



CSCAP



REGIONAL SECURITY OUTLOOK

2018

COUNCIL FOR SECURITY COOPERATION IN THE ASIA PACIFIC

Established in 1993, the Council for Security Cooperation in the Asia Pacific (CSCAP) is the premier Track Two organization in the Asia Pacific region and counterpart to the Track One processes dealing with security issues, namely, the ASEAN Regional Forum (ARF), the East Asia Summit (EAS) and the ASEAN Defence Ministers Plus Forum. It provides an informal mechanism for scholars, officials and others in their private capacities to discuss political and security issues and challenges facing the region. It provides policy recommendations to various intergovernmental bodies, convenes regional and international meetings and establishes linkages with institutions and organisations in other parts of the world to exchange information, insights and experiences in the area of regional political-security cooperation.

Front cover image

The DPRK's test launch of the road-mobile Hwasong-14, a potential ICBM, on 8 August 2017.
Source KCNA/UPI.

Back cover image

Mekong river near Vientiane. Source: Jan Huiskens.

CSCAP thanks the Coral Bell School of Asia Pacific Affairs, The Australian National University, for their support with this publication.

Designed and printed by CanPrint Communications,
Canberra, Australia.

ISBN: 978-0-9942248-3-5

Copyright © 2018 by CSCAP
www.cscap.org

EDITOR

Ron Huiskens

Adjunct Associate Professor,
Strategic and Defence Studies Centre,
Australian National University

EDITORIAL ASSISTANT

Kathryn Brett

Strategic and Defence Studies Centre,
Australian National University

EDITORIAL PANEL

Anthony Milner

CSCAP Australia

Ric Smith

CSCAP Australia

Philips Vermonte

CSCAP Indonesia

Jusuf Wanandi

CSCAP Indonesia

LETTER FROM THE CO-EDITORS

On behalf of CSCAP, we are pleased to present the CSCAP Regional Security Outlook (CRSO) 2018. Inaugurated in 2007, this is the eleventh annual CRSO volume.

The CRSO brings expert analysis to bear on critical security issues facing the region and points to policy-relevant alternatives for Track One (official) and Track Two (non-official) to advance multilateral regional security cooperation.

The views in the CRSO 2018 do not represent those of any Member committee or other institution and are the responsibility of the individual authors and the Editor. Charts and images in the CRSO 2018 do not necessarily reflect the views of the chapter authors.

Ron Huiskens and Kathryn Brett.

CONTENTS

4	Introduction - <i>Ron Huisken</i>
7	USA <i>Zack Cooper</i>
10	China - <i>Yunzhu Yao</i>
13	Japan - <i>Tsuneo “Nabe” Watanabe</i>
16	Russia - <i>Andrey Volodin</i>
19	India - <i>Biren Nanda</i>
23	ROK - <i>Seong-ho Sheen</i>
26	Indonesia - <i>Marty Natalegawa</i>
29	Australia - <i>Nick Bisley</i>
32	Thailand - <i>Kasit Piromya</i>
34	Philippines - <i>Richard Javad Heydarian</i>
38	Myanmar - <i>Muang Aung Myoe</i>
41	Belt and Road Initiative
41	China - <i>Xue Li & Cheng Zhangxi</i>
44	USA - <i>Charles E. Morrison</i>
47	Japan - <i>Yoshinobu Yamamoto</i>
50	India - <i>Hemant Krishan Singh & Arun Sahgal</i>
53	Russia - <i>Alexander Gabuev</i>
56	Indonesia - <i>Jusuf Wanundi</i>
59	Postscript
60	Transparency - <i>APLN</i>

Asia Pacific 2018: Intensifying competition or collective management?

Ron Huisken

The core message conveyed by the essays assembled in this edition of the CSCAP Security Outlook is that during 2017, the international system appeared to slip more conspicuously into a gap between the established but besieged order and the still empty space of what might replace it. That we are witnessing the end of an era – an era of widespread acceptance of and confidence in American willingness to uphold the ‘rules-based order’ that it played such a large part in creating, precluding war among the major powers and facilitating spectacular growth and development for more than half a century – seems beyond dispute. What is far less clear is what sort of ‘order’ might emerge in its place, how such a transition might unfold – including who the role players would be – and over what timeframe? When the US stepped into this role in the mid-1940s it accounted for half the world’s GDP, had played a decisive role in winning WW2, both in Europe and Asia and had a monopoly on nuclear weapons. There are no such circumstances in place today, making it rather likely that the transition will be prolonged as well as contested. If there are any grounds for optimism, it may be a gathering sensation in the two leading powers that accommodating to a new distribution of economic power could involve dangerous ambiguities for an extended period and that studying past transitions offered fewer reassuring insights than was once thought. What adds to the potential force of these two considerations is that they could be mutually reinforcing.

This has been by no means a sudden or surprising development. To the contrary, America’s economic dominance eroded steadily over the



D Myles Cullen / White House. President Donald Trump and First Lady Melania Trump with Chinese President Xi Jinping and his wife, Mrs. Peng Liyuan, in Palm Beach, FL on 6 April 2017.

post-WW2 period. It’s unmatched technological prowess and that unique combination of willingness to perform and international acceptance in the role of global manager softened the impact of this progressive diminution of America’s economic heft. Particularly since the end of the Cold War, which most of the world regarded as a watershed – that is, as a point of renewal and discarding a difficult past – together with the coincident rapid and sustained growth of China’s economy, many have seen and felt the transformation gathering strength. The sense of accelerated transformation in 2016-17 had much to do with the election of Donald Trump as America’s president in November 2016. President Trump has denounced America’s past propensity to see compelling synergies between its vital interests and the responsibilities of international leadership as thoroughly misguided and essentially responsible for America’s diminished weight in the world. Early signs that the administration would abandon

the extreme positions taken during the campaign – notably on the one China issue, NATO, the North Asian alliances and NAFTA – proved to be a false dawn. As if to underscore this stepping away from any leadership role, Trump has pointedly eschewed constructing a narrative that explains where America went wrong in the past and sets out how policy settings consistent with his election platform can be made to work synergistically to deliver enduring gains. Confidence in the United States, especially among general publics across the globe, has eroded and become more qualified. Allied and friendly governments have scrambled to both keep in touch with their publics and to urge Washington to recognise that its consistent engagement remains indispensable to an orderly international system.

Importantly, however, this is not the first time that America had been in this position and went on to recover much of the ground that had been lost. The George W. Bush administration, with its neo-

conservative infused propensity to abandon humility and light-handed leadership in favour of an overt declaration of taking charge in perpetuity plus its disastrous obsession with Iraq had also diluted the deep respect and admiration that America enjoyed and which was an indispensable component of its capacity to shape events even as its absolute weight in the global scheme of things shrank inexorably. A Berlin café owner spoke for an extraordinarily wide international coalition when he told the Pew opinion survey in 2005: I want my America back.

Barack Obama healed much of this reputational damage but he was also persuaded that America no longer had or could re-acquire that surfeit of power that sustained its global posture for more than 60 years. Obama set out to prepare allies and friends in particular for an era in which the US did not have the capacity to deal with any and all contingencies unilaterally if it wished to. Despite the considerable skills the Obama administration displayed in generally rebuilding America's weakened hand in global affairs, it stumbled in Asia. A perceived surge in Chinese assertiveness in 2010 drew prompt re-assertions of the strong interests and compelling obligations the US had in the region but also a decision in Washington to develop these tactical responses into a stronger and more enduring message – a message that was proclaimed as the 'rebalance to Asia' in November 2011. The Obama administration mismanaged the political optics of the rebalance. The US had never left Asia, least of all militarily – shifting the US force posture away from the Cold War tilt in favour of the Atlantic had been underway since the late 1990s – but the administration allowed the impression to take hold that it also believed that it had taken its eye off the ball and fallen behind

in Asia. Shortcomings in the delivery of rebalance commitments therefore tended to confirm impressions that the US could not regain its former pre-eminence. China compounded these errors by encouraging the view that the rebalance re-affirmed the US intent to contain China, an assessment that helped legitimise its own forceful foreign and security policy settings.

Can America regain its former pre-eminence? Hardly, but the smarter question might be whether it needs to do so? No other state can hope to achieve the quantitative and qualitative heights that the US attained over the decades following WW2. It is most unlikely that the US will shrink so it will remain as a huge state with immensely powerful armed forces, an array of allies and close friends, and a uniquely appealing set of governance and cultural attributes. Indeed, despite the severity of the shock to 'brand America' associated with the Trump administration, there is still today a clear echo of the sentiment expressed by that Berlin café owner in 2005. Among other things, this is likely to mean that most if not all US allies will be patient and avoid initiating any change to these arrangements. This simply underlines a more fundamental reality. A major change in the distribution of hard power is well underway but for the indefinite future this 'new order' seems destined to have a collective leadership. No single state will have both the margin of hard power and the aura of legitimacy to either seize or to accept the mantle of sole leadership.

If this is the probable reality, it has yet to be accepted by the certain and probable members of that leadership collective. As the established order is perceived to be eroding, expectations of serious penalties for breakout behaviour weaken, leading to a gathering sense

of disorder, chaos and danger. Greater East Asia is already distinguished by a reluctance to address and resolve old grievances and disputes. Thus, northeast Asia can scarcely suppress the animosities spawned by Japanese colonialism and militarism, despite it ending emphatically nearly 70 years ago. On the Korean peninsula, decades of tolerance of disturbing internal practices and external belligerence in the North plus superficial endorsement of the NPT and MTCR have resulted in the DPRK's young dictator chasing the dangerous illusion of riding nuclear-tipped ballistic missiles to respect, acceptance and economic relief, generating an alarmingly credible atmosphere of imminent war. The crisis over competing claims to sovereignty over features in the South China Sea remains in a parlous state of suspended animation following the shock and awe of China's island-building blitz in 2014-15 to buttress its historical claim and the subsequent development of their military potential, the emphatic judgement of the arbitration tribunal in 2016 that contemporary international law outweighed historical claims, and the ongoing conduct of FONOP passages. At the western edge of the region, the two most populous nations in the world continue to have flashes of intense animosity along a disputed border high up in the Himalayan mountains. Alongside this tangle of unresolved issues from the past, the contemporary phenomena of Islamist extremism blossomed anew in the city of Marawi in the southern Philippines. All of this (and more, of course, like the appalling events that engulfed the Rohingya people in Myanmar) is superimposed on key bilateral relationships – US-China and US-Russia – that have become strained and seemingly incapable of generating or sustaining constructive engagement.

The region that has for some years basked in the glow of becoming the world's economic centre of gravity does not appear to have a skill set that extends beyond markets, manufacturing and supply chains to political cooperation, conflict resolution and collective management. The currency of regional diplomacy is dominated by bluster, threats, coercion and targeted economic retaliation. The region has the forums – especially those involving leaders like the East Asia Summit and the Shanghai Cooperation Organisation – in which more collegiate approaches could be discussed and developed but the regional players, especially the larger powers, have allowed the opportunities to pass by.

ASEAN has painstakingly led the way in constructing an array of multilateral processes in the security arena - ARF, ADMM, EAS – that are often collectively characterised as an indispensable component of the architecture of security in the Asia Pacific. At the same time, ASEAN has also encountered mounting criticism for not developing an agenda for these processes that matched the interests and authority of the participants, let alone what the region needed or, indeed, addressed the preferences that ASEAN has itself articulated on how the major powers should relate to the grouping. A region's security architecture, of course, is a means to an end. That end is a region that functions in a substantively orderly and harmonious fashion because its constituent members are content with their relative status and with the machinery available to address disputes, and are therefore prepared to be restrained in the setting of national goals and the means employed to advance them. In view of the escalating stress on the political and security order in greater East Asia, and the inescapable risks this poses to the region's economic dynamism, it seems imperative

that ASEAN leaders consider using their central role more proactively to point the region back toward a more constructive path.

Specifically, there are two closely related issues that the region needs to address – firstly, the shared qualities or principles that others in the region want to see underpinning the US-China relationship as it accommodates the greater diffusion of power and influence and, secondly, to rebuild and revitalise a shared vision of a 'rules based order' for the greater Asia Pacific. Given the reluctance of the major powers to be proactive, ASEAN should put these issues on the agenda of the East Asia Summit. In each case, there may be merit in supplementing each agenda item with some initial ideas to 'seed' the discussions. The subsequent modalities of each project would be for all the leaders to decide.

Belt Road Initiative

China displayed its singular economic capacities and long-term vision with the progressive unveiling over the period 2013-17 of its spectacular Belt Road Initiative (BRI). The maritime road component may have an element of sleight of hand as it appears to overlay or parallel what are already the most heavily trafficked commercial sealanes in the world (from North Asia, down through the Indonesian archipelago and across the Indian ocean to the Persian Gulf and Suez). The land component, however, is another story. It sweeps aside the history of more than two millennia and aspires to connect the vast spaces of central Asia with roads, railways and pipelines, with the bold aspiration to both lift these sparsely populated and isolated countries into the mainstream of contemporary economic life and create a historic new proximity between East Asia and the heartland of Russia, the Muslim world in the Middle East and North Africa, and even with Western

Europe. Dismal economists might wonder whether the lack of high-end connectivity infrastructure has been the crucial deficiency retarding the development of the communities of central Asia. But with a price tag in excess of a trillion, it was certainly a leading topic of conversation around our region.

Although reassuringly nestled in the narrative of the 'China dream', the BRI conjured up the competing theories of Harold Mackinder and Nicholas Spykman in the early 20th century on how deep-seated geopolitical forces would shape the long-term destinies of the Heartland and Rimland of the Eurasian continent. The sheer scale of this proposal, together with the fact that it was devised by a single-party state with unrestricted authority over every facet of the Chinese system made it essentially inevitable that it would be received with cautious scepticism in many places: even some Chinese specialists characterise the BRI as a political strategy to reconstruct a Sino-centric regional order. Beijing had apparently concluded that it could drive this sweeping concept, manage any adverse fallout and have China emerge as the pre-eminent power and primary manager of this transformed continent. For others, it was a matter of developing a clearer picture of what China was really up to, deciding whether to bandwagon with it and, if so, whether any safeguards would be sensible and feasible.

A careful reading of the assessments of the BRI offered in the Special Feature below will both confirm these comments and expose a number of considerations that are likely to shape the future trajectory of this grand concept.

Ron Huiskens

Adjunct Associate Professor, Strategic & Defence Studies Centre, ANU.

U.S. Strategy in Asia: Mixing Economic Nationalism with Security Internationalism



US State Department. U.S. Secretary of State Rex Tillerson and U.S. Secretary of Defense James Mattis join Chinese State Councilor Yang Jiechi and General Fang Fenghui, Chief of the People's Liberation Army's Joint Staff Department on June 21, 2017.

Zack Cooper

The Trump administration came into office promising a new strategic approach to Asia. Now, one year into the administration, the outlines of its regional strategy are beginning to emerge. On security issues, the administration is embracing a relatively familiar approach that builds on the Obama administration's rebalance to the Asia-Pacific. On economic matters, however, Trump favours more nationalist and protectionist policies. The central challenge for the Trump administration's Asia strategy will be resolving the contradictions

inherent in these two fundamentally incompatible policies. With this backdrop in mind, this essay reviews the good, the bad, and the ugly of the Trump administration's emerging Asia policy.

The Good: An Indo-Pacific Strategy

Although the Trump administration has yet to release its National Security Strategy, the administration has already embraced the goal of a "free and open Indo-Pacific." This framework is the product of the administration's internationalist

wing, which is smartly seeking to put forward a positive vision for U.S. engagement with the region, particularly with members of the Association of Southeast Asian Nations (ASEAN).

From a geopolitical standpoint, the core idea behind the Indo-Pacific approach is to broaden U.S. engagement by elevating strategic counterweights to China. In particular, the Trump administration appears convinced that Japan and India are vital. Japan's historical relationship and simmering territorial dispute with China is drawing it closer to its alliance with the United

States. India's territorial disputes with China and its desire to be accorded respect as a rising great power are more closely aligning U.S. and Indian interests. Since neither Tokyo nor Delhi is likely to bandwagon with Beijing, the Trump administration is embracing them as the anchors of its regional strategy to counterbalance China.

The “free and open Indo-Pacific” concept, which was first put forward by leaders in Tokyo, is largely in line with the Obama administration's approach. For example, when asked what an Indo-Pacific strategy might include, a senior White House official suggested that its key tenets were “respect for freedom of navigation and overflight, the rule of law, sovereignty, freedom from coercion, and private enterprise and open markets.” These elements are reminiscent of former Secretary of Defense Ashton Carter's final speech before the Shangri-La Dialogue, where he described a principled security network in which “every country – no matter how big or small – is free to make its own political, economic, and military choices, free from coercion and intimidation. Where disputes are resolved peacefully; and the freedoms of navigation and overflight, guaranteed by international law, are respected.”

In short, the Trump administration's pursuit of a free and open Indo-Pacific is an implicit acknowledgement that the Obama administration had the right overall approach to the region. Yet, for this reason the Trump administration is also likely to encounter many of the same pitfalls. The greatest risk is that the administration's strategic appetite will outpace its resources, creating an ends-means mismatch. The Obama administration was unable to fully implement the rebalance because it was distracted by priorities in other regions and hamstrung by discord

in Congress. These same constraints are likely to plague the Trump administration's Indo-Pacific vision.

The Bad: Inconsistency on China

While the Trump administration has been relatively consistent in its overall approach to regional security, it has been inconsistent in its approach to China. During the presidential campaign, Donald Trump frequently attacked China's unfair economic practices and warned that China posed a threat to U.S. national security. Many observers therefore expected the new administration to pursue a tougher set of policies on China.

Before Trump's inauguration, there were signs that a more hawkish policy was on its way. President-elect Trump accepted a phone call from Taiwan's Tsai Ing-wen, which surprised many experts in both Washington and Beijing. Incoming officials also warned of severe consequences, including across the board tariffs, if China did not remedy the U.S. trade deficit. Meanwhile, Secretary of State-designate Rex Tillerson threatened to block Chinese forces from accessing newly reclaimed land in the South China Sea. Later, Tillerson also criticised China's Belt and Road Initiative as relying on “predatory economics” and other officials encouraged the use of Section 301 authorities against China. It therefore appeared that the new administration in Washington would press Beijing on a series of contentious issues in the Sino-American relationship.

Yet, despite these early signals, the administration's actual China policies have been far more accommodating. President Xi Jinping's initial visit with President Trump was surprisingly positive and reportedly included a “history lesson” on China-

Korea relations for his American counterpart. Secretary of Commerce Wilbur Ross touted a 100-day joint economic plan, which was full of recycled promises and illusive commitments. Then, when President Trump visited Beijing in November, he avoided any public discussion of tensions in the relationship and instead went so far as to credit Chinese leaders for wisely taking advantage of American workers.

What explains this disconnect between the expectations and reality of Trump's approach to China? The key is the administration's pursuit of Chinese cooperation on North Korea. Chinese interests remain misaligned with U.S. interests in Korea, but the Trump administration has reportedly avoided pushing Beijing in the South China Sea and other areas in the hopes of obtaining Chinese support on North Korea. By implementing some limited sanctions, China has avoided most U.S. pressure on issues of greater concern, such as the South China Sea and Taiwan. And Beijing knows that Kim Jong-un won't give up his nuclear weapons and that the United States has no credible military option to disarm him, so there is little risk of change on the peninsula.

Thus, despite the administration's wise Indo-Pacific approach, it remains hamstrung where it counts most: China. The administration has put itself in a bind of its own making; raising the pressure on North Korea while also closing off most of its escape valves. In so doing, Trump has effectively given Xi leverage over U.S. policy. Once it becomes apparent that Chinese interests are misaligned with American interests in Korea, it may be possible for the administration to adopt a different approach. But with one year, the 19th Party Congress, and a “state visit-plus” already in the books, Trump's leverage over an increasingly powerful Xi Jinping is waning.

The Ugly: Economic Nationalism

If the Indo-Pacific strategy has been good and the approach to China has been bad, where does that leave U.S. economic policy? As noted at the outset, the administration has been a battleground between nationalists (Steve Bannon, Peter Navarro, Stephen Miller, Wilbur Ross, Robert Lighthizer, etc.) and internationalists (Jim Mattis, Rex Tillerson, HR McMaster, Gary Cohn, Nikki Haley, and others) since the beginning. Although some experts predicted that one group would eventually prevail, it is now apparent that both groups will continue to co-exist and that each faction will remain dominant within prescribed policy areas.

In security policy, the internationalists appear to have triumphed. The three most important government agencies on national security (the State Department, Defense Department, and National Security Council) are led by internationalists. These cabinet members are also advised by respected experts, such as Matthew Pottinger, Randy Schriver, and a deep bench of civil servants, who support internationalist policies. Their presence and steady hands reassure counterparts that the United States will remain positively engaged and active in the Indo-Pacific.

In economic policy, however, the nationalists are dominant. This has been the case since President Trump's first full day in office, when he withdrew from the Trans-Pacific Partnership. Their influence is evident in Trump's protectionist tweets and his statements about unfair trade practices before the Asia Pacific Economic Cooperation (APEC) CEO summit in Vietnam. Moreover, the economic nationalists continue to push for withdrawal from other

major trade agreements, including the North American Free Trade Agreement (NAFTA) and the Korea-U.S. Free Trade Agreement (KORUS).

