’s outlook, i.e., the priority of electricity generation and economic development in general.

At the core, authoritative knowledge is complex and certainly not apolitical. Thus, the question “who” provides objective knowledge that supports planning and decision-making is important. In fact, to counterbalance the overwhelming knowledge gap relative to China, the other states have undertaken major efforts. US-led cooperative initiatives such as the Low Mekong Initiative (LMI) attempt to rebalance the regional knowledge hegemony. Instead of focusing on state-sponsored mega-projects, LMI offers “projects involving the innovative technologies of Intel, the educational excellence of the Harvard Kennedy School, and advice on impact assessments and standards from the US Mississippi River Commission and US Geological Survey.”¹⁵

As a key part of the massively expanded program LMI 2015, an action-oriented group was created in Myanmar, focusing mainly on “environment and water.” Its goal is to help increase the knowledge and research capacities of the less developed ASEAN countries Cambodia, Laos, and Vietnam. The establishment of the DRAGON Institute in southern Vietnam is one of the best examples.¹⁶ DRAGON is a cooperative product

of the governments of the United States and Vietnam, aiming to develop into a prominent research center on ecosystems and the sustainability of major river deltas in a changing climate.¹⁷ While riparian states accept China's dominance with respect to construction and markets, DRAGON and further knowledge-oriented initiatives indicate that they are less inclined to accept a Chinese quasi hegemony over scientific knowledge production. More and diverse perspectives with respect to water management and hydropower development in the region decrease epistemological dependence on China.

Social imagination plays an important role in forming "a common GMS" since it creates shared understanding, expectations, and knowledge, and, thus, orients behavior. China's main competitors in fostering a regional order are the United States and Japan. The competition to become a "spiritual leader" is evident. It is manifested, for instance, in the struggle between an "inclusive development" idea, considering many aspects of human needs (including management of trans-boundary water resources, infectious diseases, and vulnerability to climate change) and "extractive growth," focusing on fostering economic dynamism with the involvement of the GMS countries in order to create a regional economy with hydropower at its center. In other words, the contest over images of hydropower is linked to the support of different outside actors.

The underlying process is not one-way. It is much more complicated than the portrait of regional states that buy "into the hegemon's vision of international order and accept it as their own."¹⁸ The process of finding principles and agreeing on certain value judgments for the use of the Mekong's waters remains open-ended. These diverging visions crosscut societies, political actors, elites, populations, and interest groups between China and Vietnam. More importantly, they are part of larger images about hydropower technology in the region. To China's detriment, the struggle about the future of hydropower development prominently entails the question which "external" actors should be included in its governance and which forms of governance should be adopted. The persistence of differing standpoints and coalitions on both issues means that no regional order is stabilized yet.

CONCLUSION

The strong growth of the Chinese economy is a fundamental foundation for its advanced sciences, its powerful military, and an increase in its political influence on surrounding countries. The consequences of this

rise, basically, are confirmed by the growing concern of the region and the world on how China will use its power and influence. Beijing’s pursuit of either substantive policies harmonious with the common interests of other countries in the region or policies rejecting existing general rules will lead to a different impact on regional security. How other countries view China is also an important question.

Chinese elites should realize that pursuing a policy of hard power could draw the attention of the United States and result in confrontation. Since 2009, China has faced the dilemma of choosing between using its growing power or complying with international law and institutions. China’s internal debates (between elites and thinktanks) have discussed different approaches and viewpoints.¹⁹ While one side believes that the current context provides an opportunity for China to take the initiative in resolving sovereignty disputes, the other calls for more caution. The existing power gap between the United States and China means that any direct, or indirect, confrontation in the South China Sea would wreak tremendous havoc on the Chinese economy.

Vietnam’s main concern is whether China’s rise will enhance or undermine its national security. Actually, this worry was aroused even before Chinese power emerged rapidly, stemming from a long history of dominance by China in the region and its policy of aggression threatening neighboring countries, notably the Vietnam–China border conflict in 1979 or current territorial disputes in the SCS. Vietnam does not own a wide range of alternatives to falling under the shadow of the dragon, which would be a “nightmare” to it. Therefore, it is crucial to create a “social contract” with powers from inside and outside the region, which includes a commitment about use of power, methods to solve common issues, and rules to be utilized as common norms of the community. For Vietnam, this is the appropriate time to foster this process, before the power scale inclines completely to one side.

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Australia

Why Values Matter in Australia's Relations with China

John Fitzgerald

Returning to Australia last year after five or six years away, I had a Rip Van Winkle moment. Back in 2007, Wall Street was awash with cash, Europe was booming, and China was humming along. Today China is still humming and Australia's economy is ticking along in harmony. That much could be predicted. What I had not appreciated was that China's growing momentum was being felt in Australia well beyond its economic impact. China's soft power push for the hearts and minds of Australians, especially Chinese-Australians, was also having an impact.

A democracy refugee from Shanghai brought the message home. One of 30,000 or so Chinese students who were granted asylum in Australia after the People's Liberation Army opened fire on citizens in Beijing, in June 1989, he and his family had prospered in Australia over the past 25 years. Now in his 50s, however, he was no longer a fan of democracy. "It's not right," he told me, "democracy. America talks about universal human values and criticizes China and then goes to war whenever it likes. Now look at America. China may not be democratic but it gets results. And now that

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan-Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_16

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China is rich and strong it won't be pushed around by America or anyone else. China has different values." Since my return to Australia, I have often heard such sentiments expressed in Chinese community circles. To be sure, America's reputation has taken a hit, in recent years, for well-known reasons. But I was not expecting a Chinese-Australian of the 1989 democracy generation to be echoing the Chinese Communist Party (CCP) line on China's national values in Australia. What happened while I was not looking?

John Howard was still in office in 2007. As prime minister, Howard was fond of saying that Australia valued freedom and equality, and that China did not, but that we could each respect our distinctive national values as long as the two countries focused on shared interests in expanding trade and investment. One thing that has changed is that growing trade, investment, and migration have punctured the national boundaries separating the two contrasting value systems. Beijing is taking advantage of more porous national boundaries to monitor, organize, and mobilize its far-flung diaspora in order to project China's national values in Australia.

When Canberra first established relations in 1972 with Peking, as it was known at the time, China's economy was roughly the same size as the Australian economy. By 2013 it was five times as large. The People's Republic of China (PRC) now accounts for more international students in Australia than any other country—140,000 or 20 percent in 2010/2011—and the aggregate spending of the 685,000 Chinese tourists who visited in 2012 exceeded that from every other source country.¹ Most significantly, Australia is home to close to one million people of Chinese descent, of whom around 320,000 were born in China. China has emerged as the third most common foreign country of birth among all Australian citizens, behind Britain and New Zealand.²

Earlier generations of Chinese-heritage immigrants from Malaysia, Singapore, Hong Kong, and Taiwan shared Australia's liberal democratic values. So initially did the '89 generation of democracy activists from the People's Republic who organized freely as they never could in China, who published widely in Australia's mainstream Chinese-language press, and regularly argued their case on Chinese-language community radio. Although they could not vote in China, Chinese-Australians achieved one of the highest rates of electoral representation at local, state, and national levels outside the dominant Anglo-Celtic community.³ They openly aired their views on China, some supportive and some critical, and generally felt free to comment over the Chinese-Australian airwaves and in the mainstream press.

That has changed. In recent years, the political sentiments of the '89 democratic generation and succeeding generations of immigrants from China have been massaged daily in Australia through Chinese-language news and commentary produced in Beijing and rebroadcast through commercial radio stations and other media that have been bought up by businesses acting on behalf of the CCP Propaganda Bureau. Chinese-Australians are being lectured, monitored, organized, and policed in Australia on instruction from Beijing as never before.

The Howard values formula under which each side respected the other's values kept Beijing happy during his term in office. The Chinese government has long proclaimed there are no universal human values, merely national ones. With Howard's pitch on national values, Canberra appeared to endorse China's position. Howard supported freedom and equality because these were Australian values, not because people universally aspired to be free and equal. Under Howard, Australia acknowledged and respected the authoritarian values of the communist government as China's national values. It worked for Australia for a time as well. By emphasizing Australia's value differences over cultural or historical ones, Howard could refer to the universal values that underlay its historical commitment to the US alliance while arguing that a trade surplus could balance the value deficit with China. Australia could preserve its values and alliance partnerships while landing big trade and investment deals with China.

Win-win it seemed at the time. The formula worked well when China's leadership priorities and policy settings favored domestic economic and social reforms over direct challenges to the sovereignty of its neighbors, indirect challenges to alliance networks, or the projection of Chinese values through soft power abroad. In bilateral dialogue with Australia, China did not mix trade with politics. Mutual respect was the name of the game, and separating trade from values and alliance politics was a basic rule of play.

This began to change in 2008. With the collapse of Wall Street and the international reputation of the United States going into free-fall across Asia, Africa, and Latin America, Beijing began to show less reticence in proclaiming authoritarian Leninist values as Chinese values and projecting its voice abroad. Today, China is promoting its national values as a serious rival to the values of liberal democracies in Australia and throughout the region through media purchases, by linking trade with alliance politics, and by projecting hard power abroad. Universal values such as freedom,

equality, and solidarity are readily grasped around the world. So are national cultures. National values are more difficult to get a handle on.

On the Chinese side, national values generally mirror the Asian values proclaimed by successive Malaysian and Singaporean governments since the 1990s: deference to authority ahead of freedom, preference for hierarchy over equality, submission of individual interests to the solidary group, and positive commitments to study, to work, and to be responsible for one's fate. In the abstract a number of these values have merit. Yet Chinese national values are not abstract. In this case the collective authority that must be obeyed is a specific regime, the CCP government, which today is the supreme authority demanding deference from neighbors and extending Chinese national values in competition with the universal values championed by countries working in the liberal tradition, including Australia.

What of Australian national values? Whereas Beijing is trying to extend its national values, Canberra is inclined to reduce the universal values embedded in the UN Declaration of Human Rights by nationalizing them as Australian values. In point of fact, there is little to distinguish Australian values from universal ones. The preferred local terms freedom, egalitarianism, and mateship are simply native idiom for *liberte*, *egalite*, and *fraternite*, or in UN Charter terms, freedom, equality, and solidarity, on the modern ethical principle that all people are born free and equal. This principle was well established in early nineteenth-century Europe and America. By the late nineteenth century, it had come to hold considerable appeal in China and Japan as well. But it was quashed by fascism in pre-war Japan and by communism in postwar China. In Australia, freedom, egalitarianism, and mateship were quashed as universal values by the White Australia policy.

Historian Charles Price has framed the Australian values problem well. Australian conservatives, radicals, and liberals a century ago held that all men had certain inalienable social and political rights, "but they were not inclined to include men from China in the category of 'all men.'" What made universal values particularly Australian was their selective application to whites. Chinese were to be excluded because they were held incapable of appreciating the universal values that made white people—and only white people—Australian.

This is, of course, no longer the case. Successive commonwealth governments began dismantling White Australia more than 50 years ago, and today Australia is home to more than a million people of Asian descent.

Nevertheless, a lingering insistence on nationalizing universal values is a legacy of that earlier period. Howard's tacit acknowledgment as prime minister that Canberra respected the fundamental value differences separating Australia from China implied that the universal values encoded in the UN declaration did not apply to China. In the People's Republic, Chinese still don't qualify for the category "all men."

Since taking office in October 2013, Prime Minister Tony Abbott has picked up where John Howard left off in highlighting the value differences that separate Australia from China. In the meantime, Kevin Rudd (2007–2010, 2013) and Julia Gillard (2010–2013) set aside questions of values and focused instead on the distinctive cultures separating the two countries. Values were rarely mentioned. But when the Abbott government was rebuked by Beijing for having the temerity to comment on its declaration of an air-defense zone over islands administered by Japan, just a month into office, Abbott struck back: "Where we think Australia's values and interests have been compromised, I think it is important to speak our mind."

Abbott returned to the theme in announcing a free trade agreement (FTA) with Japan in April 2014, highlighting the universal values that underlay relations between Canberra and Tokyo. "The relationship between Australia and Japan is about much more than economics and trade and growing wealthy together. It's about respect, it's about values," he declared. "We have a deep, shared commitment to the universal aspirations of democracy, freedom and the rule of law."

Significantly, China is now aligning trade deals with values and alliances as well. In Howard's time, Australia could profess its values and uphold its traditional alliances while landing big trade deals with China. This will no longer do for Beijing. The shift over the past six years was exposed at the third annual Australia–China Forum in Canberra in December 2013 when the official Chinese delegation insisted that trade and security were inextricably linked in bilateral relations. It was time for Australia to let go of the outmoded Cold War alliance with the United States. As the year drew to a close, a researcher affiliated with the Ministry of Commerce is reported to have said that the main obstacle to a bilateral FTA with China was Australia's alliance with the United States.

Within Australia, public figures have begun to echo Beijing's line. The most outspoken critic of the US alliance in elite circles is former die-hard alliance advocate and Cold War warrior Malcolm Fraser, prime minister from 1975 to 1983. Paradoxically, he came to office through the

governor-general's unprecedented dismissal of progressive Labor Prime Minister (1972–1975) Gough Whitlam, who famously alienated Nixon and Kissinger with his casual and at times dismissive attitude toward Australia's alliance partner.⁴ In replacing Whitlam, Fraser set out to strengthen the US alliance.

Foremost among Fraser's many reasons for his recent about-face on the US alliance is his retrospective recognition that Washington shares its strategic analyses selectively with allies so as to drag them into wars without just cause. In a recent book Fraser argues that the gravest threats to Australian security today are an increasingly militaristic Japan and a narcissistic America obsessed with its own exceptionalism. He recommends that Australia break with the "dangerous" US alliance and acknowledge China as the truly benign power in the region.⁵ Malcolm Fraser has every reason to reassess his earlier support for US foreign and security policy, but a cursory glance at Beijing's dealings with Chinese-Australians and Chinese residents in Australia does little to support his vision of a benign China.

A win-win values perspective on Australia's relations with China would require Beijing to recognize that Chinese-Australians and Chinese residents in Australia enjoy full and equal entitlement to all of the rights and freedoms guaranteed in a liberal democracy. Beijing's manipulation of Chinese-Australian media and its systematic surveillance of Chinese-Australians and resident Chinese suggest otherwise.

MEDIA

In her recent book historian Mei-fen Kuo argues that Chinese-language media have played a catalytic role in the "making" of Chinese-Australia for over a century.⁶ Since the 1890s, local Chinese media have provided opportunities for free-ranging discussion over sensitive topics, including the politics of race and exclusion in Australia, the politics of reform and republicanism in China, and questions surrounding China's international standing. For over a century, Chinese Australians expressed their hopes and concerns without fear or favor in a society where freedom of expression, religion, and assembly were valued and protected.

Over this time, exiled reformers visited Australia to press for equal treatment for Chinese-Australians and for basic civic rights in China. In 1901, the political exile Liang Qichao presented a series of weekly lectures in the upstairs reading rooms of the *Tung Wah News* building in

downtown Sydney. Liang was a constitutional reformer, not a radical nationalist. In his talks, he highlighted the dangers of rigid social hierarchy and blind obedience in China and called on the people of China to recast their system of government and patterns of person-to-person relations around the principle of equality: the government of China needed to be reformed on the foundations of constitutional government, and citizens needed to treat one another with the respect that came with recognition of equal citizenship. If Liang were to visit Australia today he would not be given airtime on Australia's most popular Chinese-language radio stations nor allowed column space in the majority of Chinese-language newspapers. Back then the Chinese-Australian press was not beholden to the court in Peking. Today, Australia's major Chinese-language media are largely controlled from Beijing, which outlaws open discussion of constitutional issues and civic equality in areas under its remit, even within Australia.

New Zealand Overseas Chinese specialist James To observes that Beijing has gained overwhelming dominance of Chinese-language media in Australia, New Zealand, and the Pacific Islands following a concerted effort at content placement and media industry networking by China's embassies and consulates in the region. This effort is part of a larger proactive strategy of "group management, extra-territorial influence, counter-infiltration, and counter subversion" targeting Overseas Chinese communities generally—particularly Chinese students abroad—to ensure their loyalty to Beijing wherever they happen to be domiciled.⁷

Beijing's investments in Australia's Chinese-language media have had negligible impact on the broader Australian public, but they are earning high dividends among the Chinese-Australian communities targeted through an active public-diplomacy program that is highly strategic, clearly focused, and generously supported. Through China International Radio, the World Chinese Media Forum, and other arms of the party-government, the Central Propaganda Bureau outlaws the slightest criticism of the CCP or PRC government on its Australian radio and press networks. It pre-packages its own content for placement in local media, including layout, editing, and typesetting, and has largely banished alternative news sources from co-placement on Australian networks.

Coincidental with growing Chinese government interest in Australian media is a growing concentration of local community media ownership and management. Although media outlets are proliferating, they remain in the hands of very few individuals and firms. The Chinese Newspaper

Group, based in Sydney, owns nine regular newspapers, each targeting a particular urban or regional community, including the *Chinese Melbourne Daily* and the *Queensland Chinese Times*. Another consortium is the Astar International Media Group, based in Melbourne, which operates eight print publications and several city-based Chinese-language radio stations such as Radio 3CW (AM1341) in Melbourne.⁸ Further, with growing media concentration, media ownership and management are no longer local in the sense of being based within Australia, as individuals and agencies based in China call the shots. The *Chinese Herald*, for example, is run by editors who live in China.

Recent arrivals from China are said to feel comforted by the familiar voice of Beijing emanating through the Astar International Media network, but others, notably immigrants from Taiwan and earlier arrivals from China, find their programming “culturally and politically controversial.”⁹ Other Australians, if they understood Mandarin Chinese, might find CCP Propaganda Bureau broadcasts on Australian community radio networks equally uncomfortable. Behind the closed ramparts of the Great Firewall in China, domestic CCTV and government radio stations can broadcast anti-Philippine, anti-American, or anti-Japanese material as often as they please. Broadcasting identical material through Chinese community language media in Australia could be thought to abuse the hospitality of a host country that welcomes communities from many different countries in the region seeking to live in harmony together in multicultural Australia.

Many countries, particularly China, are sensitive to foreign government access to domestic media networks. To date, however, foreign government media purchases in non-mainstream media have not been a matter of public policy debate in Australia where national media policy focuses more on private media concentration across mainstream English-language platforms than upon foreign government influence over domestic foreign-language media. China’s approach to local Chinese-language media could compel rethinking this matter. One team of media researchers anticipates that “for those concerned with or involved in charting the future direction of media and multicultural policies in Australia, this is a trend worth taking into serious consideration.”¹⁰

What is the effect of control from Beijing? Leninist propaganda systems are less notable for what they say, which can be taken with a grain of salt, than for what they prevent others from saying. In 2013, Central Party officials added seven subjects to the list of topics never to

be mentioned in colleges, the media, or the Internet. The seven taboo issues include “freedom of speech,” “judicial independence,” “civil society,” “civic rights,” and “universal values” in addition to criticism of the CCP and allusions to its privileged and wealthy leadership. Even mentioning to foreigners the existence of the document that lists these banned subjects is considered a betrayal of state secrets in China—an indiscretion that appears to have landed veteran Chinese journalist Gao Yu in detention in China in April 2014.

Chinese-language media conglomerates in Australia, which depend on Beijing funding for their programming, do not report the existence of the mystery document nor do they provide open and critical coverage of the banned topics. Independent sources that might report them are no longer hosted by stations loyal to Beijing. China Radio International prevents independent voices such as the BBC World Service from appearing on networks with which it has entered into contractual agreements, such as Radio 3CW in Melbourne. The effect is that freedom of speech can no longer be taken for granted among Chinese-Australians.

SURVEILLANCE

Chinese government monitoring of its diaspora goes back at least a century. From imperial times to the present day, authoritarian governments have looked upon people of Chinese descent living abroad as presenting grave threats to their authority in China. Successive governments have felt the need to monitor and threaten them. In 1895 revolutionary dissident Sun Yatsen was kidnapped in London by a group of thugs from a security detail attached to the Emperor's London mission. Sun managed to secure his freedom with the help of sympathetic English supporters and went on to be proclaimed provisional president of the new Republic of China in 1912.

Efforts to manage and control Chinese abroad did not stop with the founding of the Republic. In Australia they accelerated apace. The Republic of China's earliest consuls in Australia sought to register every person of Chinese descent in the country but were foiled by local Chinese community opposition. President Chiang Kai-shek's consulates in Melbourne and Sydney, nevertheless, monitored and harassed Chinese-Australians who spoke out against the Kuomintang (KMT) government's timid response to the Japanese bombing of Shanghai in 1932 and its tepid reactions to Japan's incremental invasion of North China before the

outbreak of war in 1937. On moving to Taiwan, the KMT government stepped up its surveillance operations, compiling detailed records through the 1950s and 1960s of key Chinese-Australian community leaders, and mobilizing local Chinese communities to support Taiwan's strategic objectives through sponsored social organizations and the local Chinese-language press.

What has changed in recent years is the scale of surveillance operations and the opacity of the clandestine organizations engaged in the operation run from Beijing. In 2005, an officer based in the Sydney Chinese consulate, Chen Yonglin, came out with the claim that a thousand or more informants were reporting on the political, social, and religious affiliations of Chinese-Australians and short-term residents from China. He wanted out, claiming that the *falungong* religious movement was a particular focus of surveillance. Evidence that China's secret security system had expanded in Australia in response to the growth of *falungong* and other alleged threats to the Party state indicated that the CCP's efforts at suppressing dissent in China were no longer a domestic affair. Freedom of religion could no longer be taken for granted among Chinese-Australians either.

By Chen's account, the size and impact of the CCP's informant network in Australia reached well beyond the small cohort of cloak and dagger intelligence operatives based in embassies, consulates, information bureaus, travel agencies, and other legitimate businesses. Like the old East German *Stasi* informant system, the CCP's informant network is built on the benign principles of neighborhood watch under the less benign supervision of paid operatives. These operatives gather and file information from a large number of volunteer informers in Australia, who report on their fellow students and working colleagues, who then pass on reports to higher authorities in the intelligence system back in China. The surveillance system is modeled on the pattern of CCP and Youth League cells in China, which multiply in proportion to the scale of those under surveillance. It is estimated that one in fifty East Germans was an unpaid *Stasi* informant. At the time of Chen Yonglin's defection there were, tourists aside, around 50,000 annual visitors from China. Today there are three or four times that number. The number of informants has expanded accordingly.

The opacity of the system is also a matter of concern. But for Chen Yonglin's brave testimony, the massive clandestine surveillance operation in Australia would remain hidden from view. This was not so under Nationalist China. At the height of its surveillance activities, the KMT

was a publicly registered political organization in Australia with buildings bearing the name Kuo Min Tang set among main streets in many cities and towns. For nearly a century the KMT's Australian branches have been publicly registered in their own names, have listed their board members and office bearers, and posted their contact addresses. People generally knew what the KMT was, where they could find it, and what it was up to, even if they did not like it.

Although the CCP has been operating party and Youth League cells to monitor and mobilize Chinese-Australians for almost as long as the KMT, it has yet to set out its organizational structure and articles of association, to list the names of its members and officers, to post its contact addresses, or to rivet "Chinese Communist Party" onto a building façade on any street in Australia. The CCP's Australian operations are more clandestine than those of the old-time triads that used to run surveillance and stand-over rackets in Australia's Chinatowns.

It is time for the CCP to come out. There are precedents. A century ago, underground secret society networks were rumored to run immigration rackets, plan Tong wars, and manage gambling and opium operations across Australia. Such rumors did immense reputational damage to Chinese community organizations. One hundred years ago the Yee Hing Society, the most powerful secret-society network in Australia, came out as a publicly registered organization—the Chinese Masonic Society—to distance itself from claims of standover tactics. Since that time Chinese Masons have listed their premises, their public officers, and their official papers and publications on the public record, and have gone on to make major contributions to the commercial and cultural life of Australian towns and cities through their community activities and broader public engagements, including charitable events.