The challenge for the administration is that the internationalists' vision of a free and open Indo-Pacific cannot coexist with the nationalists' desire for more protectionist trade policies. The internationalists want to counter-balance China by strengthening the U.S. economic position in the region and adopting high-standards trade agreements to reinforce existing rules and norms. The economic nationalists want to maximise U.S. leverage by negotiating bilateral trade deals, even if this agenda undermines pre-existing security cooperation efforts, as with South Korea. But regional countries are predictably wary of bilateral deals with the United States and instead prefer multilateral arrangements, such as the revised Comprehensive and Progressive Agreement of Trans-Pacific Partnership (CPTPP). Barring a fundamental change in its approach, this will leave the Trump administration without an economic component to its regional strategy.

Conclusion

It often said that most Asian states look to the United States for their security but to China for their prosperity. With China growing more powerful economically and more assertive politically and militarily, the trends are not good for the United States. Arresting these trends will require a concerted effort by U.S. leaders to put forward a positive agenda for regional security and prosperity. Trump has essentially embraced his predecessor's rebalance strategy, but dropped his positive economic agenda. This leaves many in Asia perplexed about how the administration can obtain a "free and open Indo-Pacific" while pursuing

protectionist trade policies.

There is no way for the administration to eliminate these internal contradictions – they go to the core not only of the administration, but of the president himself. Author F. Scott Fitzgerald once commented that the test of a first-rate intelligence "is the ability to hold two opposed ideas in mind at the same time and still retain the ability to function." As long as the security internationalists and the economic nationalists coexist, the administration will be reliant on the wisdom of its senior officials to resolve these internal contradictions.

Zack Cooper

Senior Fellow for Asian Security, CSIS, Washington DC.

Existing and Changing Dynamics in Asian Security

Yao Yunzhu

The Asia-Pacific region has been in a beneficial cycle, enjoying fast economic growth, which promotes regional peace, and regional peace fosters economic growth. For decades, the region has served as the engine for global growth, with China contributing more than 30% of annual world growth since 2013, and the combined Asian contribution reaching 63% in 2017. Prosperity and peace are mutually supportive and Asian countries can congratulate themselves for being able to enjoy both. Strong economic development has been and will continue to be a defining dynamic in the region.

Tensions in the South China Sea have been substantially reduced. China and ASEAN countries agreed on a framework for the Code of Conduct (COC) in August 2017, and negotiations on the COC text will begin soon. China has separately reached agreement with both Vietnam and the Philippines to not use or threaten to use force in resolving their differences in the South China Sea. Chinese and ASEAN navies are scheduled to conduct joint exercises on CUES (the Code for Unplanned Encounters at Sea), to practice the rules on ship-to-ship communications and other safety measures it provides for. China is wary, however, that the U.S., Japan and Australia are trying to heat up the South China Sea issue again, in an attempt to forge a countervailing maritime coalition and revive concerns among other parties to this dispute that they will have to choose sides.

The Sino-Japan territorial dispute in the East China Sea has also been brought under control. The two sides have found ways to regulate their presence and patrols around the

Diaoyu Islands without triggering head-on confrontations. This has helped create an atmosphere that supported the recent reset of bilateral relations. Chinese and Indian soldiers got into a prolonged standoff (74 days) on the Doklam Plateau in the Himalayan mountains in June-August 2017. Nationalistic rhetoric filled the media in both countries. Fortunately, however, as the largest and fastest growing economies in Asia, and knowing too well that peace and good relations outweigh any possible gains from an armed clash on their border, the two countries ended the standoff through diplomatic consultations.

In Taiwan, the pro-independence Democratic and Progressive Party took power in the 2017 election. Tsai Yingwen, the new Taiwanese leader, displayed great reluctance in acknowledging the “1992 consensus”, which constitutes an essential part of the foundation for cross-strait peace and development. Although there is a clear risk that tensions across the Taiwan Straits will rise, mainland China has called for dialogue based on the one China principle, and kept its doors open for people, goods and capital to flow across the Taiwan strait to allow people on both sides to continue to share prosperity and to celebrate their shared culture.

China’s defence cooperation activities continue to develop, addressing cross-border security concerns, such as terrorism, human trafficking, drug smuggling, natural disasters, refugee flows, infectious epidemics, and religious strife. These cooperative defence activities are coordinated under a number of mechanisms and frameworks. Joint exercises addressing various contingencies like counter-terrorism, HADR (humanitarian assistance and disaster relief), SAR (search and

rescue), and military medicine are conducted in bilateral, trilateral, and multilateral mechanisms such as the SCO and the ADMM plus. In 2017, the Filipino government received strong political support and substantial material assistance from Asian countries in its fight against the IS-affiliated terrorists in the Mindanao city of Marawi. In an effort to enhance defence cooperation against terrorism, ASEAN has led an initiative to improve information sharing and surveillance as well as to enhance security awareness amongst the general public. In contrast, however, the worsening of the Rohingya refugee crisis in Myanmar this year, shows the inadequacy of the regional regime to manage refugee flows, even though individual states help in their own way to abate the crisis.

As Asia’s chronic security sore, the situation on the Korean Peninsula took a sharp turn for the worse in 2017. North Korea’s inexorable pursuit of nuclear and missile capability to strike the United States, and the latter’s hostile policy toward the former, continued to render the issue almost unsolvable. There are three likely prospects on the peninsula, none of which could be considered a good outcome for the region. The first is a “cold peace in a nuclear deadlock”, in which North Korea will seek a strategic balance with the US based on its asymmetric nuclear deterrent. The nuclear arms race and military build-up inevitably associated with this prospect will engender further instability, even though a cold peace may eventually create opportunities for peaceful solutions. The second likely prospect will be American military operations against North Korea. While this possibility looms larger than ever before, there are also concerns that



U.S. Department of State / Flickr. Secretary Tillerson Meets with Chinese State Councilor Yang Jiechi at the Great Hall of the People in Beijing, 30 Sep 2017.

no military operation can exclude the risk of escalation, which would mean millions of casualties and uncountable loss of property in both North and South Korea. The third prospect is that strict sanctions, heavy military pressure, and unprecedented international isolation will result in such chaos and turmoil as to make the consequences entirely unpredictable. In sum, the nuclear crisis on the peninsula continues to qualify as the thorniest dilemma in today's Asia-Pacific region.

Given the fact that our region's defining dynamic – the virtuous cycle between peace and economic development – has not changed, we look forward to an Asian future featuring general peace and prosperity. However, two changing dynamics – America's declining

role and China's rising weight and influence in Asia-Pacific security affairs – and the interplay between the two are having profound implications.

Since the end of World War II, the U.S. has played a dominant security role in the Asia-Pacific by maintaining a multi-layered security architecture centred on a network of military alliances, complemented by defence partnerships and multilateral defence arrangements. Successive US administrations have focused their security policies on enhancing, expanding and adapting this architecture to deal with evolving challenges. President Obama's policy of "pivot to Asia" was a recent endeavour to maintain America's leading role by enlarging its defence footprint and military presence in

the region. When Donald Trump was elected with his "America first" slogan, there was much concern about an American economic and military withdrawal from the Asia-Pacific region. In his first Asia trip, President Trump tried hard to reassure allies and partners that America was as strongly committed as ever to its engagement with Asia. However, the priorities and concepts that drive his outlook differ not only from Barak Obama, but also from all his post-Cold War predecessors. He seemed to be more interested in selling American arms to, and urging burden sharing with allies than taking care of regional defence institutions. Though he strived incessantly to forge a regional consensus against North Korea's nuclear development, he had no fresh and workable ideas to give effect to his approach of "maximum

pressure and engagement”. The Indo-Pacific vision he presented lacked the grand geostrategic glamor and the supporting pillars that many expected. The region still awaits a fuller exposition of the Trump Administration’s Asia strategy.

The other changing dynamic is China’s taking a more proactive security posture regionally and globally. China never found a comfortable location in the security structures of the Cold War and, in the post-Cold War years, continued to find itself excluded from the U.S.-led regional security architecture. Such exclusion became increasingly problematic as China’s economic activities spread around the world generating a corresponding expansion in its security interests. To match its economic weight, China has tried to exert a broader security influence by arranging for high level visits of defence officials, bilateral defence consultations with dozens of Asia-Pacific countries, participation and hosting of joint military exercises, and engagement with regional multilateral security frameworks, such as ARF, ADMM plus, EAS, ASEAN+1. Together with Russia, China initiated the Shanghai Cooperation Organization (SCO) to strengthen cooperation on counter terrorism in Central Asia. China initiated and participated in efforts to solve major regional security issues: launching and chairing the 6-party talks on the DPRK nuclear issue, participating in negotiations on the Iranian nuclear deal, engaging in the Quartet Framework on Afghanistan, supporting Afghan nation-building and social stability, contributing to humanitarian assistance and disaster relief efforts, and playing a leading role in multi-national operations against cross-border crimes.

Even though China works to make itself part of many regional security arrangements, the hard core of the system – U.S. led alliances and supporting defence partnerships – remains off limits. As a result, U.S. military movements such as realignment of forces, deployment of strategic assets, upgrade of joint exercises on China’s periphery, enhanced interoperability with allies, BMD deployment, and promotion of defence relations with countries having territory disputes with China, are all prone to be interpreted as more or less targeted against China.

In these times of expanding Chinese involvement and of growing American detachment, a scenario of power shift has gained popularity in the region. A mixed sense of uncertainty and wariness runs deep and wide. Interestingly, both the Chinese and Americans try to ease the concern by rejecting any transition from Pax Americana to Pax Sinica as a likely prospect. China promises a peaceful rise without disrupting the current international system, and America re-affirms its commitment and leadership. However, the Asia-Pacific region and all its players are watching closely, working hard to shape these volatile dynamics and to find their niche in an increasingly multi-polar power configuration, but above all to create options other than choosing between China and America.

Yao Yunzhu

Major General (Retired), People’s Liberation Army.

Wither Japan's Security Strategy?

Tsuneo “Nabe” Watanabe

At the Japanese snap election on October 22, 2017, the ruling Liberal Democratic Party (LDP) and its coalition partner, the New Komeito Party secured a two third majority in the House of Representatives in the National Diet. It was a clear victory for Prime Minister Abe and his cabinet despite the erosion of his approval rating caused by several personal and party scandals. Looking over the political landscape created by the October snap election, Japan can be expected to continue to shape and develop the realist security strategy initiated by Abe. Abe's strategy is defined as “pro-active contribution to the peace” in the 2013 National Security Strategy and the ensuing security legislation of 2015. They enable Japan to play a larger role in regional security affairs such as logistic support in contingencies or capacity building assistance to regional players in South East Asia as well as close coordination with the United States and other US allies and partners.

Moreover, considering the domestic political dynamics, this policy trend is likely to continue even in post-Abe administrations, whether headed by the ruling LDP coalition or opposition parties. In recent times, the Japanese public has supported realistic handling of defence and diplomacy rather than passive pacifist approach, which Japan's left-wing opposition groups have advocated in past elections. Left-wing pacifists tend to seek some posture for Japan that is independent of the alliance with the US. This aspiration did not attract voters. Abe is often mistakenly regarded as a nationalist hawk, who also seeks a path independent of the US. However, Abe's policy stance is centrist and realist. It respects the international liberal order supported by the US and its allies. His appointment of Foreign Minister Taro Kono and Defense Minister Itsunori Onodera reinforces this centre-realist course since both belong to the liberal camp of the LDP.

The public's strong support for this new realist stance is apparent. With a clear and present danger stemming from North Korea's frequent missile

launches toward Japan's territorial sea and nuclear tests, despite strong protest and warning from the international community, Japanese voters looked to leaders with a reliable realist position on defence.

In addition, most Japanese feel uncomfortable with the rise of China and its assertive actions to challenge the status quo, not least the continuing intrusion of Chinese fishery boats and para-military vessels into the waters surrounding disputed Senkaku Islands under Japan's administrative control. They are also frustrated with China's continuing unilateral gas exploration near disputed areas in the East China Sea despite a 2008 agreement providing for joint Japan-China cooperation. These worries are reinforced by China's construction of military facilities on artificial islands in the South China Sea since they are located in the path of Japan's Sea Line of Communication from the Persian Gulf that transport more than 80% of the country's oil and gas. In this context, Abe was the safe choice for voters in the October election despite their frustration with the opaque



U.S. Navy Mass Communication Specialist 3rd Class Kryzentia Weiermann. The Arleigh Burke-class guided-missile destroyer USS Dewey (DDG 105) transits the South China Sea with the Japan Maritime Self-Defense Force ship JS Izumo (DDH 183), 27 May 2017.

handling of several domestic issues such as allegations that Abe's friend had unfairly obtained permission to open a new school of veterinary medicine.

Abe is well-positioned to establish a close relationship with the US president, Donald Trump, who was once critical of Japan's inadequate burden-sharing, including financial support to defray the cost of stationing US forces on Japanese territory.

Abe was decisive and courageous in taking the initiative to build a personal relationship with President-elect Trump immediately after 2016 US election. His initiative was rewarded. On his first visit to Japan, Defense Secretary James Mattis praised Japan's host nation support as a model for other US allies at his first visit to Japan in February and President Trump subsequently endorsed this position.

Abe and President Trump now frequently consult one another on the North Korean issue (some 16 telephone calls in 2017) and Trump confirmed strong security ties with Japan during his visit November 5-7, 2017. The Japanese public considered all this to be reassuring: the approval rating for Abe's cabinet rose from 44.5% in September to 49.5% in November (after the October election).

Political analysts have pointed out that Abe and ruling parties were saved by divisions within the opposition party, including over the threat from North Korea, during the October election. These two factors are inter-related. Abe's foreign and security policies have never been popular among left-wing pacifists. On the other hand, the centre-right constituency did not trust the alternative offered by the Democratic Party (DP), especially as that party split immediately before the October elections into the Party of Hope (PH), the Constitutional Democratic Party (CDP) and other independents.

The Party of Hope (PH), led by the once popular female Tokyo governor, Yuriko Koike was created to attract centrist voters, who expect a realistic defence and security policy to counter North Korea and maintain a close alliance with the United States while taking an anti-status quo stance on the LDP's domestic agenda. Akihisa Nagashima, former vice minister of defense and one of founding members of the PH, stated that many DP members accepted that the threat from North Korea and the rise of China made it necessary to revise Japan's security laws, as Abe did in 2015. At that time, however, the opposition would not commit to constructive dialogue with ruling parties on security legislation. According to Nagashima, the PH needs to be realistic on security policies and become, in effect, a second conservative party that broadly shared the LDP's positions on security and foreign policy. Although the PH led by Ms. Koike initially attracted strong support it soon lost momentum. Koike could not convincingly distinguish her party's agenda and PH ended up as the second opposition group after the Constitutional Democratic Party (CDP), led by the left-leaning former Chief Cabinet Security, Yukio Edano.

Koike, who once served as minister of defense in the first Abe cabinet needed to exclude leftwing DP members who wanted to repeal the new security legislation. On the one hand, the LDP-led ruling coalition was initially concerned that Koike's party could become the strongest opposition group after the October election. On the other hand, however, left-wing politicians and pacifist media did not like the prospect of the leading opposition party being in favour of the new security legislation. This created a marriage of convenience, with Ms Koike under attack from both the ruling coalition and the pacifist media.

Thus, the split and feud within the opposition simply benefitted the ruling party and contributed to the large majority it secured. It is important that the split came from different views among DP members on security policy. The DP once showed strong opposition to Abe's security legislation in 2015. However, realist members such as Nagashima and former foreign minister Maehara were determined to see the party abandon this position. These political dynamics are key to the expectation, shared by the author, that Japan's realist policy tendency will endure, even beyond the Abe administration.

It can be safely said that Japanese voters will continue to support realist security policies as long as they feel anxiety over North Korea and China. This sentiment is not driven by Shinzo Abe. Many voters can still recall that, in 2010, the pacifist instincts of Prime Minister Hatoyama led him to unilaterally propose the re-location of the US airbase at Futenma in Okinawa to another prefecture, leading to a crisis in the alliance relationship with the US.

What might the next steps be in the Abe cabinet's development of security policy? Is Abe sufficiently energised to consider pressing for an amendment to the constitution? Is Japan heading toward "normal country" status in national security terms more rapidly than before? My answer is that it will depend on domestic political support and that, even if this condition is met, the process will be cautious and incremental.

Abe is a pragmatic realist rather than a hawkish nationalist. He remains alert to any fragilities in public support for his government. His first priority is to win the Liberal Democratic Party presidential election in fall 2018 so a strong domestic economy and high stock process will be key objectives. This will also incline him to focus on economic issues

such as renewal of “Abenomics” or “workforce reform”. Although Abe probably sees the amendment of Article 9 of the constitution as his own “legacy issue”, he seems to be acutely aware that general public support for this is not good enough.

A recent Kyodo News poll confirmed that Abe’s plan to amend the Article 9 with an additional clause to legalise the Self-Defense Forces, SDF – the constitution makes no mention of the SDF – is not popular (52.6% opposed versus 38.3% in favour). A Constitutional amendment requires 2/3 approval in both houses of the National Diet plus a majority in a national referendum. That is why Abe keeps saying that no approach to a constitutional challenge has been determined and that it remains for the party, not his cabinet, to decide whether it wishes to go down this path.

Abe’s aspiration to see the SDF free to make a “pro-active contribution to peace” is in any case not dependent on a constitutional amendment. Moreover, Abe’s proposal is not seeking to delete the War Renunciation clause or even trying to change Japan’s exclusively defensive defence doctrine. Currently, a Japanese government can exercise a right of collective defence, partly as a result of the re-interpretation of article 9 of the constitution engineered by Abe’s government in 2014 and consolidated in security legislation enacted in 2015.

Some security experts think that Abe should invest his political capital in implementing practical policies reflecting the 2015 security legislation rather than in a commitment to a constitutional amendment. There are a number of practical policy objectives of this kind that the Abe government could pursue.

First, Japan’s existing contingency plan for a crisis on the Korean

Peninsula crisis need to be re-examined and revised in light of the additional scope provided by the 2015 security legislation to expand logistics support to US and allied forces.

Secondly, Japan needs to grade up its missile defence capability by adding systems such as Aegis Ashore and THAAD. If Japan proceeded quickly enough, this exercise would coincide fortuitously with the ongoing US Ballistic Missile Defense Review.

Thirdly, Japan needs to consider whether to develop a retaliatory cruise missile capability to deter North Korea from conducting ballistic missile tests over Japan’s territory. In the past, although the cabinet’s legal bureau judged that such a cruise missile capability would not be unconstitutional, Japan has elected not to proceed. It may also require careful coordination with the US, which may prefer that allies avoid unnecessary duplication of capabilities.

Fourthly, legal complications still bedevil any response the Japanese government might decide on in “grey zone” situations such as the defence of Japanese territory against intruding Chinese fishery and para-military vessels. Japan’s legal preparations remain deficient. Unless the Japanese government recognises the intrusion as military offensive act and issues a defence order the Japanese SDF cannot even exercise the right of self-defence. It would be very difficult for any Japanese government to identify current Chinese incremental tactics by non-military vessels as an offensive military act. It is still unclear how, in practice, to provide the capacity and authority to respond seamlessly in situations ranging from law-enforcement to military combat. Developing viable procedures will require sensitive and time-consuming consultations across a range of departments and agencies.

Fifth, when US President Trump visited Japan in November 2017, he confirmed Japan-US cooperation for an open and free Indo-Pacific region. Japan needs to figure out what the Japanese MSDF can do beyond its own territorial waters, particularly in collaboration with the naval forces of the US, Australia and India.

Sixth, Japan needs to consider measures that would reassure China of its commitment to defence. China could react badly to a series of Japan-US security initiatives of the kind outlined above. A case in point is that, before the October election, Abe signalled clearly that he wished to host the China-Japan-South Korean (CJK) summit meeting – which has been planned for July 2017 but postponed - in Tokyo. He added that he would be willing to make a bilateral visit to China following the trilateral summit. The fact that both Abe and Xi have recently been confirmed in their positions may incline them both to engage the other. Abe, in particular, has other good reasons to seek more comfortable relations with China. For one, it would serve Abe’s compelling interests in a healthy economy. For another, the LDP’s close coalition party, New Komeito, has maintained close ties with China and expects Abe to seek warmer relations with China.

All in all, Abe and the ruling LDP are pragmatic realists. Due to existing budgetary, legal and political restraint, the contribution that the Japanese SDF can make to regional security will remain modest. At the same time, Abe can be expected to proceed incrementally – that is, within the resources and opportunities available to him – to realise the objectives of his regional security strategy and Japan’s role in that strategy.

Tsuneo “Nabe” Watanabe

Senior Fellow, Sasakawa Peace Foundation

Russia: Act East Policy and Security Concerns

Andrey Volodin

It is now apparent that the 21st century will belong to the Asia-Pacific. The contours of this order will have a significant impact on the composition of forces globally. The Asia-Pacific is more than its sub-regions. India, for instance, is flanked by West, Central and South-East Asia. China has a presence across Asia whilst Japan, in search of a world power status, is vigorously asserting itself in the Indian Ocean and Central Asia. The United States, we must not forget, is an Asia-Pacific power. Last but not least, Russia is a trans-continental entity territorially and has pivotal interests in Asia-Pacific.

The on-going tectonic change within the international system could be tentatively described, according to Fareed Zakaria, as “the rise of the rest”. This shift, dating back to the mid-1980s, gave birth to the family of “new influentials”, particularly Brazil, Argentina, Venezuela, Nigeria, Egypt, South Africa, India, and Indonesia that had conceptual controversies with both the USA and the Soviet Union. Later, the self-assertion of this “non-Western world” was naturally eclipsed by the dismemberment of the USSR. Nonetheless, the process marched on and the Asia-Pacific emerged as the new and powerful gravitation pole in the world economy and international relations.

The new international system – whether one calls it polycentric or based on “balance of power” foundations is of no consequence – is truly taking shape. Its “actors” in various parts of the world are no longer objects or observers but players in their own right. Two pivotal characteristics for the newly emerging entity are to be distinguished.



MFA Russia. Russia Foreign Minister Sergey Lavrov with Minister of International Relations and Cooperation Ms Maite Nkoana-Mashabane, Chinese Foreign Minister Wang Yi, Brazil Foreign Minister Aloysio Nunes, and India Minister of State for External Affairs Dr VK Singh during The Meeting of BRICS Ministers of Foreign Affairs press conference, 19 June 2017.

Firstly, this emerging polycentric international system is supported by the principles of “non-truncated” globalisation and “unity in diversity” interaction among nations. Secondly, the new system embodies a paradigm shift from the obsolete Weltpolitik and Realpolitik to, say, the “loose geometry” notion of international relations, ideology-free, exposed to compromise and accommodating genuine security concerns.

As a policy experiment, “truncated globalisation” has created the type of international political regime that is regarded as “chaotic”. Social Darwinism has given birth to protest movements that shattered the foundations of the international system itself. The United States proved incapable of sustaining world order through global governance. According to John Ralston Saul, writing in 2005, the contemporary world looks like “a vacuum, except that it is a chaotic vacuum, one filled with dense disorder and contradictory tendencies. Think of it as a storm between two weather fronts. Or think

of those moments in fast-moving sports, like soccer or hockey, when a team loses its momentum and there is furious, disordered activity until one side finds the pattern and the energy to give it control”. Put another way, “global governance” turned into disaster because of the inability to understand that the implosion of the Soviet Union had been but an episode, though rather an essential one, in the relentless march of world history.

Further, the credit for accelerating America’s decline (and that of the West in general) must go to the model of globalisation imposed on the world by the proponents of the “Washington consensus”. The net outcome of this globalisation “scheme” has been an increasing concentration of economic, and therefore political, power in the hands of multinational corporations, the growth of inequalities, the further marginalisation of the lower classes, and inevitable environmental degradation. The “disappearance” of the state has been an instrumental feature of the diminishing security

and welfare beyond the borders of the industrially advanced countries. The critics of globalisation see the “visionary state” (Edward Kennedy) as precisely the desired strategic institution to address these critical flaws. As the internationally renowned scholar B.R. Nayar argued in 2005, globalisation “is largely an affair of the developed world (roughly, the USA, Western Europe, and Japan). With some exceptions, the involvement of the developing countries in globalisation is very low. Globalisation is asymmetrically distributed; it is truncated.

These developments describe the broader social, economic and political context for the continuing decline of the western-centred world order and of the emerging polycentric organisation of the newer international system, where “a superpower” is gradually substituted by an ensemble of newly emerging “great powers”.

Equally helpful for understanding innovative geopolitical trends is the definition of “powers of critical margin” introduced into the social science discourse by Walt W. Rostow. Rostow, one of the most influential thinkers of contemporary scholarship, believed that “the notion of the U.S. as a super-power has been an illusion since 1948 at least (when it lost its nuclear monopoly). Rostow further argued that the United States does represent a significant margin of power and influence when it both expresses the majority will and is prepared to back its rhetoric with action. If the United States seeks to do something which runs against the grain of majority thought and feeling in the world, it can be easily frustrated. The United States cannot impose its will on others as a hegemonic power, but big things are difficult to do in the world community without active participation.

Patrick Buchanan, the famed author in 2011 of “The Death of the West”, points out tellingly that every nation that rose to world primacy status “did so by protecting and nurturing its manufacturing base... No nation rose to world power on free trade... free trade has been the policy of powers that put consumption before production, today before tomorrow... Nations rise on economic nationalism. They descend on free trade... China puts savings ahead of spending, capital investment ahead of consumption, and manufacturing ahead of finance... China is now the factory to the world and the banker to America”.

All this said, it is high time to offer a rough picture of the architecture of the prevailing international system. According to the present author, two groups of nation- states (or state-nations) are clearly discernible as the pillars of the contemporary world system. The “A” group of “great powers”, consists of the following states (from south-west to north-east: Brazil, the United States, the “core” countries of Western Europe (despite recent tensions within the EU), Russia, India, China, and Japan. These are the main “gravitation poles” supportive of the international system (even though there are significant variations amongst them).

The “B” group, or “the new regional leaders/new influentials”, consists of Argentina, Venezuela (domestic crisis seems to be surmountable), Mexico, Colombia, South Africa, Nigeria, Egypt (despite its continuing domestic turmoil), Turkey, Iran, and Indonesia. A number of other countries can be added to this group, depending on the criteria used by individual experts. The basic function of the “B” group is to sustain regional order/stability in the absence of viable regional and/or international peacekeeping institutions. (The demands for the transformation of the United Nations

are indicative of the uncertainty about security at the global or universal level.)

What is the general idea standing behind efforts to find an efficient alternative to the presently non-functioning Pax Americana (supported also, with various degrees of sincerity, by America’s “strategic allies”)?

The basic notion of an alternative (sometimes referred to as “another”) world order is the promotion of multilateral cooperation among the countries disappointed with the present mode of interrelationships shaped, ultimately, by the Western powers and the economic, financial and political institutions they created. For example, the BRICS format represents five important geopolitical poles located in South America, Eurasia and Africa. The BRICS initial “mission” is to institute horizontal cooperation and develop greater understanding between the three important continents that are in the process of geo-economic and geopolitical self-assertion. Furthermore, the BRICS format provides the five influential countries with a platform to engage in discussions on cooperation in the fields of economy, finance, trade, culture, security and defence, and agriculture, to name just a few. In my humble opinion, the BRICS format plays an increasingly momentous (if not pivotal) role in foreign policy initiatives articulated by Brazil, Russia, India, China and South Africa, as the events of 2014 demonstrated convincingly. In the words of Carmen Amado Mendes and Daniel Cardoso, “During the crisis in Ukraine in 2014, the BRICS issued a statement rejecting the sanctions that the EU and the US wanted to impose on Russia and condemning the “hostile language” that both used towards Russia over the annexation of Crimea in March. This tacit support from the BRICS compromised the EU and the

US strategy to isolate Russia.”

The BRICS format has become instrumental in promoting even closer coordination among the five “state-civilisations” (to use Martin Jacques term) on global issues that acquired particular significance in 2014. The BRICS “platform” is also expected to promote cooperation with other influential “actors” in the international system, mainly with the “new regional leaders”, aimed at building consensus on issues of international importance. The BRICS, in my view, may facilitate trade opportunities not only among the five member-states but across a wider international grouping by promoting the multilateral exchange of information, technologies and skills transfer to complement and augment individual strengths. In the near future, BRICS may focus on the concept of sustainable/equitable development that is of paramount political significance for “the rest”, i.e. for those transitional societies suffering from truncated globalisation. We may, moreover, envisage cooperation in a number of vital areas such as climate change/global warming, education, energy security, healthcare, challenges of information society, science and technology, models of social development, crisscrossing investments, transport of various kinds (keeping in mind the coming transportation revolution), and tourism.

Today, the reform of the central international institution, namely the United Nations, is becoming not only urgent but, putting it bluntly, inevitable. For this fundamental transformation to materialise, a new global consensus based on subject-subject (not subject-object) relationship must be elaborated and introduced into the international discourse, accompanied by far-reaching reforms in the world’s financial architecture. This is one of

the pillars of the BRICS agenda in the international arena.

Russia’s attitude towards BRICS is changing positively. It is an open secret that we still have tacit opposition to the diversification of Russia’s foreign policy in the Oriental and South Occidental directions. The argument runs as follows: the West (USA plus Western Europe) remains the centre of the universe—economically, financially, intellectually. Even the global economic turmoil, the birthplace of which was the United States, has not shattered the conviction held by the Russian elites that the model of “development” offered by the West was ideal for Russia and that it needed no modification at all. But now, probably at the end of 2012, the leading faction within the political class reached the conclusion that Russia was importing low rates of economic growth from the European Union, the country’s major collective economic partner. The sanctions imposed on Russia after the reintegration of the Crimea (or “reconnection” as Russia’s Foreign Minister Lavrov prefers) and the introduction of import-substitution, ultimately worked in a positive direction.

The international system is developing and changing apace, and the world’s political actors are having to adjust their policies and strategies to the new challenges of the 21st century. The Asia-Pacific region, where sustained strong economic growth is changing the profile of the entire world, displays a complex scenario. This scenario is sometimes referred to as the “Asian Conundrum”. The deepening interdependency of the Asia-Pacific countries combined with the economic and military-political rise and self-assertion of the new regional and sub-regional leaders have already made the structure and processes of international relations in this part of the world a lot more

diversified. While Asia’s growing economic vitality may translate into greater political power, the possibility that any single power could have the capacity to dominate continentally and regionally is diminishing.

The transformation of ASEAN into the “nucleus” of sustained and rapid economic growth has served as an “inspiration” for both traditional and new leaders of the world economy. In turn, ASEAN countries have become more sensitive to such issues as security and sovereignty. The “behavioural” logic of South East Asia stems from the necessity to diversify the “equation” of geopolitical forces in the region. Under the newly emerged circumstances, Russia is a welcome “arrival” to play here alongside China, Japan, Australia and the United States. For Russia, encouraging foreign economic activities is a necessary “tool” to be heard in South East Asia. It may be cautiously suggested that Russia’s ruling elite has realised the role of South East Asia as one of the driving forces of the world economy, for today and for tomorrow.

Russia’s foreign economic activities in the Far East are becoming an organic part of our domestic policies, where the relations with Japan and South Korea become a crucial factor in dealing with the “Korea conundrum”. Positive developments in Russia-Japan relations might be instrumental in “upgrading” the latter to the status of a major power. One cannot resist the temptation to suggest that Japan would welcome Russia’s “act East policy” despite the political discrepancies that still exist between the two countries.

Andrey Volodin

Professor of South Asian and South East Asian studies, Diplomatic Academy, Ministry for Foreign Affairs, Russian Federation.

The Regional Security Outlook in the Indo-Pacific: an Indian Perspective



Biren Nanda

China's unprecedented economic and military rise, its aggressive behaviour, its territorial assertions and the geostrategic shift this is bringing about, is the principal cause of rising tensions in the Indo-Pacific. The regional balance has been upset and its restoration is the

key to ensuring regional stability in the future. This article explores the broader strategic picture in the Indo-Pacific and focuses on what other powers, global and regional, must do to restore the power balance in the region.

What have been the core developments shaping the strategic

outlook in the Indo-Pacific? First, after the Global Financial Crisis (2007-08), there was a relative decline in US power and China made the most of a period of strategic opportunity by occupying the strategic space left vacant by a United States preoccupied with the domestic economic crisis and its two wars in Afghanistan and Iraq.



U.S. Navy Mass Communication Specialist 3rd Class Weston A. Mohr. An Indian navy MIG-29K Fulcrum aircraft flies over USS Nimitz during Exercise Malabar 2017.

Second, China began to act aggressively with neighbours on its periphery, asserting historical territorial claims unilaterally, first through cartographic aggression, and then by creeping occupation—as was attempted by the PLA at Doklam, Bhutan, in June – August 2017, and by land reclamation and militarisation of reefs in the South China Sea. Chinese provocations have, similarly, been a cause of rising tensions over the Senkaku Islands in the East China Sea since 2010. This was accompanied by soft coercion through threatening statements made by Chinese official spokespersons and the official media. Chinese fishing fleets were also used to assert territorial claims in the South China Sea against Vietnam and the Philippines, on the Senkaku Islands against Japan and the Natuna Islands against Indonesia. Furthermore, China's vigorous pursuit of its Belt Road Initiative threatens to impose a neo-colonial style dominance over countries that are recipients of the Chinese largesse.

Third, ASEAN-centric security institutions failed to address the hard security issues that came to the fore with China's rise. The economic interdependence between ASEAN and China and China's soft coercion and offers of investment funds, induced some ASEAN countries to fall in line. As a consequence, ASEAN unity on Chinese claims against the Spratly and Paracel island groups in the South China Sea has been broken since 2012. While Vietnam and Indonesia continue to stand firm, the Philippines, Cambodia and Laos have fallen in line and taken an accommodative stance in the face of Chinese pressure.

Fourth, the strategic collusion between China and Pakistan and China and the DPRK exacerbates

security challenges for India, Japan, South Korea and the United States. In South Asia, China's support to Pakistan – which has included nuclear and missile proliferation – encourages the latter to indulge in brinkmanship with India. On the Korean peninsula, China's unwillingness or inability to rein in the DPRK allows the latter to engage in nuclear brinkmanship with the ROK, Japan and the US. China has periodically displayed an ability to help defuse crises and bring the DPRK to the conference table, though without any lasting results. This gives China considerable leverage over those countries – Japan, ROK and the US - which are most affected by the DPRK's rogue state behaviour. Nuclear and missile proliferation activities between the DPRK and Pakistan, are another dimension that has been seriously detrimental to India's national security.

Fifth, China is building a “blue water navy” that can defend its sea-lanes of communication and become a dominant force in the Indian and Pacific Oceans. China's port building activities in the Indian Ocean littoral and the establishment of naval bases in Gwadar, Pakistan and Djibouti have led to concerns that this is part of a larger strategy to bring about the strategic encirclement of India.

Effective management of these developments depends crucially on understanding what is driving Chinese assertiveness at the present time. This is an intrinsically difficult issue but, in my view, an important part of the answer can be found along the following lines. In 2010 China became the world's second largest economy. Since 2012, the new central leadership under Xi Jinping has taken China toward a new foreign policy approach more commensurate with its new status and contrasting sharply with the

low profile that China's leaders had preferred since Deng Xiaoping in the 1980s. Xi's ‘China Dream’ narrative is certainly consistent with the view that China is now a great power and needs to display the aspirations and attitudes of a great power. The new Chinese diplomacy perceives a ‘period of strategic opportunity’ for China to assert its claims. This perception, and the belief that the period of strategic opportunity will soon close, is driving the push for China's territorial assertions on its periphery.

Not all regional security issues are strategic in nature or related to China's rise. The following security developments pose a threat to countries in the region at a tactical rather than at a strategic level, but nevertheless remain extremely significant.

In South Asia, terror groups like the Lashkar e Taiba, Jaish e Mohammed and the Taliban, which the Pakistan military and the Inter-Services Intelligence trains, directs, harbors and funds, continue to be utilised as instruments of terror against India and Afghanistan. The phenomenon of cross border terror is a continuing source of strife and tensions in India-Pakistan relations. China's stepped up commitment and assistance to Pakistan, including the China-Pakistan Economic Corridor launched as part of the Belt Road Initiative, has once again emboldened Pakistan to support cross border terrorism and engage in brinkmanship with India.

Pakistan's support to cross-border terror is a permanent preoccupation for India and effectively prevents it from participating as a balancer in the region. Over the years this constraint on India's behaviour has been, and continues to be a significant part of the collateral damage associated with US

assistance to Pakistan. President Trump's new Afghanistan – Pakistan policy could be a game changer in South Asia if it stays the course and deters Pakistan from its support for terror groups that it has nurtured as instruments of a proxy war against India and Afghanistan.

The problem of insurgency and terrorism may have been resolved in Indonesia's Aceh, but continues in Southern Thailand and in the Philippines. Indeed, terrorism has found new expression in groups claiming allegiance to the Daesh phenomenon in Indonesia, Malaysia and the Philippines. Non-traditional security issues such as piracy, transnational crime and cyber-attacks also continue to pose a rising threat to the Indo-Pacific region.

The Rohingya refugee crisis is shaping up as the largest political and security risk facing the India-Myanmar-Bangladesh border region – alongside being one of the worst humanitarian crises in the world. It underlines the potential destabilising effect of a sudden movement of refugees across international borders. There are also fears that the impoverished and traumatised refugees could become easy targets of Islamic radicalisation.

Finally, continued instability in the Middle East - which is home to more than six million Indian citizens and is vital to India's energy mix - adversely affects India's national security.

India is reacting to these developments in a number of ways. First, from a strategic perspective India has moved closer to the United States. The visible strengthening of India-US ties since the signing of the civil nuclear cooperation agreement, the deepening of the bilateral engagement across various sectors, the growth in bilateral defence ties

and the emergence of the United States as a major source of defence equipment and technology are visible manifestations of the shift in India's geopolitical positioning in the Indo-Pacific.

Second, India has pursued comprehensive engagement with China based on the belief that there is enough strategic space in Asia to support the phenomenal rise of China and the accelerating rise of India. The simultaneous emergence of India and China is a mega development that has to be handled with wisdom and sagacity so that the two countries can emerge without becoming adversaries. For this to happen each country has to be aware of the others red lines and make sure that these red lines are never crossed.

Third, India has developed closer strategic ties with other powers in the region including Japan, Vietnam and Australia. These growing relationships are based on a convergence of views on the prevailing threats and opportunities in the Indo-Pacific.

Japan's official development assistance to India can be regarded as a strategic instrument fashioned to help India's economic rise as an Asian power. The current dialogue with Japan on transfers of defence equipment and technology, has the potential to be a major milestone in the development of our strategic partnership, and of Japan's own evolution as a great power.

Fourth, with its "Act East Policy" India is working vigorously to strengthen relations with ASEAN countries, bilaterally and through active participation in ASEAN dialogue forums. Physical connectivity with ASEAN through Myanmar and Thailand, reinforces the priority Indian diplomacy

attaches to deeper economic integration and closer people to people ties with its ASEAN neighbours.

Finally, India is engaged in a national mission to build-up its own military power and its capacity to deal with the emerging traditional and non-traditional security threats in the region.

Looking to the future, there are options available to all of India's regional partners to enable a stronger contribution to the common interest of a stable and secure region. In the case of the United States, most importantly, the persisting inconsistencies and lack of an overarching strategic framework in the Trump Administration policy towards Asia undermines the prospects for stability and security in the region.

Second, China has consistently been a strategic proliferator and has assisted North Korea's nuclear and missile programs, thereby undermining the security of the United States and its allies – Japan and South Korea. The US must, therefore, base its policies towards Northeast Asia on the understanding that China is the problem and cannot be part of the solution.

Third, the United States and its partners – India, Japan and Australia – need to examine political and military options to deal with an assertive and territorially unsatiated China.

Fourth, to restore the global balance of power and the regional balance in Northeast Asia, the United States must reverse the downward spiral in US-Russia relations and desist from pushing Russia further into the Chinese embrace.

Fifth, the US has to lift itself out of its current inward-looking

isolationist mood and show leadership on global issues ranging from the world economy to climate change. Ceding leadership on such issues undermines the United States' soft power.

In the case of Japan, following Abe's resounding electoral victory on October 24, 2017 the Japanese Self-Defense Force must participate effectively in the regional balance in Northeast Asia, in the South China Sea and in the Indian Ocean as well. For this to happen Japan has to become a 'normal' country and free itself from the self-imposed constitutional restraints that effectively limit its military role as a great power.

Similarly, Japan must continue to build upon institutional mechanisms which enable sales of defence equipment and technology to friendly powers like India in order to enhance their capacity to counter rising threats to their security.

In order to strengthen its position in the power balance in Northeast Asia, Japan must energetically pursue a settlement of the Northern Territories issue with Russia on the basis of a compromise. Historical precedents suggest that current attempts to secure the return of the islands by offering economic incentives to Russia are likely to end in continued failure.

Notwithstanding its alliance with the United States the time has come for Japan to assert itself regionally as an autonomous actor in diplomacy and in national defence. The DPRK's claims that continental United States is within the range of its missiles, if assessed to be accurate, must eventually call into question the value of the United States' extended deterrence.

Australia, for its part, should worry a lot less about the short-term costs

of confronting China on specific regional issues and worry more about the medium and long-term prospects of having to live in Pax Sinica.

One way of reducing China's leverage in economic matters would be by diversifying Australia's trade and investment partners and reducing excessive dependence on exports to China.

Taken together, three broad objectives appear to be of critical importance. First, as part of its "Act East Policy", India should work towards deepening its integration - in commerce, connectivity, culture and security - with the Indo-Pacific region.

Second, China's rise has upset the regional balance, and the Indo-Pacific region, has as a consequence, been witnessing a rise in tensions and conflict. By acting in concert, the United States and regional powers like India, Japan and Australia must nudge China towards a greater recognition of multi-polarity in Asia and work to moderate the geopolitical and geo-economic leverage enjoyed by China globally and in Asia. This calls for a reduction in the degree of economic interdependence with China and the diversification of trade, investment and economic partnerships in order to restore geo-economic balance in ties with China.

To fully restore the regional power balance and lower tensions in the Indo-Pacific, the US and regional powers need to significantly reorder their priorities and work in concert to balance China's rise.

Biren Nanda

Senior fellow, Delhi Policy Group.