The lack of transparency among CCP and Communist Youth League fronts in Australia presents a comparable risk to the reputation of Chinese community organizations today as the Yee Hing posed a century ago. Some damage has already been done. In 2008, the Australian community was taken aback by the orchestrated efforts of consulates and Youth League affiliates to drown out the voices of pro-Tibetan independence and *falun-gong* demonstrators along the route of the Olympic Torch relay in Australian cities. More recently, a report on systematic surveillance of Chinese students in Australia by Fairfax journalist John Garnaut prompted concern at a number of universities where student journalists interviewed Chinese classmates, who confirmed they were under surveillance and that their careers

and their families would suffer if they stepped out of line.¹¹ Despite the risk of reputational damage associated with secret surveillance and standover tactics, the CCP and Youth League front organizations are unlikely to go public in Australia anytime soon. Even in Hong Kong where the CCP is the sovereign power, Christine Loh reminds us, the Communist Party “demeans itself by functioning as an underground party.”¹²

In Australia, the party ranks control and management of the Chinese diaspora community well above damage to that community’s reputation. Beijing considers the 2008 counter-demonstrations orchestrated along the route of the Olympic Torch relay in Australia not as a disgraceful display of extra-territorial hubris but as a successful endorsement of its strategy harnessing Chinese residents of other countries to its national objectives. The party’s point of reference is not the widespread suspicion that events of 2008 generated among non-Chinese communities abroad but the anti-communist demonstrations that shook the diaspora a generation earlier following the 1989 Beijing Massacre. The turnaround within the Chinese diaspora community from open opposition to open support for the communist government over these 25 years has been remarkable. For Beijing this is all that matters.

Secrecy remains a precondition for Beijing’s success in cultivating the diaspora. From a close reading of official cadre handbooks on “Overseas Chinese Work,” James To concludes that Beijing counsels its diplomats, agents, and cadres overseas to conceal their roles in coordinating and assisting Chinese community organization “from a distance, without them being aware of it.” The aim is to appear benign in public, while exercising proactive management and control of Chinese community organizations and media in foreign jurisdictions.¹³ If managing and controlling its diaspora takes precedence over wider community optics in Australia, and secrecy is a condition of diaspora control, it follows that Beijing is likely to maintain secrecy at the cost of extensive reputational damage to the Chinese-Australian community organizations it manipulates in addition to damaging China’s standing as a benign regional player.

It was all very well to respect the value differences that separate Australia from China while each country went about its business. This may have been the case in Prime Minister Howard’s day, but it is certainly not the case today. China is determined to change the status quo in the region, to project its values through public diplomacy, and increasingly to link trade and investment with political trade-offs. In Australia, the CCP is mobilizing and policing its diaspora to flaunt its distaste for liberal-

democratic values. Howard used to say that Australia faces a phony choice between its economic interests and its basic values in balancing relations with China and the United States. The problem for Prime Minister Abbott is that it may no longer be Australia's choice whether or not to exercise even a phony choice. In arriving at this point, Australians have handicapped themselves by ceding too much to China on national values and reflecting too lightly on the universal character of their own.

These liberal values could usefully be restated and defended by compelling the CCP and Youth League to cease behaving as a clandestine organization in Australia, to stop intimidating religious believers, and to allow alternative voices to be heard on Chinese community media under its control in Australia. China's national values now matter for Australia.

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Less Geneva, More Jakarta: Assessing Australia's Asia Pivot

Andrew O'Neil

The history of Australia's engagement with Asia is littered with debates about identity and destiny. Settled in 1788 as a British colonial outpost, Australia's federation did little to alleviate anxiety about being a European entity situated in an Asian region. The first legislation passed by the Australian Parliament—the Immigration Restriction Act—entrenched what became known as “the White Australia Policy,” which made it all but impossible for Asians to settle in Australia. Inhabiting a sparsely populated large land-mass a long way from Britain, the dominant narrative for Australians was that Asia posed a threat, both in terms of usurping Australia's claims to racial homogeneity, and also in strategic terms whereby “wide brown lands” were regarded as a particularly attractive target for external powers.

From the outset, Australia felt vulnerable in relation to Asia. Yet, many Australians also saw Asia as a region of limitless opportunity. As one recent account has noted, “Australia's enthusiasm for Asia is as old as its anxiety.”¹ This enthusiasm revolved largely around commercial opportunities, but it also related to a genuine fascination with Asian culture and society

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_17

among Australia's more cosmopolitan elites. Indeed, a notable feature of Australia's engagement with China in the nineteenth century was the high proportion of Australians traveling to live in China. Just as many Australians sought to resist Asia as a geographical reality, many others embraced the region and believed that Australia's geography was essentially its destiny.

The formal abolition of the White Australia Policy in the early 1970s was a critical first step in Australia jettisoning its historical baggage in Asia. This occurred at the same time multiculturalism was embraced as a domestic policy by the Whitlam Labor government (which came to office in 1972) in tandem with an effort to align Australian foreign policy with the aspirations of countries in the developing world. Serious steps had been taken in the 1950s and 1960s to develop closer ties with Asian countries, but it was not until the Whitlam government came to power that serious efforts were made to integrate Australia into the region. Formal recognition of the PRC, acceptance of Australia as the first official Dialogue Partner for ASEAN, and greater advocacy of regional interests on the part of Australia in global institutions including the United Nations, all formed part of the strategy.

It was around this time that the notion of "Asian engagement" became a hallmark of Australian foreign policy, with successive governments appreciating that the onus was on Australia to reach out to the region to become more deeply integrated in an economic and political sense. Leverage by successive governments of Australia's increasing clout as an influential middle power underpinned the country's approach to Asia-Pacific engagement throughout the 1980s and 1990s.²

This was not motivated simply by an abstract attempt to make up for lost historical ground; far more important was a hard-nosed pragmatic set of considerations. Foremost among these was that Australia's economic interests were increasingly located in Asia. In the 1960s, Japan had overtaken Britain as its most important trading partner. By the 1970s, it had become clear to policymakers that Britain was looking to Europe for its economic future. The high degree of complementarity between the Australian and Japanese economies—Japan's growth demanded raw materials and commodities, and Australia possessed these in abundance—underpinned a bilateral relationship that went from strength-to-strength. This included deepening cultural and political relations as enshrined in the landmark 1976 Nara Treaty.³ The view, increasingly among policymakers in the 1970s, was that while Australia's security alliance with the United

States provided the foundation of strategic policy, economic growth in Asia would fuel demand for Australian exports and investment into the future. Japan was central to this calculation, but even as early as the mid-1970s some Australian analysts were forecasting that China could overtake Japan as the region's biggest economy by the turn of the century.⁴ These predictions did not gain much traction among the policy establishment in Canberra, but they did speak to a growing optimism about Asia's central place in Australia's future.

The second driver of Australia's increasingly pro-active foreign policy in Asia at this time was awareness among policymakers of the need to cultivate a stable regional security environment in the long term. This became especially apparent in the wake of US defeat in Vietnam, with anxiety among some of America's Asian allies that it might pull back from the region as a result. The Fraser and Hawke governments worked hard to maintain strong US engagement in Asia, but they also strove to improve bilateral relations with countries toward which Australia had historically felt some hostility. Jakarta and Beijing were especially emphasized. This manifested itself in Australia formally accepting Indonesia's 1975 annexation of East Timor and siding more openly with China against the Soviet Union. Despite private misgivings, governments exhibited growing enthusiasm for regional architecture—Australia led the negotiation of the 1986 South Pacific Nuclear Free Zone Treaty—but were careful to balance this with US sensitivities about multilateral security institutions in Asia.

By the 1990s, the idea of Australia as “an Asian engaged country” was generally accepted in the nation's foreign and domestic policy discourse. Indeed, despite expressing its discomfort with the Keating government's rhetoric about Australia's place in Asia, the conservative Howard government (1996–2007) oversaw a period that witnessed deeper regional engagement—measured across economic, political, and security indices—than at any point in the country's history.⁵ The meteoric rise of the economic relationship with China was crucial to this trajectory. In 1980, China accounted for a paltry three percent of Australia's total export volume. By 2007, nearly one quarter of its exports were heading for China every year, and that year China overtook Japan for the first time as Australia's largest trading partner.⁶ While still important to Australia's economic growth and wellbeing, the Japanese economic relationship was complemented increasingly by China's massive growth and by the rise of South Korea, which today is

Australia's fourth largest trading partner behind also the United States. More than half of Australia's exports are destined for Northeast Asia alone.

THE ASIA "PIVOT" . . . DOWN UNDER

The Obama administration's announcement of a "pivot" (back) to Asia in 2010 occurred in a context where many US allies in the region perceived that Washington had become excessively preoccupied with the Middle East at the expense of US engagement in the Asia-Pacific. This perception was reinforced by the view that China had made significant inroads diplomatically, particularly in Southeast Asia, during a period when the Bush and early Obama administrations appeared detached from day-to-day developments in the region. This was acknowledged by Secretary of State Hillary Clinton in an influential article published in October 2011, where she conceded that: "In Asia, they ask whether we are really there to stay, whether we are likely to be distracted by events elsewhere, whether we can make—and keep—credible economic and strategic commitments, and whether we can back those commitments with action."⁷ This was reinforced by Obama's speech to Australia's Parliament in November 2011, where he outlined the thrust of the pivot; deepening the commitment to economic and political relationships in the region as well as reassuring allies that the United States would fulfill its security commitments into the future. A key feature of the speech was the announcement that 2,000 Marine Corps personnel would be rotated through Australia's northern port city of Darwin as part of a closer bilateral defense relationship.⁸

While attention has been devoted to analyzing the consequences of the US pivot or rebalance to Asia, Australia has sought to define something of its own regional pivot in recent times. One month before Hillary Clinton's *Foreign Policy* article in September 2011, Prime Minister Julia Gillard announced the commissioning of a White Paper on "Australia and the Asian Century," whose focus would be "on opportunities to increase the economic and other net benefits to Australia from the global, economic and strategic shift to Asia, in the short, medium and long term."⁹ The government was motivated in large part by the perception that it needed to burnish its foreign policy credentials, particularly those of the prime minister, who was aware that her predecessor and leadership rival Kevin Rudd's recognized strengths were in this domain. The final report,

released in October 2012, painted a linear path of economic growth for the region and argued that Australia could exert considerable influence as a middle power to achieve core economic and political goals.¹⁰ A major shortcoming of the report, however, was its refusal to engage seriously with the question of additional resources required to enhance diplomatic reach in an era where the budget of Australia's foreign ministry was dropping, Asian literacy in schools had stalled, and defense spending was declining in real terms.¹¹

For the Abbott coalition government which came to power in September 2013, one of the standout slogans of its electoral campaign was Australia needed "less Geneva and more Jakarta."¹² International observers may have found this a strange slogan given the previous government's attempt to reboot Australia's Asian engagement. Like many election slogans, however, this was carefully designed to denigrate political opponents while promising real change if elected, conveying the message that the Rudd-Gillard governments had overinvested valuable diplomatic resources in international organizations and underinvested in the Asia-Pacific region. This had dovetailed with an argument that the Labor government had lost sight of Australia's economic and strategic priorities in its own region in pursuit of more abstract recognition on the world diplomatic stage. Australia's victory in October 2012 in securing a two-year, non-permanent seat on the UN Security Council had met with an ambivalent response from the then opposition leader Tony Abbott and his foreign affairs spokesperson, Julie Bishop. Abbott and Bishop had been critical of the extent to which Australia had feted African countries, in particular, with large-scale aid and investment commitments during the Security Council campaign. Ironically, although the Abbott government would quietly shelve the "Australian in the Asian Century" White Paper on coming to power in September 2013, Julie Bishop had echoed the report's central theme of economic engagement three months previously: "Our foreign policy assets—military, defense, economic, trade, diplomatic and foreign aid—will be focused not exclusively but unambiguously on our region, and our focus will be on economic diplomacy."¹³

Along with Japan, China and Indonesia are the most important countries in Asia for Australia for economic ties and security considerations. These are the "Big Three" Asian countries that Australia puts most of its efforts into engaging bilaterally. The Australian embassy in Jakarta has become the country's single biggest overseas post. While India continues to grow in significance to Australia, and notwithstanding occasional

references to the “Indo-Pacific,” economic and strategic ties with India remain limited. Australia still plays an active role in multilateral institutions—Asia-Pacific Economic Cooperation (APEC) and Association of Southeast Asian Nations (ASEAN) are the standouts—but increasingly the focus has been on bilateral relations, as the G20 has tended to overshadow the role of APEC and ASEAN’s appetite for driving regional security and economic reform has dissipated. Indeed, Australia’s more recent track record in attempting to lead region-wide multilateral initiatives has been mixed. Kevin Rudd’s endeavor in 2008 to create an Asia-Pacific Security Cooperation mechanism quickly foundered, not least because of a perception among ASEAN states that Australia was not qualified to lead such a region-wide initiative. The preference for bilateralism over multilateralism in dealing with the region has traditionally been stronger under coalition governments, and the Abbott government is no exception.¹⁴ In office for one-and-a-half years, it has encountered mixed success in its efforts to reboot Australia’s engagement with Asia. This can be appreciated by examining bilateral relationships with each of the “Big Three.”

CHINA

Since formalizing their diplomatic relationship in the early 1970s, Australia and the People’s Republic of China (PRC) have established wide-ranging connections across political, economic, and strategic domains. In 2007, China overtook Japan as Australia’s largest trading partner, reflecting unprecedented Chinese demand for iron ore and coal to power economic growth. In 2013, Australia and China signed a “Strategic Partnership” agreement, vaunted by the Gillard government as a watershed in the relationship. While it did not constitute a security agreement, for supporters of closer ties it represented a major step forward.¹⁵ The 2013 initiative seemed to confirm a strong link between a close economic relationship with China and the prospect of developing a closer security relationship, strengthening the argument of those who believe that Australia cannot have continuing strong economic ties with China without developing a more intimate political and strategic relationship. This maps closely to the belief that Australia must do all it can to accommodate China’s rise as a great power in Asia, including seeking to persuade the United States to negotiate a power sharing arrangement with Beijing to avoid conflict.¹⁶

The Abbott government inherited an Australia–China relationship characterized by increasing engagement on non-economic issues, but one still largely defined by Chinese demand for Australian natural resources. Senior Abbott government ministers appeared to believe that it is possible to quarantine the economic side of the relationship from the political side. The political relationship, however, took a major hit shortly after Abbott entered office. Beijing's declaration in November 2013 of an Air Defense Identification Zone (ADIZ) in the East China Sea provoked major unease among regional states, and led the United States to immediately challenge the zone by flying two B-52s through it without first informing Beijing.¹⁷ While Australia was not directly affected, the Abbott government quickly condemned the decision and publically called in the Chinese ambassador in Canberra to make its views known. Beijing's response to this was swift and to the point: it saw no reason why Australia was interfering in an issue that was none of its business. Australia had, in the words of Foreign Minister Wang Yi, "jeopardised bilateral mutual trust and affected the sound growth of bilateral relations."¹⁸ China's stern reaction may have also been linked to the strong signals that the Abbott government had decided to tilt toward Japan in the incendiary Senkaku/Diaoyu Islands dispute. As Linda Jakobson points out, this was undoubtedly not helped in Beijing's eyes by Abbott's reference to Japan as an "ally" in his justification of Australia's position on the ADIZ declaration.¹⁹ These comments had been preceded in October by Abbott's heartfelt (if ill-advised) observation that "Australia has no better friend in the region than Japan."²⁰

Despite the Abbott government's tilt toward Japan in Northeast Asia, relations with China improved markedly in 2014. Australia's leading role in the search for the missing Malaysia Airliner MH370 (the majority of passengers were from China) elicited genuine expressions of gratitude during Abbott's visit to Beijing in April. Most significant of all was the conclusion in November 2014 of a landmark free trade agreement (FTA) with China. This followed the Australia–South Korea FTA, signed earlier in the year, and took place the same month that Australia concluded a bilateral FTA with Japan. The China FTA was particularly significant for the Australian economy. While much of the focus has been on the massive scale of resource exports to China, the FTA was crucial in opening up new markets in major growth areas, including financial services and agriculture. It essentially invalidated the argument that Australia cannot oppose Beijing on political issues in the region *and* enjoy an intimate economic

relationship with China. As James Reilly has argued, as Australia has become increasingly dependent on China economically, successive governments have been successful in strengthening balancing mechanisms against China, including bolstering the bilateral security alliance with the United States.²¹

INDONESIA

Historically, Australia–Indonesia relations have gone through peaks and major troughs. At the official level, the two remain close. Indonesia is the single largest target of Australian official development assistance (ODA), many Indonesians study at Australian universities, and the two countries cooperate closely at the diplomatic level. Most recently, Australia and Indonesia joined with South Korea, Turkey, and Mexico to form “MIKTA,” a group of self-defined middle powers intent on collaborating in international fora to build a bridge between the developed and developing worlds.²² Yet, the relationship has an edginess to it. Recently, the pending execution of two Australians convicted of drug trafficking into Bali has triggered renewed tensions. Sustained criticism of the Indonesian government and legal system among Australians has featured strongly, and reports of sharp exchanges between the two countries’ foreign ministers underscore the difficulty of containing the fallout from the planned executions.²³ Economic ties between the two countries have also suffered as a consequence.²⁴

While historically elites in both countries have managed to navigate around periodic tensions in the relationship, there is mutual wariness at the grass roots level in Australia and Indonesia, which at times borders on distrust. In part, this can be attributed to the period of high bilateral tensions during the 1960s when Australian and Indonesian military personnel exchanged gunfire over the formation of Malaysia. It can also be attributed to popular caricatures of the other on both sides. Many Indonesians perceive Australia as haughty and inclined to interfere in Indonesia’s internal affairs. Some even believe that Australia harbors a secret desire to divide their country in the long term, and point to East Timor’s transition to independence and the activity of Papuan activists on Australian soil as evidence of this.²⁵ Many Australians see Muslim Indonesia as a potential security threat, with terrorism usually topping the list of perceived threats, and as possessing features that are “alien” to Australia’s predominantly Western culture. Tellingly, public opinion

polling regularly demonstrates that views from both sides are characterized by a high degree of ignorance about the other country.²⁶

Almost as soon as it entered office, the Abbott government found serious turbulence due to leaked details that an Australian intelligence agency had spied on President Susilo Bambang Yudhoyono, Indonesia's first lady, and a number of the president's cabinet colleagues. For Abbott and his colleagues, this was a legacy issue; the spying had occurred under the Rudd government. Despite an angry public reaction from the Indonesian president, the new Australian government was unapologetic, with Abbott stating blandly that the purpose of Australian intelligence activities was "to help our friends and allies, not to harm them."²⁷ This incident occurred in the context of resentment in Indonesia over the Abbott government's hardline policy of turning back asylum-seeker boats transiting through Indonesia from arriving on Australian territory, but by the time Abbott and Yudhoyono met in June on the Indonesian island of Batam, they were keen to put the boats issue behind them and confirmed that a joint code of conduct on intelligence activities was being negotiated. By August, this had been signed, and the Abbott government said farewell to Yudhoyono, widely acknowledged as Indonesia's most pro-Australian president in living memory.²⁸

JAPAN

Until the conclusion of the Joint Declaration on Security Cooperation (JDSC) in 2007, relations between Japan and Australia had, for most intents and purposes, been one-dimensional. Japan had been Australia's single largest trading partner since the late 1960s and networks of investment between the two had accelerated during the 1980s and 1990s. In the shadow of a rising China, it was easy to forget that Japan remained far and away the single largest Asian investor in Australia and a massive consumer of Australian coal and iron ore in particular. The JDSC represented a watershed in the sense that it signaled a broadening of the relationship during a period when concerns about the strategic implications of China's rise were getting traction in Tokyo and Canberra. Greater intelligence cooperation, deeper defense ties, and a statement of shared values and worldviews signaled a shift in direction in the relationship.²⁹ The period under Labor from 2007 to 2013, while distinguished by tensions over whaling, nevertheless witnessed continued

cooperation on security as well as agreement in 2007 to commence negotiating a bilateral FTA.

The Abbott government signaled a desire for an even closer relationship, and the prime minister's comments citing Japan as an "ally" and Australia's "closest friend" in Asia—comments incidentally not reciprocated in Tokyo—confirmed an ambitious agenda. The political timing was seen as auspicious in Canberra, with the return to the prime ministership of Abe Shinzo, who had outlined a vision for a more muscular Japan in the region, including revisiting Article 9 of the constitution. The two leaders established strong personal rapport early in Abbott's tenure, underlined by reciprocal high profile visits. Abe spoke to the Australian Parliament (Xi Jinping and Yudhoyono were accorded the same honor in 2014), and Abbott was the first foreign leader to attend a meeting of Japan's newly established National Security Council.³⁰

The headline achievement for the relationship under the Abbott government has been the conclusion of the Japan–Australia Economic Partnership Agreement. This was the third in the troika of FTAs concluded with Australia's main Asian economic partners and reflected a comprehensive lowering of trade and investment barriers featuring surprisingly positive access to the Japanese markets for Australian agricultural products.³¹ The agreement was accompanied by growing speculation that the Abbott government intended to bypass a competitive tender process for Australia's next-generation submarine, purchasing Japan's *Soryu* class platform to replace the Collins-class fleet.³² It encouraged such speculation by talking up the attractions of the *Soryu* publically and talking down other options. This included talking down the option of the Australian Submarine Corporation (ASC) building the new submarines. In November 2014, in an extraordinary intervention, the Defense Minister, David Johnston, claimed that "the ASC couldn't build a canoe."³³ Yet, by early 2015, the Abbott government had changed its position. Confronting the prospect of being deposed as prime minister in a party room leadership ballot, Abbott reassured his colleagues concerned over potential Australian job losses that the ASC would indeed be part of a tender process. According to informed government sources in Tokyo, Japanese officials felt this was a breach of commitment and took the view that "for Japan to go through a formal selection process and lose—possibly revealing more secrets about its submarines than it wants to—would amount to a loss of face."³⁴

CONCLUSION: MORE PIROUETTE THAN PIVOT?

When we think of an appropriate metaphor for Australia's self-declared turn toward Asia under the Abbott government, *pirouette* is probably more appropriate than *pivot*. Despite claims by Abbott and Bishop, previous Labor governments were never really distracted from the Asia-Pacific. It is true that Australia's campaign for a non-permanent seat on the UN Security Council entailed more high profile diplomatic and economic engagement in Africa in particular, but there is little evidence this detracted from Canberra's ability to achieve policy goals in the Asia-Pacific. Under the Abbott government, Australia has certainly been assertive in the region; the conclusion of separate FTAs with three of its four most important trading partners within fourteen months of coming to office has been a significant achievement. Serious efforts on the part of high-performing Trade Minister Andrew Robb to accelerate FTA negotiations with India may see the conclusion of another FTA before the government's first term expires in September 2016. Moreover, initiatives like the "New Colombo Plan"—to facilitate combined Australian university student exchanges and work placements in the region—and a clear priority accorded to ODA to the South Pacific have also reinforced the apparent Asia-Pacific turn in Australian foreign policy under Abbott.

However, the track record overall of the Abbott government in the Asia-Pacific has been mixed. In particular, Abbott's tendency to issue statements that are not well thought through have at times confounded regional interlocutors. The submarine issue with Japan and the reference to Japan as Australia's "best friend in Asia" alienated both the Chinese and the South Koreans. Recently, Abbott's somewhat ham-fisted attempt to link Australia's large ODA program to Indonesia with the fate of two convicted Australian drug traffickers angered many Indonesians at the elite and grass roots level.³⁵ Indeed, Foreign Minister Bishop and Australia's diplomatic community have been kept busy trouble-shooting in the region on behalf of the prime minister. Australia has won a number of plaudits in the region under the Abbott government—leadership of the ongoing MH370 retrieval operation stands out—but as always, Australia needs to guard against a tendency to exaggerate its influence in regional capitals, something the Rudd government found out the hard way when its Asia-Pacific Security Cooperation initiative imploded in 2008.