Security Outlook 2018: A South Korean View

Seong-ho Sheen

The world has been bracing for major conflict to break out on the Korean Peninsula throughout 2017. Koreans will sigh with relief if the year passes without a 2nd Korean War. North Korea's acceleration of its nuclear and missiles programs has made the Korean peninsula a focal point of international interest and concern. This year Pyongyang sharply increased the frequency of its missile tests, including two ICBM tests in July, followed by its 6th nuclear test in September. The new emphasis on maximum pressure coupled with the threat of military action by the newly elected US President Donald Trump only made the situation more precarious. Add to that, South Korea was undergoing domestic political turmoil that left it without a president of its own for nearly six months. Amidst all these tensions, China imposed tough economic sanctions, not on Pyongyang, but on Seoul to protest the deployment of US missile defences on South Korean soil. Remarkably, South Korea came out of all of these predicaments without a major crisis and with its economy growing at three percent and stock market reaching record highs. Yet, the risk of war still looms over the peninsula as the US strategic assets gather around, while Pyongyang continues to defy calls from Seoul and Beijing for diplomatic engagement.

Like most countries in the world, South Korea began 2017 both surprised and anxious about Donald Trump's win in the US elections. Since the Korean War in 1950, the alliance partnership with the US has been the backbone of South Korea's foreign and national security policy. Yet, Mr. Trump has exhibited a decidedly negative attitude toward the US partnership with Seoul. During the



U.S. Forces Korea. The first elements of the Terminal High Altitude Area Defense (THAAD) system arrived in the ROK, 6 Mar 2017.

campaign, Trump bashed South Korea for not paying enough for the alliance, sent conflicting signals about Kim Jong-un and his nuclear program, and promised to repeal the KORUS FTA. Seoul watched helplessly as Japanese Prime Minister Shinzo Abe quickly built a personal rapport with President Trump playing two golf rounds at Trump's compound in Mar-a-Lago, Florida following his early visit to Trump Tower at Manhattan before the inauguration.

When South Korea elected a new President in May, many questioned whether the new government could build a constructive partnership with Mr. Trump. The newly elected South Korean president, Moon Jae-in, a self-established labour and human rights lawyer and a liberal party candidate, could not come from a more different background. In fact, Moon's election was the result of a deep internal crisis which saw President Park, the daughter of former dictator Park Chung-hee turned seasoned

politician with a conservative base impeached for bribery and corruption, along with her secret confidante. Representing the liberal wing of Korean politics, Moon has long argued for a wide range of reforms targeting the largely conservative establishment. As for foreign policy, Moon questioned the decision made by the Park government to deploy the US missile defence system called THAAD (Terminal High Altitude Area Defense) against North Korea's nuclear threat despite strong Chinese objection on the grounds it violated Chinese national security interests in the region.

Despite their differences, however, Moon was convinced of the importance of the ROK-US alliance to address North Korea's nuclear challenges, as well as other foreign policy issues in the region, and therefore determined to build a positive partnership with Trump. Indeed, the first Moon-Trump meetings in June at the White House went relatively well. The two

presidents appeared to establish a good chemistry and pledged their commitment to the bilateral partnership.

Since then, the two governments built a relatively stable partnership as the Moon government acted to ease some thorny issues bedevilling the relationship. For example, despite his early scepticism about the THAAD deployment, Moon eventually decided to fully deploy the system despite months of Chinese protest and sanctions, intense domestic debate, and North Korean missile and nuclear tests.

Moon's resolve in the face of North Korean missile and nuclear tests also helped to bind the two allies. Moon has long advocated engagement with North Korea to solve the nuclear problem and to achieve permanent peace on the Korean Peninsula. North Korea, however, continued to press the new government missile and nuclear tests. Moon, a former member of the elite special force of the Korean military, regarded these actions as provocative and elected to counter each North Korean test with live fire drills and military exercises involving the latest South Korean missiles, artillery, and strike aircraft.

Yet, Seoul is uncertain how the alliance partnership will play out in 2018. They are facing tough negotiations with the US to develop a new burden sharing package for the costs of the security partnership. At the same time, in the face of US threats to abandon the deal, the two governments just opened negotiations to revise the KORUS FTA. As many citizens also regard Mr. Trump's saber rattling toward Pyongyang with concern, the prospect of massive anti-American protests on the streets of Seoul is very real.

This year was expected to see celebrations for the 25th anniversary of diplomatic normalisation between

the ROK and the PRC in 1992. China had become by far the largest trading partner for South Korea with their bilateral trade volume topping South Korea's trade with US and Japan combined. Back in 2015, then president Park was the only leader from a major western country to attend Beijing's lavish parade commemorating the 70th anniversary of the victory over Japan, standing next to Presidents Xi and Putin.

Yet, the diplomatic tension over the THAAD deployment forced the two governments to cancel a joint ceremony this summer. China insisted that it would not tolerate the previous Park government's decision in July 2016 (after North Korea's 5th nuclear test) to deploy US THAAD on the grounds that its powerful radar could learn too much about Chinese missile systems. Yet, in September this year after four months of deliberation and of watching North Korea escalate its nuclear and missile threats, the new Moon government decided to install a second phase of the THAAD system.

As in past cases with Japan and other countries with whom it had disputes, the Chinese government soon imposed unofficial, but effective, sanctions against Korean businesses. South Korean companies like Hyundai and Lotte reportedly saw their sales suddenly plummet this year. South Korean movies and cosmetics also suffered, while the tourism industry was one of the most directly hit with a sudden drought of Chinese tourists to Korea. The South Korean public became increasingly angry over China's economic bullying to deny Seoul its legitimate right to employ measures to counter North Korea's nuclear threat. According to a report by the Hyundai Research Institute, China's economic boycott was likely to cost South Korea \$7.5 billion so far this year, a 0.5 percent loss on its gross domestic product.

A breakthrough came immediately after China's 19th Party Congress in October. After Mr. Xi was officially inaugurated for a second term with ever more concentration of power, the two governments issued a joint statement announcing the intention to restore a cooperative partnership. It displayed both confidence and acknowledgement of Mr. Xi, who appeared to have decided that he could afford to blink, calculating that his continued pressure on South Korea was not succeeding in undermining Seoul's alliance with Washington. At the same time, the Chinese move was seen as a pre-emptive response to Trump's pending first visit to Seoul in November. Trump was expected to deliver a speech to the South Korea's National Assembly on his way to Beijing from Tokyo during this first trip to Asia.

In fact, President Moon's outlook toward China had been more favourable than his predecessor's and he has called for a more balanced diplomacy between Beijing and Washington. In agreeing to restore cordial relations, South Korea pledged 'three Nos' to address China's security concerns stemming from its view that the US still aims to "contain" China: not to accept additional THAAD batteries, not to join a US led regional missile defence system, and not to join a trilateral military alliance with the United States and Japan.

Despite the apparent resolution of the standoff between the two countries, there was no guarantee that the accord would resolve the THAAD controversy. People's Daily, the official newspaper of the Communist Party, issued a somewhat friendly, but mostly stern, editorial saying, "[o]nly proper resolution of the THAAD issue can bring the Sino-Korean relationship back onto the right track." Similarly, a Chinese expert has warned that the issue had been shelved rather than resolved. Yet,

Beijing and Seoul increasingly find the other the most important partner in managing the dangerous security dynamics between Pyongyang and Washington. They presumably expect to be working closely together to maintain peace and stability on the Peninsula in 2018.

North Korea presents the biggest security challenges not only to South Korea, but also to the whole Asian-Pacific region. While president Moon tried hard to engage with North Korea, Kim Jong-un simply accelerated his ever more aggressive push for nuclear and conventional missile weapons systems. And Mr. Trump's even more aggressive words of punishment have led many to regard the possibility of war on the Korean Peninsula as a very serious risk.

Since coming into office, President Moon has emphasised diplomacy and pushed for engaging North Korea more fully. In his visit to Berlin in July, Moon laid out his vision for a new peace on the peninsular in which he declared 'peace' as the top priority of his administration. To achieve peace on the peninsula, he emphasised building the foundations for long-term peace and cooperation with North Korea based on mutual respect. In this regard, he made it clear that South Korea did not want regime collapse, nor did it seek forceful unification. Instead, he offered to guarantee regime security alongside the process of denuclearisation. While strongly criticising North Korea's nuclear provocations and echoing the need for tougher sanctions, his government announced a plan to engage in non-political exchange and cooperation with Pyongyang separately from other political/military issues.

Despite Moon's call for diplomacy, Pyongyang seemed determined to test and challenge the new Trump

administration with a series of missile tests. Trump's tweet stating North Korea's ICBM threat "won't happen," was countered by several tests of missiles deemed capable of reaching the continental US. This appeared to make President Trump increasingly sceptical about diplomacy with North Korea, leading him to characterise South Korean overtures as 'appeasement' and to tell his own Secretary of State, Rex Tillerson "not to waste his time," on trying to open up a channel for direct dialogue with North Korea. Moreover, President Trump seemed determined to match the fiery – but more familiar – rhetoric coming from Pyongyang. In early August, he threatened to unleash "fire and fury" on North Korea and then warned that the U.S. armed forces were "locked and loaded." At the United Nations General Assembly on Sept. 19th, he said that if the U.S. "is forced to defend itself or its allies, we will have no choice, but to totally destroy North Korea. Rocket Man is on a suicide mission for himself and for his regime."

This unusual threat by an American president certainly caught Kim's attention. In an unprecedented TV appearance, Kim called Trump a "mentally deranged U.S. dotard" and vowed to "tame" him "with fire." Later, North Korean foreign minister Ri Yong-ho, said, "[s]ince the United States declared war on our country, we will have every right to make countermeasures, including the right to shoot down United States strategic bombers, even when they are not inside the airspace border of our country." North Korea also threatened to test a nuclear device in the Pacific Ocean and to attack the United States.

In response, the U.S. military has been flexing its muscles. U.S. B-1 bombers and F-15 fighters flew farther north of the Demilitarized

Zone along the North Korean coastline than they have in years. Three U.S. carrier strike groups conducted a combined exercise in mid-November in the Western Pacific, representing a powerful US force within striking distance of North Korea. The U.S. Air Force, meanwhile, has announced that, for the first time, it will send a squadron of F-35A stealth fighter jets to Kadena Air Base in Japan in early November for a six-month deployment. The United States has also dispatched several submarines, including at least one nuclear cruise missile submarine, to Korean waters. Also, it was recently revealed that the US military increased its stockpile of munitions in Guam by about 10 percent.

Despite Beijing's call for diplomacy with 'double freezes' – on North Korean nuclear and missile tests and on Korea-US military exercises - and Seoul's engagement efforts, Kim Jong-un seems determined to continue with his nuclear and missile programs well into 2018. As many experts expressed their concerns that Trump was playing a dangerous game with North Korea, risking stumbling into a 2nd Korean War, tensions on the peninsula remain higher than they have been in over a decade.

Seong-ho Sheen

Professor, Graduate School of International Studies, Seoul National University.

ASEAN: Past and Future



ASEAN Secretariat / Flickr. ASEAN 50th, 2017.

Marty Natalegawa

ASEAN notches up its 50th anniversary this year. For institutions as well as people such milestones invite reflection and assessment. As one who expended some three decades in diplomacy, much of it in relations to ASEAN, I must confess I am not naturally inclined to endlessly extoll the virtues of ASEAN's past achievements. I am more inclined to examine the relevance of the past in the efforts to secure ASEAN's continued contributions into the future.

Without hesitation, ASEAN has mattered. Although ASEAN firmly eschewed any security purpose, it never lost sight of the fact that nurturing perceptions of dependable security within the group was indispensable to its economic and community aspirations. Absent ASEAN, countries in Southeast Asia could have continued to be encumbered by deep divisions, distrust and animosities. Without ASEAN, it would not have been unthinkable for countries of Southeast Asia to remain as pawns and objects

in the proxy rivalries of extra-regional major powers. Indeed, a Southeast Asia without ASEAN could have only too easily followed the unfortunately too familiar recurring cycles of conflict economic underdevelopment and political upheaval with their attendant humanitarian, materiel and governance consequences. Needless to say, it has not always been smooth sailing.

Challenges to ASEAN's unity have not been scarce and have been well reported. Questions of its relevance in a rapidly changing world have been posed. Indeed, I recall many occasions when detractors have written ASEAN off. Yet, all throughout, ASEAN has demonstrated its resilience. Ultimately, ASEAN has proven indispensable. It has mattered. In fact, ASEAN's contributions have been nothing less than transformative. "Strategic trust" has replaced the trust deficits once common in relations among the countries of Southeast Asia. ASEAN "centrality" in the wider region's political-security and economic architecture-building has usurped the vision of an inconsequential Southeast Asia locked

in divisive major power rivalries. And optimism about the region's economic promise abounds in contrast to the daunting challenges on this front we encountered in decades past. Indeed, in keeping with its people-centred and people-relevant promise, aside from the materiel betterment of its peoples, ASEAN has taken up respect for, and promotion of, human rights and democratic principles as key goals.

Yet, even as we mark ASEAN's 50th year, it is incumbent to ask whether it remains fit for purpose for the next five decades. Is ASEAN equipped to seize the opportunities and address the challenges stemming from a world marked by constant, and indeed, ever accelerating change? Can it deal with a world where workable distinctions between national-regional-global issues are becoming ever more elusive? Can it steer a constructive course given the prevalence of issues that defy national solutions alone and demand cooperative partnership, but in a general political climate marked by populist anti-globalisation, anti-regionalism mind-sets? Can ASEAN flourish in a world of transactional foreign policies that emphasise short-

term immediate gains rather than policies anchored in the principles of mutual interests and benefits that have served the region well? And, how would ASEAN deliver on its centrality in a world marked by never-ending tectonic geopolitical and geo-economic shifts?

Needless to say, given its past achievements and contributions, ASEAN needs to consolidate and secure aspects of its cooperation that have worked. There can be no doubt that the continued pursuit of the seminal three-pillar ASEAN Community, well-illustrated by the recently adopted ASEAN Vision 2025, will be of central importance in this regard.

In my view, however, the quality most critical to ASEAN's future success will be its continued willingness to embrace transformative change. A "business-as-usual" ASEAN amidst a world marked by a dizzying pace of change - runs the risk of irrelevance and inertia. Such an ASEAN would, at best, be reacting and responding to immediate events, providing commentary to them, rather than pro-actively moulding and shaping them. In my view, ASEAN has been of the most consequence and relevance when it has had the courage to be transformative – to initiate and, not least, to have the diplomatic perseverance, resilience and tenacity to see these initiatives through. Several landmark decisions by ASEAN over the past fifty years at key junctures for the region highlight its transformative contributions: the 1976 Treaty of Amity and Cooperation; the decisions to expand its membership beyond the original founding Member States; the decision to launch the ASEAN Community-building program; and the initiative to set up the East Asia Summit with participation beyond the ASEAN Plus Three. These examples, of course, are not intended to set aside ASEAN's

contribution to transforming the region's economic architecture.

In all these instances, ASEAN was not constrained by what was then possible; nor was it consumed by the day-to-day challenges of the present. Rather, it adopted a forward-looking outlook – anticipatory, indeed, visionary stance - taking the region as it was but looking to what it could and even should be. Consequently, ASEAN has been an important agent of transformative change.

It should be noted, that in all the above undertakings, Indonesia was never absent. Indeed, it was invariably at the forefront; constantly seeking to break new ground; persevering when doubts had to be overcome; working earnestly to cultivate a sense of common ownership in the ASEAN project amongst all Member States; and earning their support for its initiatives.

In my view, to remain of consequence, ASEAN must constantly nurture and sharpen its "transformative" trait. Given the inevitability of geopolitical and geo-economic shifts, for example, ASEAN has fundamental interests to ensure that the changes that occur are in keeping with its common interest. It must deliver and manifest in concrete forms its often-proclaimed centrality.

Thus, in the past, I have spoken of the need for ASEAN to secure a "dynamic equilibrium" for the wider region – the absence of preponderant power – through the establishment of robust and binding norms and principles that speak to the common interest the region has in regarding security and prosperity as "public goods". In the same vein, I have placed emphasis on the "dynamics" of power rather than the "balance" of power; urged the development of an effective and timely crisis management capacity through better utilisation of the potential of

the EAS; and pressed for concrete reaffirmation of the commitment to the non-use of force and peaceful settlement of disputes among the countries of the EAS as provided for in the 2011 Bali Principles.

ASEAN must not underwhelm in its ambitions and outlook. Centrality and relevance must be earned. It must be manifested by the power of ideas and initiatives as well as through determined diplomacy to see them through. And, most particularly, it must have trust in the very institutions and modalities it has created by utilising them though state practice, not least in the realm of conflict prevention and resolution.

It may be a truism, but worth emphasising nonetheless: ASEAN unity has clearly been a prerequisite to its five decades of achievements. Its importance is only highlighted when the consequences of divisions attract public attention. Amidst the proliferation of ASEAN visions, declarations, statements and, indeed, detailed action plans for the ASEAN Community pillars, it is critical that ASEAN continue to be able to rally around some key and strategic objectives:

- The maintenance and promotion of the region's peace and stability;
- Promoting its economic prosperity;
- Ensuring its adherence to human rights and democratic principles in keeping with a people-centred ASEAN.

Indeed, these basic "goals-that-bind" that lie at the core of the ASEAN project are reflected in the three-pillar ASEAN Community project.

I believe that it is important that ASEAN continues to manifest such broad unifying goals: "waging" peace, prosperity and democracy. It is also essential that ASEAN recognises the "connectivity" between these basic

aims and purposes, and hence the need to ensure synergy, cohesion and “equilibrium” between them. There must be coherence and cohesion to the three-pillar ASEAN. ASEAN’s unity and cohesion cannot remain abstract and rhetorical. ASEAN unity and cohesion must be constantly nurtured, tested even, by concrete policy initiatives in the three key areas identified above. The challenge to ASEAN’s future relevance lies as much in neglect and inertia as in overt divisions on policy initiatives.

Needless to say, given ASEAN’s multifaceted diversity – political, economic and social – the task of attaining agreement and consensus among its Member States is unlikely to become any easier. It must be remembered, however, that it has not been and there is no reason why it should become an impossible task.

The past has seen ASEAN adept and agile in managing its diversity; both within it, as well as in its Member States’ external policy outlooks. The ASEAN project has never assumed a uniform orientation to the foreign policy settings of its Member States. Instead, ASEAN Member States have skilfully honed a fine equilibrium and synergy between the often competing considerations at the national, regional and global levels to ensure that they complement one another. In particular, the Bali Concord II that launched the three-pillar ASEAN Community as well as the Bali Concord III that looked to an ASEAN speaking with one voice on global issues of common concern were deliberate efforts to achieve such synergies. These have not been easy tasks. The past fifty years is replete with examples when ASEAN unity and cohesion have been tested. All throughout, however, ASEAN has demonstrated its resilience, and its Member States have maintained a steadfast belief in the efficacy of diplomacy; in the art of positive

persuasion and dialogue. For this reason, I believe it is important that ASEAN continues to develop and nurture the quality that has served it well, namely the quality of “cooperative partnership”.

In a world marked by increasingly divisive politics at the national, regional and global levels, it may seem somewhat naïve and far-fetched to speak of “cooperative partnership”. In fact, however, current conditions provide ASEAN Member States with a unique opportunity to provide a much needed alternative narrative in inter-state relations: a narrative of cooperative partnership and leadership. A collective political stance that embodies a sustained belief in the value of diplomacy even, and indeed, especially, when disagreements loom large and which brings regionalism and multilateralism to bear to address issues that defy national solutions alone could prove to be a critically important part of the Asia Pacific’s political toolkit.

Part of ASEAN’s mission could be seen as dispelling any notion that there exists an irreconcilable gap between the pursuit of national interests and the promotion of regional cooperation and demonstrating that nationalism, regionalism and globalism can indeed be anchored in the “win-win” principles of mutual respect and mutual benefit. In the 21st century world, the idea of a single country “winning” through the singular and narrow pursuit of its interests, oblivious to the wider context, cannot possibly be sustained. The past five decades illustrates what can be achieved if countries in the Southeast Asian region were to consistently pursue such cooperative leadership and partnership mind-sets. To remain relevant, ASEAN Member States must not lose sight of this experience or take such traits for granted in the future.

To be of practical consequence, cooperative partnership and leadership must imbue the thinking of all ASEAN Member States, large and small. There cannot be “a la carte regionalism” in ASEAN. The ASEAN project is only as strong as its weakest link.

It is a source of deep encouragement that ASEAN today speaks with eloquence and regularity of its people-centric and people-relevant outlook. This has not always been the case and more needs to be done to even sustain let alone deepen this achievement. ASEAN must seek to develop a stronger sense of ownership of and participation in these practices from among its populace. It needs to strive to ensure that the policies it helps formulate are of practical relevance and benefit to its peoples at large. In particular, beyond the economic domain that has had undoubted impact in raising the peoples’ living standards, there is an urgent need to deliver on its much cited adherence to democratic principles as well as the protection and promotion of human rights. The region’s democratic architecture must be secured. Indonesia, in particular, has been instrumental in this regard. It must continue to lead by deeds and examples—and by the strength of its diplomacy.

Marty Natalegawa

Indonesian Foreign Minister 2009-2014.

Australia Faces Contested Asia

Nick Bisley

2017 confirmed, if indeed any doubt remained, that from Canberra's point of view, the regional security environment has deteriorated decisively. The stability and security that had prevailed for decades following Sino-American rapprochement is ending and contestation looks ever more likely to become the region's prevailing condition. Friction in the South and East China Seas had been growing for years. North Korea's nuclear ambitions have been part of the regional fabric for over a decade and incipient great power rivalry between the US and China has long been anticipated. While in the past one might see these either as individual challenges or, more optimistically, as issues that might be resolved, 2017 made clear that these are long term

and inter-related challenges that will be central features of a contested Asia-Pacific security order.