Australia faces an increasingly complex environment in Asia in the years ahead. China's rise has been far from seamless, and America's predicted

relative decline is nowhere near as straightforward (or inevitable) as some have assumed. The future of Japan's role in the region remains uncertain, despite growing assertiveness in strategic policy and keenness to engage more closely with like-minded states, including Australia. The Korean Peninsula appears relatively stable for the time being, although North Korea's nuclear weapons arsenal and capriciousness mean that a future crisis could be just around the corner. Given its mammoth domestic challenges and mixed record in overcoming structural economic inefficiencies, doubts will persist about India's ability to reach its potential as a great power. For Australia, exploiting market potential rather than any putative strategic partnership with India will be the guiding aim underpinning its approach. In Southeast Asia, while the opening up of Myanmar presents real investment opportunities and Australia's relations with most other ASEAN states are growing, Indonesia will remain the priority. Maintaining productive relations with Jakarta is arguably the toughest foreign policy challenge confronting Australia. No other bilateral relationship in Australia's diplomatic portfolio is subject to as many swings and roundabouts. "More Jakarta" in Australian foreign policy is no doubt a good thing, but the Abbott government will need to work hard to ensure that the quality of engagement with it going forward is at least as positive as the quantity.

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India

The New Fulcrum of Asia: The Indo-Japan Entente and the Rise of China

John W. Garver

A new and potentially pivotal alignment of India and Japan is forming in response to China's rise. This still informal security and military partnership implicitly premised on countering an ever-more-powerful China reflects deep common apprehensions about China's rise and will probably take increasing substance in coming years. This entente marks a crucial failure of China's effort to reassure Tokyo and New Delhi that its rapidly growing military power will not be directed against them. Instead, China's successive dismissal of their security concerns throughout the post-Cold War period, combined with China's rapidly growing military power and more assertive approach to maritime conflicts since 2009, have driven Tokyo and New Delhi to conclude that prudence requires that the two stand together, informally, to convey to Beijing the message that it will not be able to subordinate its neighbors and rivals one at a time. Tokyo especially has concluded that Japan's self-defense force (SDF) could well be in the People's Liberation Army (PLA) line of fire over maritime and other issues, and that it is therefore prudent to counter this possibility by

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan-Palgrave Macmillan Series,
https://doi.org/10.1007/978-981-10-3171-7_18

building a coalition of like-minded regional states. Japan's search for security seems to be driving the new partnership.

The Philippines and Vietnam are showing interest in Tokyo's new approach, but the country with the greatest national capabilities, including military, and with the deepest apprehensions about a rising China, is India. Its collective memory of "1962" generates deep apprehensions over China's future course. Beijing taught its "lesson" very well, and it continues to resonate in New Delhi. Beijing's on-again, off-again exercise of intimidation against India—most recently over the border in the vicinity of the Karakorum pass in early 2013—ensures that these apprehensions do not fade. Psychologically, India lacks the anti-Japanese animus over "history" found in some Asian countries; instead mutual memory of World War II joins them together in a way not found in any other Asian country. This contributes to into positive responses to proposals for closer security partnership emanating from successive governments in Tokyo. Apprehensive of becoming entangled in China's quarrels with Japan and the United States, New Delhi is, nonetheless, cognizant of the real leverage with Beijing and enhancement of Indian national capabilities that may flow from a tilt toward Tokyo and Washington.

Neither Tokyo nor New Delhi desires confrontation with China, the major trading partner of each. Participation in China's growing markets is vital to Japan's search for economic revival. For India, China has emerged as a major customer for India's raw materials and semi-finished goods and supplier of cheap consumer goods. Yet, economics does not trump national security. Both are deeply apprehensive of possible confrontation with China, and have concluded that standing together, informally, with other like-minded Asian countries, especially with the ones of substantial national capabilities, is likely to reduce the likelihood that China will take such a course.

The realist calculations that are bringing Tokyo and New Delhi together are still anathema to some opinion groups in both countries. In India, the tradition of non-alignment/strategic independence has not evaporated. India's non-alignment forces mobilized, for example, against the nuclear cooperation deal with the United States in the mid-2000s, and remain adamantly opposed to alignment with the United States against China. Again during the run-up to Abe Shinzo's important January 2014 visit to India, the non-alignment forces rallied to oppose some of his bolder proposals. Behind Tokyo stands the United States, in their view, and India must eschew "ganging up" with them against China. Yet these traditional non-alignment views prevented neither the India-US nuclear cooperation deal in the 2000s nor

deeper embrace of Japan as a security partner in early 2014. When Narendra Modi became prime minister in June, the response to Abe's proposals for expanded cooperation became more straightforwardly positive.

The allergy in Japan to attempting to play a military and major political role in Asia remains strong, but there too traditional pacifist sentiments have been eroded by a number of factors, most importantly, China's successive disparagement of Japan's security concerns and increasingly assertive use of its military power in the seas around Japan.¹ Under successive Japanese leaders, from Koizumi Junichiro to Abe, including even Hatoyama Yukio, who sought to distance Japan somewhat from the United States, Japan has moved toward political and military partnership with India.

India will not replace the United States as Japan's primary security partner. The alliance with the United States guarantees Japan's security in a way that any possible partnership with India could not. In spite of a gradually increasing naval presence in the Pacific Ocean, India's navy plays a minor role in Japan's maritime home. For India too, the United States is a far more important security partner than Japan, given its robust presence in the center of the Indian Ocean at Diego Garcia.² Starting in 1992, the US navy has engaged in nearly annual joint exercises with the Indian navy. Since 2002, these have significantly strengthened the operational capabilities and inter-operability of both navies.

In the sale of military equipment and technological upgrading, Japan is far less important to India than is the United States. In early 2014, Japan is considering its first-ever sale—an amphibious aircraft suitable for search and rescue operations—to India. The fact that Japan is moving toward lifting its self-imposed ban on the export of military-useable items is significant, as is the fact that India may be the recipient of the first sale. But while Japan is just considering this, the United States has become India's leading arms supplier, and India has become the leading customer for US arms sales.³ The India–US and Japan–US bilateral relationships are now being augmented by an India–Japan partnership, raising the specter of a Japan–India–US combination—if China resorts to military force to overturn the status quo in Asia. Beijing certainly understands this.

EVOLUTION OF THE INDO-JAPAN ENTENTE

There were few discussions of security issues between Japan and India during the Cold War. With India aligned with the USSR and Japan with the United States, there was little to discuss. Japan had no military

presence or security role in South Asia or the Indian Ocean. India played a significant role in Indo-China, but not in Japan's northwest Pacific environs.⁴ The demise of the Soviet Union cut India adrift, while China's rapid economic growth, which began with its "second opening" in 1992 caused Japan to start thinking about security concerns along that vector. Beijing dismissed Japan's security concerns.

A series of eleven Chinese nuclear tests between May 1990 and July 1996, along with an expanding and improved arsenal of nuclear weapons that those tests represented, was one cause of mounting Japanese security concerns. Japan objected to the tests because of a strong preference for global nuclear disarmament, with special focus on Japan's immediate vicinity. Beijing dismissed these concerns, first by arguing that these weapons are purely for self-defense, and, given Japan's history of aggression against China, Japan had no standing to raise objections.⁵ Second, Beijing said that Japan was under the US nuclear umbrella and therefore had no standing to object. These may have been cogent debating points, but they stunned Japanese opinion with their dismissive attitude toward Japan's nuclear fears. China's media sometimes went further in delegitimizing Japan's objections to China's nuclear weapons program, arguing that Japan was plotting the revival of militarism and that its objections to China's development of a strong nuclear capacity were an attempt to keep China weak and vulnerable to Japanese aggression. Japan's media followed China's depiction of Japan closely, and Japanese were shocked by China's refusal to recognize the vast differences between the Japan of the 1930s and the Japan of the 1990s.

China's missile firings and large-scale amphibious assault exercises on islands in the Taiwan Strait between July 1995 and March 1996 further deepened Japanese security concerns.⁶ Intended to convince the newly enfranchised electorate of Taiwan along with the Clinton administration that China was quite prepared to use force if Taipei crossed some "Taiwan independence" threshold, the message caused Tokyo to begin thinking through the implications of a PLA assault on Taiwan, with which Japanese trade and investment was substantial. Incorporation of Taiwan into the PLA military system would considerably strengthen Beijing's ability to threaten Japan's sea lines of communication. Japan's role in the defense of Taiwan was linked to its alliance with the United States. If the United States found itself in a war with China to defend Taiwan and Japan refused to provide rear area and logistical assistance, then the strongly negative US reaction to Japan's non-involvement would likely destroy the US-Japan

alliance. To protect its US alliance Japan would need to actively support US forces defending Taiwan, and that raised the prospect of the need to defend Japanese soil from PLA attack.

The emergence of Japanese security concerns over China in the mid-1990s was one factor bringing Tokyo and New Delhi together. By 1998 they were prepared to begin their first-ever security dialogue. That event was aborted, however, by India's nuclear tests in May. For two years, Tokyo's strong objection to India's decision to develop and deploy a substantial nuclear retaliatory force blocked any advance in India–Japan ties, but talks between Finance Minister Jaswant Singh and US National Security Advisor Strobe Talbott starting in late 1998 produced a new strategic understanding between Washington and New Delhi. For the first time the United States began to view India's quest for an expanded global role, including greater military power, in the context of China's rise rather than primarily in the context of the India–Pakistan nexus. This new India–US understanding opened the way to a new stage in Indo-US relations—and to revival of the Japan–India strategic dialogue. In November 1999, Singh visited Tokyo for talks. This led in January 2000 to the first-ever visit to Japan by an Indian defense minister, who happened to be George Fernandes, an outspoken critic of China's policies and advocate of greater vigilance against China. The Bharatiya Janata Party (BJP) government in which he was a member was determined to strengthen India's defenses against China—and its status in the world. Opening a security dialogue with Japan was one component of this drive. During the January talks, they set aside differences over the nuclear issue and expanded dialogue in other security areas. These breakthroughs led to Prime Minister Mori Yoshiro's August visit during which the two sides proclaimed a Global Partnership for the twenty-first century. The first formal defense minister talks followed in 2001, followed by the first security dialogue and military-to-military consultations. These and other major interactions and statements over the next 14 years are listed in [Figure 1](#).

The governments of Koizumi and Abe (both times in office) were especially effective engineers of the Japan–India entente. Both advocated Japan becoming a “normal country” and playing a more prominent political role in Asia, and both saw India as a natural partner in that effort. Relations were promoted to the “strategic” level during Koizumi's May 2005 visit, as a Global and Strategic Partnership for the Twenty-first Century. The two sides decided to hold annual prime

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Aug. 2000	Global Partnership in the Twenty-First Century	
Jan. 2001	1st Formal Defense Minister Talks	PM Yoshiro Mori to India
Jul. 2001	1st Security Dialogue and Military-Military Consultation	DM George Fernandes to Tokyo
Dec. 2001	Joint Statement on Partnership in New Asian Era	
Dec. 2002	Action Plan for Japan–India Global Partnership	
Dec. 2002	Joint Declaration on Security Cooperation	PM Koizumi and Vajpayee in ??
Apr. 2005	Partnership in a New Asian Era: Strategic Orientation of Global Partnership	PM Singh and Koizumi in ??
May. 2006	8-Fold Initiative for Strengthening Global Partnership	
May. 2006	Joint Statement on Bilateral Defense Cooperation	DM Pranab Mukherjee to Japan
Dec. 2006	Joint Statement Toward Japan–Indian Strategic and Global Partnership	PM Singh & Abe in Japan
Mar. 2007	Strategic Dialogue at Foreign Minister Level Launched	
Aug. 2007	Joint Statement on Roadmap for New Dimensions of Strategic and Global Partnership	PM Abe and Singh in India
	Joint Declaration on Security Cooperation	PM Singh and Taro Aso in Japan
Oct. 2008	Joint Statement on Advancement of Strategic and Global Partnership	PM Singh and Taro Aso in Japan
Dec. 2009	Action Plan to Advance Security Cooperation	PM Yukio Hatoyama and Singh in India
2010	Africa Dialogue Launched	
Jun. 2010	Agreement on Cooperation in Peaceful Use of Nuclear Energy	
Oct. 2010	Joint Statement: Vision for Strategic and Global Partnership in Next Decade	PM Singh and Naoto Kan in Japan
Apr. 2011	1st Defense Policy Dialogue at Vice-minister Level	
Aug. 2011	Comprehensive Economic Partnership Agreement	
Dec. 2011	Vision for Enhancement of Strategic and Global Partnership on 60th Anniversary	PM Noda and Singh in India
2012	Economic Dialogue at Ministerial Level Launched	
2013	Japanese Emperor and Empress to India	
Jan. 2014	Joint Statement on Occasion of Official Visit to PM of Japan to India	

Fig. 1 Major advances in the India–Japan partnership

ministers' visits and regular meetings of foreign, defense, trade, and finance ministers. Japan thereby became the only country other than Russia with which India holds regular defense minister meetings. In the joint statement during Koizumi's visit, India expressed public thanks for Japan's large-scale financial assistance to its development—a high-profile expression of gratitude contrasting sharply with Beijing's longstanding refusal to do the same, or even to allow the Chinese media to inform the public about Japan's robust financial assistance to China's development, a stance which became a serious irritant in Sino-Japan relations during the 2000s. Japan's leaders had hoped that such assistance would foster goodwill among China's citizens. This did not happen, in part because China's media did not let that country's citizens know about Japan's assistance. Gradually Japanese leaders concluded that Japan's assistance should go to grateful India rather than seemingly ungrateful China.

Abe pushed boldly to expand the partnership during his first stint as prime minister. During a December 2006 visit to Tokyo by Prime Minister Manmohan Singh, the two sides issued a joint statement affirming "similar perceptions of the evolving environment in the region and the world at large." Relations, it said, are "driven by converging long-term political, economy and strategic interests . . . and underpinned by a common commitment to democracy, open society, human rights, rule of law and free market economy."⁷ China was implicit in each of those formulations.

In October 2008 under Prime Minister Aso Taro, Japan and India signed a joint statement for a "comprehensive framework for enhancement of security cooperation."⁸ This was only Japan's third security agreement following its 1960 alliance with the United States and a March 2007 agreement with Australia—the latter also concluded during Abe's first time as prime minister. In Tokyo to sign the agreement, Singh declared that strong India–Japan relations would play a significant role in the "emerging Asian security architecture and would contribute to the peace, stability and prosperity of Asia and the world."⁹

This entente continued to advance even under Hatoyama, who moved a bit closer to China for the sake of forming an "East Asian community," which would not include the United States. Eventually his rebalancing efforts floundered on, among other things, China's new assertiveness toward the Senkaku (Diaoyu) Islands, efforts that started in 2009. In December 2009, Japan and India issued an Action Plan, including increased information exchanges and policy coordination on security

issues in the Asia-Pacific region. It established nine cooperation mechanisms: a maritime security dialogue, an annual comprehensive security dialogue between foreign and defense ministry officials, regular consultations between national security advisors, vice foreign minister dialogues twice a year, annual foreign ministry dialogues, etc. Mechanisms for expanded “defense cooperation” included regular defense minister and foreign minister (2+2) meetings, annual defense policy dialogues, annual military-to-military talks at the deputy secretary level, regular reciprocal visits by service chiefs, and annual talks by army and navy staffs. Cooperation between the coast guards of the two countries was expanded.

Visits by Singh and Prime Minister Noda Yoshihiko to India produced further agreements on mechanisms and areas of expanded cooperation. Finance Minister Aso Taro attempted to reassure India in May 2013 that Tokyo understood its desire not to “ally” against China, saying:

“Alliance, in the Indian context, drops some jaws, and I am aware of that. We will not call you our ally in the sense we call America. But almost, you are . . . As two of the vibrant democracies in Asia, we share the same outlook in many respects. Neither one of us is a [territorial] revisionist. Far from that. Both of us know that the international order functions only when based upon established rules and laws. India and Japan are both maritime democracies. What happens in the Western Pacific should affect your interests. What happens in the IOR [Indian Ocean region] should affect the interests of my country. Most importantly, we both know that we must be good stewards of freedom of [maritime] movement.”¹⁰

After calling for “much, much” intensified cooperation between the two coast guards and navies, Aso added:

[W]e must enlarge our mental map . . . Andaman Nicobar is a case in point. . . . few other places bear more strategic importance than Andaman Nicobar. Because of their presence India is an integral part of South East Asia. More people in Japan, especially those in uniform, should know more about it . . . Only then we could [sic] enhance our maritime security cooperation and interoperability and strengthen our links . . . from Yokosuka to Port Blair to Djibouti.

While Indian officials certainly did not appreciate public discussions of geopolitical realities, they understood what Aso was saying. At the end of 2008 the PLA-Navy (PLAN) began ongoing participation in the anti-piracy patrols in the Gulf of Aden in the western Indian Ocean.¹¹ This

marked a major qualitative leap for the PLAN, including knowledge of the waters and littoral facilities of the area and of sustained, complex operations at great distances from China's coast—astride the sea lines of communication of both Japan and India. PLA ships transiting to or from the Gulf of Aden would pass by “Andaman Nicobar.”

A cluster of visits in late 2013–early 2014 pushed relations further ahead. In December Japan's Emperor and Empress made their first-ever visit to India (Akihito had visited as crown prince). Although this was carefully non-political, such visits invariably take place in a broader international context. Akihito's visit to China in 1992, for example, had symbolized the apex of Sino-Japanese “friendship” as Japan helped Beijing escape from its post-June 4 sanctions and opprobrium. By 2013, a Japanese imperial visit to China would have been unthinkable. The Japanese imperial presence in India symbolized a growing friendship.

In the afterglow of the imperial visit, Defense Minister Onodera Itsunori visited India on January 5–8, followed by Abe's visit that month as guest of honor at India's Republic Day parade. A series of advances, all implicitly directed against China, were approved. Japanese firms were invited to undertake major infrastructural projects in India's northeastern states. Chinese firms had long been banned from participation in such projects because those areas were potential battlefields in the event of a “second round” of Sino-Indian war. Infrastructural improvements would strengthen New Delhi's control over that region, and thereby its position vis-à-vis China. Across the border in Tibet, major infrastructural efforts are steadily improving China's position.

Agreement was reached on large-scale Japanese assistance to construct a transportation-industrial corridor between Bangalore and Chennai. A Japanese assisted high-speed railway and modern highway flanked by industrial development zones are to connect the center of India's IT industry with its major southeastern port, Chennai, where Japan undertook to build a modern harbor. Industrial goods were to flow from the new industrial zones via modern transport links to Chennai from whence they would travel to global markets. About 1500 miles due east of Chennai is the Myanmar port of Dawei, where the Thai government is investing billions in the construction of a new port. Dawei is only a few hundred miles west of Bangkok. In effect India, Japan, and Thailand are cooperating to put in place a new system to increase the economic interaction among the three countries—and, not incidentally, to help draw Myanmar away from its deep dependence on China.

Another area of Indo-Japanese agreement was strengthening cooperation in UN Peacekeeping Operations—the one in South Sudan was specifically targeted. There is a strong complementarity. India is a major supplier of military forces and does not have the strong “casualty aversion” that developed countries typically have. Japan has such an aversion, but is able to contribute substantial financial support and high-tech equipment. The two sides also discussed Indian purchase of an amphibious airplane ideal for rescuing military personnel from the sea, which as discussed earlier, would be Japan’s first post-1945 foreign sale of military-use items. This sale would bode well for expanded defense relations, with India’s large military purchases providing markets for Japan’s high-tech defense industries. Beijing was confronted by the specter of an Indian military armed by the United States and Japan.

New Delhi and Tokyo agreed during Defense Minister Onodera’s visit to conduct bilateral naval exercises “on a regular basis,” the first of which had taken place in 2012 off the coast of Japan. The second took place in December 2013 in the Bay of Bengal. The press release from Onodera’s talks announced, “In 2014 the Indian Navy will visit Japan to conduct joint exercises.”¹² Expanded maritime cooperation is a major focus, as both are concerned about the more capable and numerous Chinese warships cruising in more distant seas.

THE SPIRIT OF THE NEW ENTENTE

On 10 January, 2014, two days after Onodera left India, China’s ambassador to India Wei Wei published an Op-ed piece in the English language *The Indian Express*, posted on the website of the People’s Republic of China (PRC) embassy in New Delhi,¹³ pleading for India to reject alignment with Japan and stand instead with China in an emerging struggle over the international order in Asia. Wei advanced two main reasons: the importance of India’s economic ties with China, and “the history issue” of Japan’s aggression during the 1930s and 1940s. Referring to Abe’s December 26, 2013, visit to the Yasukuni Shrine, Wei interpreted that visit along with Tokyo’s quest for partnership with India as nothing less than an attempt to overturn the post-1945 order established by Japan’s defeat in World War II. Ambassador Wei wrote:

Unfortunately, some Japanese leaders blatantly paid homage at the Yasukuni Shrine where Class-A war criminals of World War II are honored. This is a

brazen challenge to the post-war international order, to historical justice and human conscience. This will also undermine the political stability in East Asia and hurt economic relations between China and Japan and even the US economy. The GDPs of China, the US and Japan rank the top three in the world. Any disturbance to the above three economies will not only damage the global economy recovery impetus, but also harm Asian economies, India included.

This could be read as a threat either to pull down the international economy in retaliation for Abe's foreign policies, or to economically punish India for going along with Abe's pernicious foreign policies. Either way, the point is that India would suffer economically as a result of Abe's designs. The threat to India was left implicit, as Japan was vilified. Wei continued:

Japan, as an Asian country per se, should have assumed its responsibility of promoting common prosperity in Asia. The Japanese government, however, is fiercely implementing the right-wing doctrine by trying to get rid of the postwar order, by amending the pacifist constitution and by developing into a "military power." This obviously runs against the global trend of pursuing development and enhancing economic recovery.

The post-1945 Asian "order" saw a militarily impotent and politically docile Japan. Now Japan's attempt to defend its territory and catalyze political alignments favorable to itself and opposed by China was depicted as an attempt to overturn the post-war Asian order. India should not go along with this malevolent effort, Wei argued, because it, like China, "made important contributions to the fight against Japanese militarist aggression in WWII." Moreover, China's war of resistance against Japan had defended India; had China been defeated that "would have made the [Japanese] invasion of British India much more plausible." Wei concluded, "today, the people of Asian countries, including China, India and Japan, would [sic] all bear in mind the lessons of history... for the purpose of telling right from wrong, for the purpose of upholding the path of peace and for the purpose of realizing common development."

Beijing's use of "history" to influence India faces several difficulties. First, the "history" that dominates the Indian narrative is not World War II, but "1962," when India believes that after trying vigorously to

befriend the PRC in the 1950s, it was “betrayed.” The dominant Indian narrative cites a long list of Indian attempts to befriend the PRC. It was one of the first non-communist countries to recognize the PRC on April 1, 1950. It spoke in favor of PRC entry into the Security Council and on Beijing’s behalf in UN debates over the Korean War, earning US animus for that effort. India broke with Washington and refused to sign the US-brokered peace treaty with Japan, largely because of issues having to do with China. It rejected US policies of containment, alliances, and military buildup directed against China and the Soviet Union. Instead, India’s “non-alignment” fostered amicable cooperation with countries on both sides of the Cold War divide—advantageous to the PRC in the 1950s. New Delhi urged the Dalai Lama to come to terms with Beijing, refused US and other solicitations of support for Tibetan resistance in the early years of the PRC, recognized China’s sovereignty over Tibet in 1954, and sold food to feed China’s military forces in Tibet before the PLA completed roads to haul in food supplies from China proper. Not incidentally, Beijing kept quiet about its territorial demands on India until the PLA had opened those supply lines to China. India facilitated China’s entry into the Afro-Asia movement in the mid-1950s, securing its participation in the first meeting of that new movement at Bandung, Indonesia in 1955. Beijing repaid this Indian friendship, in the mainstream Indian view, by absurdly blaming Nehru and India for the Tibet uprising of 1959 and then attacking India in 1962.¹⁴ The reality of Sino-Indian interactions was, of course, far more complex than these stereotypes, but the point is that, in the common Indian view, China attacked India. Japan has never done that. The humiliating defeat by China in 1962 burns in the Indian memory of indignities nearly as much, perhaps, as the Japanese “humiliation” of China does in the Chinese memory. Most Chinese know little about India’s befriendings of China and the Indian narrative of betrayal and humiliation by China. The two countries are simply on different sides of the historical memory divide.