Australia is unsettled by the emergence of a more competitive geopolitical environment. As a second-tier power dependent on economic integration with the region for its well-being, it has only limited means at its disposal to manage the growing security vulnerabilities that this environment brings. But it is also concerned because many of its existing security policy settings will need to be adjusted in response to this changing regional order. Yet it is far from clear just what it is that Australia ought to do.

Relations with the great powers have become more complex. Australia's efforts to diversify its security partnerships have grown as a result but its underlying vulnerability and

security dependence on the US limits the efficacy of these attempts to widen its security policy options. These challenges have been exacerbated by an unstable domestic political system that adds a further level of complexity to the country's response to the region's contested security order.

At the official level, relations with China appear to be sound. Strong two-way trade continues to be the backbone of the relationship, with students and tourists adding to the already well-established exchange of iron ore, coal and other commodities. Premier Li Keqiang had what was regarded as a good visit to Australia in March and the range of inter-governmental dialogues continue with some added to the schedule such as the recently established 'High Level Security Dialogue' held for the first time Canberra in April, 2017.



US Department of State. U.S. Secretary of State Rex Tillerson, U.S. Secretary of Defense James Mattis, and Australian Foreign Minister Julie Bishop during AUSMIN, 5 June 2017.

Yet the mood in Canberra has plainly soured toward Beijing. Australia is concerned that China's more confident and assertive approach to the region is occurring in ways that it believes do not conform with the existing rules of the road. This is most obvious in relation to the South China Sea disputes. Australia, alongside the US and other non-claimant states, have publicly stated that China should abide by the arbitral tribunal ruling of July 2016 which Canberra says is final and binding. That China has not only not done so over the preceding year but also sees reference to it as sign of a broader attempt to contain its interests is disconcerting. Equally Australia feels that China is not doing enough to rein in North Korea during what has been a break out year in its long quest to acquire an effective nuclear weapon capability.

Australia is increasingly concerned about efforts made by the PRC, and interests aligned to the Chinese Communist Party, to influence its domestic politics and public debate. Media reports claim that individuals linked to the CCP have tried to influence political leaders as well as academic research. The head of ASIO, Duncan Lewis, indicated that his organisation is concerned about Chinese government influence on university campuses. Meanwhile, reporting in the Guardian and elsewhere revealed that Australian universities might well be unwittingly helping to strengthen the PLA's capabilities through collaborative research programs.

Canberra's ambivalence about China's signature international policy program, the Belt and Road Initiative (BRI), is also telling about its attitude toward Beijing. Australia has not taken up China's invitation to sign an MOU, as have more than sixty countries. Reports also indicate that cabinet was considering linking BRI to the government's efforts to

develop northern Australia only to decide against it because of security concerns. A project as large as BRI will entail both economic opportunities and strategic risks and the fact that Australia sees the latter as more prominent than the former reflects the worried mood in government.

The Turnbull government has hardened its attitude toward and its public rhetoric about China. The Prime Minister's carefully calibrated speech at the IISS Shangri-La Dialogue in June 2017 was the most clear-cut statement setting out Australia's concerns that China is operating, at times, outside existing international norms. This feeds into and reinforces the broader sense of insecurity that prompted the commitment in the 2016 Defence White Paper to significantly enhance Australian military capabilities.

If it were only China's behaviour that worried Canberra then perhaps things would not be so unsettling. The inauguration of Donald Trump as the 45th president of the United States in January 2017, however, added further to Australia's concerns about the trajectory of the regional security order. Beyond the challenges of the difficult first conversation between Turnbull and Trump, Australia's main priority is to ensure the new administration does not significantly shift US policy in the region. The mercantilist rhetoric and transactional realism of the campaign threatened a trade war and the possible end of the US alliance system in Asia. These policies were quietly ditched to Australia's obvious relief.

But even though senior officials have been dispatched regularly to the region to confirm US commitment to the Asia-Pacific, Australia, as with other allies, remains uncertain. Trump's bellicose rhetoric and unpredictability have added a new volatility to US policy and when

combined with the huge gaps in staffing the policy machinery of the US government, the new administration's approach to the region appears to be one of neglect. The July 2017 AUSMIN meeting for the first time produced no meaningful new initiatives and senior Australian officials repeatedly voice their frustration about the lack of US policy engagement, largely as a result of inadequate staffing.

Foreign Minister Bishop's Fullerton lecture in Singapore in March 2017 signalled very publicly concerns about US policy drift in the region, particularly in the context of Chinese activism. Indeed, Turnbull's Shangri-La speech said very directly that Australia and others could not wait for great powers to do the heavy lifting, a surprisingly blunt expression of Australian frustration with US policy gone missing.

Perhaps the central way, in declaratory terms at least, in which Australia is attempting to respond to the growing security uncertainty in Asia is to emphasise the 'rules based order' in its formal policy statements. Going from a minor place in the 2013 Defence White Paper to 56 mentions in the 2016 iteration of the same document, for example, the term is now a standard point of reference in all major foreign and defence policy statements and speeches.

The message is clear: the rules based order – a short hand for the strategic status quo organised around a broadly liberal conception of the regional order – requires stout defence in the face of a clear set of challenges. Australia's problem is that even though it has perhaps been the most steadfast and vocal defender of the prevailing security order, its substantive policy has not yet matched its rhetorical enthusiasm. Australia has not yet joined in any maritime FONOPs to challenge Chinese claims in the

South China Sea nor has it indicated a willingness to take any other steps to push back on the challenges it has plainly identified in public. This reflects both divisions within Australia about whether this is strategically astute as well as illustrating, perhaps unwittingly, the extent to which the status quo security order is dependent on US military capabilities.

While its ties with great powers are of huge importance to Australia the more recent unsettling developments have also led it to develop a broader range of security partnerships across the region. And while Canberra's efforts to build better links with India, Japan, Singapore and ASEAN had been in place for some time, the need to diversify its security relationships in the light of ongoing uncertainties has added some urgency to this endeavour. Australia sees short term functional benefits from enhanced security cooperation with key regional partners. But it also sees developing these partnerships as building foundations for more substantive collaborative relationships over the longer run. These are being thought of as means to advance common security interests as well as provide security to public goods given uncertainties about the roles that the US might play and the place of growing great power rivalry in the region. This was a key motive behind efforts to secure an Australia-ASEAN summit to be held in Sydney in March 2018.

Yet even though Australia has taken important steps to broaden the range and depth of its security partnerships beyond Washington's immediate orbit, the reality for Australia, and indeed the region as a whole, is that such partnerships could not fill the void left by an absent America. Here concerns about Trump's election are at their most profound. Trump is unrestrained by the normal diplomatic niceties and his instincts fly in the face of the liberally informed views that have

animated US Asia policy for more than half a century. In this Trump has been a shock to the system but, oddly enough, it has been useful corrective to some long-term policy complacency.

Australia, along with most regional partners of the US, has long assumed that Washington would always think about its security interests in Asia in broadly the same way and be prepared to pay a considerable price to protect those interests. Trump's election has illustrated that it is dangerous to make such an assumption. Even if his administration eventually reverts to something resembling the security policy norm, the long running trends in US politics indicate that over time there is a distinct possibility that the US will shift its approach to Asia and the world more broadly. While it is by no means certain, Trump's election reminds Australia of the need to build this longer-term possibility into its security policy thinking and planning.

Traditionally, international security concerns have not played a significant role in domestic politics. But problems in the Australian political system have implications for its international security policy. From the mid-1970s through until 2007, the country became used to long-lived stable governments, a function of strong party discipline and the 'two-party preferred' electoral system which was designed to create a parliamentary system dominated by two parties. For a number of reasons - the fragmentation of voter affiliation, the inability of parties to effectively aggregate interests, and loose discipline within the parties - Australian politics has become extremely unstable. There have been six changes of prime minister since 2007. In 2016 Malcolm Turnbull called an early election and until October 2017 commanded a majority of one seat. Then the High Court ruled that five members of the parliament, including the deputy Prime Minister,

were in breach of the constitution and had been elected incorrectly. This robbed the government of its majority.

In the short-term it creates highly distracted governments constantly focused on the immediate issues of governmental survival, issues that are often internal to the government's own party. Most obviously this hinders relationship building in the foreign and security policy area simply because such relationships take time to develop. It also militates against long term strategic thinking and planning. For example, had Tony Abbott not been toppled by Turnbull most observers think that Australia would have opted to have its next generation of submarines built by Japanese defence contractors.

In democratic societies parties and parliaments are intended to represent coalitions of interest groups to drive policy and generate consensus about government action over the longer run. Australia's system is increasingly sclerotic and the capacity of the key institutions of the political system to respond to the epochal changes in Australia's international setting are increasingly questioned. The changing security environment, one of growing great power rivalry and increased contestation, make the coming decades the most challenging Australia has faced. Its old policy moorings are ill-suited to this world and its domestic political foundations are straining in the face of these changes

Nick Bisley,

*Professor of International Relations,
La Trobe University.*

The Outlook for Security in Asia: A Thai Perspective

Kasit Piromya

I for one have always considered the presence and leadership of the United States in the Asia-Pacific theatre, especially with its Seventh Fleet and a set of treaty alliances after the end of the Second World War, as a given in the struggle against the expansion of Communism. For its allies, the United States provided a security umbrella and was therefore regarded as a stabilising influence.

With the demise of the Soviet Union and its leadership of the international communist movement, the United States emerged supreme and its version of an open democratic society became the model to be emulated. Aided by the advancement of communication technology and the idea of liberalisation, the outlook for peace, stability and prosperity in the world future looked optimistic and hopeful. However, the new world order of openness, borderless, cooperation, pluralism and tolerance has not taken shape as fully as anticipated. There were obstacles and hindrances, some by designs others unintended.

The People's Republic of China remains a communist state, devoid of political freedom but with a modified

version of the capitalist market-economy. Laos and Vietnam followed the Chinese pattern.

In the Middle-East in particular but elsewhere too, the ordinary people - especially the youth, working masses and the educated class - rose against authoritarian regimes, some of which were perceived as agents of the West or in collusion with the West as part of the fight against communism. But changes from authoritarian rule, whether based on a personality cult, a family dynasty or a military junta, gave way to ethnic or racial or religious supremacy presented in the guise of democratisation. We have seen authoritarian regimes with a clear religious orientation. We have also seen the rejection of all democratic practices as a western (that is, foreign) creation in favour of a return to an all-encompassing religious mandate that prevails over the nation state without any respect for secularism and pluralism.

Democracy itself in the West and in many parts of the world including Southeast Asia has been undermined, discredited and created widespread disillusionment as a result of capitalist control of political life. Politicians and political parties have

become agents of corporate interests. Politics has been heavily influenced by the use of money.

People with wealth and people with political authority, although very few in number, have colluded or have become interchangeable to control the political and economic power of the country. It can be said that socio political forces and economic power have been captured by the "elite". The People's Republic of China with its combination of a single party authoritarian system and a capitalist market economic system has been able to develop very fast within a span of about 40 years. The capacity to generate wealth provided ample surpluses for a military build-up. With the memory of 200 years of duress imposed by the West it is no surprise to see the present leadership of China playing the nationalism card and asserting its determination to be on par with the western world, second to none.

China's military posture is no longer defensive in nature. It stakes its claims in territorial disputes and has been uncompromising in protecting its position in annexed territories with strong rhetoric and displays of offensive military hardware. It appears to be comfortable with the notion that might is right. It seems to be announcing to the world that it no longer adheres to its earlier assurances that its return to and reintegration with the international community would not put at risk a peaceful international environment. China now exhibits a resolve to set its own terms and dictate the course of events as it chooses.

China even tells the world how good and effective its model of development is. And it is exporting that very model. It is advocating an alternative development path to



US Embassy Bangkok. Cobra Gold 2017 Opening Ceremony.

developing countries as a challenge to the western model of a multiparty political system in combination with a capitalist market economy.

The Chinese model is reaching an increasingly receptive audience amongst authoritarian leaders and those who aspire to such leadership. Even elected leaders with a democratic majority of votes show interest and inclination. At the same time, China also uses its wealth to win friends and allies, offering grand designs such as “One Belt One Road” and financial assistance for or direct investment in stalled development projects. It also invests in extractive industries abroad for products to be exported back to China for growing industrial needs. China has been investing heavily in science and technology research to catch up with or even surpass the West. It wants to become the centre of world activities with an attractive market of 1.4 billion.

China now prefers that the United States minimise its role in the Asia-Pacific region. It intends to compete with the United States there and, indeed, in all regions of the world. But the United States is unlikely to go away. It cannot afford to go away as its interests in the region are immense and its allies and friends are both dependent on deep US engagement with the region and are vital to America’s security posture in the region.

The United States is still fundamentally a country with democratic values. Its foreign policy direction cannot discard the promotion of democracy in the long run although under the present administration of President Donald Trump the priority is given more to the strengthening of treaty-based relationships and the fight against perceived common threats and challenges. China’s current aggressive posture is undoubtedly real but the

authoritarian model of development that it is advertising is something that cannot be condoned or accepted by the United States.

The United States cannot concentrate only on treaty relationships with their associated emphasis on security matters. It must also be involved in demonstrating that open systems of governance can better the livelihood of the common man. It has to realise that there is now a new competition among development models and that the United States must still champion its model. The Trump administration is also pursuing improved trade relationships. But trade cannot be divorced from development cooperation. There is a linkage and both are mutually reinforcing.

In the meantime, the United States and the People’s Republic of China must continue their dialogue at all levels on all subjects of common concerns. It should not be difficult to convey to the Chinese leadership that dominance and hegemony is not achievable and that, like everything else in life, aggression has its limitations. Cooperation, the spirit of give and take and the principle of partnership should be the name of the game. Asia-Pacific countries in fact need the presence of the United States. They wish neither to antagonise nor be under the yoke of China. A rethinking by the Chinese leadership is urgently needed. China is by no means the only country that suffered colonial domination. Repeating the past is rarely good policy. China should think carefully about trying to dominate its neighbours or to create instability through brinkmanship with the United States and its allies.

When one becomes big and powerful, it is magnanimity that counts. Collaboration should be the guiding principle rather than command and control, or interference and manipulation. Respect for the

dignity of others in the region will be handsomely rewarded in the currency of friendship.

In all of this, I place emphasis on more rational, disciplined behaviour on the part of the current leadership of China. On some specific issues, it is China that would have to make the first move to show its good will and constructive intention. For example:

- Dismantling all military facilities in the South China Sea;
- Provide open access to and comprehensive information on its activities in the upper reaches of all the major rivers that flow into the Indian and Pacific Oceans.

On North Korea, China could work with other UN Security Council members and UN Secretary General on the following:

- Denuclearisation of Korean Peninsula;
- Mutual arms reduction of North and South Korea;
- Phased-withdrawals of US troops in favour of a UN peacekeeping force;
- Dismantling of North Korean nuclear facilities in exchange for humanitarian assistance and assurances for the existing regime;
- All-encompassing negotiations between North and South Korea under the auspices the UN;
- Peace treaty negotiation between the US and North Korea;
- UN and UNSC guarantees for the neutrality and security of the Korean Peninsula.

In all of the above, the US and the PRC should take the initiative and play the leading roles. The Asia-Pacific region can have enduring peace, security and prosperity. It just needs the political will and vision.

Kasit Piromya

Foreign Minister of Thailand 2008-11.

Philippines: Foreign Policy Manoeuvres to Address Dynamic Security Environment

Richard Javad Heydarian

Foreign policy is a versatile and flexible tool that states can deploy to respond to and to a lesser extent – at least for middle and smaller powers like the Philippines – to shape events and trends that will or could affect their national interests. Conversely, foreign policy can serve as a useful barometer of how a state feels that the tide of events is affecting its security as a nation. The country's strategic culture – namely, the policy elite's perceptions of and corresponding methods in securing identified national interests – is far from static, but is instead shaped by endogenous as well as exogenous ideational and material changes.

Recent historical evidence in the Philippines shows that changes in the administrations tend to be accompanied by a perceptible shift in approaches to key foreign policy challenges, particularly the South China Sea disputes. This has been most prominent in the 21st century under the past three administrations, from President Gloria Macapagal-Arroyo (2001-2010) and Benigno Aquino III (2010-2016) to Rodrigo Duterte (2016-2022). While the Arroyo administration broadly adopted an equilateral balancing strategy towards both powers and sought a pragmatic accommodation with China in the South China Sea, the Aquino administration, in contrast, largely adopted a counter-balancing strategy, soliciting maximum security

assistance from America and other longstanding strategic partners like Japan to check Chinese ambitions in the South China Sea. Not to mention, Manila's unprecedented decision in early-2013 to take Beijing to international court over maritime disputes, which significantly upended the regional order.

The current president, Rodrigo Duterte, however, has raised the spectre of band-wagoning with China and abandoning the Philippines' longstanding alliance with America. "I will be chartering [sic] a [new] course [for the Philippines] on its own and will not be dependent on the United States," the Philippines' tough-talking leader declared immediately after securing electoral victory in May 2016. The Southeast Asian country has



US Army Sgt. Amber I. Smith. President of the Philippines Rodrigo Duterte during the ASEAN meeting in Clark, Philippines on 24 October 2017.

never had any president like Duterte, the first self-described ‘socialist’ as well as Mindanaoan top leader in the country’s history. And like none of the Southeast Asian nation’s presidents, he has lashed out at America and its supposed ‘interference’ with particular ideological conviction and rhetorical venom, including insults against American Ambassador Philip Goldberg and President Barack Obama. During the Association of Southeast Asian Nations’ (ASEAN) summit in Vientiane, Laos, he reminded America of its mass atrocities in the early-20th century and a radical shift in Philippine foreign policy by declaring: “I am ready to not really break ties [with America] but we will open alliances with China and. . . Medvedev [Russia],” the firebrand president exclaimed. “I will open up the Philippines for them to do business, alliances of trade and commerce.” He also became the first Filipino leader to choose Beijing as his first major state

visit, where he, to the consternation of many Filipinos and government officials, declared “separation” from America by offering to re-align his country’s foreign policy with Beijing’s “ideological flow”.

Soon, it became increasingly clear that Duterte’s ascent signalled the beginning of a new phase in Philippine foreign policy, particularly in terms of relations with the Southeast Asian country’s chief security partner (America) and chief security concern (China). Under Duterte, relations with America became no longer as special, while ties with China became no longer as hostile. In effect, the former mayor of Davao sought to anchor his country’s foreign policy in a post-American episteme, where Western allies are just a component of a more geographically diversified basket of strategic partners and interlocutors. This was the true “revolution” in Philippine foreign policy under Duterte. For the Duterte

administration, Washington isn’t a reliable partner and deterrent against Chinese maritime assertiveness. Importantly, opinion surveys suggest that the public and much of the political elite broadly approve of the more eclectic national security strategy that is taking shape under Duterte.

To understand Duterte’s emerging foreign policy, which has jolted both allies and rivals as well as much of the Philippine public, one should analyse the intersection of five key elements. The first thing to keep in mind is that Duterte’s political success has been built on an ‘anti-establishment’ brand of populism, which represents a wholesale rejection of the Philippine political elite and their policies. Duterte’s brand of populism, not too dissimilar from the late Hugo Chavez of Venezuela, was not only a rejection of the Philippines’ non-inclusive democratic capitalism, but also what many observers see as a highly subservient foreign policy towards America. But Duterte’s ability to overhaul the Philippines’ business-as-usual politics and position on the South China Sea wouldn’t be possible absent his domination of the state apparatus. And this brings us to the second factor, which is the rapid concentration of power in Duterte’s hands as normal institutions of checks and balances fell into a state of hibernation. Just two months into his presidency, Duterte managed to score the country’s highest approval rating ever (91 percent), build a supermajority bloc in the Philippine Congress, and gain support of the law enforcement agencies and military by promising them better salaries, benefits, and equipment. His grip on the judiciary is set to strengthen too, since he will be appointing most of the justices in the coming years. As studies show, the emergence of such personalistic administrations is



usually accompanied by wild swings in foreign policy.

The third factor is the lack of clear American commitment to the Philippines in the South China Sea. Year after year, the Obama administration has refused to clarify whether it would come to the Philippines' rescue in an event of conflict with China in the South China Sea. This is precisely why Duterte, on multiple occasions, openly questioned whether America is a reliable ally or not. In contrast, and this is the fourth element, China has made it clear that it is willing to offer the Philippines both maritime and economic concessions in exchange for Manila setting aside the arbitration issue and, if possible, downgrading ties with America. Duterte is considering a joint development agreement with China in the Scarborough Shoal and eyeing billions of dollars of infrastructure investments, particularly in his home island of Mindanao, which is in desperate need of development. The Asian powerhouse also made the sticks clear: The Philippines risks military confrontation, diplomatic isolation, and significant foregone investment opportunities if it refuses to change gear in the South China Sea. In disputed areas, China could make life hard for the Philippines by imposing an Air Defence Identification Zone (ADIZ), pushing ahead with establishment of military facilities on the Scarborough Shoal, and stepping up military and para-military deployments into Philippine waters. In fact, shortly after the arbitration award was announced, China deployed fighter jets and a long-range bomber to the Scarborough Shoal area and increased the number of military and quasi-civilian vessels in the area.