The same is true regarding memory of World War II. The history of that conflict does not burden India–Japan relations as it does China–Japan ties, but, in fact, helps bring the countries together. Unlike the Indian doctor Pwarkaneth Kotnis who Wei lauded in his statement as “helping the Chinese people against Japanese aggression,” Mohandas Gandhi and the independence movement he led refused to support the British war effort following Japan’s December 1941 offensive.¹⁵ Instead, Gandhi and

his Congress launched a movement in April 1942 demanding that Britain “Quit India” just as Japanese armies were consolidating control over Burma and preparing to drive into British India.¹⁶ Consequently, British authorities rounded up Congress leaders, who spent most of World War II in British jails. Chiang Kai-shek, in fact, flew to India (with US support) in early 1942 to try and persuade Gandhi to support the allied war effort. Gandhi and others, remembering British betrayal of a similar promise of postwar independence given in the early days of World War I, refused. There was considerable sympathy for the allied cause among “progressive” Congress leaders in 1942, but the British empire, not the Japanese empire, was the nemesis of their independence movement. India never experienced the realities of Japanese rule. Japan’s strategists decided in 1942 to push not into India but into the Southwest Pacific toward Australia.

One prominent Congress leader, Subhas Chandra Bose, threw his lot in with Nazi Germany and Japan. Defecting to Germany in 1940, Bose recruited a force of about 3,000 Indian soldiers from among prisoners of war (POWs) taken by Erwin Rommel’s Afrika Corps. Shifting tides of war in North Africa caused Bose to turn his attention to Asia, and in February 1943 a Nazi submarine delivered him to Japanese-occupied Sumatra. There he again organized a small army from Indian POWs captured in Japan’s Southeast Asian campaigns. That Indian force fought alongside Japan’s in a short-lived 1944 attempt to march into India. Bose died in a plane crash in Taipei in August 1945 on his way to Soviet-occupied Manchuria, where he imagined he could continue his anti-British struggle. Britain arrested and attempted to try for treason several hundred officers in Bose’s various forces, but nationalist opinion in India forced London to back down. Since independence Bose has been incorporated into the hagiography of Indian nationalism as a patriot who aligned with Britain’s enemy to free India. The Hindi honorific “Netaji,” (“respected leader”) is typically attached to his name in textbooks. The common Indian narrative of Japan’s path to war with the Anglo-Americans as symbolized by the embrace of “Netaji Subhas Bose” is not too dissimilar from that presented in the Yasukuni Shrine museum. When Abe addressed India’s parliament in 2007 he noted that the Calcutta airport into which he would soon fly was named after Chandra Bose. Abe also noted that in Calcutta he would meet with the son of Justice Radhabinod Pal, who is “highly respected

even today by many Japanese for the noble spirit of courage” he exhibited during the International Military Tribunal for the Far East,¹⁷ Pal was an Indian jurist on the Far Eastern Military Tribunal and who refused to find Japan’s leaders to be “war criminals.” The whole process, Pal insisted, was one-sided “victor’s justice” with allied leaders escaping judgment for their atrocious actions such as firebombing Japanese cities. Today Pal is widely remembered and esteemed in India—and in Japan. “History” qua World War II unites India and Japan, not India and China.

The role of “universal values” also differs starkly in Indo-Japanese relations and in China’s relations with those two countries. From Beijing’s point of view there is no such thing as “universal values,” and the very concept that there is, is a bourgeois idea used by Western countries to undermine the rule of the Chinese Communist Party (CCP) with the objective of casting China once again into a situation of weakness, as in the “century of national humiliation.” Xi Jinping told a National Propaganda and Ideology Work Conference in August 2013 that from a Marxist viewpoint, “there is no such thing as universal values”¹⁸:

Western countries see our country’s development and expansion as a challenge to their value views, systems and models, and intensify ideological and cultural infiltration of our country... Hostile forces are doing their utmost to propagate so-called “universal values”... their objective is to vie with us [the CCP] for... the people’s hearts... to overthrow the leadership of the Chinese Communist Party and China’s socialist system.¹⁹

From this perspective, “universal values” are a way of mobilizing anti-socialist forces to weaken and ultimately overthrow the CCP, a manifestation of the “Cold War mentality” that the West used successfully to destroy the USSR and East European socialist states. In the case of India and Japan, talk of “universal values” suggests to the CCP a linkup between those countries and other like-minded countries—the United States, Australia, the Philippines, perhaps Indonesia or even Taiwan—against the PRC. From Japanese and Indian points of view, democracy, rule of law, and stress on human rights are part of what makes them proud of their nations. The fact that Beijing sometimes sneeringly rejects these things as tools of imperialist aggression contributes to fear of it and its future course. The CCP’s suppression of popular knowledge of Japan’s large-scale economic assistance to

China and its fostering of anti-Japanese sentiment via the history issue are linked to the CCP's rejection of democracy and press freedom.

THE FAILURE OF BEIJING'S EFFORTS TO REASSURE CHINA'S NEIGHBORS

The gradual, but steady, coalescence of the India–Japan entente is testimony to the failure of Chinese diplomacy, which did not make China's neighbors comfortable with China's growing power. It's an on-again, off-again resort to coercive diplomacy that actually encouraged the entente. Tang Jiaxuan, one of Beijing's leading Japan specialists and foreign minister from 1998 to 2003, explained in his memoir the logic of China's diplomacy.²⁰ China desires friendship with all countries, but incorrect views in those countries sometimes make friendship difficult, or even impossible, Tang noted. To eliminate these “obstacles” and open the way for friendship, there must be a struggle against them. Struggle takes two key forms, added Tang. First, China's diplomats, leaders, and media educate foreign audiences, showing why the ideas of the other side are wrong and must be changed. Second, sanctions such as canceling dialogues, exchanges and ship visits are applied, not to inflict pain on the other side, but to alert it to China's unhappiness, and the possible costs of that.

This model of China as moral instructor has deep roots in China's tradition, tracing back to when the Son of Heaven instructed “barbarian” rulers. The purpose of punitive measures is to educate and change the thinking of wrong-headed foreign rulers. Mao fell frequently into this pitfall. In early 1959 when he ordered China's media to blame Nehru for the uprising in Tibet, he apparently believed that this polemical “struggle” would cause Nehru to recognize and discard his “incorrect” ideas, opening the way to renewed Sino-Indian friendship.²¹ The same line of thought operated when Mao opted in 1960 to make the struggle against Nikita Khrushchev's “revisionism” more direct and open. Mao told his comrades that this strong struggle would cause the Soviet leader to recognize and abandon his mistakes, creating a principled basis for closer CCP-CPSU solidarity.²² IN neither the Indian nor the Soviet case did things work out as Mao expected.

When Beijing applies its pedagogic method to Japan, Japanese concerns about its policies are met with harsh rhetoric, inferring malevolent Japanese intentions and declaring these concerns illegitimate. Sanctions

point to the costs of continued Japanese adherence to ill-founded ideas and policies: suspension of high-level exchanges, stepped up civilian and coast guard activities in disputed waters, and condoning virulent demonstrations with Chinese citizens voicing hateful expressions demanding the sternest measures against Japan. The trajectory of Japan's reaction to China's modus operandi over the past 15 years indicates that China's approach has not worked. It has not led Japan to abandon its "anti-Chinese ideas," but to fear China and reach out to like-minded, big India.

India is in the swing position in the emerging Japan–India–China triangle. Its strategy seems to be to profess a desire for friendship with China, as well as with Japan, and to use Beijing's fear of too-close Indo-Japan friendship to get China to undertake more friendly policies. With skillful diplomacy India might be able to use this fear to induce Beijing to settle the territorial issue by returning to the Zhou Enlai and Deng Xiaoping proposal of a west-east "swap" package-deal. That would require high-level, confident leadership in Beijing, and domestic opposition to "weakness" would be an obstacle.

India is the most vulnerable member of the potential US–Japan–India coalition. The United States is obligated by treaty to come to Japan's assistance in the event of war with China. Although the United States might be sympathetic to India in the event of a "second round," India would presumably stand alone. Indians view China as a country quite prepared to resort to force and act with corresponding caution. The economic cost to China of a clash with Japan would be immense, but a war with India would be much less so. In the swing position, India is also the weakest link in such a coalition and must act with caution.

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India's New Leadership and East Asia

Daniel Twining

India's election has produced a decisive majority for the political alliance led by the Bharatiya Janata Party (BJP). Incoming Prime Minister Narendra Modi promises to reinvigorate an economy whose annual growth rates have halved from near double-digit rates in recent years. He has pledged to tackle endemic corruption and create a slimmed-down, more effective state through what he calls "maximum governance, minimal government." Modi cites his own record governing the state of Gujarat, which has grown faster than China for two decades, as an example of the pro-growth, no-nonsense management experience he would bring to New Delhi as prime minister. He has also promised to more forcefully pursue India's interests abroad, including by responding more firmly to Chinese designs on India's northeastern territories. East and Southeast Asian nations, as well as the United States, have high hopes for, and high stakes in, an Indian resurgence that could tilt Asia's power balance in a democratic direction and further amplify India's role on the global stage.

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,
https://doi.org/10.1007/978-981-10-3171-7_19

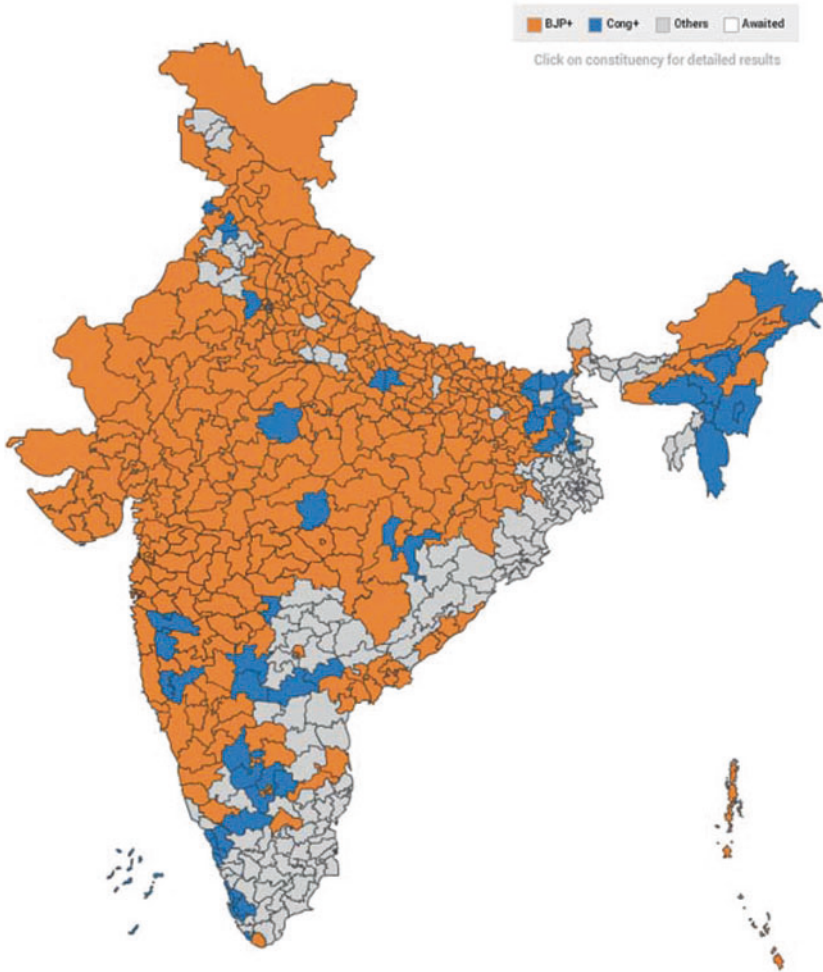
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ELECTION OVERVIEW: DOMESTIC DRIVERS

Turnout in the 2014 election was higher as a percentage of eligible voters than in any election since 1984. Sample polls in the run-up to the vote by the Center for Developing Societies, Pew, and others, as well as exit polling by a range of Indian media outlets, showed overwhelming demand for change from the 551 million Indians who voted. Pre-election polling revealed that voters preferred the BJP over the ruling Congress Party by more than three-to-one. The intensity of support for the BJP was also much higher, as attested by its performance—the party itself won 282 seats in parliament, and with its coalition partners it now controls 336 out of 543 seats—as well as by the wallop voters delivered to the ruling Congress Party, which won only 44 seats (it had previously held 209). Polls show Modi enjoyed majority support from upper- and lower-caste Indians, rural and urban voters, and Indians in the populous north and wealthier south. By more than two-to-one, voters polled rated the BJP tops in its ability to manage the key challenges confronting the country, from inflation and corruption to terrorism. This map¹ shows the scale of the BJP's victory across the vast expanse of the subcontinent:

Restoring economic vigor through good governance and decisive reform is the clear mandate of the new government. Economic growth is under five percent. Annual inflation is almost twice the rate of gross domestic product (GDP) expansion, hitting average Indians in their pocketbooks. As many as 800 million Indian citizens live on less than USD 2 a day. In the heady days of the 2000s, many Indians internalized the notion that their country was destined for economic and geopolitical greatness. They feel like the Congress Party let them down and voted in a prime minister who has managed India's most industrialized and globalized state. Modi is the first prime minister to be born after Indian independence. His election is a metaphor for Indian voters' declaration of independence from the Congress Party, which has ruled India for most of its modern history and has suffered its worst electoral defeat. As veteran party leader Jairam Ramesh put it on the day election results were released, "Our performance is worse than the worst-case scenario."²

This election may prove a turning point in India's political history. *Indian Express* editor Shekhar Gupta describes the journey of the Indian voter since 1947 in three stages—from gratitude to the Congress Party to delivering India's independence, to grievance as a result of underdevelopment and stifled opportunity, and to aspiration



for a better future under conditions of dynamic economic growth.³ Modi's ascension represents the victory of the aspirational group, now comprising hundreds of millions of Indians and growing every day. Rajiv Kumar of the Center for Policy Research argues convincingly that this group seeking greater economic opportunity has replaced the

“petitioning” one seeking government handouts as the prime force in Indian electoral politics.⁴

Indeed, judging by an election result that has delivered a stronger mandate for one party than at any time since 1984, several decades of rapid economic growth appear to have created a more unitary Indian electorate, whose aspirations for a middle-class future cut across lines of caste, region, religion, and the rural–urban divide. Half of Indians are under 25 years old and two-thirds are under 36. This emergent urban and sub-urban, youthful, middle-class India—the India of 900 million mobile connections—is displacing the old rural peasantry as the decisive demographic. This massive constituency voted overwhelmingly for the change Modi promised. They have extraordinarily high expectations for his government. So, too, do India’s friends in East and Southeast Asia, in their own way stakeholders in India’s economic and geopolitical rise.

FOREIGN POLICY AND THE INDIAN ELECTION

If the new government can fire up the country’s economic engine—by rolling back antiquated restrictions on business, cracking down on endemic corruption, and creating a more open playing field for investment and job-creation—India’s return to dynamic growth will have international implications, irrespective of the country’s external orientation. But foreign policy will also be shaped by the ambitions of the man at the top. Modi said little about foreign affairs in an election centered on the domestic renewal agenda, one that played to his strengths as a chief minister who has not previously had responsibility for foreign affairs, but the hints he gave on the stump about his worldview are intriguing.⁵

The last BJP prime minister, Atal Bihari Vajpayee, declared India and the United States “natural allies” after decades of alienation. His government conducted nuclear tests to balance China’s military power and opened the door to US–India defense cooperation. Modi has been alienated from the United States as a result of a visa ban, only recently lifted, stemming from a massacre of Muslims in Gujarat that occurred on his watch in 2002, an atrocity he is accused of having done too little to prevent. But he has also said India will do business with the great powers, including the United States, and that India’s resurgence under his leadership will naturally attract the support and encouragement of America and other friendly nations.

Indeed, while his vision for US–India relations remains opaque, he will certainly seek greater American trade and investment to catalyze Indian growth. This may be enough: the best way to restore momentum to US–India relations may be to get India growing again, making it a more attractive partner to the world’s superpower. The departure of the ambassador who oversaw the last phase of the visa ban on Modi also clears the air for a personal representative of President Obama to start afresh with a new Indian government. People-to-people ties remain strong and bureaucratic cooperation has grown dramatically; what is needed is energy at the top to move the relationship to the next level. That said, US interests will benefit even if relations with a Modi administration are not intimate, given the positive influence a more confident and dynamic India stands to exert on a range of issues in its Asian neighborhood.

While China is India’s central long-term competitor, next-door Pakistan plays the role of spoiler, which could continue to tie India down in its neighborhood, constraining its great-power rise. Surprisingly to some, Modi has cited the 1999 Lahore Declaration, a visionary statement by Indian and Pakistani leaders of support for a normalized relationship, as an example of how his BJP predecessor reached out to a hostile neighbor. Vajpayee’s search for detente with Pakistan was possible because he was bullet-proofed by his hawkishness against charges of appeasement—as will be Modi, whose outspokenness against the dangers of Pakistan-based terrorism is well-established. Modi has promised to get tough on terrorism. One way to do so will be to build bridges to Pakistani political forces who oppose militant violence against India—starting with Prime Minister Nawaz Sharif, who also happened to be the Pakistani prime minister who joined Vajpayee in making the Lahore Declaration. A thriving Indian economy more open to Pakistani trade and investment could help uplift all of South Asia and enlarge the Pakistani constituency for peace, if Modi is bold enough to move forward with an economic integration agenda that undercuts the power of the Pakistan army in the country’s political life.

With regard to India’s primary strategic competitor, Modi has promised to push back against China’s territorial claims to Arunachal Pradesh in India’s northeast. As prime minister, he says he will vigorously resist China’s “mindset of expansion.” He accused the outgoing government in New Delhi of pursuing too soft a policy. While there may be differences in tone, in fact, the Congress administration sought to build up India’s military power against China, including by stationing a new combat

air wing along their contested border, standing up a new mountain division to help secure it, and improving the road infrastructure that would enable rapid reinforcement of Indian positions in the northeast against any Chinese incursion. The outgoing government also put in place a plan to develop three aircraft carrier battle groups by the 2020s—a larger number than China currently possesses—and tested missiles capable of hitting Shanghai and Beijing.

Modi is likely to continue these policies, and to accelerate them as a growing economy provides a larger resource base for military modernization. He has also made clear that India under his leadership will do business with China, given the development imperative. As chief minister of Gujarat, he visited China four times to generate trade and investment in his state. *Global Times* has predicted that Modi, often depicted as a nationalist firebrand in Western media, is “likely to be pragmatic towards China.”⁶ Chinese analysts expect him to take a tougher line on political disputes, including the border and the future of Tibet, even as he seeks to enlarge economic exchange. Like other Asian leaders, Modi will thus need to balance a growing security dilemma vis-à-vis China against the magnetic appeal of its market as a spur to domestic economic growth.

He is also likely to build on the new depth of strategic cooperation India’s current government has developed with Japan, which could be a game-changer for Asia. In 2014, Japan will join India–US naval exercises in the Indian Ocean, building on previous Indian participation in Japan–US exercises in the Western Pacific—and perhaps reigniting the kind of Chinese anxiety that became apparent when the first such exercises were held between this trio and Australia in 2007. In that year, during his first incarnation as prime minister, Shinzo Abe hosted the then Gujarat Chief Minister Modi in Tokyo—a powerful symbolic gesture of support in light of the visa ban that prevented Modi from traveling to the United States or Europe. Back in office, Abe shares his counterpart’s skepticism of China as well as his agenda of reinvigorating economic growth. As *Businessweek* put it in a recent headline, “India Under Narendra Modi Could Be Japan’s Best Friend.”⁷

Modi’s appeal to the values underlying the previous BJP government’s foreign policy offers a positive vision for a new era of Indian engagement with the world, even if fleshing out the specific details was not a campaign priority. Modi has said admiringly that the Vajpayee government’s foreign policy got right its blend of *shanti* and *shakti*—peace and power. Its policy trifecta—strategic partnership with America, an opening to Pakistan

combining political outreach with toughness against terror, and strengthened deterrence against China even as trade continues to grow—would be a neat hat trick for Modi to recreate, alongside expansion of the economic and security partnership with Japan. These policies would enjoy popular support: most Indians view America and Japan favorably, fear instability in Pakistan, and see danger in China's growing power even as they support a globalization agenda that catalyzes economic growth at home.

EAST ASIA'S ECONOMIC STAKE IN INDIA'S RESURGENCE

The overriding theme of the Indian election campaign was the restoration of India's economic vitality after years of drift that saw growth levels contract dramatically. East Asian nations have powerful stakes in the kind of Indian economic resurgence Modi has promised to deliver. Perhaps the primary East Asian stakeholder in India's return to rapid development is Japan, whose corporate leaders have long understood India's economic potential as a "second China"—and whose prime minister understands its potential role in supporting Japan's economic renewal.

Japan is investing USD 10 billion in the Delhi–Mumbai industrial corridor—when it was announced, the single largest foreign direct investment (FDI) in India—as the centerpiece of a plan to drive India's infrastructural and manufacturing growth from their currently low baselines.⁸ It views India as a base from which Japanese companies can produce for the vast internal and wider Asian markets in ways that do not involve the political risks that have impacted Japanese companies in China. Japan is the fourth largest direct investor in India and has accounted for close to ten percent of FDI flows into India since 2000. Surveys conducted by the Japan Bank for International Cooperation show that Japanese companies rank India as the most important long-term potential market for Japanese overseas investment.⁹

The Japan–India trade and investment relationship is highly complementary: India's vast human capital, cheap labor, and natural resources are matched by Japan's leadership in technology and manufacturing. Trade is valued at some USD 20 billion annually and was growing 30–40 percent annually through 2012, when India's growth slowdown had an impact. A Comprehensive Economic Partnership Agreement between the two entered into force in 2011 covering trade in goods and services and envisioning the abolition of 94 percent of tariffs on traded goods over 10 years.¹⁰

South Korea's story is similar, although its companies were earlier to set up production bases in the Indian market than their Japanese counterparts. Samsung, Hyundai, LG, and other Korean corporations are large foreign investors in India. Korea–India trade totaled USD 18 billion in 2013, fueled by the same kind of synergies that characterize Japan–India trade and facilitated by a Bilateral Comprehensive Economic Cooperation Agreement.¹¹ Korea–India trade expanded at double-digit annual rates before falling dramatically as a result of India's economic deceleration of the past few years, attesting to the importance to the Korean economy of an Indian resurgence that could accelerate trade expansion once again. India has become South Korea's ninth largest export market and will surely ascend further in that ranking as India's consumer class, ultimately expected to emerge as the world's largest, continues to expand.

China–India trade relations are more complicated. Trade totaled nearly USD 70 billion in 2012.¹² China is India's single largest trading partner in goods (the United States is India's largest trading partner in goods and services combined). However, the composition of Indian exports to China is almost entirely raw materials, whereas Chinese exports to India consist mainly of cheap manufactured goods. This creates an imbalance that fuels political controversy within India as an element of growing security competition with China, exacerbated by nationalist rivalry between Asia's preeminent civilization states. India has raised steep barriers to Chinese direct investment in sensitive sectors such as telecommunications, again because of a perceived threat from a less-than-transparent China. Indians have protested at the importation of Chinese workers, rather than the hiring of Indian ones, for Chinese infrastructure projects in India. For all these reasons, Sino-Indian trade has been more a source of rivalry than reassurance.

Southeast Asian nations have looked to India as a way to reduce their economic dependence on China and have used trade agreements with it to further enmesh it in regional institutions. Indian companies form the largest foreign business community in Singapore, where some 5,000 Indian businesses have operations.¹³ This is partly a function of Singapore's status as a gateway to Southeast Asia and partly the result of red tape at home that has led Indian corporations to identify greater opportunities abroad. Association of Southeast Asian Nations (ASEAN) and India signed a Framework Agreement on Comprehensive Economic Cooperation at the second ASEAN-India Summit in 2003. This was followed by the entry into force of the ASEAN-India Trade in Goods

Agreement in 2010. Trade relations grew by a dramatic 43 percent following its conclusion, to approximately USD 80 billion in 2012, surpassing expectations; the trading partners set a target of USD 100 billion by 2015.¹⁴ ASEAN and India are currently negotiating to enact a more comprehensive ASEAN-India free trade agreement (FTA).¹⁵ India also plays an active role in ASEAN-led institutions, such as the East Asia Summit, at whose founding meeting the Indian delegation proposed an FTA spanning South and East Asia.

East and Southeast Asian capital, trade, and direct investment are central to India's modernization drive. In terms of sheer scale and given its role as the least-developed of the major emerging economies, India has a greater requirement for infrastructure development than any other country. Japanese, Chinese, and Korean firms should be central to this effort, as should be financing from Singapore and other developed Asian financial centers. Given the many constraints on investment in India, Indian companies have invested more abroad in recent years than they have in their own country; outbound FDI now exceeds total inbound FDI from all foreign investors, a striking statistic for a country with such massive internal development opportunities.

The new Indian government will continue to deepen India's trading relationships overseas, following a decade in which the Congress-led administration forged trade agreements with major East and Southeast Asian economies and launched FTA negotiations with the European Union. But it may be even more important to attract foreign, including East and Southeast Asian, capital and direct investment by rolling back restrictions on foreign ownership, land acquisitions, and hiring and firing. A dramatic reform agenda in India combined with new optimism about growth could see a tidal wave of foreign investment enter the Indian market after years of outflows under the Congress-led government. China's growth slowdown and the disruptive effects of rising Chinese nationalism on business ties with other East and Southeast Asian economies will be further spurs to regional corporations increasing their stakes in the Indian market.

India's long-term growth trajectory remains intact. Despite sagging growth over the past few years, India's economy has expanded by roughly eight percent annually for the past decade. In Purchasing Power Parity terms, India has already surpassed Japan to become the world's third largest economy.¹⁶ It is expected to achieve the same status at market exchange rates in the 2020s. The US National Intelligence

Council predicts that India will be the lead driver of middle-class growth by 2030 and could emerge as the world's largest economy by the end of the century.¹⁷ The Organization for Economic Cooperation and Development forecasts that India could comprise nearly 20 percent of global GDP by 2060.¹⁸

India's youthful population, with more than 600 million citizens under the age of 25, contrasts dramatically with China's rapidly aging society, where worker numbers have already peaked and the future dependency ratio will spike alarmingly. But India needs to create as many as 20 million jobs a year over the next decade to employ all those young people entering the workforce. This is the challenge Modi confronts. His government's success in reigniting economic growth will redound across Asia given the tectonic shifts in the balance of power associated with China's rise, and the high hopes of regional states for India to emerge as a vigorous, but friendly, power alongside it.

INDIAN-EAST ASIAN SYNERGIES IN SHAPING THE REGIONAL SECURITY ORDER

An Asia that includes a weak, poor, and isolated India would be much more susceptible to Chinese hegemony than one in which India is strong, prosperous, and engaged. In its own ways, India has been balancing against China since their 1962 war, including through an internal defense buildup as well as clear tilts toward Chinese competitors the Soviet Union (in the 1970s and 1980s) and the United States since 1998. The countries share the world's longest contested border; the Chinese army is occupying a substantial part of Kashmir, in Aksai Chin; Beijing has an active claim over the Indian state of Arunachal Pradesh, a territory the size of Switzerland; the countries are competing hard for access to energy resources and raw materials in the Middle East, Africa, and Latin America; and India and China intensely contest each other's influence in Tibet, South Asia, and Southeast Asia, the regions where their civilizational spheres have traditionally overlapped.¹⁹

The defining geopolitical competition of the twenty-first century may be between China and India, highlighting how sharp divisions among rising powers may be of more consequence than the anticipated contest between the West and the rest. But in light of its lackluster growth India has fallen further behind China; China's economic size and military budgets are multiples of India's, and the gap lately has been growing rather

than decreasing. For this reason, the kind of economic restoration Modi has promised will have a direct impact on the nature of Sino-Indian competition in Asia, and on the external balancing options available to Northeast and Southeast Asian powers in their effort to constrain Chinese primacy. The geopolitical implications of Indian resurgence, should his government manage to lift the economy out of its self-induced doldrums, are enormous.

Both India's outgoing prime minister and the current Japanese prime minister have declared that an Indo-Japanese axis of interests and values could redraw the strategic map of Asia, ensuring freedom of the sea lanes knitting the Indo-Pacific together and creating a democratic counterweight to authoritarian challengers.²⁰ Japan's investment in port, road, rail, and pipeline infrastructure in Myanmar is expressly designed to build a land-and-sea bridge connecting India and Japan across mainland Southeast Asia. The Japanese and Indian navies have exercised together in the Western Pacific and the Indian Ocean, demonstrating how the power of nations commonly considered to be in different sub-regions of Asia transcends artificial dividing lines on the map. Partnership with an increasingly powerful India may, in fact, be essential to Japan's continued leadership in Asia in the shadow of Chinese power, giving Japan a quasi-alliance option with Asia's other emerging giant. The absence of such an alignment could, in the event of US retrenchment, relegate Japan to strategic isolation or Finlandization.

From New Delhi's perspective, security partnership with Japan, in particular, forms a pillar of a "counter-encirclement" strategy that responds to China's political-military penetration of South Asia and the Indian Ocean with a similar logic along the East Asian littoral. Outside North Korea, the top recipients of Chinese economic and military assistance include nearly all of India's neighbors, including Pakistan, Sri Lanka, Nepal, and Myanmar. Indian strategists are acutely sensitive to China's construction of port infrastructure along a "string of pearls" across the northern shores of the Indian Ocean, from Gwadar in Pakistan to Hambantota in Sri Lanka to Chittagong in Bangladesh and Sittwe in Myanmar.

Feeling strategically encircled on land and at sea by a Chinese strategy that appears to target India, even though it has multiple objectives, India's security diplomacy has contrived to do something similar along China's southeastern and eastern peripheries. Regular Indian exercises with the

South Korean navy make sense in this light, as does India's close engagement with Myanmar, which is expressly designed to offset Chinese influence along India's vulnerable northeastern flank. The deepening economic linkages between Northeast and South Asia place a further premium on freedom of the sea lines connecting the Indian and Pacific Oceans.

Southeast Asian states also look to India to create strategic ballast and alignment options that help them preserve their freedom of maneuver in the shadow of the great powers. In particular, India enjoys close defense and diplomatic ties with Vietnam, and has stood with Hanoi and other Southeast Asian capitals in opposing Chinese revisionism in the South China Sea. A recent naval incident in those waters in which a Chinese vessel harassed an Indian warship en route to a Vietnamese port call highlighted that India's interest in freedom of navigation in Southeast Asian waters is more than philosophical.²¹

Indeed, India's Andaman and Nicobar islands place its territorial waters close to the very mouth of the Strait of Malacca, giving India a reach into Southeast Asia proper. Indian companies have explored for oil and gas off Vietnam's territorial shelf. Its defense relationships with Singapore, Malaysia, Indonesia, the Philippines, South Korea, and Japan all require naval freedom of maneuver through the South China Sea. These realities help explain India's diplomatic solidarity with key ASEAN powers on South China Sea questions.²² Nor does India have any interest in allowing its successful "Look East" policy, conceived in the 1990s as a way to access Southeast Asian markets but now increasingly assuming a strategic dimension as New Delhi deepens defense relations with key Southeast Asian powers, to be displaced by a Chinese sphere of influence in Southeast Asia that limits Indian access to countries with which it boasts millennia of civilizational and trading ties.

INDIA'S RESURGENCE AND THE US ROLE IN EAST ASIA

A strong India that is intimately engaged in economic and security cooperation with its neighbors is central to the future of the US position in the Indo-Pacific. Given China's increasingly advanced precision-strike capacities and development of asymmetric weapons expressly designed to target US military vulnerabilities, the American military posture in the region is changing to one of greater dispersion of forces from a few traditional land bases in Japan and Korea, while requiring a fluidity of access to port and

pre-positioning facilities across the region. This posture would benefit from a powerful India that complicated China's ability to deploy most of its military assets along its eastern seaboard in ways that directly target US forces, by requiring China to disperse assets across the Tibetan plateau to balance Indian power there.

An Asian balance of power centered on great-power competition in the shallow waters of the East Asian littoral risks inherent instability, given Chinese proximity, the vast distances across which US forces must operate by contrast, and uncertainty about Japan's future trajectory. A balance of power with both maritime and continental dynamics, with a resurgent India requiring China to manage a security competition along its southwestern border in Tibet, would arguably be more manageable from the perspective of the United States and other offshore powers, including Japan and the major Southeast Asian states.

From a maritime perspective, the center of gravity of threats to the Asian commons on which trans-Pacific prosperity depends has shifted southward, from northern Japan and the Korean peninsula toward the Ryukyus and the South China Sea. The Indian Ocean sea lanes that carry the preponderance of energy imports from the Gulf to Northeast Asia have assumed increased importance to US allies Japan and South Korea as their consumption requirements have grown, and hence to the United States itself. Clearly, a more robust Indian navy will be a central element in US, Japanese, Korean, and Chinese calculations about the security of the maritime routes that transport essential energy supplies across India's home seas. As India's economy expands and continues to globalize, its deepening trade and investment ties to the Persian Gulf, eastern Africa, Southeast Asia, East Asia, and the West will propel its strategic engagement across and beyond the Indian Ocean littoral in order to protect its growing economic interests.

India's new government, with its promises of greater reform and economic opening, should accelerate this process in ways that lead New Delhi to develop a more expansive external policy—one likely to be welcomed by a number of states that will look to India not only as a market and source of investment but as a diplomatic and security partner. In turn, the United States will look to India to play a more prominent role in managing security challenges in the Middle East, Southeast, and even East Asia. India is already the world's largest arms importer, and the United States has emerged as its principal supplier of military hardware. The Indian armed forces exercise more with their American counterparts than with

those of any other nation. Under a newly vigorous Indian administration, the United States hopes to intensify a defense partnership launched in 2005 with an eye on promoting India as a security provider across a wide region spanning Aden and Zanzibar in the west to the South and East China seas. A faster-growing, dynamic India is also more likely to have the confidence to engage the United States as a partner, rather than retreating into the old shibboleths of non-alignment and third-worldism that may have been appropriate when India was poor and weak, but hold little water now that it is emerging as a leading global economy and military power.

INDIA'S NEW LEADERSHIP AND EAST ASIA-II

The history of Indian foreign policy and Sino-Indian relations suggests that India will not concede to live under Chinese dominion in a unipolar Asia. John Garver is correct to point out that the success of national revitalization policies by Narendra Modi in India and Abe Shinzo in Japan will do much to determine the degree of multipolarity in twenty-first century Asia. The decisive variable will not be the trajectories of India and Japan, but the future role of the United States as the region's (offshore) primary power. Yet, acknowledging the important potential roles to be played by South Korea, Russia, and Southeast Asia, within Asia, we should recognize that the triangular relationship among the region's three leading states will do most to determine the constellation of power and the nature of regional order.

Garver's wonderful history of the Sino-Indian competition, *Protracted Contest: Sino-Indian Rivalry in the Twentieth Century*, underlines the structural and ideational tensions inherent to the relationship between Asia's giant civilization states. Their contending national narratives of exceptionalism, overlapping spheres of influence in Tibet, Central Asia, and Southeast Asia, and long-running territorial dispute over their shared 2,500-mile border (which produced a war in 1962 and could do so again in this age of Asian territorial contestation) are fault lines that will be difficult to bridge over. Prime Minister Nehru in the 1950s tried *Hindi-Chini bhai-bhai* (India-China brotherhood) and lived to bitterly regret his naivete as Chinese forces swarmed down from the Tibetan plateau in 1962. This sounds like ancient history, but polling shows that Indians maintain a high perception of threat from China even today. Low-level skirmishing between Chinese and Indian border forces occurs regularly.

Unlike in 1962 when the balance of capabilities between them was quite even, China today has a military budget four times larger, which is qualitatively superior by a larger multiple than that on account of China's advanced technological lead and focused investments in asymmetric and power-projection capabilities. The Chinese economy is also four times larger than India's—with the result that even lower growth in the 7.5 percent range, given its broader base, produces “a new India” in GDP terms every two years, as former Goldman Sachs executive Jim O'Neill likes to point out. Modi needs to regenerate the kind of rapid economic growth India enjoyed in the 2000s—when it managed to grow consistently in the 8–10 percent per annum range—to prevent China from pulling further ahead, even if India cannot hope to close the gap within the coming few decades. Ultimately, however, India's demographics—the world's largest and youngest working-age population, which will endure until at least mid-century—will enable it to catch up, assuming good governance that produces the economic momentum to take advantage of this vast pool of human capital.

In the near term, the magnitude of China's economic and military lead reinforces Garver's contention that China could become Asia's dominant power. The question is whether Chinese superiority makes India more likely to bandwagon with it, as Garver suggests New Delhi could, or, alternatively, to balance against it more vigorously. Recent history suggests the latter.

As Chinese growth took off in the 1990s and officials in both New Delhi and Beijing railed against America's “unipolar moment” following the collapse of the Soviet Union, the two tried to improve their relations through a series of leadership visits and diplomatic agreements, but their security competition actually intensified over this period. The result was India's nuclear weapons test in 1998, which Prime Minister Atal Bihari Vajpayee frankly justified in a private letter to President Clinton as a direct response to a growing Chinese threat. Vajpayee's administration then did what had been unthinkable during decades of Indian “non-alignment” and often overt hostility to the West during the Cold War (including actively supporting North Vietnam against America during the Vietnam War and forging a military alliance with Moscow to counter the United States in the 1970s). In a revolutionary pivot, the Indian prime minister in 1998 declared the United States and India to be “natural allies” on account of their shared democratic values and common perception of threat and proposed a new geopolitical partnership on this basis.

Vajpayee laid the foundations for a US–India strategic entente that took off in the 2000s. For all the focus on the civil-nuclear cooperation agreement, the symbolic centerpiece of the new relationship, Washington and Delhi’s first major undertaking was a ten-year defense agreement inked in June 2005. While the *Financial Times*’ characterization of the ensuing cooperation as designed to promote the “Americanization of the Indian military” was perhaps overstated; India today exercises more with the US armed forces than with those from any other nation. The United States is India’s leading supplier of military hardware, which is even more significant since India is the world’s largest arms importer.

Terrorism is a greater threat to India than to any society outside the Middle East, but regular mountain-combat and blue-water naval joint exercises between India and the United States are not designed to combat such sub-conventional threats. Nor are the troop transport aircraft, long-range surveillance aircraft, blue-water naval vessels, and other big-ticket items—including a multi-role combat aircraft Washington remains interested in selling to the Indian air force—designed to defend against terrorism or even the Pakistan army. They are designed to deter and defend against a more capable and more significant great power adversary. The same is true of India’s development of long-range missiles capable of hitting Shanghai and Beijing with nuclear payloads, its deployment of a new mountain division along the contested Chinese border, and its deployment of several combat aircraft wings along the northeast border. India’s new government is even raising paramilitary forces by training civilians to report and resist Chinese border incursions in the northeast of the country.

There was a period in 2009–2010, as Indian leaders grew disillusioned with President Obama’s foreign policy, when senior officials spoke internally of maintaining “equidistance” between the United States and China, but this policy did not work. China stepped up aggressive patrolling of its contested border with India, more assertively voiced its claims to the state of Arunachal Pradesh (including objecting to the visit of the Indian prime minister to this “Chinese” territory and vetoing an Asian Development Bank project on the grounds that the state is not “Indian”), and issued “stapled visas” to Indian delegations visiting China from the Indian state of Kashmir, aligning Beijing more openly with Islamabad’s claim to the whole of that territory, including the substantial part of it that lies within India proper. This Chinese revisionism vis-à-vis India was mirrored by Beijing’s

aggressive behavior toward Japan in the East China Sea and against Vietnam and the Philippines in the South China Sea. By 2013, an Indian official who had served at a very senior level during the 2009–2010 period of Delhi–Beijing rapprochement was clear: “equidistance is dead, and of course India will tilt towards the United States.” Garver’s expectation of a sophisticated Chinese campaign to woo India away from any balancing coalition gives more credit to China’s diplomatic skill than Beijing has demonstrated in some time.

We should be clear: the United States has no interest in an India–China conflict. The last time the two countries fought a war, Nehru’s first call was to President John F. Kennedy requesting US military support. While the United States has a natural alignment of interests with India, that does not include pushing it into a hostile relationship with China. Its own equities vis-à-vis Beijing are enormous and complicated enough already. At the same time, Americans are less worried about the development of any kind of India–China bloc given the disparity of interests and values between these rising powers, which is only magnified by their geographic proximity.

In 2014, Modi took office after a campaign in which he cannily challenged Chinese territorial revisionism even as he promised to boost India–China business ties. The same themes featured in the recent visits of the Chinese foreign minister to Delhi and the Indian vice president to Beijing. As the Indian scholar C. Raja Mohan argues, this dualism will be the defining feature of Sino-Indian relations in the period ahead: an intensifying security competition between the two Asian giants combined with deeper economic interdependence between them. This mirrors the quality of China’s relations with other powers, including the United States, Japan, and Southeast Asian nations, which manage ties with China as both a top trading partner and a growing security concern. Why would we expect India to be different?

Over the past 10–15 years, China has replaced Pakistan, in the eyes of New Delhi’s strategic community, as the primary long-term threat to Indian security. India has been working assiduously to pursue internal balancing against China, including through substantial (if nonetheless inadequate and inefficient) investments in military modernization. But the correlation of forces means that India will never be able to balance China by itself. For this it needs to complement internal with external balancing through selective foreign alignments, starting with the United States. The confusion of observers stems from Indian officials’ oft-expressed claims that India will

“never” join an “alliance” with the United States. They said the same thing about the Soviet Union before entering into just such a tacit alliance in 1972.

The United States does not need a formal military alliance with India. American interests call for a strong, vibrant, dynamic India that punches its full weight in Asia and beyond, is an engine of global economic growth, offers an example to other emerging powers of development under democratic institutions, and serves as an independent anchor of an Asian balance of power that is not too heavily tilted in the direction of Beijing. Luckily this is the same vision of India’s role that its leaders and people broadly share. They do not want to be subsumed in a new sinosphere; they want India to sit at the high table of global politics as a primary, not a secondary, power; they covet good relations with the world’s premier powers, most of which still reside in the West; and they want to live in a dynamic, thriving economy.

If Modi can help deliver on this vision, and if the United States maintains a forward policy in the region to continue to shape a balance of power that is pluralistic, China will have a much harder time achieving regional dominion. This will benefit not only the region but China itself, which would profit more from continued economic modernization at home than from armed adventures abroad.

INDIA’S NEW LEADERSHIP AND EAST ASIA-III

As befits a leading member of the Indian prime minister’s National Security Advisory Board, Pramit Pal Chaudhuri in his rejoinder adeptly lays out the nuances of India’s China policy—and highlights how New Delhi has leveraged strategic partnerships with Washington and Tokyo against Beijing, not as part of any containment alliance but to give India space to pursue its independent interests. He is correct that a Chinese strategic establishment inclined to look down on India takes it much more seriously when it combines its weight with first-tier powers like the United States and Japan, and he accurately describes Prime Minister Narendra Modi’s ambitions to catalyze Indian development through greater economic engagement with both China and Japan. Like other Asian nations and the United States itself, India is indeed hedging—pursuing trade and investment opportunities with what will soon emerge as the world’s largest economy even as China’s modernization generates security frictions that offset the reassurance otherwise provided by deep economic interdependence.

For all China's economic dynamism, Japan may ultimately prove more important to India's modernization drive than China, as Chaudhuri hints. It is Japan's investment in developing vast Indian industrial corridors that could lay the foundation for the mass-manufacturing base India lacks. It is Japanese companies, more so than Chinese, that view India as a platform for industrial production, both for what eventually will become the world's largest internal market (in population terms) and for export. Nor do Japanese industrial titans present the same political risks to India as the state-owned enterprises, which sit at the summit of the Chinese economy. Their foreign investments and (sometimes failed) acquisitions have created well-deserved controversy on national security grounds—precisely because the Chinese private sector is not always “private” but can act as an arm of the Chinese state. In contrast, the comfort level between New Delhi and Tokyo not only renders such concerns irrelevant but could even lead to Japanese export of defense technologies and military co-production arrangements of a kind difficult to imagine between India and China.

Nonetheless, India's underdeveloped economic relationship with China is an aberration that deserves the Modi administration's focus; after all, China is emerging as every other major economy's first or second trading partner on account of its sheer scale. The paucity of India's economic linkages with China as compared to those of China with other Asian and Western economies is even more striking given that India and China share one of the world's longest borders.

Straitjacketed economic ties are a reflection of the simmering mistrust that will continue to characterize relations between Asia's rising civilization-states even as trade and investment between them grows. Modi will face a tricky balancing act as he solicits Chinese trade and capital to make India stronger and more capable—even as one imperative for doing so is to compensate for India's economic weakness relative to its giant neighbor and the growing security dilemma this has produced for New Delhi. India's economic engagement of China will, therefore, be somewhat Janus-faced: an economic embrace designed to tilt the balance of power between them slightly less in China's favor by creating a broader Indian resource base not only for national development but also for military modernization.

India's hedging on China is sustainable as long as other countries, like the United States and Japan, are also pursuing it—and so long as hot conflict does not break out in Asia. But Beijing under Xi Jinping seems determined to goad Japan into a limited, but nonetheless highly

dangerous, conflict over control of the disputed Senkaku Islands, claimed by China but administered by Japan. Such a contingency could create pressure on New Delhi to choose between Tokyo and Beijing, although India's natural tendency will be to hope to sit on the sidelines, as it currently does on too many foreign policy questions. The same tensions will build should Chinese maritime disputes with Vietnam, a close Indian military partner in Southeast Asia, turn hot. Meanwhile, China's growing influence (often for reasons of energy security) in Pakistan, Afghanistan, Iran, and the Gulf States could divert New Delhi from its own "Look East" policy as China "Looks West" into India's backyard.

Indeed, Chaudhuri may underestimate the structural tensions that seem inclined to produce greater frictions between India and China over the coming years. These include their simmering border dispute, China's growing footprint in India's South Asian neighborhood, and the expansion of China's naval presence in the Indian Ocean. Leadership is about elevating human agency above such structural pressures, and it may well be true that neither Modi nor Xi view India–China conflict as being in their country's interest, but the imbalance of power between India and China and the assertiveness that has recently characterized Chinese behavior to its east could easily spill over in ways that produce new tensions on its south and west.