Lastly, it is important to take into account Duterte's "personalisation" of foreign policy. Not only has he strengthened his grip on the state apparatus, but he has also injected

more of his own personal emotions into the policy-making process as well as diplomatic pronouncements. His tirades against America, for instance, are largely driven by his personal antipathy towards America, which stretch back to his years as mayor of Davao. These historical wounds were rekindled when America began to criticise Duterte's signature policy, the campaign against drugs, in his first month in office. Meanwhile, China has consistently expressed its support for Duterte's war on drugs and has offered to help in terms of logistics, equipment, criminal investigations, and establishment of rehabilitation centres. America's vocal criticism of Duterte eventually prompted him to direct foul language against no less than America's top leaders, including Obama.

Understanding Philippine foreign policy, however, can't be confined to analysing domestic political shifts alone. More often than not, external factors have proven more decisive in shaping the mid-sized country's foreign policy. After all, smaller powers are often at the mercy of greater forces, which shape the international environment. For instance, back in 2004, the Arroyo administration was in a strong position to improve ties with Beijing, precisely because the latter maintained a sober and tempered policy in the South China Sea. This wasn't the case from 2010 onwards, when China progressively stepped up its maritime assertiveness in adjacent waters, both in the East and South China Seas. More importantly, the United States, the world's leading power, also experienced a shift in its strategic focus and resolve throughout this period, declaring a Pivot to Asia policy that was largely seen as a containment strategy against Beijing. In short, the Philippines has operated in and has had to cope with a fluid external environment, which was

primarily been shaped by external powers.

Nevertheless, it is clear that strong-willed leaders such as Duterte can – and often do – exercise a surprising level of agency in re-shaping their respective country's foreign policy. At this point, what is clear is that the Philippines is, at the very least, shifting to an equi-balancing strategy, whereby Manila seeks to still maintain friendly relations with both America and China, but with certain game-changing modifications.

To be fair, there is a significant gap between Duterte's often-hyperbolic rhetoric, on one hand, and more subdued policy, on the other. As of this writing, security agreements, including the implementation of the Enhanced Defence Cooperation Agreement (EDCA) with America, continue to be respected. Deployment of American Special Forces to Mindanao has also gone per routine. There has not been 'separation' or rupture in bilateral security relations, so far. But it is important to note the Duterte's threats aren't just pure bluster. As a part of an emerging 'grand bargain', the Duterte administration cancelled war games (i.e., CARAT, PHIBLEX) with the United States, which were aimed at enhancing mutual interoperability in the event of joint military operations against China in the South China Sea. Duterte has also made it clear that American access to Philippine bases will remain under strict conditions. For instance, Washington, at the present time, can't use Philippine bases to launch Freedom of Navigation Operations (FONOPs) against China's excessive maritime claims in the South China Sea. Similarly, there will be no joint patrols in disputed waters as previously planned. In exchange, China is expected to draw down its harassment of Philippine supply lines and reconnaissance activities in the

South China Sea, grant access for Filipino fishermen to the Scarborough Shoal, and pour major investments into the Southeast Asian country. As the rotational chairman of ASEAN, Manila has consistently refused to raise its landmark arbitration award against Beijing, while vetoing efforts by certain claimant states, particularly Vietnam, to be more robustly critical of China's reclamation and militarisation activities on disputed features. The Philippines has instead advocated the finalisation of a framework of a Code of Conduct (COC) as a basis for management of the disputes in a peaceful and mutually-satisfactory manner

In terms of counter-terror cooperation, however, the Duterte administration has further expanded cooperation with traditional allies, particularly the United States and Australia, which have offered to deploy Special Forces for advanced urban warfare training, real-time intelligence and surveillance equipment, and a huge cache of weaponry for the Armed Forces of the Philippines (AFP) amid the five-months-long siege of Marawi City by Islamic State (IS)-affiliated groups. This is also partly due to constant lobbying by the Philippine defence establishment for closer security cooperation with America in areas of common concern. In the Duterte administration's calculus, domestic security challenges, particularly from IS-affiliated groups, rather than maritime disputes in the South China Sea, constitute the biggest national security concern. As for the direction of Philippine foreign policy vis-à-vis great powers, nothing is set in stone. Much will depend on Duterte's domestic political standing, relations with the Donald Trump administration, and China's activities within the Philippines' Exclusive Economic Zone (EEZ), especially the Scarborough Shoal. The future of the Philippines' foreign policy,

however, isn't clear. It is precisely this indeterminacy that defines the core of Duterte's foreign policy.

So far, Manila and Beijing have struggled to find a common ground on the Scarborough Shoal, despite repeated talks of a joint development agreement, which could raise both political and legal controversy. It also remains to be seen whether China will actually translate its economic pledges into tangible and large-scale investments in the Philippines. The majority of Filipinos are positively predisposed towards America, while highly suspicious of China. The same applies to the military-media-intelligentsia complex. Thus, any major Philippine-China confrontation in the South China Sea, either over the disputed Scarborough Shoal or fisheries and hydrocarbon resources in the area, could compel Duterte to take a tougher stance against Beijing. If the two parties fail to find a common ground in the disputed waters in the near future, it is highly likely that the recent strategic flirtation will lose steam, especially if Manila's relations with America begin to recover from recent dust ups. So far, under the Donald Trump administration, which has quietly sidelined human rights and democracy issues in its foreign policy priorities, the US-Philippine bilateral alliance has largely recovered.

Duterte's ability to unilaterally shape the Philippine foreign policy, particularly on sensitive issues such as the South China Sea or security cooperation with America, is also constrained by the (American-leaning) security establishment's growing influence in shaping Philippine defence policy. Both his chief foreign policy adviser (former president Fidel Ramos) and defence minister (Delfin Lorenzana), for instance, are western-trained military men, who spent considerable time in and have maintained strong personal ties

with the United States. Duterte's declining popularity and the gradual crystallisation of political opposition could also further erode the president's room for manoeuvre. At this point in time, however, what is clear is that the Duterte administration, at the very least, is bent on reviving bilateral ties with China and reducing the Philippines' century-old dependence on America. Though not fully in agreement with Duterte's anti-American rhetoric, not to mention his extremely cosy interactions with China, much of the Philippine political elite has nevertheless welcomed the fact that Manila is now enjoying defence assistance from all major powers. So long as the fundamentals of the Philippine-US alliance remains intact, and a major crisis in the South China Sea is avoided, Duterte is expected to continue his quest for an "independent" foreign policy. This represents a major change in the Philippines' historically American-leaning foreign policy, thanks to Duterte's audacious strategic recalibration as well as the rapid shift in balance of power between China and America.

Richard Javad Heydarian

Assistant Professor of International Relations and Political Science, De La Salle University, Philippines.

Myanmar's perspectives on National Security

Maung Aung Myoe

Myanmar regained its independence (from Great Britain) in January 1948, has experienced a plethora of armed ethnic movements ever since and had a prolonged period of military rule (1988-2010). Moreover, its geography, above all the fact that it has land borders with both China and India – the two most populous states in the world – further ensures a complex and testing security environment, externally as well as internally.

For all practical purpose, Myanmar's military establishment has a near monopoly on the conceptualisation and prioritisation of its national security agenda. The consequences that flow from this include a national security posture that is strongly state-centric and discounts much of the wider security agenda, especially human security.

In February 2016, the Tatmadaw (Myanmar Armed Forces) published its very first Defence White Paper and revealed its assessment of the security environment for Myanmar, together with the national security policy, defence policy and national defence strategy.

Myanmar's security predicament is primarily domestic in nature. The most serious challenge to national security comes from internal armed conflicts between government security forces and ethnic armed organisations (EAOs). It is estimated that the various EAOs have over 120,000 armed personnel under their command. At present there is little evidence of an imminent threat of external aggression although any internal armed conflict raises the possibility of either proxy wars supported by external elements or forceful military intervention by outside powers.

The white paper identified five areas of challenges to Myanmar's national security; political, economic, military, social, and others. It flagged the possibility of foreign powers "launching multi-dimensional warfare on smaller countries for their own national interests", (1) military build-up of neighbouring countries, (2) provision of equipment, financial assistance and encouragement by external elements to internal armed groups, and (3) unsettled boundary issues are considered as major challenges to Myanmar's national security. Non-traditional security issues, such as people smuggling, drug trafficking, transnational crimes, and irregular migration, "would have negative impact on national security". Moreover, "neocolonialism – in the form of excessive infiltration of different culture via modern technology – would jeopardise the Union Spirit, national unity and national characteristics along with the history of all national races, could also compromise national security. The diversity of [non-Bamar] ethnic groups and existence of armed groups with the option to take refuge along the borders can, similarly, become challenges to national security. Natural disasters and their consequences are also considered as challenges to national security. However, looking at the evidence in national defence missions and strategy as well as military doctrine and force modernisation, one can safely state that maritime security, food security and energy security are the most pressing challenges to national security. The White Paper links all these challenges firmly back to the security of the state.

Even nearly 70 years after its independence, Myanmar has yet to become a nation. With its complex ethnicity and, more particularly, the

legacy of the colonial policy of divide and rule, Myanmar inherited a weak sense of nationhood that created permissive circumstances for the armed internal conflicts that have so dominated its recent history. There is still little evidence that its citizens think as a national community. The state is still weak in many respects and it is essentially non-existent in many different parts of the country. The absence of peace, security and stability is still widespread. Separatism may not necessarily be a major issue at present, yet there remain many EAOs vying for local autonomy and control over local resources. Trying to get past nearly 70 years of internal armed conflict will be difficult and slow making the challenges to peace building appear particularly daunting.

Historically, some regional neighbours supported the anti-Myanmar government elements in their respective border areas. Myanmar also experienced a form of external aggression. In the 1950s and 1960s, the remnants of the Kuomintang (KMT) from Yunnan, China, moved into Myanmar's Shan state and operated against the People's Republic of China (PRC). This KMT aggression and possible PRC military intervention on the pretext provided by the KMT troops in Myanmar was the most serious external security challenge in those days. Later, since late 1960s, the PRC wholeheartedly supported the insurgency of the Burma Communist Party (BCP) until the party's collapse in late 1980s. Now, it is commonly believed among Myanmar observers that China exercises some form of influence over EAOs residing along the bilateral border, where BCP forces used to be deployed. Likewise, Thailand also supported anti-Yangon insurgents as part of its buffer zone

policy between the kingdom and the Union. The border clash between the two countries in early 2000s was also a reminder of the historic rivalry between the two countries.

As to the broader external environment, the White Paper questioned the role of the United Nations in maintaining international peace and security. Global terrorism was identified as a most serious threat that could not be dealt with by a single country alone but only collectively. The resurgence of Russia and the rise of China are considered as major factors shaping today's world. The paper opines that Russia embraces "active participation in international affairs" and that the "foreign relations of China in the 21st century have become more active, transparent and influential." Interestingly, the paper said: "It is expected that China could consolidate more relations with her old partner, Russia, and would try to achieve better relations with regional developing countries both to avoid regional conflicts, ease regional tensions and to consolidate bilateral relations". The power rivalry between China and India to dominate the Asia-Pacific region is identified as an obvious issue for regional states. On balance, the paper clearly suggests that China's growing power and assertiveness will constitute a major security challenge, not least because it has significant strategic interests in Myanmar.

The most serious external security challenge highlighted in the paper, however, is that some powerful states are now interfering with the internal affairs of the smaller nations by using democratisation, human rights and humanitarian grounds - including the concept of R2P (Responsibility to Protect) as a pretext to shape events and developments in geostrategically important regions.

Looking to the broader horizons of



MEaphotography. Prime Minister meeting the President of Myanmar, Mr. U. Htin Kyaw, at Presidential Palace, in Nay Pyi Taw, Myanmar on 5 September 2017.

national security policy, the White Paper sets out Myanmar's thinking at the international, regional, and national levels. At the international and regional levels, the Myanmar government has historically followed a policy of non-aligned and balanced relations among major powers. While Myanmar's security perceptions are primarily realist in nature, it sees some value in international and regional institutions in regulating great power relations and mitigating any raw struggle for power. At the regional level, Myanmar is attracted to ASEAN and its related institutions, such as ASEAN Regional Forum (ARF). Convinced that neither collective security nor collective defence arrangements could provide for Myanmar's national security, successive administrations in Myanmar have made absolutely clear that neutrality or non-alignment is the best. At the national level, it stresses developing the capabilities of the state to ensure Myanmar's

sovereignty and territorial integrity. "National solidarity", President Thein Sein mentioned in his message on 12 February 2012, "is fundamental to safeguard the independence regained and perpetual existence of the Union and the consolidation of national solidarity is essential for lasting peace and prosperity of the Union."

The cornerstone of security policy in Myanmar is the concept of "National Unity is essential; State Capacity is primary; Internal Strength is forever". It is argued that when national unity is weak, the country faces external aggression or diplomatic insult; therefore, it is essential to focus on "national unity" based on union spirit. Moreover, only when there is a strong "state capacity", will there be security for both state and citizen. Therefore, building state capability is a primary national task. The real capability of the state, in this context, lies nowhere but in the "internal strength" of the country.

At the core of Myanmar's state-centric national security policy is the so-called "Our Three Main National Causes", namely, non-disintegration of the Union, non-disintegration of national solidarity, and perpetuation of sovereignty. After the collapse of the Burmese Way to Socialism (BWS) in 1988 the security establishment in Myanmar embraced nationalism and patriotism centred around these three main national causes to fill the conceptual gap. In terms of threat perception, it is generally considered to be "multi-dimensional", encompassing state security and human security as well as traditional and non-traditional threats. Despite this comprehensive depiction of the nature of security challenges, at least on paper, it is state security that comes first. Moreover, although attenuated in recent times, the conflation of state security with regime security was a prime factor driving thinking about Myanmar's security priorities. As a broad rule of thumb, internal security challenges are seen as domestic policy issues to be addressed through political and military means while external ones are handled through foreign and defence policies.

Acknowledging that internal security challenges, in the form of armed conflicts, are far more credible and serious than the external threats, the Myanmar government has prioritised its security resources accordingly. "National Unity, State Capacity and Internal Strength" are three key words that capture the limelight in national security policy documents. Likewise, the trinity of people, government and Tatmadaw is considered as essential and it is also reflected in the "People's War" doctrine and the strategy for national security and defence.

Internal security challenges are dealt with through political measures and military pressure.

"Union Spirit" is considered as key to desirable outcomes over the long term. During the military regime, at least at the policy level, "National Reconsolidation" based on Union Spirit was a key political strategy. Now, under the new civilian government, "Democratic Federal Union" based on Union Spirit appears to be the long-term solution whereas the focus in the short and medium term is on the peace process and ceasefire agreements with EAOs. At the same time, maintaining some form of military pressure on the various EAOs to conform to the government's peace process is deemed necessary, as far as the Tatmadaw is concerned. Clearly, building trust and confidence after decades of armed conflict will be a painstaking process which means, in turn, the internal security challenges will remain at the top of Myanmar's security agenda for a long time to come.

Nevertheless, the geopolitical and geostrategic reality of Myanmar in the context of growing rivalry among regional and extra-regional great power is also an important factor in shaping Myanmar national security policy. Myanmar aspires to cope with these challenges through a "realist" non-aligned foreign policy, determined to avoid both balancing and bandwagoning strategies. Maintaining correct and balanced relations with all major powers in the world is the cornerstone of Myanmar's neutralist foreign policy. Through this foreign policy, the Myanmar government also tries to prevent interference by other countries, especially neighbouring countries, by precluding developments that may serve as excuses for interference. The Tatmadaw, too, through its bilateral defence diplomacy, tries to prevent or contain possible external armed threats and to deter or minimise external support to the various EAOs, thereby protecting sovereignty and territorial integrity.

For the last quarter of a century, since the early 1990s, the military regime had secured the support from veto powers – Russia and China – to deal with possible Western political and military interference in Myanmar. There is no clear indication that this approach has been abandoned even in the era of democratic transition as Myanmar's rapprochement and re-engagement with the West is conditional. As noted, seeking security protection from external powers, either in the form of collective security or collective defence, has never been a policy option for Myanmar since early 1950s.

While some official publications discuss the multi-dimensional nature of security threats or challenges, little attention is paid to human security and such challenges rarely attract serious attention. Human trafficking, drug trafficking, transnational crimes and illegal migrations are some obvious non-traditional security issues, yet they are never formally securitised as existential threats to Myanmar although they are identified as a negative for national security. Issues such as environmental degradation, natural disasters, transnational epidemics and non-commutable diseases are hardly considered as challenges in national security policy. Myanmar national security policy has essentially remained state-centric and the state has remained the only worthwhile security referent object. Comprehensive security has yet to secure a place in official thinking in Myanmar about national security.

Maung Aung Myoe

*Professor in International Relations,
International University of Japan.*

Belt and Road Initiative



Azat Shekribayev / Flickr. Atyrau gas pipeline in Kazakhstan

Evaluation and Prospects

Xue Li & Cheng Zhangxi

The idea of the Silk Road Economic Belt and the 21st-Century Maritime Silk Road (now simply called the Belt Road Initiative) first appeared in 2013. The proposal had been developed at the governmental level and few researchers had any

prior exposure to this grand design that aspired to both shape China's

external posture and have a major impact across a very large geographic area. Given that the BRI is a vast project that continues to evolve and mature, this article briefly assesses its

conceptual foundations, its primary features and the challenges it may encounter.

To domestic audiences, the BRI appears as a development strategy. To the outside world, it is an international cooperation initiative. Collectively, the BRI is a strategic conception aimed at peacefully rejuvenating the whole of China and creating a community of shared future for humankind, that is, a community of states that accept and aspire to build a common or shared destiny.

Realising the Chinese dream of the great rejuvenation of the Chinese nation is the goal put forward by Xi Jinping soon after assuming leadership of the party and the state. The implementation of the BRI is central to this objective but it will also be complemented by other strategies directed toward the future development of China. As Xi Jinping proposed during the Symposium on Promoting the Construction of the Belt and Road held on 17 August 2016, the construction of the Belt and Road, the coordinated development of Beijing, Tianjin and Hebei and the development of the Yangtze River Economic Belt should be the three major strategies for China's development during the 13th Five-Year Plan period and beyond. In fact, in order to successfully implement the Belt and Road, the Central Government of China has set up a



Wikipedia. Global shipping routes.

specific office, that is, the Office of the Leading Group for the Belt and Road Initiative to supervise these tasks. This office will comprise a highly capable team headed by Zhang Gaoli, member of the Standing Committee of the Political Bureau of the CPC Central Committee and standing vice premier of the State Council.

Moreover, whilst many central ministries and departments have formulated plans for the implementation of the Belt and Road by their respective departments, their counterparts in the regions, provinces, municipalities and autonomous regions have also strived to link up with the Belt and Road in order to better integrate with the policies and financial support of the Central Government. A key fact that needs to be grasped here is that, as China has no right to formulate a development strategy for other countries and cannot force other countries to participate in the Belt and Road, it is only when other countries truly feel the benefits of participation that they will be motivated to participate. This confirms that, in respect of other countries, the Belt and Road can only be characterised as a cooperative initiative or cooperation concept, not a Chinese ‘strategy’.

A community of shared future for mankind, with Belt and Road leading the way, is the new Chinese government’s vision for a future world order to succeed what we have today. Because it has been one of the biggest beneficiaries of the existing international system, becoming the second largest economy and the largest contributor to global economic growth, but seeing that the existing system can no longer effectively uphold peace in the world and promote economic growth, China has the ability and confidence to put forward its own proposal for a world order that builds a community of shared future for mankind, allowing

mankind to enjoy a better future together.

As the only one of China’s three major development strategies to have an external focus, the impact of Belt and Road on China and the world will be as great as and may even surpass the Reform and Opening Up policy put forward by Deng Xiaoping in 1978. The implementation of the Belt and Road will essentially mean the second round of reform and opening up. In other words, the Belt and Road will be the new era of “reform and opening up”. It has the following characteristics.

First of all, the new era expands the scope “opening up oneself” to “opening up oneself and others”. China’s reform and opening up over the past 40 years has mainly involved opening up to developed countries and learning from their experience in various fields such as politics, military affairs, economy and culture. While the primary focus has been economic development, China has embraced development in the broadest sense. In the building of Belt and Road China will continue to open itself to developed countries, especially in the service and advanced manufacturing sectors, in order to break the blockages to reforms created by various interest groups, so as to achieve – in Xi Jinping’s words -the goal of “promoting reform through opening up and promoting development”. In addition, China will now also devote itself to “opening up others”. That is, China will make use of its own capital and capacity advantages to develop the markets of developed countries, as well as make use of its advantages in manufacturing and infrastructure construction to promote the opening up of developing countries.

Second, the neighbouring developing countries will become the priority for China’s diplomacy. Since 1978, the overall layout of China’s diplomacy

has always been “big countries are the key, neighbouring countries are the prime, developing countries are the foundation and multilateral cooperation is the stage”. In fact, China has always taken great powers as the centre of its diplomacy, especially the United States. Since the Belt and Road was put forward, the “neighbouring diplomacy” has become more prominent. To put it in another way, “neighbouring diplomacy” has now replaced “great power diplomacy”, and, within that change, developing countries became the centre. The main reasons for this change is that establishing sound relationships with neighbouring countries is a must for realising the Chinese dream. Strengthening political and economic relations with the surrounding small and medium-sized developing countries is something China must do to demonstrate its responsibility as a great power. China’s economic relations with Japan and South Korea have already matured to a very high degree, leaving limited room for further improvement, and military and political relations are impacted from time to time. In contrast, China’s economic relations with many developing countries in the north, west and south have room for improvement and the political and military ties with some of these countries are very close. China’s central and western provinces need to open up more to these countries in order to generate mutual benefits.