Balance of power logic alone cannot explain India–China frictions, in part because each country is implicated in the other's domestic politics. India is complicit in China's domestic insecurity by virtue of New Delhi's strong support for Tibet; India's hosting of the Dalai Lama and the Tibetan government in exile has done more than anything else to keep alive the movement for Tibetan autonomy during long decades of fierce Chinese repression. For its part, China is complicit in supporting a Pakistani "deep state" that has produced waves of terrorism against Indian civilians. In the past, Beijing has been suspected too of arming and sponsoring insurgent groups operating out of Burma that sought to bleed the Indian state in its vulnerable northeastern reaches. China has appeared to support the secession of Indian territory in Kashmir, issuing its residents "stapled visas" that do not acknowledge Indian sovereignty, and Chinese officials have stepped up their claims to the Indian state of Arunachal Pradesh, leading the then-candidate Modi to visit the state to promise to stand up to China's "mindset of expansion." In short, each country's contestation of the other's sovereignty adds an element of instability to what remains a quiet but acute security competition between them.

Finally, Chaudhuri helpfully acknowledges that India's orientation toward China will be influenced in part by the role of the United States. If US policy toward China is wobbly, or if America is simply less present in Asia than it used to be as the Obama administration steers the ship of state without a strategic rudder, Indian calculations naturally will be affected. If American power appears resurgent, given long-term trends like the energy revolution and leadership of the innovation economy, Washington will be a more attractive partner to New Delhi than if US leaders accept a state of genteel decline that is more psychological than real. Equally, the calculations of Chinese leaders will be shaped by their judgment of the trajectory of American power and purpose, and this will influence China's behavior toward American partners, including India.

At the end of the day, only the United States can play the role of spoiler of China's continued ascendance. India and other Asian nations have an enduring interest in working with the United States to ensure that China's rise takes place within a balance of power and values that remains favorable to their interests. India need not be a formal American ally. But to expand the capabilities that will allow it to protect its far-flung territory and interests against encroachment, India urgently needs to catch up after years in which China has raced ahead in economic and military terms. To begin to close the gap, New Delhi will need help—including from the world's leading sources of economic and military technologies and its deepest pools of capital, the United States and Europe. In short, Modi's "Look East" economic policy to spur India's modernization will benefit from expanded partnership with the West

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From Look East to Act East: Transitions in India's Eastward Engagement

Rahul Mishra

India's "Look East Policy," rechristened as the "Act East Policy" by Prime Minister Narendra Modi,¹ has been lauded as the country's most successful foreign policy initiative taken in the past two decades.² Modi expanded its scope and focus after sensing that Phase I and Phase II of the "Look East Policy" could not achieve their fullest potential, despite being success stories. Through the "Act East Policy," India is not only striving to engage the ASEAN member countries but also the countries of the Asia-Pacific region in political, strategic, cultural, and economic domains. This is manifested in ongoing attempts to strengthen ties with Australia, Japan, South Korea, and the Pacific Island countries among others. Modi's Japan, Singapore, Vietnam, South Korea and Australia visits may be seen as steps in that direction.

The swiftly changing security dynamics of the Asia-Pacific region have overarching influence on countries of the region, and India has not remained aloof from them. China's extraordinary ascendance to the

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan-Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_20

world stage and its gradually intensifying competition with the United States and Japan have led to tectonic shifts in Asia-Pacific politics. The US *Rebalancing towards Asia*, Japan's *Democratic Security Diamond*, and China's *One Belt, One Road (OBOR)* or *the Belt and Road initiative*, comprising the *Silk Road Economic Belt (SREB)* and *the 21st Century Maritime Silk Road* all have politico-strategic grand-designs to shape the regional architecture in their own way. In that context, India's greater role and participation in stabilizing the security architecture of the region is pivotal.

HIGH-LEVEL VISITS AND HIGH-OCTANE ANNOUNCEMENTS

Since Narendra Modi assumed the Prime Minister's office in May 2014, he has been prompt in undertaking foreign visits to highlight the key aspects of the National Democratic Alliance government's foreign policy. Primary objectives of Prime Minister Modi's foreign visits include: attempts to strengthen defence and security ties with strategically important countries; invite greater foreign direct investment from major economies to make the 'make in India' project a success; reaching out to smaller countries, particularly those in the neighbourhood through 'neighbourhood first' policy; and directly engage the Indian diaspora. His four successful visits to the United States and meeting with then President Barack Obama, visits to Japan, Myanmar, Malaysia, Mongolia, Singapore, South Korea, Australia, and Fiji, and the visits of Australian Prime Minister Malcolm Turnbull and his predecessor Tony Abbott, Japanese Prime Minister Shinzo Abe, and the Malaysian Prime Minister Nazib Razak to India are seen as high points in the Modi's government's foreign policy toward the region. Donald J. Trump, the current US President, has also invited Modi to visit the US in late 2017. During his election campaign, Trump had also pitched for stronger relations with India, which demonstrates the Republican government's desire to strengthen ties with India.

Tony Abbott's successful India visit and Modi's visit "down under" in 2014 to participate in the G-20 Summit in Brisbane are arguably the watershed events in India's relations with its antipodean neighbor. The G-20 Summit also provided India an opportunity to sit at the economic high table. Abbott had visited India from September 4 to 5, 2014. In return, Modi had visited Australia from November 14 to 18, becoming the first Indian prime minister to do so in 28 years. The civilian nuclear

cooperation agreement, much debated in Australia and much awaited in India, is a big boost to India's attempts to meet its energy requirements in coming years.³ In the joint statement, which was signed in September 2014, the two sides welcomed the inking of the agreement as a "concrete symbol" of the bilateral relationship.⁴ With Australia's 2016 Civil Nuclear Transfers to India Act in place, India is hopeful for an early conclusion of an uranium sale. Apart from the civilian nuclear deal, likely to take operational shape by 2017 with supply of Australian Uranium to India, Indian companies have been working toward joint energy ventures in Australia, focusing on coal mining and oil and gas exploration. The five action plans signed in November 2008 with the Ministries of Power, Coal, Petroleum and Natural Gas, Mines, and New and Renewable Energy are the building blocks to take forward the bilateral engagement in the energy sector.⁵

During Modi's Australia visit, the landmark "Framework for Security Cooperation between India and Australia" was also signed.⁶ This ambitious framework has 32 actionable points organized under seven headings.⁷ The two sides pledged to hold annual summits involving the prime ministers and regular dialogues at the ministerial level. They also agreed to hold regular bilateral maritime exercises and close cooperation in counter-terrorism—arrangements in line with India's engagement with Japan. It is worth noting that the first-ever India–Australia bilateral naval exercise named "AUSINDEX" was held in 2015. While both countries categorize it as an exercise against non-traditional security threats, some in the Australian media perceive it as "a hedge against China's growing military power."⁸ According to *The Age*:

This security "framework" ranks alongside Australia's deepening "quasi-alliance" with Japan, Japan's rapidly tightening military ties with India, and the strengthening collaboration of all three countries with the United States. It is the fourth and final cornerstone of a US-anchored democratic security "diamond," to use the old Japanese wording of an idea that rose and collapsed six years ago in the face of Chinese pressure, but has effectively been resurrected.⁹

During the April 2017 visit of Malcolm Turnbull, India and Australia strengthened their bilateral ties. With the 2014 India-Australia bilateral Framework for Security Cooperation functioning as the cornerstone of bilateral defence and security cooperation, India-Australia security ties are poised to graduate to the next level with the inaugural secretaries' defence

and foreign affairs dialogue in the “2+2” format, to be held in late-2017. Notably, India already has such a dialogue mechanism with Japan.¹⁰

With Japan, “in the context of institutionalising multilateral military drills, October 2015 proved to be another milestone, when it was decided that henceforth Japan will be a permanent member of India-led Malabar Exercises, which also involves the US. Before this proclamation, Japan was not a regular participant in the joint military exercises. This decision is seen as a logical outcome of the India-Japan-US trilateral meeting held in June 2015.”¹¹

The two emerging minilateral groupings: India-Japan-US and India-Japan-Australia, are also aimed at developing greater synergies among India, Japan, Australia and the US. However, it is still too early to establish that the emerging Indo-Australian and Indo-Japan ties are aimed against any third country or whether such exercises will be able to bolster their joint military capabilities against the perceived “China threat.”

As India’s “gateway to Southeast Asia,” Myanmar has always occupied a significant place in India’s foreign policy. Not surprisingly, the Modi government has left no stone unturned to prove that point. During Sushma Swaraj’s visit to Myanmar to attend three multilateral meetings—the ASEAN Foreign Ministers Meeting, ASEAN Regional Forum (ARF), and East Asia Summit (EAS) Foreign Ministers Meeting—in August 2014, India’s revived vigor in forging closer ties with the region was witnessed. As Myanmar was the ASEAN chair in 2014, Modi had paid a visit from November 14 to 15 to attend the EAS in Naypyidaw. That was not only his first ASEAN-driven multilateral engagement as prime minister but also his first visit to the ASEAN region. Modi had a bilateral meeting with the then President Thein Sein, who termed India and Myanmar as “brother countries.” A similar term, *Pauk Phaw* (sibling), was used for China–Myanmar relations in the past when China came to the rescue of Myanmar when it was facing an international diplomatic boycott after the 8888 incident and brutal suppression of the democratic movement.¹²

With the visit of President Thin Kyaw and foreign minister Daw Aung San Suu Kyi, India-Myanmar relations got a new fillip.

Enhancing connectivity is particularly important for India because Myanmar is strategically located at the tri-junction of China, India, and Southeast Asia, and shares a more than 1600 km border with India. The Modi government is trying to expedite the completion of the India–Myanmar–Thailand trilateral highway, part of Asian Highway 1, which aims to connect India with the Mekong sub-region to facilitate people-to-

people contacts and improve trade and investment ties. Delhi–Bodh Gaya–Yangon direct flights are to be commenced soon, as is Imphal–Mandalay bus service. Direct flights from Mumbai to Ho Chi Minh City are a recent breakthrough in connectivity with Vietnam. Yet, several Southeast Asian capitals are still not directly connected with major Indian cities.

Friendly relations with Myanmar are crucial for peace and development of India’s northeastern states, which are infested with insurgents. The ongoing political transition and domestic uncertainties, pose new challenges for Myanmar as well as for its neighbors, including India and Thailand.

To counter the menace of insurgency and avenge the NSCN (K) attacks on its forces, India carried out a surgical strike along the India–Myanmar border in June 2016. Myanmar authorities showed “diplomatic acumen and maturity in dealing with India’s ‘hot pursuit’ against the insurgents.” The Indian security establishment seems to be cognizant that unless it keeps its eastern neighbors Myanmar and Bangladesh in confidence, capping and eliminating insurgency would be a daunting task.¹³

India needs a contingency plan, as any instability in Myanmar will affect neighboring Indian states that share borders and ethnic connections with Myanmar’s Kachin, Sagaing, and Chin states.¹⁴ Modi’s meetings with President Thin Kyaw and Aung San Suu Kyi indicate that India is proactively engaging the National League for Democracy-led government to ensure peace and stability in Myanmar. India’s balanced approach is likely to strengthen its benign power image and accrue diplomatic dividends in the future.¹⁵ Unlike his predecessor Dr Manmohan Singh, Modi did meet the pro-democracy leader Aung San Suu Kyi in Myanmar and appreciated her attempts to bring Myanmar back to the democratic path.

Modi’s four-day Japan visit in early September 2014, his first-ever state visit as prime minister to a country outside the Indian subcontinent, was also high on big announcements and agreements. (Modi’s visit was preceded by Xi Jinping’s first India visit.) During the visit, the Indo-Japan relationship was elevated from “strategic partnership” to “special strategic and global partnership.” Other major takeaways were: Japan’s announcement to double its private and public investment in India to 34 billion dollars and Modi’s observations on the South China Sea dispute. Referring to the “expansionist” tendency among some countries, which “encroach” upon the seas of others, he directed his response toward an

increasingly assertive China that is locked in a maritime dispute with Japan.¹⁶

Modi visited Japan again in November 2016 at the invitation of Abe Shinzo. During his visit, the two sides mulled over the possibility of Japan providing its state of the art defense platforms such as US-2 amphibian aircraft, which “symbolises the high degree of trust between the two countries and the distance that Japan and India have covered in advancing their bilateral defence exchanges.”¹⁷

Within a few months of assuming office, Modi started recalibrating the “Look East Policy” to transform it into the “Act East Policy” without undermining the essence and achievements of the former. In his address at the 2014 India-ASEAN Summit, Modi said: “A new era of economic development, industrialization and trade has begun in India. Externally, India’s ‘Look East Policy’ has become ‘Act East Policy.’”¹⁸ In that regard, the statement made by Sushma Swaraj during her visit to Vietnam on August 26, 2014, is also noteworthy. She addressed the Indian heads of missions and said that India has to not just “Look East” but “Act East.” That her Vietnam visit was the third trip to a Southeast Asian country since she assumed the office of External Affairs Minister signals the high priority the Modi government accords to the region.¹⁹

To bolster India’s greater role in the security architecture of the region, she reiterated Modi’s idea that “Five Ts” are essential to make India a superpower. These are: tradition, talent, tourism, trade, and technology. She also emphasized greater land, sea, and air links between India and Southeast Asian countries besides talking of institution-to-institution and people-to-people linkages. In her inaugural address at the third Roundtable of the ASEAN-India Network of Think-Tanks in Hanoi, she underscored the salience of greater trade and investment linkages between India and ASEAN and emphasized the need to accelerate the ongoing integration of the economic space between India and the countries of the region.²⁰

Deeper defense cooperation with Vietnam, Singapore, and Indonesia is gaining prominence in India’s policy. For instance, India–Indonesia coordinated patrols (IND-INDO-CORPAT) are now elevated to joint bilateral exercises,²¹ and, as noted above, India and Australia held their first-ever bilateral naval exercises in 2015. During her Vietnam visit, Swaraj held discussions on greater defense cooperation with the top Vietnam leaders, which were brought to the next level with President Pranab Mukherjee’s Vietnam visit in September 2014. Vietnam is keen to procure the Brahmos missiles, jointly produced by India and Russia. India is

increasingly seen as a potential security provider in the region, and supplying Brahmos to Vietnam may be a stepping-stone toward solidifying that role. Modi's vision of robust R&D in the defense sector, indigenization of the defense industry, inviting more foreign direct investment in defense, and collaboration with Japan, Israel, Singapore, the United States, and Vietnam would put India in the league of the major military powers of the region. India's 100 million dollar line of credit to Vietnam is another significant development in the defense sector.

During the visits of Swaraj and Mukherji, the two sides discussed further steps regarding Vietnam's oil blocks, which Vietnam had offered to India during the visit of Secretary General of the Vietnamese Communist Party Nguyen Phu Trong in November 2013. If their plans fall in place, New Delhi and Hanoi would move forward in energy cooperation after the Indian state-owned ONGC Videsh Ltd submits a feasibility study report to the Indian government. That India–Vietnam energy cooperation is strengthening is substantiated by Vietnam's decision to renew India's lease of two oil blocks in the South China Sea.

During the ASEAN and EAS meetings in Myanmar, nuances of Modi's policy on the South China Sea issue were also underscored; India is seemingly getting vocal about its stand on the South China Sea dispute. Acquiring more oil blocks off the Vietnam coast signals its firm belief that the South China Sea is international waters and its energy diplomacy in Southeast Asia will be guided by "enlightened self-interest" without being affected by "fear" or "favor." By protesting against China's infrastructure projects in Pakistan occupied Kashmir, particularly the US\$ 46 billion China-Pakistan Economic Corridor (CPEC), which is a part of China's OBOR initiative, India has made it clear that China should first follow its idea of non-involvement of a third party in a disputed territory before advising India to stay away from Vietnam's oil blocks.²²

India has turned down the Chinese offer to join the OBOR as it violates India's territorial sovereignty.²³

On the issue of the South China Sea dispute involving China and the ASEAN member countries, India has been maintaining that peaceful resolution of the maritime dispute is the only viable option, and that "no such issue should be resolved through conflict and war but through peaceful dialogue."²⁴ In his address at the ninth EAS, Modi remarked:

In a world of inter-dependence and globalization, there is no option but to follow international laws and norms. This also applies to maritime security.

For this reason, following international law and norms is important for peace and stability in the South China Sea as well. This also includes the 1982 UN Convention on Law of the Sea, which should be the basis for resolving disputes peacefully. We also hope that the efforts to conclude a Code of Conduct on South China Sea by a process of consensus would be successful soon.²⁵

Modi's statement signals that like the United States, Japan, Australia, and others, India is of the view that China should abide by international norms, thereby contributing to the existing international system. Notably, major claimants in the dispute such as Vietnam consider India as another effective counter-balance against China's assertive postures in the South China Sea. Therefore, India is widely envisaged to be a major power and one of the key stakeholders in the emerging East Asian security dynamics.²⁶ This very well complements the evolving "Act East Policy." The United States has also been prodding India to get more actively involved in Asia-Pacific security dynamics.²⁷

FROM "LOOK EAST" TO "ACT EAST"

Though India's comprehensive engagement with the region started with the "Look East Policy," historical evidence, both oral and written, shows that India has not only been "Looking East" for the past two millennia, it has also engaged the East during this period, albeit intermittently.²⁸ During the freedom struggle, Indian leaders actively empathized and engaged with the Southeast Asian countries that were fighting against the colonial powers. India's first prime minister, Jawaharlal Nehru organized and celebrated "Southeast Asia Day" at Lucknow on October 24, 1945 and expressed solidarity with Indonesia.²⁹ Subsequently, the relationship gathered momentum, with Nehru playing a key role in developing Asian solidarity. However, geographical proximity and cultural linkages could not sustain the systemic and sub-systemic pressures from international politics. Consequently, robust interactions of the immediate post-colonial period faded over time, leading to decades of mutual neglect. India did not figure much on ASEAN's strategic radar and vice versa.

The end of the Cold War, tied with the rise of globalization and regionalism in international politics, influenced the foreign policies of countries across the world. India is no exception. While it revived its

engagement with Southeast Asian countries, the latter fashioned themselves as a unit to a great extent, shedding historical baggage in the process. With the official initiation of the “Look East Policy” in 1992, India also overcame diplomatic frictions emanating from the Cambodian crisis and the Cold War politics. As India began to move toward the ASEAN region through the “Look East Policy,” it was explained as:

not merely an external economic policy, it was also a strategic shift in India’s vision of the world and India’s place in the evolving global economy. Most of all, it was about reaching out to our civilizational Asian neighbors in Southeast Asia and East Asia.³⁰

ASEAN has also provided a multitude of opportunities through numerous forums, which have led to the strengthening of dialogue and mutual understanding among the countries of the region, facilitating management of relations in the East Asian region.³¹ From Sectoral Dialogue Partner in 1992, India graduated to full Dialogue Partner status in December 1999. In 2002, the relationship was further elevated with the convening of the India-ASEAN Summit in 2002 in Phnom Penh. In 2005, India joined the EAS despite Chinese reservations. In 2012, commemorating the tenth anniversary of the India-ASEAN Summit, the two sides signed the Strategic Partnership agreement, which strengthened the relationship further.³²

India-ASEAN trade stood at US\$ 65.04 billion in 2015–16 with a goal of 100 billion dollars by 2020. Finalization of the India-ASEAN free trade agreement (FTA) in goods was a stepping-stone toward India’s economic integration into the ASEAN region. After several rounds of negotiations, India and the ten-member countries of ASEAN signed an FTA in services and investments on September 8, 2014. The ASEAN-India Agreements on Trade in Service and Investments entered into force on July 1, 2015. Their implementation is expected to give much-needed impetus to trade and investment relations. The UPA (United Progressive Alliance) government was criticized for signing an incomplete FTA (only in goods, not services), which proved detrimental to India’s business interests. As a result, while India’s exports remained insignificant, imports from ASEAN countries increased substantially.

For India, the FTA in services holds prominence since it includes an annexure on movement of natural persons or workforce. The annexure defines business visitors and contractual service suppliers—issues that are

critically important for India. Other key issues such as domestic regulations, recognition, market access, national treatment, transparency, participation of developing countries, joint committee on services, dispute settlement, and denial of benefits are also included in the agreement.³³

Completion of the India-ASEAN FTA paves the way to the Regional Comprehensive Economic Partnership (RCEP), which includes ASEAN members and its six partner countries.³⁴ With its realization, India is likely to gain preferential market access to 15 countries and gain substantially from price competitiveness.³⁵ For India, RCEP is a tool to achieve its goal of integrating with the East Asian economies and gaining access to a vast regional market from Japan to Australia. This is important, as India is not a member of Asia-Pacific Economic Cooperation (APEC).³⁶ RCEP has the potential to beef up India's trade volume with countries of the region, including China and Japan. India's services sector, information technology, telecommunications, Business Process Outsourcing (BPOs), Knowledge Process Outsourcing (KPOs) and other skilled services, such as banking, are particularly likely to accrue benefits from RCEP.³⁷

Given India's buoyant economic performance and strategic footprints in the region, and its implicit potential to balance China, ASEAN member countries have begun to perceive India as a natural partner. India's diplomacy to the regional players juxtaposed with growing regional insecurity vis-à-vis China suggests that Delhi's strategic perspective on Southeast Asia is in consonance with the US and ASEAN views of the regional security milieu. This has significantly boosted the efficacy of India as a potential power of consequence in the region.

ASEAN: NOT SECONDARY ANYMORE FOR INDIA

For years, the ASEAN region was at the second tier of priority for India. This was particularly the case after the Cambodian crisis. India has been, to a great extent, only responding. For the ASEAN region, as well, India was at the second tier. However, now, with India's deeper engagement, the Southeast Asian region is no longer a secondary theater. As China is drawing closer to South Asian countries, it is logical for India to make Southeast Asia part of its primary theater. India's Sagarmala project and Project Mausam give it a perfect opportunity to engage Southeast Asian countries, both economically and in terms of seamless intra-regional and region connectivity.

For ASEAN, India is no more a distant neighbor. Connectivity projects such as the Dawei Deep Sea Port and Industrial Project, the India, Myanmar, and Thailand Trilateral Highway, and the Kaladan Multi-Modal Transit Transport Project are key factors in transforming “Look East” into “Act East.” In essence, these projects are outcomes of the confluence of India’s “Look East” and the “Look West” policy of Thailand (and effectively of most of the ASEAN countries). The ASEAN region is no longer a “secondary theater” for India and the latter no longer a “secondary power” for the region. The Bangladesh, Bhutan, India, Nepal (BBIN) initiative, Mekong Ganga Cooperation, and the Bay of Bengal Initiative for Multisectoral, Scientific, Technological and Economic Cooperation (BIMSTEC) initiatives are additional subregional tools to robustly engage the South and Southeast Asian countries.

MAKING SENSE OF THE TRANSITION

Unlike China, which has always been considered a “power of consequence”³⁸ by ASEAN members, traditionally, India’s impression has been that of a “benign power.” Through the “Look East Policy,” India strived to become a “power of consequence” to the region. The “Act East Policy” seems to embolden the idea that India has this potential. China’s status as a “power of consequence” has been witnessed in conflicts over the Spratly and Paracel Islands with Vietnam, involvement in Indonesian domestic politics during the 1960s, intermittent spats with the Philippines, and economic sanctions on the Philippines in the wake of heightened tensions over South China Sea. China’s economic rise and phenomenal upgrading of military capabilities have made it a predominant power in the region at loggerheads with US hegemony. In contrast, ASEAN and its member countries have cherished India’s image as a “benign power.” India’s cultural interconnections, policy of non-intervention in domestic affairs of other countries, and record of never having a conflict with any ASEAN member country established this image; however, it leaves India lacking the image of a “power of consequence.”

The formative years of Indian foreign policy, when New Delhi was resolute on the policy of “non-alignment” and Asian solidarity, did see it trying to assert leadership in the region, though only ideologically. However, that faded slowly with Southeast Asian countries moving closer to the United States. Even in the late 1970s and 1980s, India’s inward-looking economy and preoccupation with the Indian subcontinent left

very little scope for ASEAN to figure in its foreign policy priorities. In the post-Cold War era, when India opened up its economy and started reaching out to new partners, ASEAN appeared as one of the most attractive regions. Though positive, ASEAN initially did not show much interest in India. For instance, when the ARF (ASEAN Regional Forum) was established primarily to institutionally hedge against uncertainties arising out of China's rise, India was not considered for membership. India applied for ARF membership at its very first meeting in 1994. The proposal was turned down, as it was believed that India did not have much to contribute to the regional security equilibrium.

When India opposed the Comprehensive Test Ban Treaty, calling it unfair and discriminatory, unlike others, ASEAN did not protest much. Furthermore, in 1998, when India conducted a series of nuclear tests, ASEAN's response was mild, despite the fact that ASEAN is one of the first regions in the world that worked toward a "nuclear weapon free zone." In hindsight, it may be said that many in the ASEAN region considered India's acquisition of nuclear weapons a positive development, as they were sure that India would not use them against the Southeast Asian countries in any way. Additionally, it would help implicitly to balance China, the sole nuclear power in the region, with which many ASEAN members have been at loggerheads due to maritime disputes in the South China Sea.

However, nuclear capabilities were not enough to make India a "power of consequence" as its application to APEC was turned down in 1997. Intriguingly, while the Indian economy was not considered strong enough to play a key role in the regional economic grouping, Russia and Vietnam entered the group. India is yet to become a member of APEC. During the Asian financial crisis, although India was sympathetic, unlike Japan and China, it could not offer much support to the crisis-ridden ASEAN member countries. Though India's inability had minimal impact on Indo-ASEAN relations, the ASEAN + 3 Chiang Mai initiative improved China's relations with ASEAN to a considerable extent.

Almost simultaneously, India realized the critical importance of economic and military prowess in foreign policy formulations. As its economic reforms started paying off, so did its renewed engagement with the major powers including the United States. That opened avenues for greater cooperation with ASEAN. Particularly, Singapore and Vietnam sensed India's potential to become a "power of consequence" in the region. The change in attitude toward India was visible in 2005, when the EAS

was being established. India, Australia, and New Zealand were being considered as founding members; however, China and Malaysia were not keen on the proposal and instead wanted ASEAN + 3 to be the only members. Beijing also proposed to host the EAS meeting. Alarmed by China's designs to take leadership of EAS, ASEAN member countries and Japan turned down the Chinese proposal and went ahead with ASEAN's plan for the EAS, which naturally had ASEAN at the center.

India's entry into the EAS proved to be a major achievement in terms of its image projection. Its impressive economic growth and military capability strengthened its case for membership. Additionally, its prompt post-tsunami Humanitarian Assistance and Disaster Relief (HADR) operations in Southeast Asian waters proved its naval efficiency. It also established India as a power to reckon with in terms of tackling transnational non-traditional security threats in the region. India helped Myanmar in a big way during the post-Nargis HADR operations.

India's remarkable anti-piracy endeavors also made it easy to get a seat in the ADMM Plus. In 2004, while the littoral states of the Malacca Straits strongly objected to the suggestion made by the US navy for a regional initiative to combat terrorism, piracy, etc., they were open to accepting assistance from India for improving the maritime safety of the Straits.³⁹ Thailand, Singapore, Vietnam, and other Southeast Asian countries have welcomed India's presence in the region. The decision by Indonesia and Malaysia not to protest against Indian and US naval escort operations in the Straits of Malacca in 2001 and 2002 testifies to India's growing acceptance in the region.⁴⁰ "As a part of its renewed activism in the wider Asia-Pacific region and its 'Look East Policy' aimed at strengthening its influence in Southeast Asia, India has also become increasingly involved in Southeast Asian maritime security."⁴¹ So, in contemporary times, India is seen as a potential security provider to some of the ASEAN countries.

As a major space power, India has helped Japan (SEEDS, CUTE 1.7, PROITERES), Indonesia (LAPAN-TUBAT), and Singapore (VELOX-I, VELOX- PIII, TeLEOS-1, X-SAT) launch their satellites at competitive prices. EOSAT of USA commissioned India's first ground station outside India at Norman, Oklahoma. In October 1993, India signed a major contract with the EOSAT of USA for the reception and worldwide distribution of Indian Readership Survey (IRS) data, which has led to the establishment of over 18 IRS data reception centers in various countries including Thailand, Germany, and Brazil.⁴² In the Indian Ocean region, the Andaman Sumatra seduction zone, Bay of Bengal is one of the two

tsunami-genic source regions. The 24×7 Indian Tsunami Early Warning Center (ITEWC) continuously monitors, detects tsunamis, and issues advisories. The ITEWC also acts as one of the regional tsunami advisory service providers for the Indian Ocean region. Countries such as Vietnam rely on India for weather monitoring and disaster alerts. India also provides free information on cyclones to South and Southeast Asian countries.

CONCLUSION

Transitions are brought about as a result of the cumulative changes that happen over a period of time. The transition from Phase I of India's "Look East Policy" to Phase II, and seemingly to the "Act East Policy" is an apt example. As India is gearing up for the "Act East Policy," the process of transition itself will have several manifestations, both implicit and explicit. Projecting the image of a responsible major power, a benign power of consequence, involves proactive, systematic, and comprehensive engagement with the region at all tiers since India has been lagging behind other major powers, like China, Japan, and the United States. India's obsession with the Indian subcontinent has affected its foreign relations considerably. India probably has the best cards to play in the region, but, is yet to play them smartly. India's lack of comprehensive economic engagement, and lack of robust physical, trade, and digital connectivity with the region are the biggest impediments to its power projection. Despite the signing of several agreements, the total volume of trade is still below its potential, which is not going to lead India far in terms of regional trade equations. In that regard, both the India-ASEAN FTA in goods and services and RCEP will prove to be litmus tests for India. While, with its "Make in India" campaign, Modi's government has injected a new thrust to the policy, the results are yet to be seen. "Despite Modi's instincts and intensions, Delhi has much to do before its Act East Policy gains region-wide acceptability—"from the creation of a more business-friendly environment to faster implementation of trans-border projects; from visa liberalization to expanding defense cooperation. . . ." ⁴³ Clearly, India needs to "walk the talk" in order to become a benign "power of consequence."

There are several issues that need to be addressed in order to make "Act East" a success: First, India needs to "Act East" "within," i.e., in its northeastern region. Connectivity between northeast and other Indian states is still incomplete. While Myanmar is India's gateway to Southeast

Asia, India's northeast is its gateway to Myanmar. A major bottleneck in this regard is that even capitals of the northeastern states are not completely connected through road, rail, and air with one another and the rest of India. Guwahati and Kolkata are the only common links to northeastern cities. With such components missing within India, lack of connectivity with Southeast Asian countries becomes difficult. Connectivity with Southeast Asia can be realized only after intra-regional connectivity is ensured inside India.

Second, infrastructure development is an important component of the "Act East Policy." In this regard, India and the Southeast Asian countries have initiated several projects; however, implementation has been slow. For instance, the Chennai-Dawei Sea Port Project is still in the initial stage. So is the India-Myanmar-Thailand trilateral highway.⁴⁴ The government has recently extended the project deadline from 2016 to 2018. Another major project to boost the connectivity between India and Southeast Asia is the Kaladan Multi-Modal Transit Transport Project. Once fully operational, it will link the Indian state of Kolkata to Sittwe port in Myanmar and will be extended up to the Indian state of Mizoram.⁴⁵ Maritime connectivity with Indonesia could further contribute to India's connectivity plans. This is important, as Indonesia's Aceh province is less than 90 miles away from India's southernmost islands.

Third, people-to-people connectivity lies at the core of the "Act East Policy." Nalanda International University, Modi's "yoga day" plan, and a Buddhist tourist circuit can contribute immensely to "Act East," provided the projects are implemented with rigor.

Fourth, despite improved economic stature at the international level, India has been consistently denied APEC membership, which does not augur well for it. From India's side, there is a need to persuade ASEAN member states to push for its membership at the next APEC summit. Furthermore, India has to strive hard to gain a key position in the newly established New Development Bank (formerly referred to as the BRICS Development Bank) and the Asian Infrastructure Investment Bank (AIIB).

Though Act East Policy seems to be providing the necessary thrust to India's eastward engagement, India has to get more proactive on strategically important issues of the region. However, "Act East" does not mean getting into conflicts and confrontations; it means creating an enabling environment for peace and prosperity. Joint defense production and collaboration in defense R&D would help India firm up its

capabilities and also find lasting partnerships in the region. Indonesia, Japan, Singapore, and Vietnam are potential partners in this domain. India needs to strive harder on building stronger economic engagements with countries of the region. Robust intra-regional and regional connectivity, greater people-to-people engagements, deeper relations with the Indian diaspora, and stronger politico-military & economic engagement with the region are keys to India's goal to become a benign "power of consequence."

NOTES

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India-US Relations

A US Perspective

Daniel Twining

In the late 1990s, after decades of geopolitical alienation during and after the Cold War, President Bill Clinton called America and India “natural allies.” In the 2000s, the George W. Bush administration had built a strategic partnership with New Delhi centered on normalizing India’s status as a nuclear weapons state and strengthening military ties. But it was not until President Barack Obama’s visit to India for Republic Day in January 2015 that an American leader found an Indian interlocutor who was unembarrassed to embrace (literally and figuratively) the United States as New Delhi’s premier international partner.

This newfound sentiment reflects not only the unusual strength of Prime Minister Narendra Modi’s domestic political base—he is the first Indian leader elected with a party majority in three decades—but also the changing politics within India over US relations. Unlike their predecessors, India’s aspirational generation is not shy of closer ties with the United States, which they understand is essential for both India’s security in a dangerous neighborhood and its economic transformation. Modi himself appears to have come to understand that the United States can play a pivotal role in helping India prepare against a long-term Chinese

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia’s Southern Tier*, Asan–Palgrave Macmillan Series,
https://doi.org/10.1007/978-981-10-3171-7_21

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military challenge, while serving as a singular source of capital and technology to escalate India's development trajectory. This is somewhat unexpected. As chief minister of Gujarat, he had been subject to a US visa ban on account of communal violence that occurred on his watch in 2002. Observers had expected him to act cool toward the United States because of this and to prioritize relations with East Asia's economic giants, such as China and Japan, in order to attract the capital and investment India desperately needs to modernize.

However, since taking office in May 2014, Modi has pulled off a neat hat trick in foreign policy. His initial outreach—starting literally on the day he was inaugurated—was to India's neighbors, including Bangladesh, Nepal, Bhutan, and Sri Lanka. Modi understands that India cannot rise to become a world power if its immediate neighbors fear, resent, and balance against it in league with unfriendly powers like China, whose influence along India's periphery grew dramatically under the previous Indian administration. Modi's personal attention and a kinder, gentler set of neighborhood policies—as well as fortuitous changes, such as the election of a new government in Sri Lanka that tilts away from Beijing and toward New Delhi—already have shifted the South Asian balance of power and influence toward India's direction after years of tug-of-war with China and its ally Pakistan.

Modi's second step was to engage in vigorous but qualitatively different forms of outreach to East Asia's principal powers. He made an early visit to Tokyo to solidify a strategic and economic axis reinforced by Modi's close personal ties with Abe Shinzo, Japan's similarly nationalistic, growth-oriented prime minister. Modi secured not only an unprecedented Indo-Japanese military partnership but also a commitment of Japanese investment in India worth USD 35 billion. He then hosted President Xi Jinping for what was to be a friendly visit focused on turning a new page in India-China relations by securing a significant new commitment of Chinese trade and investment. However, Modi was personally affronted when, on the eve of Xi's arrival, China launched a military skirmish along the two countries' contested border. Chinese troops were pushing into Indian-claimed territory even as India's prime minister welcomed China's top leader to a red-carpet treatment. Chinese diplomacy claims to be subtle, but Beijing seriously miscalculated. A summit meant to deepen economic cooperation was overshadowed by a military standoff, and Modi learned that China was unlikely to be a partner India could trust.

The third step in the new Indian government's overseas outreach was to the United States. Modi visited Washington last September; his summit with Obama produced an unusually detailed joint declaration that laid out a range of areas in which to deepen Indo-US cooperation. Notably, this included the South China Sea, where India and America declared a joint interest in freedom of navigation and overflight and against any use of force to change the status quo, making an indirect jab at China. Modi then offered to host Obama for India's Republic Day parade—a first for a country whose traditional non-alignment stance led it to fete leaders from Asia, Russia, and the developing world rather than the West at this annual ceremony. It was also highly unusual to schedule two summits with an American president only four months apart, but the two leaders obviously had much to discuss.

On January 25, 2015, Modi met Obama on the Delhi airport tarmac with a bear hug that *The New York Times* called the signal of a new great game in Asia—between India and the United States on the one hand, and China on the other. Although somewhat exaggerated, once they got down to business, China did dominate the conversation between the leaders of the world's biggest democracies. Its military pressure on America's forward-deployed posture in East Asia, its attempts to drive wedges between the United States and its allies, and its assertive attempts to whittle away at freedom of navigation and overflight in the East China Sea and South China Sea, for the United States, mirror China's military pressure on India's northern border, its military and political penetration of India's neighbors, and its naval "string of pearls" all along India's maritime periphery, from Gwadar in Pakistan to Hambantota in Sri Lanka to Chittagong in Bangladesh.

In 1998, following India's nuclear tests, Clinton's advisors launched a strategic dialogue with New Delhi that led them to express surprise at how closely American and Indian views of the strategic challenge posed by China aligned. During the subsequent Bush administration, American and Indian strategic dialogues focused on the central Chinese challenge to Asia's balance of power. During his Republic Day visit in 2015, President Obama's advisors once again expressed astonishment at how closely Indian and American views of China's military threat converged. That Americans have spent 17 years being surprised by India's hawkishness toward China—during a period when three different Indian administrations of varying political orientations held office—is a reflection of Washington's lack of appreciation of the profound strategic competition that animates India-China ties.

Obama and Modi have a similar balance to strike with Beijing. On the one hand, China is a critical trading partner, and neither India nor the United States seek conflict with the rising superpower. On the other hand, China's military buildup and aggressiveness risk overturning an Asian balance of power currently tilted toward the United States and its friends. This holds potentially dangerous implications for the region's prosperity, rooted as it is in freedom of navigation and overflight and American security guarantees to key powers like Japan and Australia. The assurance provided by US military commitments in East and Southeast Asia has helped to underwrite the Asian economic miracle, from which India until recently was excluded on account of its socialized and highly protected economy.

Modi's central ambition to transform India economically risks being thwarted by more intensive security competition with China that pushes the United States out of its traditional role as regional security guarantor, creating dangerous instabilities across the Indo-Pacific. In short, India needs the United States to help balance Chinese power in Asia so that Modi can get on with his central goal of developing India's economy. It stands to lose from any US retreat from Asia that leaves India alone to manage the threat posed by its northern neighbor, which would require an enormous infusion of resources into national defense and away from the drivers of domestic development. Modi and Obama, therefore, discussed quite openly a variety of ways to strengthen Indo-US defense and security cooperation. These include, in the bilateral channel, a new ten-year defense agreement between the two countries to facilitate joint military education and training as well as plans to promote not only US defense sales to India (the world's largest arms importer) but also defense co-production premised on the sharing of sensitive but potent US military technologies. Beyond bilateral cooperation, Modi and Obama discussed reinforcing Asia's fragile security architecture by deepening US-Japan-India strategic cooperation and invigorating a quadrilateral partnership among these three countries along with Australia.

When the "Quad" held some of Asia's largest military exercises to date in 2007, Beijing protested vehemently, formally demarching all four capitals and condemning their plans to forge what it called an "Asian NATO." India was the weakest link in that grouping, which otherwise was comprised of America and its core Asian allies. That India's leader is now proposing the Quad's resurrection and upgrading is a reflection of

how badly China has played its hand in Asia in recent years, alarming not only US-allied nations but also non-aligned states like India and nudging them closer to the Indo-Pacific security network centered on the United States.

Gone are the days when India was a subcontinental state of marginal importance to the world's great powers and an international security order centered on Western Europe and the Middle East. As security crises in both Europe and the Arab world fester today, India under Modi is defining itself as an Indo-Pacific power with a central stake in the future of East Asia. Indeed, Obama and Modi agreed on a joint vision document for the Asia-Pacific that defined their common strategic interests in the region stretching from East Africa to East Asia, and underscored their joint objective of maintaining freedom of Asia's maritime commons—especially the South China Sea—that are under pressure from armed Chinese revisionism.

The IMF projects that India will grow faster than China next year. Should Modi continue to liberalize the Indian economy and improve its governance, India is likely to maintain higher levels of economic growth than China for the next few decades. China's economy is multiples larger than India's, in part because China launched reforms in 1979 and India waited until 1991 to begin opening up and even then somewhat hesitantly. China is at the center of global supply chains from which India, lacking a manufacturing base and until recently mostly closed to foreign investment, remains excluded. Powered by a strong demographic tailwind—half of India's population is under 25, and two-thirds of Indians are under 36—India will have the world's largest workforce and drive middle-class growth for the next few decades. As the US National Intelligence Council has assessed, by 2030, we are likely to regard India as the kind of global economic engine that China has been for the past decade.

India's growing economy and its strategic geography ultimately will enable it to become the predominant power in the Indian Ocean region, from the Persian Gulf in the West across to Southeast Asia (where India's Andaman and Nicobar islands sit at the mouth of the Strait of Malacca, making India a resident power at the gateway between the Indian and Pacific oceans). India's growing entente with Japan and deepening ties to Southeast Asia will create a natural maritime coalition of nations allied with the United States. It is no wonder that Chinese officials, who expect their neighbors to accommodate

themselves to Chinese primacy, appear alarmed by the new warmth in relations between Washington and New Delhi—and that leaders across the rest of Asia seem encouraged as they realize that the pluralism made possible by an India–Japan–US concert would be a firmer source of security and prosperity than would a predominance of Chinese power in the future Asian order.

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A Japanese Perspective

Chiharu Takenaka

On the Republic Day of India, January 26, 2015, the Embassy of India in Tokyo hosted a national day reception at Hotel Okura Tokyo. Hundreds of people paid their respects to the ambassador and expressed friendship toward India. A similarly large crowd gathered at the same event in 2014, which coincided with Prime Minister Abe Shinzo's visit to New Delhi as the chief guest of the Republic Day of India—the first Japanese leader to attend such an event, just as Barack Obama was the first US president to attend in January 2015. Before Abe's trip, Emperor Akihito and Empress Michiko visited India from November 30 to December 6, 2013 to celebrate relations between India and Japan—echoing their visit 53 years earlier, when they traveled there as newly weds. Sharing in the enthusiasm toward India, the Japanese media were ebullient in their coverage of “groundbreaking” events, and the public was optimistic that a new day had dawned on Asian diplomacy. An official of the Ministry of Foreign Affairs said, “It is amazing to see the growing number of guests at the Republic Day ceremony in Tokyo every year.”

India attracts increasingly more people from Japan, especially since Abe came to power in December 2012, determined to further develop the

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia's Southern Tier*, Asan–Palgrave Macmillan Series,
https://doi.org/10.1007/978-981-10-3171-7_22

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Indo-Japan relationship from earlier attempts. Both former prime ministers Noda Yoshihiko and Manmohan Singh were leaders of political parties unable to galvanize support for a special relationship with each other's country. They had to contend with serious domestic problems that hampered such opportunities, like Noda Yoshihiko's decision to dissolve the Diet on November 16, 2012 that postponed the scheduled annual summit that Manmohan Singh was prepared to attend. The India–Japan Global Partnership could not be furthered without stable governments in both countries. However, the LDP electoral victory in December 2014 gives Abe as much as four more years to pursue his goals with little opposition or distractions. Modi's general election victory in April–May 2014 leaves the BJP with a clear majority in Lok Sabha, the lower house of Parliament. Leaders now have the political security for a breakthrough in relations.

In reply to Japan's enthusiasm, Modi promised to make Japan the first country he would visit outside South Asia. He even arrived one day earlier than scheduled on August 30, 2014 and, in a departure from normal protocol, Abe personally welcomed him in Kyoto at the start of his five-day visit. Their joint statement was entitled, "Tokyo Declaration for Japan-India Special Strategic and Global Partnership." *The Japan Times* on September 3, 2014 reported, "Abe and Modi agreed to consider upgrading the framework of their foreign and defense talks and to regularize joint exercises between the Maritime Self-Defense Force and the Indian Navy. Abe pledged to extend JPY 3.5 trillion in Japan's public and private investment and financing to India, including official development assistance, and double Japanese direct investments in India—both within five years."

The two leaders have kept in close contact, meeting in Brisbane at the G20 summit. After the general elections in Japan, Modi even called to congratulate Abe on December 17, 2014. Momentum that was generated at the G4 ministerial-level meeting of Brazil, Germany, India, and Japan on September 25 in New York continued into the eighth Japan–India Foreign Ministers' Strategic Dialogue with Sushma Swaraj and Kishida Fumio in New Delhi on January 17, 2015.

DO ABE AND MODI SHARE THE SAME DREAM?

There are several reasons for Abe's passion toward India. First, he aims to strengthen the security position of Japan by making India a reliable strategic partner, especially in regards to restraining China. Security cooperation began in the Indian Ocean, dealing with piracy and other criminal

activities. In 2006, Aso Taro, Minister for Foreign Affairs in the first Abe cabinet, proposed the “Arc of Freedom and Prosperity, Japan’s Expanding Diplomatic Horizons” as a new strategic framework in the Asia-Pacific Region to link four democratic countries—Japan, the United States, Australia, and India. The target was to contain China. In accordance with this objective, Abe puts great emphasis now on cooperation between two Asian democracies, Japan and India.

Second, Abe sees India as a promising partner to boost the growth of Japan’s economy. “Abenomics” can go together with “Modinomics.” Historically, the economies of the two countries had little overlap, even after the collapse of the Soviet Union and the end of Indian socialism in 1991. India’s economy was slow to take off, and when India tested nuclear weapons in 1998, Japan imposed sanctions against it. Japan’s delay allowed China’s trade with India to grow rapidly, making it the largest trading partner. Abe is intent on changing the balance, even as he reduces economic dependency on China.

Third, Abe believes that India has a crucial position in the history of Japan. Aside from the old history of Buddhism and cultural transfer from South Asia, Abe is much more interested in modern history. Many nationalists, especially Bengalis, came to Japan in the early twentieth century, including Rabindranath Tagore. During World War II, Subhas Chandra Bose, a nationalist hero from Kolkata, tried to fight against the British in alliance with imperial Japan. In 1946, Judge Radhabinod Pal from Kolkata was appointed to the Tokyo War Crimes Tribunal. He is appreciated, especially by Japanese right wingers, since he was critical of the judgment of the US-led lawyers. He pointed out that the winner of a war should not rule over the loser. When Abe visited India for the first time as prime minister in August 2007, he spent time in Kolkata with the families of Subhas Chandra Bose and Judge Pal. Abe’s political investment in Japan’s history arguably stems from his personal attachment to the issue. His grandfather, Kishi Nobusuke, was found to be a Class-A War Criminal and put in Sugamo Prison in Tokyo, although he was released in 1948. When India and Japan signed a peace treaty in 1952, India was one of the first countries in Asia to establish diplomatic relations with postwar Japan. In 1957, Prime Minister Kishi was welcomed in India, which was followed by Prime Minister Jawaharlal Nehru’s friendly visit to Japan in the same year.

Some of Abe’s passions are shared by the nation at large. Facing the general tendency of Japan’s decline, the rise of China, severe diplomatic tensions in East Asia, and assertive voices of nationalist sentiment, many Japanese tend to

feel isolated in Asia and welcome building a special partnership with India. Raja Mohan said, “Unlike East Asian countries, there is no historical baggage between India and Japan.” It is easy for policy makers to talk about the future.