Of course, this does not mean that China will no longer attach importance to other developing countries. China has long regarded itself as a spokesman for developing countries. Some developing countries that are not in the vicinity of China have always maintained good political relations with China, and this is another key factor in building the Belt and Road. Therefore, developing countries in Africa, Europe, the Middle East and Latin America are

nonetheless important partners for China in promoting the Belt and Road.

Third, China strives to play a bigger part in global governance. Promotion of economic globalisation is certainly good for China, but it is also in the interest of the developed countries, especially in areas where developed countries have comparative advantages, such as service industries, advanced manufacturing and high-tech industries. China also advocates cultural diversity in the belief that there are no advantages and disadvantages in cultures and that cultural diversity is essential to a rich and colourful world. Politically, China proposes the democratisation of international relations and is opposed to interference in the internal affairs of other countries, especially the use of force to overthrow the government of other countries.

China welcomes the participation of any country in building the Belt and Road. Some countries refuse to participate for various reasons. China does not engage in closed small circles such as FTAAP, AIIB and CICA in promoting or building an international mechanism. This is in stark contrast to the United States led TPP. As for the development of international mechanisms, China is committed to change the unreasonable elements of the existing international system through consultation, and taking on the responsibilities of a major power such as increasing its share of the IMF and UN membership fees and signing the Paris Declaration.

Finally, China will become more confident in the management of its internal affairs and in its diplomacy. In regard to internal affairs, the successes so far have convinced the Chinese government that all countries are entitled to choose their own development path and political

system. Socialism with Chinese characteristics is a development path and a political system that suits China. The leadership of the Chinese Communist Party is the key to this success. Diplomatically, the Chinese government will display more and more Chinese cultural characteristics on the global stage. The countries with roots in Christian civilisation govern the world by dividing the world between “them” and “us”, organising “us” within a boundary and “homogenising” the group as much as possible. Various regions and global orders dominated by Western countries attach great importance to the degree of institutionalisation, making it the primary criteria to judge the success or failure. Chinese culture, on the other hand, whilst it emphasises the importance of order, recognises the universality of differences. In addition to following the principle of harmony with differences (和而不同), China values “voluntariness” and “comfort” in the governance of the world.

It is because of these fundamental cultural differences that some Western countries have always been puzzled by the ways in which China promotes the Belt and Road. For instance, China does not force any country or party to participate nor does it push for institutionalisation. There are different types of partnerships, in some of which cooperation is limited to certain areas or projects. Neighbouring countries are welcomed, but so too are African and Latin American countries.

China considers the implementation of the Belt and Road to be an imperative, but considering that it will also be a long process, the Belt and Road faces many difficulties and challenges. The major ones are as follows: domestic and foreign doubts, and misunderstandings. Few countries in history have put forward visions as grand as the Belt

and Road. The existing prejudice against China and some mistakes made by China itself, have given rise to misunderstandings and doubts among a number of countries. For example, some countries suspect China of plotting Neo-colonialism through the Belt and Road, which entails exporting excess capacity, and sabotaging the environment of other countries. Some other countries believe that China supports corruption within the Belt and Road processes and that it regards the Belt and Road as a “grant” rather than market-oriented economic cooperation.

Domestic concerns are another major challenge. Many people in China question the Belt and Road. They think that China is still a developing country and that it should concentrate on its own development rather than devote a lot of money and technology to those high-risk countries along the Belt and Road. The potential gap between the difficulty of implementation and China’s capacity is a further concern. Since the Belt and Road is mainly aimed at developing countries, and these countries typically have an unlimited demand for capital and technology as well as a challenging economic environment, the capital and technology that China alone can provide can seem rather limited. Accordingly, as China approaches the building of the Belt and Road, it will be imperative that it selects cooperative projects with “a cautious attitude”.

Professor XUE Li

Director, Department of International Strategy, Institute of World Economics and Politics (IWEP), Chinese Academy of Social Sciences (CASS).

CHENG Zhangxi

Post Doctoral Fellow, IWEP, CASS.

An American View

Charles E. Morrison

Policy change in China primarily comes in two forms – the development of a policy line, requiring many lengthy forms and levels of consultation, and big initiatives, usually related to foreign or security policies, initiated from above. The Belt, Road Initiative (BRI) is one of the latter, developed and launched within President Xi Jinping's first six months in office. As a consequence, and like former President Barack Obama's "Rebalance toward Asia" policy, the November 2013 roll out of the BRI came without many details or a clear implementation strategy, these only being gradually filled in as a consequence of subsequent Chinese initiative and reactions of foreign countries, particularly those along the projected routes. Also like the Rebalance, the BRI stemmed from long-standing interests and investments; it was not a sharp departure but rather provided a policy chapeau that gave coherence, added impetus, and created more visibility to China's continuing and massive infrastructural investments in Eurasia and Africa.

Although a signature project of President Xi, embodying his notion of a China dream of "national rejuvenation," the American reaction has been notably muted. This is partly because the United States is not on either the belt or the road, and so there has been little need for a reaction, and it was partly because the Initiative seemed so vague. Some see BRI as a mercantilist venture, and others as a grand strategic gambit. Some emphasise the risk and probable low return or success, and others believe it will be the world's biggest engine of growth and will transform Eurasia. While a body of thoughtful analysis has been slowly



Chan Darry / Flickr. Sichuan-Tibet-Highway.

building, there has been little vigorous debate or even great interest in the BRI in the United States. To most mainstream American analysts, the Initiative does not seem to threaten vital American interests, and it may support or potentially support some, notably in central Asia and Pakistan. At this time, it does not seem likely that the BRI would create significant tensions in Sino-American relations (unlike, for example China's territorial claims in the East and South China Seas or trade, industrial, or intellectual property policies).

There are several prisms through which the BRI can be analysed, but the best is Xi Jinping's goal of national rejuvenation, of which the two most important dimensions are China's continued economic development and its growing role in the world.

The domestic well-springs of BRI have been less addressed in non-Chinese literature than the international ones, but a case can be made that BRI is essentially a domestic project

with foreign policy implications and international outreach. In Xi's speech at the 19th Party Congress, his first reference to the BRI, near the beginning, is in the context of "more balanced [internal] regional development," and BRI is referred to along with two domestic economic zones: the Beijing-Tianjin-Hebei region and the Yangtze Economic Corridor. Later in the lengthy statement, he described the BRI as a scheme to continue to promote openness and provide eastward and westward links over land and sea. It should be pursued "as a priority" giving equal emphasis to 'bringing in' and 'going global,' and developing new models and forms of trade. Xi did not refer to the BRI in the foreign policy or security aspects of this speech. In sum, the domestic agenda of the BRI is to better connect the Chinese economy with outside growing markets and supplies, to provide opportunities for China's less advantaged interior, and to provide continued opportunities for SOEs at a time of a slower Chinese

growth at home. The scheme also helps to recycle Chinese surpluses.

In fact, BRI seems to have something for almost everyone at home, in part because of its expansive geography. China's coastal ports are gateways to the maritime road, and the interior cities are portals for many different routes across the Eurasian land belt. Virtually all Chinese provinces can claim to connect to the Belt and the Road through infrastructural investments in domestic development corridors or proposed transportation routes. In this sense, the Initiative helps carry on with the enormous investments China has been making in its own physical infrastructure and connectivity. Because of its signature status and the funding associated with the BRI, virtually all provinces, major businesses, and academic institutions have had to find supporting roles for themselves. Business associations have been established in provinces explicitly to promote the project, and have sponsored investment trips to countries on the routes. Much of China's public diplomacy has also been skewed by the BRI, not only the high-profile May 2017 Belt Road summit with many heads of government, but a huge number of other exchanges, including new academic programs for the African, central Asian, and Baltic states. It appears that virtually every larger policy forum in China has something to do with the Belt and Road.

Sichuan's capital, Chengdu, for example, advertises its position as the origin of the "South Silk Road," and at the juncture of the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor with the Yangtze River Economic Corridor. The business association to promote the BRI has sumptuous quarters in a high-rise building near the centre of the city, while the Sichuan liquor industry ponders how to sell local rice wine to the Muslim central Asian

countries. Farther north, Shaanxi Province is striving to be the "inland linchpin" of the BRI and a trade and logistics "pivot" between the coast and the Eurasian railroad link. In a third inland provincial example, lightly populated Inner Mongolia is thrilled by the prospects of three routes passing through it as part of the associated China-Mongolia-Russia Economic Corridor.

Some Chinese private and even state-owned enterprises are obviously unhappy with government pressure to invest in Belt, Road projects, particularly in central Asia, and feel the government has not incentivised investments sufficiently through guarantees or other forms of state support for what is obviously a national project. But in the end, there will be no open debate because the BRI is so deeply associated with the President's nationalistic rejuvenation agenda.

It is this agenda that makes BRI far more than just a massive set of infrastructure, power, port, and trade projects. Regarded through the prism of China's geostrategic position, the BRI has both a defensive aspect as well as an expansive one. Defensively, some of the corridor, transport, pipeline, and port projects address China's major strategic vulnerability, its high dependency for energy and goods via sea routes through the Strait of Malacca and South and East China Seas. During World War II, Japan occupied coastal China and commanded maritime routes to the country, forcing China to rely on its hinterland and very limited foreign supplies "over the hump" from India and from central Asia. Contemporary China is far more dependent on trade and foreign sources of energy and materials.

The development of southwestern access routes to ports in Myanmar and Pakistan, and Eurasian road and

rail routes at best could accommodate only a tiny fraction of the fuel, resource, and merchandise cargo now coming through China's seaside ports, and a maritime blockade seems a far-fetched scenario. Nonetheless, the transcontinental routes to the sea, sources of supply, and markets provide psychological assurance that China cannot be blockaded or surrounded.

Aside from these narrower economic and strategic aspects, the broad BRI vision is tied to China's foreign projection and appears to define a Eurasian and African based sphere of interests and influence stretching across three continents. Most of the nations within this sphere are developing countries, and many are outside the traditional area of American interests, although modern day terrorism has forced major U.S. military and foreign assistance investments in central Asia and the Middle East. For this reason, Americans have tended to view the central Asian belt investments and those in the China-Pakistan Economic Corridor as potentially helpful in stabilising a complex and difficult region as well as possibly opening some economic and political space for central Asian nations to manoeuvre between Russia and China. Most of these countries are clearly within the Russia political sphere, but Chinese trade and investment has boomed, and China has already altered the pattern of energy exports from the region to its advantage. One area of some hope for Americans is the planned Chinese investment in Afghanistan, a country initially skirted to the north and south on BRI schematic maps.

Whether the Chinese investments in central Asia will be stabilising or not depends upon the sophistication of Chinese policy toward the region. While the countries along the routes are eager for Chinese cash

and projects, some have historical memories of Chinese imperialism or deep suspicions of Chinese motives. The region is characterised by ethnic rivalries, local monopolies, and high levels of corruption. Without a proper appreciation of the political, ethnic, and cultural environment, massive Chinese funds could accentuate conflict rather than promote stability. It would also diminish Chinese effectiveness and return on investment.

In contrast to the central Asia belt, the heavily trafficked maritime road though the South China Sea to the oil-rich Arabian Peninsula and on via the Suez Canal to Europe is of obvious permanent economic and strategic interest to the United States, Japan, India, and the European Union. The projects along this route are more likely to be more carefully examined by international analysts for their potential geostrategic implications.

This is particularly true of the so-called “string of pearls” port developments along the route. Since these do not accord with modern shipping in huge container vessels according to hub-and-spokes patterns rather than strings, they appear to be more opportunistic and designed for political influence in the countries along the way. One port, Djibouti, now hosts China’s only overseas military base, to date a service and logistics centre. Djibouti may have seemed a safe place for a first military base since it also hosts other foreign bases, including the only U.S. military facility on the African continent. Some analysts are concerned that other Chinese-built ports could potentially have dual military and civilian uses, helping to project China as a blue-water, maritime power astride the world’s busiest trade routes.

The most extreme interpretation of BRI would have it as an ambitious attempt to create a China-dominated

transcontinental sphere of influence. If China could create an integrated Eurasia in which it was dominant, it would be almost the polar opposite of the 19th and early 20th century Eurasia-Africa, which was dominated by the European powers whose influence had been spread through the sea. This would surely achieve the goal of national rejuvenation, but it would conflict with the long-standing American strategy of preventing the rise of a hegemonic power in either Europe or Asia.

For many reasons, Chinese domination of Eurasia is highly unlikely. There would be many strategic rivals in the way, notably Russia in the north of the Eurasian landmass, India to the south, and the European Union, closely connected with North America, on the western edge. None of these, much less all three of them, will accept a superior position for China. While Russia has only a fraction of China’s population and is increasingly dependent on China energy markets, it is a traditional rival in central Asia with arguably deeper linkages in that region. India, as Henry Kissinger has noted, tries to enforce a kind of Monroe Doctrine in its own sphere in the Subcontinent. Europe welcomes China as a trade and investment partner, but its dominant political values are very different. The recent revival of the Quad discussions consisting of the Australia, India, Japan, and the United States in support of a rules-based “Indo-Pacific” is an indication of counterbalancing tendencies against any significantly expanded Chinese Eurasian sphere of influence.

While far from threatening to be hegemonic, China’s influence is likely to continue to rise along with its relative economic strength, and the BRI in some form will also continue to advance not simply because of its current status as a signature

project, but since it is compatible with and advances Chinese internal and external economic and political interests. It behoves the rest of the world to carefully monitor the BRI’s development and to seek to work with China to shift the emphasis toward advanced standards of development assistance, including greater foreign contract participation, something the Chinese say they would welcome. To some extent, China’s BRI is reminiscent on a much larger scale of Japan’s development aid programs in the 1970s and early 1980s with their heavy emphasis on mercantilism, infrastructure, and Japanese contractors and labour. If that experience is any guide, the evolution of BRI is partly dependent on China’s own stage of development and economic needs, and it is capable of change with experience and a maturing of the domestic economy.

Charles E. Morrisoni

Fellow, East-West Center, Honolulu.

A Japanese Perspective

Yoshinobu Yamamoto

Since 2013 when President Xi Jinping launched the One Belt One Road (OBOR) – now also known as the Belt Road Initiative (BRI) - and the Asia Infrastructure Investment Bank (AIIB) initiatives, both have gradually taken concrete form. The inaugural OBOR Forum was held in May 2017, while the AIIB began operating as an international institution from 2016. China's basic foreign policy strategy has shifted from the 'keep a low profile, bide our time,' to an assertive strategy, and now to institution building. OBOR is the flagship of President Xi's grand strategy, now instituted in his party's charter, even though it is built on prior efforts such as the silk road (land-bridge) project initiated by President Jian Zemin in the early 1990s, the maritime dimension of the peaceful rise strategy in the 2000s which made the symbolic use of Zheng He's expeditions, as well as many existing bilateral and mini-lateral infrastructural projects. The ability to sweep all these earlier ideas into a single concept is a singular Chinese skill.

OBOR embraces a huge geographical area, both land and sea, extending from East Asia to Africa and Europe, and focuses primarily, but not exclusively, on the construction of infrastructure networks as a developmental starting point. From the region-wide perspective, it is an enormous exercise in the provision of public goods to enhance economic activity across a vast geographic space. OBOR will promote a wide range of Chinese interests and objectives. It will help China's domestic and foreign economic activity in the short term and shape the international and regional economic environment to sustain that support over the longer term, helping to



Palazzo Chigi / Flickr. Belt and Road Forum, Beijing, 15 May 2017.

address the challenges of surplus foreign currency, excess industrial capacities, and slowing economic growth. Further, by contributing to sound economic development and growth, OBOR will help maintain internal political stability. OBOR and its related financial institutions will enhance Chinese influence, not only in the economic sphere but also, whether intentionally or unintentionally, the political and security domain. It is no surprise that OBOR is such a prominent part of Xi Jinping's 'China dream'.

OBOR and related financial institutions such as AIIB appear to incorporate different forms of international cooperation. OBOR takes a form of a network of bilateral deals between China and other individual countries, though the boundary is still fluid. In this sense, it is a hub-and-spokes system centred on China, though with some attention paid to multilateral organisations such as WTO. However, financial institutions such as AIIB are multilateral in nature in the sense that they possess a set of rules and norms that derive from a multilateral consensus, even though China's preferences loom extremely large.

Thus, OBOR is a mixture of a network of bilateral deals and multilateral institutional elements. On the one hand, this setting provides China with flexibility in arranging bilateral deals while, on the other, it imposes some multilateral, institutional constraints on China. This subtle balance within the OBOR projects will provide chances for China and the neighbouring states to get together to proceed with the OBOR according to international standards.

The core of OBOR is that it provides a significant and much needed boost in funding for infrastructure development in the entire region, helping to close a huge gap between the demand and supply of resources. World Bank, Asian Development Bank and individual countries have been trying to provide necessary funding in the form of official development assistance, other concessionary funding, and business investments. But, this supply is well short of total demand. Therefore, Chinese provision of infrastructural funding both through bilateral deals and AIIB (and other development banks) is a welcome development. This Chinese move can, in many respects, be considered as an effort to

provide public goods. To strengthen the infrastructure of the region should boost economic activity and development. Since the benefits of such economic development will be shared by all the countries in the region and beyond, it can be considered a public good. The infrastructure network itself is also a public good in that arrangements can be made for it to be utilised by all at no cost.

There are, however, several issues/problems associated with the provision of public goods. Firstly, the costs of providing public goods is a crucial issue. In the case of OBOR, China is the major provider. Thus China could loom as a hegemon if it secures benefits that surpass its outlays. Since a pure public good is to be used (consumed) without exclusion and cost, the free-rider problem emerges. Some mechanism is needed to make the OBOR non-exclusive but at the same time to avoid the free-rider dilemma: an entry fee, possible sanctions against free riding, or setting conditions for non-members seeking to participate in and benefit from construction projects. Obviously, if the latter goes too far, it may jeopardise the public goods aspect of OBOR.

Secondly, it is generally assumed that in order to effectively provide public goods, the major provider(s) should be permitted to preserve some of the attributes of private goods (attributable to a particular actor, rather than of benefit to all the members). The United States pursued opportunities for outlets for surplus products when it created a world free trade regime (GATT). Therefore, it is natural that China will try to secure disproportionate private benefits for its companies with significant excess capacity (bridge-building, for example). From this perspective, the issue will be how much each of the participating countries, including

China, will gain in the form of private payoffs. An extreme case would be that a construction project is planned, managed, and implemented by China and Chinese labour (a project of China, by China and for China). If this becomes a pattern, it will jeopardise the 'public goods' character, and legitimacy, of the entire initiative.

Thirdly, the emerging structure of relations between OBOR and participating actors is varied and complex. As far as nation-states are concerned, they are either providers, recipients, or both in varying degrees. Non-state actors range from private and state enterprises, local governments and to others with differing interests in OBOR projects. With all these actors participating in the process of forging and implementing OBOR, the politics will inescapably become highly complex. When seen in this light, OBOR – with China at the centre – becomes primarily a mechanism to distribute benefits to all these participants. This mechanism may lead to an oversupply of public goods or, if the resources become scarce, heightened political competition for the limited resources.

OBOR (and affiliated institutions) also has political and security dimensions, even though China has officially denied any such ambitions for the initiative. These dimensions of OBOR can be pursued intentionally (and either overtly or implicitly) or emerge as unintended consequences.

Let us think about a few political dimensions. Firstly, as stated above, the activities under OBOR (and related institutions) can be viewed as the provision of public goods. But public goods provision has competitive dimensions. As far as OBOR is concerned, two types of competition exist. One is the competition between international institutions: World Bank, Asian Development Bank and AIIB, plus OBOR. They are all

engaged in provision of funds for infrastructural development. They have interests in organisational survival and influence. The other is concerned with competition between provider nations: China, the United States and Japan, for example. They compete in providing public goods in the region for political as well as economic reasons. Competition in public goods provision is part of power politics, since how much they provide will affect their political influence. Competition among the providers has merit for the recipients and, at the same time, generates a need for cooperation among the providers. For example, competition among providers gives the recipients leeway to obtain better deals. However, if competition is too fierce, it may lead to either 'moral hazard' (e.g., too lenient conditions for lending, which may end up as bad loans for China and staggering debts to partners), or the proliferation of exclusion measures. In order to avoid these undesirable consequences, the providers and recipients together may need to cooperate to create a set of rules for provision of public goods through multilateral negotiations.

Secondly, OBOR is, to repeat, a network of bilateral arrangements/deals. And, the relations between China and other individual countries are basically asymmetrical in terms of economic capabilities and trade relationships. Asymmetric economic relations tend to lead to asymmetric political influence. China in some cases seems to try to increase influence particularly in strategically important areas by letting small countries free-ride and thus depend on China.

Since OBOR takes the form of hub-and-spokes system, it places China in a central controlling place not only in the system as a whole, but also in bilateral relations. Asymmetric bilateral economic relations tend to

put smaller countries in unfavourable positions in political and security conflicts. For example, those countries that have territorial conflicts with China would confront a dilemma between their security and economic interests in their relations with China. Thus, the system has the potential to become hierarchical in nature, even though China and the participating countries make efforts to 'create OBOR jointly on equal basis.'