INDIA BALANCING JAPAN AND CHINA?

Manmohan Singh made serious efforts to construct a good relationship between India and Japan. As a distinguished economist, he had a long career working with the Reserve Bank of India and the Planning Commission of India, and was known to be an admirer of Japan’s model of development. Modi similarly respects Japan’s model. He visited in 2007 and 2012 as chief minister of Gujarat to appeal for investment, and has friends among business leaders, including Suzuki Osamu, CEO of Suzuki Motor Company. Gujarati are known for their talent in commerce and industry. Modi himself was said to be a *chai-wala* when he was young, selling small cups of tea on the street to help his mother. As chief minister of Gujarat, he invited investment from India and abroad, building infrastructure and achieving a ten percent growth rate in the 2000s. In his election campaign, Modi and his party asked voters if they would vote for the “Gujarati Model.” The Indian economy had slowed since 2008, with GDP growth below five percent in 2013–2014. At the Nikkei symposium on September 2, 2014, Modi declared “Make in India,” in Hindi. Accordingly, he wanted to utilize Japanese capital and technology to make India an industrial country.

Japan has special items and technologies to sell to India, e.g., nuclear energy plants, amphibious aircraft for maritime security, and its bullet train. However, there are challenges to overcome: the Fukushima Daiichi nuclear accident in 2011 and tight nuclear energy safeguards, the three principles on arms exports of postwar Japan, and the cost and conditions of a bullet train project. If Japan takes too long to meet India’s conditions, South Korea or China will step in. South Korea has been aggressively promoting its nuclear plants and technology, and Xi Jinping has proposed Chinese investment in Modi’s project to modernize the Indian Railway. The *Financial Express* reported on January 31, “While Japan may have bagged the Mumbai-Ahmedabad bullet train project, Chinese officials have evinced interest in Chennai and Bangalore and Bangalore-Mumbai corridors to build high-speed trains.” Competition among China, South Korea, and Japan for project bids is economically advantageous to India—a fact that Modi is fully aware of given his upbringing in a bazaar.

China has been India's primary threat from the north since the Sino-India War in 1962, when the Indian Army was defeated by the PLA. There are disputed territories in the region of Jammu and Kashmir in the west and Arunachal Pradesh in the east, despite an agreement in the 1990s to respect the lines of control of those territories. In his youth, Modi was a former leader of RSS (Rashtriya Swayamsevak Sangh, the National Volunteer Organization), the Hindu Right Group, which claims the disputed territories as a part of Great Hindu Rashtra, Hindu State. Accordingly, when Xi Jinping arrived in India after the PLA had intruded into Indian controlled territories, Modi directly made known his displeasure.

Recently, India is also threatened by China's expanding sphere of influence southward in the Indian Ocean (the String of Pearls). While Pakistan and Myanmar have always been seen as close to China since the Cold War, Sri Lanka and Bangladesh recently also increased their reliance on China, receiving generous financial assistance to build new ports, airports, and roads or to modernize their armed forces. The slogans of Xi Jinping, the "China Dream" and "Twenty-first Century Maritime Silk Road," are understood to echo expansive ambitions in the wider region from Asia to Africa. As India finds herself encircled by China and South Asian neighbors friendly to China, it is determined to strengthen its naval capability through new strategic directions. These include Modi's diplomatic efforts to restore India's relationship with neighboring countries through his early visits to Bhutan and Nepal.

However, given Modi's prime goal of economic growth, India still needs China as the economic giant next door. Moreover, although India has been increasing its expenditures on a military built-up, another Sino-India War over the border territories would have devastating effects. As such, pursuing strategic collaboration with the United States and Japan strengthens India in facing the rise of China. One Indian diplomat once frankly commented that as long as Chinese eyes are fixed on the international tensions over the islands in the East China Sea or South China Sea, India will be able to take advantage of keeping the status quo with China in South Asia and the Indian Ocean.

IS THE OBAMA–MODI SUMMIT A PLUS FOR JAPAN?

During Obama's visit from January 25–27, 2015, he and Modi issued a joint statement, which aims for close collaboration in security as well as in economics. Obama's big smile and warm embrace were reciprocated in

Modi's effusive hospitality. Their personal ties added impetus to a special partnership to strengthen the strategic and economic ties between their two countries. Obama also held meetings with business leaders during the second visit of his presidency just four months after Modi had visited Washington, D.C.

Obama's visit to India coincided with the headline issue of a Japanese journalist kidnapped by ISIS. Despite this, mainstream Japanese media reported on the importance of this visit. With a full-page advertisement of the Republic Day of India by the Embassy of India, the Japan–India Association, the Indian Commerce and Industry Association of Japan, and other concerned associations and companies, *Asahi Shimbun* had two articles devoted to the Indo-US summit. On the nuclear deal between the two countries, “India wants to import nuclear energy plants from the US; in return, India has promised to cooperate with US policies to prevent global warming,” read one article. To face China's advance in the South China Sea, the US and India have agreed to collaborative efforts on maritime security and confirmed a plan to hold a US–Japan–India trilateral ministerial meeting at the end of 2015, read another.

Asahi Shimbun quoted the words of Siddharth Varadarajan that “Modi would be friendly enough toward China, since India cannot compete with China militarily and she needs good economic cooperation with China.” Therefore, although the United States would like to get Indian support to contain China, India may put other concerns first. Obama's speech on peace and Mahatma Gandhi in New Delhi was also emphasized. It was worth reporting that Modi praised Mahatma Gandhi, who introduced the idea of non-violent civil disobedience to the Civil Rights Movement led by Martin Luther King.

Nikkei Shimbun reported on January 26, 2015 about the US–India Joint Statement in more detail. In the field of security, it covered anti-terrorist strategies, collaboration of defense industries, and maritime security in the Indian Ocean with the purpose of containing China in this region. On the nuclear front, this summit advanced the previous nuclear deal, which had been stagnant, and the United States promised to export nuclear power plants and technology with a scheme for insurance in case of an accident, for which India will pass new legislation. *Nikkei* devoted more words to politics and security than to the economy. Still, the evening edition of January 27 covered Obama's announcement of USD 4 billion in initiatives and trade missions to help boost infrastructure.

NHK also carried reports from New Delhi on the Obama-Modi summit on January 26 and 27, noting, “The 2 nations are expected to strengthen ties in the fields of economy and defense.” Placing greater focus on the economic importance of the summit, it commented that “They highlighted the government’s priority on economic growth and attracting investment from abroad.” In reference to Japan’s interests, it also reported, “The event also featured a model of a lion made of cogs. It’s the symbol of the ‘Make in India’ campaign launched by Prime Minister Modi aimed at transforming the nation into a global manufacturing hub. A model of a high-speed train, which India is trying to introduce, was also presented.” This is important, given Japan’s bullet train hopes. Reporting on Obama’s meeting with US and Indian business leaders, NHK said that “while trade between the US and India now totals USD 100 billion a year, that’s less than one-fifth of US trade with China, which is valued at USD 560 billion annually. He announced an initiative to leverage nearly USD 2 billion in investments by US firms in renewable energy in India. The US government is seeking closer economic and security ties with India, taking advantage of Indian Prime Minister Narendra Modi’s decision to make the United States a foreign policy priority.”

NHK world maintains a database of reports about the Indian economy, including interviews with Raghuram Rajan, governor of the Reserve Bank of India, and Ratan Naval Tata, chairman emeritus of Tata Sons. To keep “Abenomics” going, Japan needs profitable opportunities in new frontiers. India is believed to be one. In November 2014, Nera Gupta of the New Delhi office reported on “Modi’s Economic Policies in Practice,” quoting the comments of key persons on signs of change. Ayukawa Kenichi, CEO of Maruti Suzuki, said, “India’s economy has been improving. More and more people are hoping to upgrade their cars. These are the customers we intend to attract.” In October, a task force, “Japan Plus,” headed by a Japanese citizen was set up by the government in India. Modi had promised Abe to overcome administrative difficulties for Japanese business. “Government officials accept my request as part of a project started by Modi. I believe this makes a big difference. My main role is to draw support from the Indian government,” Toyofuku Kenichiro of Japan Plus commented.

The United States has been a longstanding ally of Japan, and the Japanese economy has been deeply intertwined with the US one. They both share concerns over the military rise of China and slowdown of its economy. As such, both countries wish to find a new, reliable friend in

India. However, it seems that there are some feelings of ambiguity left. One reason may be the vague reality of the India–Japan partnership: it has not yet substantially materialized. Japanese leaders are not completely confident of their capacity to deal with India. Another reason may be the increasingly rocky US–Japan relationship over issues such as the building of a new US base in Okinawa and the history of “comfort women.”

Because of the extreme volatility of global politics and economics, there is a great need for political stability and effective leadership to manage economic growth and reasonable security. Modi and Abe have a lot in common in satisfying these conditions. They can count on strong support from the public, as they commit themselves to lead a growth economy and keep peace and security for their nation. India is still a very new and unknown country to most Japanese, but because of this, it has promise as a new hope for Japan, which has been struggling diplomatically and economically for years. If the India–Japan Special Global Partnership could be advanced by bringing the United States, Australia, ASEAN, and other countries together, the Japanese public sees the promise of a solid foundation to make the Asia-Pacific region peaceful and prosperous beyond dangerous power politics.

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An Indian Perspective

Rahul Mishra

Taking a step forward from his September 2014 state visit to the United States, Prime Minister Modi invited President Obama to visit India as the Guest of Honor at the 66th Republic Day celebrations. Obama consented to pay a three-day visit starting January 25, only four months after their meeting in Washington. Accompanied by the first lady and several key officials, Obama attended back-to-back, power-packed meetings with political leaders and industry captains. He also joined Modi in addressing the people of India through “Mann Ki Baat,” a radio program that Modi uses to convey his views to the people and interact with them. In terms of both symbolism and substance, Obama’s visit turned out to be a success. The intensity of diplomatic engagements, media frenzy, and public attention proved that India’s relations with the United States have become one of the “most important diplomatic engagements in recent times.”¹ Modi and Obama’s symbolism added a “glamor quotient” to the rising Indo-US

Views expressed are the author’s own, and do not represent the views of the Ministry of External Affairs, Gol.

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G. Rozman, J.C. Liow (eds.), *International Relations and Asia’s Southern Tier*, Asan–Palgrave Macmillan Series,

https://doi.org/10.1007/978-981-10-3171-7_23

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bonhomie. In terms of substance, however, several steps have yet to be taken before the partnership can be termed “mature.”

SYMBOLISM AND THE ROLE OF PERSONALITIES

From “Chale Saath Saath: Forward Together We Go” to “Saajha Prayas-Sabka Vikas: Shared Effort; Progress for All”

From using Twitter in announcing the visit, to Modi receiving Obama at the airport, the symbolism of Obama’s 2015 India visit showcased the rising comfort level between the two leaders and the two countries. Some in India had perceived the motto “Chale Saath Saath,” adopted during the first Modi–Obama summit as mere sloganeering meant for publicity. It was not imagined that the promises made back then would be followed up with rigor. However, in an exceptional move, Prime Minister Modi and his office (PMO) tried to expedite implementation of agreements, thereby infusing a greater sense of purpose into the relationship. Within four months, a score of high-profile meetings and visits reenergized around 40 bilateral dialogue mechanisms through which the two countries have been engaging with each other.

Dubbed by the Indian media as Modi’s “masterstroke,” the Republic Day invitation to Obama came as a surprise, considering the plateau in bilateral ties in the wake of the deadlock in the civil nuclear deal, the recent row over an Indian diplomat, US complaints at the WTO against India’s solar industry, attacks on India’s generic pharmaceutical industry, and subsequent debates on intellectual property rights vs. affordable healthcare and equal market access in both India and the United States, and Modi’s own experience with the United States during his term as the chief minister of Gujarat. Nevertheless, both sides have been conscious of the need to work together. In that regard, Modi’s September 2014 visit may be termed a “watershed” event, which encouraged him to take this initiative to bring the relationship to the next level.

Obama’s visit brought along several “firsts” in Indo-US relations. Obama is not only the first US president to visit India twice during his presidency, he is also the first to be the Chief Guest at India’s Republic Day celebrations. The program “Mann Ki Baat” saw the first-ever radio address jointly delivered by an Indian prime minister and an American president. The symbolism was acknowledged even by Obama in his address, who stated, “We are making a lot of history in a short time.” As one of India’s leading weeklies noted, “Though Indian Prime Ministers enjoyed cordial relations with

American Heads of State for almost three decades, Modi has entered this equation as a unique proactive force . . . by extending the Republic Day invitation to Obama, and by orchestrating almost every pit stop of the visit, he has reset the entire India-US chemistry by taking the lead role.”² While criticized by some for overdoing the “symbolism,” Modi’s attempts to inject positive energy into the Indo-US relationship should not be overlooked.³

THE SUBSTANCE

Obama’s 2015 India visit was not just about optics; it was also substantive in terms of negotiations and agreements, although most of it was a result of prior meetings. Modi’s US visit set the stage for a substantive improvement in bilateral ties. Consequently, the two sides have managed to run as many as nine Indo-US dialogue meetings since September, in addition to the eight meetings held on defense and security-related issues.⁴ A closer look at the areas on which they have been working suggests the variety and scale of bilateral cooperation.

India–US Delhi Declaration of Friendship and the US–India Strategic Vision for the Asia-Pacific and Indian Ocean Region

With the aim of elevating their “longstanding strategic partnership,” the two sides issued the “India–US Delhi Declaration of Friendship.” One of the principal outcomes at the procedural level is the decision to elevate the “strategic dialogue” to a “strategic and commercial dialogue,” making it a “2+2” ministerial arrangement. In addition to the external affairs minister of India and the US secretary of state, who will continue to hold the strategic dialogue, the minister of trade and investment of India and the US secretary of commerce will hold an annual dialogue on trade and commerce. The two sides have also agreed to establish hotlines between their leaders as also between their national security advisors. A giant step toward greater bilateral communication, the initiative holds significance, as such hotlines are an exception in diplomatic parlance.

In order to deepen their strategic cooperation, the two sides also issued the “US–India Strategic Vision for the Asia-Pacific and Indian Ocean Region” agreeing also to “promote infrastructure connectivity and economic development that links South, Southeast and Central Asia.” China too has been striving to improve connectivity and economic cooperation in these regions through its “One Belt, One Road Initiative (Silk Road

Economic Belt),” and the “21st Century Maritime Silk Road.” However, what irked it is the mention of the South China Sea, and (indirectly) the Air Defense Identification Zone (ADIZ) in the document, leading to a flood of criticism in China’s media of India, the United States and, as termed by the Chinese media, the “superficial” US-India relationship. The document mentions trilateral cooperation too, indicating that India, the United States, and Japan will synergize their strengths and increase their engagement. This is in sync with India’s “Act East” policy, which aims to strengthen relations with East Asian countries, including Japan.

Indo-US Civil Nuclear Deal

Across the Indian media, the leap forward in the nuclear deal has been exalted as a remarkable breakthrough in elevating bilateral relations. Obama’s promise to use his “executive powers” to roll back the condition regarding tracking nuclear supplies was seen as a goodwill gesture, accepting that the International Atomic Energy Agency (IAEA) inspections suffice. While the nuclear negotiations had been going on for months, the two leaders officially gave them a green light during their January 25 meeting. Since 2010, when these states signed the Part 810 Assurances, the mandatory license issued to American companies permitting them to conduct nuclear trade outside the United States, the administrative arrangements have been at a deadlock. That seems to be resolved now.

Some provisions in India’s nuclear liability law, a major point of disagreement, have also been resolved with India’s assurances that the US firms supplying nuclear materials would not come under the purview of litigation. Anti-nuclear groups and left-wing parties in India have been demanding stringent accountability provisions in the deal, citing the Bhopal Gas tragedy of 1984. The liability clause posed a massive challenge to the US nuclear firms, which were apprehensive that such a provision would open the floodgates for insurance claims. With the mutual understanding on the liability clause, such fears are likely to be allayed. During Modi’s visit, it was decided to set up a “contact group” to expedite complete implementation of the nuclear deal. While further details have yet to appear in the public domain, it is clear that through its three meetings in New Delhi, Vienna, and London, India persuaded the United States on the compatibility of the Civil Liability for Nuclear Damage (CLiND) Act 2011 and the US Convention on Supplementary Compensation for Nuclear Damage. This seems to be leading to a mutual understanding that Indian laws are

compatible with the US convention.⁵ The India Nuclear Insurance Pool is a “risk transfer mechanism which is being formed by GICRE and other public sector general insurance companies. These companies would together contribute 7.5 crore rupees to the pool and the balance capacity would be contributed by the government on a tapering basis.”⁶ While the details of the negotiations and list of outstanding issues, including concerns on combined reading of clauses 17(b) and 46 of the CLiND Act, have yet to be made public, the good news is that the agreed administrative arrangements are in line with the Indo-Canada agreement. Resolution of disagreements on clauses 17(b) and 46 would also pave the way for GE Hitachi and Westinghouse to start their India operations. This would also help Indian nuclear companies to link up with US firms for joint ventures, and contribute to Modi’s “Make in India” campaign.

Stating that the civil nuclear agreement is at the core of the new phase in Indo-US relations, Modi, during the joint press interaction with the US president, said:

The civil nuclear agreement was the centrepiece of our transformed relationship, which demonstrated new trust. It also created new economic opportunities and expanded our option for clean energy. In the course of the past four months, we have worked with a sense of purpose to move it forward. I am pleased that six years after we signed our bilateral agreement, we are moving towards commercial cooperation, consistent with our law, our international legal obligations, and technical and commercial viability.⁷

Obama’s reiteration of support for India’s entry into the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group, and the Wassenaar Arrangement has also been applauded. Together, that would finally end the post-1974 technology denial regime against India. The two sides are still working on the sequence of India joining these groups. While the logjam at the official level has ended, a lot of homework is still needed to make the long-debated nuclear deal a reality, the responsibility of which lies with the Indian and the American bureaucracy.

Defense Cooperation

In what has been lauded as a major achievement, the recent finalization of the 2015 “Framework for the US-India Defense Relationship,” aims to strengthen the bilateral defense and strategic partnership over the next

ten years. They have also reached a consensus to jointly develop new defense technology and produce advanced defense projects, which would be an impetus to indigenous defense production while contributing to India's defense capabilities. As part of the Defense Technology and Trade Initiative, Four Pathfinder Projects were identified during Obama's visit.

<i>No.</i>	<i>Project</i>	<i>Special feature</i>
1.	Raven unmanned aerial vehicles	Hand-launched mini-spy drones Used on the battlefield to keep a vigil on enemy formations in a 10 km range
2.	Roll-on, roll-off intelligence gathering and reconnaissance modules for C-130 J Super Hercules aircraft	Intelligence gathering and reconnaissance modules
3.	Mobile electric hybrid power sources	Smart power systems with output from 300 W to 8000 KW
4.	Uniform integrated protection ensemble increment-2	Protection gear for soldiers against chemical and biological warfare

Modest as they are, the success of these projects would set the stage for bigger and more complex bilateral defense projects such as aircraft carriers and jet engines, which also figure in the joint statement issued after the meeting.

Cooperation in Counter-Terrorism Operations

Indo-US cooperation in fighting terrorism has been growing from strength to strength in recent years. One success for India was the inclusion of Pakistan-based terror groups and the mafia group led by Dawood Ibrahim in the US list of banned terror outfits.

The Economic Dimension

In the past few years, the total trade volume has increased rapidly, rising 60 percent to reach USD 100 billion. During Obama's visit, the two nations took up issues concerning investment and trade, aiming to achieve a manifold increase ahead. Developments on two fronts are worth noting:

1. *Bilateral Investment Treaty (BIT)*: During Obama's visit, the issue of BIT figured in the discussions, with the two sides agreeing to explore its prospects further. BIT has been facing roadblocks lately in the wake of controversial policies, such as telecom licensing, of the previous government. Nevertheless, a model BIT is likely to be taken up by the Modi government soon to make it more robust and foolproof. Seemingly, BIT will involve intense negotiations as India and the United States have divergent views on it.
2. *Totalization Agreement*: During Obama's visit, the two sides agreed to discuss the modalities for pursuing an India-US Totalization Agreement, which has been stuck for the past few years. It would enable Indian professionals working in the United States to receive annual social security refunds worth around USD 3 billion. Since the US authorities do not acknowledge contributions made by such professionals in Indian social security contribution schemes, i.e., the Employees Provident Fund and the New Pension Scheme, they have to make contributions in the US social security system. The contributions are lost upon the return of these professionals. Since the issue is close to the hearts of India's middle class and the younger generation, Modi is hard-pressed to find a way forward soon.

As regards the essentials of economic cooperation, the India-US Trade Policy Forum meeting in November 2014, after a hiatus of four years, gave a major thrust to the economic agenda. In order to woo American and other foreign companies, the Modi government has recently decided to open up the insurance sector for foreign investments. Additionally, an inter-ministerial committee, to fast track US investments in India, will be established. The Indo-US Investment Initiative has also been conceptualized. Clearly, the government has traveled more than half way to make Indo-US relations work, also manifested in breaking the WTO impasse on agriculture subsidies.

Climate Change and Emission Targets

During Obama's visit, the two nations agreed to tackle the challenge of climate change. A five-year MoU on "Energy Security, Clean Energy and Climate Change" has already been concluded, and the two sides are working toward signing an agreement soon. PACE-R and PACE-D will

also be strengthened. However, critics, both in India and elsewhere, point out that during Obama's visit, nothing substantial could be achieved on the issue of carbon emissions, failing to put in place a deal similar to the US–China agreement, signed in November 2014, under which they have agreed to set their respective emission cut targets. Even so, in terms of emissions, India is far behind China and the United States and the nuclear deal, when implemented, would help India cut its emissions substantially. Additionally, the 100-Giga Watt Solar energy plan, in which the United States has also shown interest, would help India reduce emissions considerably.

The Sino-Pakistan Dimension

Both China and Pakistan reacted sharply to Obama's visit. While Pakistan seemed anxious about Indo-US cooperation on the anti-terrorism front, China seemed nervous about the "US–India Strategic Vision for the Asia-Pacific and Indian Ocean Region."

Four decades ago, China had bandwagoned with the United States to balance the USSR. Pakistan has done the same to "box-in" India on the Indian subcontinent. Reactions from both China and Pakistan indicate that at least some in the corridors of power in Islamabad and Beijing are apprehensive of the likelihood of India using the same strategy to "tether" China and Pakistan in one shot. India is mindful of Chinese anxieties on the matter, and is trying to allay these concerns. In that regard, the China visit of the External Affairs Minister Sushma Swaraj may be seen as India's message that China should not see Indo-US bonhomie as a "zero-sum game."

CONCLUSION

In several official statements, the term "qualitative reinvigoration" of Indo-US ties was included. While it would be an exaggeration to term Obama's visit alone a trigger in "qualitative reinvigoration," Modi's US visit and Obama's return visit, coupled with the intense diplomatic follow-ups, have signaled, in no uncertain terms, that if such multi-dimensional engagement is sustained with the same velocity and intensity, New Delhi and Washington will soon realize "qualitative reinvigoration" in their bilateral relationship. Although the visit may not have resulted in spectacular and out-of-the-box announcements, the breakthroughs have been

substantive, clearing the roadblocks and paving the way for a transformational relationship between India and the United States. The achievements of Modi-Obama dialogues are many. In his four visits to the US since May 2014, Modi has shown sincerity in building stronger ties with the US. Former President Barak Obama's two visits to India (in 2010 and 2015) have also contributed to the Indo-US bonhomie. President Donald J. Trump has also invited Modi to visit the US in late 2017. Both symbolism and substance of their meeting would determine whether India and the US are willing to take their politico-strategic, scientific, and economic relationship to greater heights.

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