OBOR generates security implications/externalities in a number of different ways. Firstly, an infrastructure network, whether on land or sea, has economic security and military security implications. The network of ports created by OBOR within or alongside the existing sea lanes of communication is indeed an important factor for smooth commercial exchanges and its stability itself means economic and energy (and food) security. Secondly, the same networks can also be used for security activities. Some nations are worrying about the Maritime Silk Road in that it would help Chinese expansion into near and far sea/ocean spaces given China's expressed objective to become a strong seaborne state. Since rail roads and highways could help move armed forces rapidly and en masse, it would place China in favourable position in cases of territorial conflicts with other countries.

Countries have different degrees of closeness to OBOR. Some nations are deeply involved in OBOR, some are not so involved, and some are basically untouched by it. Currently, two large, developed countries stand out as on the fringes of OBOR: the United States and Japan. These two countries are the only developed countries that are not members of AIIB. They are also very cautious and/or agnostic about OBOR, even though they sent some representatives to the 2017 forum in Beijing. Both of them tend to focus on the competitive aspects of

OBOR and AIIB. Regarding the AIIB, they are looking into whether AIIB runs itself according to internationally acceptable rules, and under what conditions they could participate, while also examining alternative financing arrangements. The US and Japan have taken this position despite voices in both countries arguing that they should be in the AIIB so that they could have a say in its organisation and development.

Strategic competition between the United States and China has been going on for some time. Some observers, many from China, contend that OBOR can be considered as a strategic response by China to the American pivot in the Asia Pacific. Similarly, the South China Sea and Indian Ocean are symbols of the competition at sea. Sino-US relations, however, are multidimensional and strategic competition exists alongside a deep economic interdependence. Even though OBOR itself is not currently a central issue in the Sino-American relationship, it could be among the factors that could determine the nature of the power/order transition in the region and beyond. While the United States has maintained a hub-and-spokes security system in the Asia Pacific for many decades (the Trump administration's bilateralism seems to aspire to a similar structure even in the economic domain), China's OBOR may also become a hub-and-spokes system, but basically in the economic domain. The two hegemons may be competing with each other in a mutually interconnected system to advance their interests and spread their values/norms, taking advantage of comparative strength in different issue-area and regions (OBOR primarily looks westward and does not collide with the United States directly). As it matures, OBOR led by China could become one of the key factors in Sino-American competition.

Sino-Japanese relations have been precarious and became very tense since 2012 when the Japanese government purchased the privately owned Senkaku/Diaoyu islands. As this was about the time that China initiated OBOR and AIIB, it is understandable that Japan did not look favourably on these Chinese initiatives. Furthermore, the Abe administration has been competing with China with regard to infrastructure developments in Asia. As with the US, however, strategic competition and territorial issues co-exist with a dense Sino-Japan economic relationship. Corporate Japan has shown interests in OBOR as a business opportunity, which is endorsed by the Abe Administration, while the government bureaucracy sees in-fighting between those who would like to have better relations with China, including OBOR (Ministry of Economy, Trade and Industry) and those who are cautious toward China either for security reasons or leadership competition (such as Ministry of Finance).

The future attitude of the United States and Japan toward OBOR remains uncertain but their decisions about OBOR will have a significant impact on how this region will be organised and on the qualities of the order that emerges.

Overall, OBOR should be assessed positively but it is indeed a mixture of cooperation and competition at the varied levels: global, regional, bilateral, national and sub-national, with significant security implications and possible drawbacks. Even given this complexity, however, we have to find ways to cope with difficulties and to hang together for the wellbeing of the entire region and globe.

Yoshinobu Yamamoto

University of Niigata Prefecture.

DIFFUSION OF SOFT POWER OR PURSUIT OF HEGEMONY? AN INDIAN PERSPECTIVE

**Hemant Krishan
Singh and
Arun Sahgal**

A number of inter-related factors largely determine how the world perceives China's Belt and Road Initiative (BRI). First, according to Miles' Law, where you stand depends on where you sit. Thus, the security and economic perceptions of nations impacted by the BRI differ based on where each nation "sits", its historical experience, and its own specific interests. Second, votaries of the post-1991 liberal economic order, linking "end of history" scenarios of perpetual peace with globalisation and economic interdependence, are more likely to hold benign views of the BRI. Those recognising the inevitable reprise of geopolitical competition in an era marked by a major flux in global power equations, between the West and Asia and within Asia, tend to be more sceptical. It follows that nations in West Europe, for instance, who are no longer invested in emerging Asia's power balances, appear to embrace the BRI for its presumed business potential from which they can benefit. So, to varying degrees, do countries in the Asia Pacific and elsewhere, who are heavily "dependent" on China trade and finance. Other Asian nations who seek greater accommodation and balancing of major and emerging power interests, thereby bolstering multipolarity, a rules-based security architecture and respect for sovereignty and territorial integrity, are far less sanguine about the purpose and regional impact of the BRI. That is where India "sits".

This article provides the authors' perspective on how India views the BRI. It is not intended to detail the



MEAphtogallery / Flickr. Prime Minister Modi, India and Prime Minister Abe, Japan at the India-Japan Summit at Mahatma Mandir in Gandhinagar, 14 September 2017.

various elements of the BRI, but only to deconstruct the broader strategic dimensions of the initiative, as well as to examine BRI segments that impact India. Finally, we outline India's official response and corresponding policies towards regional connectivity.

To understand the BRI, it is useful to begin by recalling a few distinctive characteristics of China's external economic policies and the nature of its domestic economy. To begin with, as a non-free market economy, China subordinates market forces and trade relations to suit its mercantilist and national interests; the Communist Party of China (CPC) enjoys enormous power to orchestrate outcomes in the Chinese economy. Not surprisingly, China has derived asymmetric gains from the liberal economic order, which it now professes to champion. Second, maintaining the goodwill of the

Chinese government is a critical precondition for the successful pursuit of trade and economic relations with China. Foreign partners have to willingly compromise their democratic values and free market principles to ensure access to China's attractive market and finance. Failing to attach importance to China's core interests and major concerns can swiftly attract orchestrated reprisals and painful boycotts. Japan, the Philippines, and more recently South Korea can testify to this reality. These elements, among others, have ensured China's unprecedented and unconstrained rise to great power status. China has now become too big to fault.

With such a track record, it would be truly remarkable if the BRI represents a change of course towards an altruistic "win-win" regional development initiative, as the BRI is

often projected. This is all the more so as Xi Jinping pursues nationalist “rejuvenation” and China’s geo-political behaviour is marked by unilateral assertions of “historical” rights which are the principal cause of regional tensions in Asia today.

Now let us turn to the BRI itself. Its humbler origins appear to lie in pressures on the CPC leadership to develop China’s western provinces and, even more importantly, to counter the impact of China’s economic slowdown. The BRI has thereafter evolved into a mega project and grand strategy to integrate China’s markets, gain access to resources, utilise excess domestic capacity, strengthen China’s periphery, secure military access and enlist “all-weather friends”. The BRI is a unilaterally conceived national initiative designed to align the economic and strategic landscape from Eurasia to East Asia, Southeast Asia to South Asia, to China’s singular advantage. It most certainly is not a multilaterally structured or negotiated initiative. Significantly, all strands of the BRI have a backward linkage to China alone in terms of economic benefit.

It is well recognised that the BRI lacks a formal institutional structure and that there is lack of transparency about BRI decision making. Essentially, the initiative is propelled by bilateral agreements between China and enlisted countries under which Chinese companies gain preferential access to low/medium cost economies that need capital to upgrade their infrastructure. Investment decisions, generally announced as outcomes of high-level visits by China’s leaders, emanate from collusive political understandings with national elites, flowing from which projects are awarded to major Chinese companies without competitive bidding. The average rate of interest of Chinese

loans for the BRI is significantly higher than multilateral financing from institutions such as the ADB. Overall, these elements reflect China’s revisionist pursuit of preferential, non-competitive and exclusionary arrangements that propel its ambitions to create economic dependencies, gain political influence and eventually impose hegemonic power.

Finally, the BRI is closely linked to China’s core security objectives that include enhancing its strategic periphery through the consolidation of relations with immediate neighbours. The different strands of BRI’s continental (Silk Road Economic Belt) and oceanic (Maritime Silk Road) corridors enable China to wield military power by creating arteries for force projection.

For the geo-strategist, the BRI combines Mahan’s recipe for global domination through control of the seas with Mackinder’s prescription that such domination requires control of the “heartland”. The BRI is the economic face of a grand strategy to leverage China’s soft and hard power to gain hegemony over Mackinder’s “world island”. It is also part and parcel of China’s “revitalisation” dream and the creation of a world order with “Chinese characteristics.”

Now let us turn our attention to aspects of the BRI which impact India. To begin with, it is noteworthy that no element of the BRI seeks to provide direct connectivity between China and India, even though BRI segments include terrestrial components to the west (CPEC) and the east (BCIM) of India, while the MSR encircles India in the maritime domain of the Indian Ocean where India is dominant because of its geographical location. There could be two main reasons for this. The India-China boundary is not settled and China appears inclined to keep the dispute alive as coercive

leverage. Second, provisioning of major connectivity, even in small pockets where the boundary is in fact mutually accepted, such as the Indian state of Sikkim, carries the potential for democratic India’s soft power to trickle back into restive and subjugated Tibet. Given Tibet’s remoteness and meagre population, the focus of China’s connectivity infrastructure inside Tibet is largely related to its security interests and defence posture.

CPEC is unquestionably the centrepiece of the BRI, carrying the promise of some \$62 billion in loans and grants, of which \$14 billion has already been committed. While power plants comprise a major component of CPEC, it is in fact a broad-based initiative to boost Pakistan’s domestic economy, create maritime equities adjacent to the Persian Gulf and provide strategic linkage to the restive Xinjiang province. According to a report published in the major Pakistani paper Dawn in May 2017, the CPEC master plan calls for “a deep and broad-based penetration of most sectors of Pakistan’s economy as well as its society by Chinese enterprises and culture.” CPEC is thus designed to secure a major stake in Pakistan’s transportation, communications and energy infrastructure; trade and commerce; agriculture; media; and defence (China is already Pakistan’s largest supplier of military hardware). Whether CPEC will be a “game changer” that re-orientates a de-globalising Pakistan towards developmental pursuits and away from its Islamist predilections, or “game over” for that country, remains to be seen. Thus far, elements among the Pakistani elites appear to be enthused, while the general public remains largely unmoved and the military holds the key. The stakes are steadily rising as China gets increasingly involved with the

domestic affairs of Pakistan.

India has already made it clear, officially, that the CPEC violates India's territorial sovereignty in Jammu & Kashmir. China's growing military presence in Pakistan-occupied Kashmir is a cause of considerable security concern for India. In terms of regional transit and connectivity, India's historic access routes to its natural hinterland in Central Asia and West Asia have been disrupted by Pakistan since 1947. There is no indication of any Chinese efforts to press their "iron brother" Pakistan to grant India normal trade and transit rights across Pakistani territory. The CPEC delivers strategic depth for China in Pakistan but only continued access denial and strategic containment for India.

To India's east, the BCIM corridor makes even less economic sense, as it would provide one-sided advantages to China in terms of market access to Myanmar, Bangladesh and India as well as strategic access to the Bay of Bengal. Besides, the corridor would pass through India's security sensitive Northeast, where China lays territorial claim to large parts of Arunachal Pradesh. Apart from India's concerns about BCIM, Myanmar too is wary about such instruments of Chinese penetration.

MSR, the maritime component of the BRI, is substantially linked to bolstering China's security presence in the Indian Ocean. This includes China's unprecedented naval expansion, increased naval deployments in the Indian Ocean, operationalisation of its first overseas base at Djibouti (with Gwadar more than likely destined to be the second) and creation of a host of logistic support facilities in the form of MSR ports surrounding India. China is undertaking a massive expansion of PLAN amphibious capability, increasing the size of its marine

corps fivefold to 100,000 personnel, and modifying its laws to permit deployment of security personnel abroad. There is very good reason for India to closely monitor MSR inroads in the Indian Ocean.

Despite enormous Chinese pressure and warnings of adverse consequences, India declined to attend the BRI Forum held in Beijing on May 14-16, 2017. In an official statement made on May 13, 2017 India announced that connectivity initiatives must be based on "universally recognised international norms, good governance, rule of law, openness, transparency and equality;" must follow the principles of financial responsibility as well as environmental sustainability; and must be pursued in a manner that respects sovereignty and territorial integrity. The statement went on to remind Beijing that "... we have been urging China to engage in meaningful dialogue on its connectivity initiative, 'One Belt, One Road' which was later renamed as 'Belt and Road Initiative'. We are awaiting a positive response from the Chinese side". That this response has not been forthcoming for the past two years speaks for itself.

From the overall Indian perspective, the fact is that with an obstructionist Pakistan to India's west and a disputed boundary with China to its north and east, the BRI holds little promise.

Taking into account these geopolitical realities, India is shaping its own approach towards its strategic neighbourhood, based on the conviction that both historically and geographically, India is well placed to champion the "connectivity" cause as a pivotal power of Asia. India's reference to universally recognised norms and respect for sovereignty of regional states draws direct linkages between initiatives for physical connectivity and the quest for regional

peace and stability. India's official discourse rejects any connotation that its connectivity vision is premised on geopolitical competition. It follows that for Indian policymakers, connectivity initiatives must be collaborative rather than exclusionary.

Accordingly, India's own connectivity outreach is being structured through rules based, demand and consensus driven, bilateral or multilateral frameworks such as BBIN and BIMSTEC, or the newly launched Asia-Africa Growth Corridor (AAGC). With the closer alignment of India's Act East Policy and Japan's Free and Open Indo-Pacific Strategy, Japan has emerged as India's preferred partner for translating their shared vision for Indo-Pacific connectivity into reality.

Conclusion

The BRI is an integral part of China's grand strategy to enhance strategic influence and reach; BRI projects are essentially "China First" initiatives with backward connections to China. The BRI has no India-China component.

India's interests are best served by its unimpeded maritime access to the Indian Ocean and the extension of ongoing programmes for domestic connectivity and port infrastructure development, to eastward connectivity between India's northeast and South-East Asia. The announcement of the Japan-India Act East Forum to drive this process forward on September 14, 2017 is the latest pointer in that direction.

Hemant Krishan Singh,
Director General, Delhi Policy Group

*Arun Sahgal, Senior Fellow,
Delhi Policy Group.*

Belt and Road to Where?

Alexander Gabuev

On October 24, 2017, the Communist Party of China (CPC) adopted a new version of the Party Constitution. Along with the name of Secretary General Xi Jinping, the constitution now includes the One Belt One Road (OBOR) concept – Xi’s trademark geo-economic concept that is now used to explain almost every move that China makes outside its borders. The “Belt and Road” concept has become so inflated, that it’s no longer helpful to understanding anything about China’s relationship with the outside world, but only further obscures an already complicated picture.

Beijing has promised to increase the number of Chinese soldiers in UN peacekeeping missions: this is characterised as a by-product of Belt and Road. The Chongqing’s provincial government is subsidising yet another cargo train to Europe: again, this portrayed as a further indication of how serious and far-sighted (strategic?) the Chinese leadership and its Belt and Road initiative is. A Chinese private company is buying a Silicon Valley start-up: that too is now part of OBOR’s digital dimension! The embedded notion of China having a strategic culture dating back to Sun Zi and Zhuge Liang forces analysts to search for a Chinese strategy even

when there is scarcely a hint that this quality is present. Tell-tale signs of strategy include stated goals, criteria of success, and a timeline. None of these are prominently part of the OBOR concept.

The Belt and Road initiative lacks a clearly stated goal. In his initial presentation on the idea – then called the Silk Road Economic Belt (SREB) – in Astana, Kazakhstan in September 2013, President Xi did not set any clear goals, unless one counts the following: “to forge closer economic ties, deepen cooperation and expand development space in the Eurasian region” or “vigorously



Hans-Rudolf Bork / Flickr. Trans-Siberian Railway, station Sljudjanka near Irkutsk.

enhance practical cooperation and be good partners of win-win cooperation.” The same was true of Xi’s later speeches on the subject, including at the inaugural Belt and Road summit in May 2017. One could search through the policy documents issued by the National Development and Reforms Commission (NDRC), but the usually factual ministry resorts to the “win-win” formulation each time it approached the question of OBOR goals.

Against this background many analysts produce their own theories on what exactly Zhongnanhai had in mind with the Belt and Road idea. Some explanations point to geo-strategic rationales. According to this school of thought, China, embattled by conflict with its neighbours in the South China Sea and contained by U.S. and its allies in Northeast Asia, looked for “strategic space” in the West and will try to establish its dominance over continental Eurasia. A more nuanced variant of this approach links OBOR to Xi Jinping’s ideas about “periphery diplomacy” through which China seeks to improve relationships with its neighbours by providing them with economic development. Yet another school of thought would frame OBOR as the Chinese version of the Bretton-Woods institutions – the World Bank, IMF and the WTO – to shape the international economic order in accordance with Beijing’s interests and preferences (this is why initiatives like AIIB or talks on RCEP are included under the OBOR umbrella). Some scholars point to Chinese domestic economic needs, highlighting OBOR’s potential to export China’s industrial overcapacity or support infrastructure-building that will help to generate employment in the PRC. There is no shortage of scholars linking the origins of OBOR to the Hu Jintao era project of Developing the West, particularly the west of the

PRC. Finally, a popular explanation is a logistical one: China wants to tap into the potentially faster continental routes to Europe by upgrading infrastructure in Eurasia, and thereby also avoid sea lanes controlled by the U.S. Navy.

These and many other theories about China’s strategic rationales behind the Belt and Road are based on Chinese sources and interviews with Chinese scholars, officials and businesspeople. The spectrum of theories reflects not only the diverse backgrounds and research priorities of scholars outside of China looking at Belt and Road, but also the wide range of opinions and approaches toward this initiative within China. Since Xi proclaimed the SREB idea in Astana, nearly every university, ministry, region and SOE in China has held at least one event dedicated to OBOR. Newly established think tanks in the PRC dedicated to studying this issue already number in the hundreds. At the same time, most Chinese officials and analysts advising Beijing would acknowledge in private conversations, that the top leadership has not given them much positive direction about what Belt and Road actually is. The only internal instructions that have so far come from Zhongnanhai are about banning words like “project” (because the word connotes a goal and timeline, Beijing prefers the looser term “initiative”), or banning publication of official maps purporting to show the scope of OBOR.

Lack of stated goals is closely tied to the second feature of the Belt and Road, which distinguishes it from a strategy – the initiative doesn’t have any performance criteria. Xi Jinping did identify five broadly defined facets of the initiative in his Astana speech 2013, namely, policy communication, road connectivity, trade facilitation, monetary circulation (financial cooperation including promotion of local currencies), and people-to-

people ties. Beijing has not, however, identified any quantifiable indicators of success or progress. This means that a great many things can be presented as progress under OBOR. Examples include, establishing a new intergovernmental commission with Russia, financing a new road project in Tajikistan, signing an FTA with Georgia, establishing a currency swap with Switzerland and holding an annual beauty pageant in Sanya.

Scholars and the media often follow the official Chinese narrative in trying to calculate figures for trade and investment along the new Silk Road. But the criteria used to qualify a particular project in a particular country for inclusion in OBOR have become extremely elastic. It appears that even a casual remark from a low ranking official about “support” for OBOR or suggesting a country’s “interest” in a project in a neighbouring country can be sufficient to see that country listed as a participant in OBOR. The hundreds of random agreements listed as signed during the Belt and Road forum in Beijing, is the best testament to this approach.

Last but not least, OBOR doesn’t have any timeframe. No timeframe is to be found in the speeches of Xi Jinping and other officials, or in documents and roadmaps published by the Chinese government. Most of the time, when confronted directly over the timeline issue, Chinese officials and experts say that Belt and Road is a long-term goal that doesn’t have an underlying set of deadlines. Interestingly enough, not only does Belt and Road stretch into the indefinite future, it also reaches into the past. Some of China’s old projects, like the construction of Gwadar Port in Pakistan, which began in 2002, are now listed among the Belt and Road’s flagship achievements. This approach allows Beijing to re-package old deals and projects in OBOR wrapping, and

present them to the world as Belt and Road deliverables.

China's current and prospective partners may find this uncertainty and lack of focus problematic. But for the Chinese political system, this lack of clarity around Belt and Road is actually a good thing. After all, the lack of performance criteria gives the government more latitude to declare positive outcomes and address the desire of all governments but, perhaps, especially single-party regimes, to appear successful, victorious and influential on the global stage.

Russia's experience also illustrates that OBOR is a multifaceted and adaptive tool for Chinese public diplomacy and overseas propaganda, but hardly a real strategy. In 2013, when Xi Jinping announced the SREB initiative in Astana, the new project was met in Moscow with suspicion. Russia's economic growth trajectory was flat (the recession coming in 2014 after collapse of the oil price and international sanctions following the war in Ukraine), so the Kremlin didn't have financial resources to jostle for power with China in Central Asia. The extravagant ambitions of the SREB project, supported by the size of Chinese economy, looked like an attempt by Beijing to insert itself into what Moscow has claimed to be its privileged sphere of influence. In the context of the rift in relations with the West and rapprochement with China, The Kremlin's attitude towards Belt and Road underwent a U-turn in the autumn of 2014. Increasing numbers of Russian officials began to see it as a mega-project to export Chinese overcapacity and build continental trade routes to Europe that would go through Russia and offer constructive synergies with the Moscow-led Eurasian Economic Union (EEU). In fact, the Customs Union between Kazakhstan, Russia and Belarus provides Chinese

producers in the Western part of the PRC the shortest land road to Europe, and an opportunity to reach European customers by crossing just two borders. In Moscow, on May 8, 2015, Putin and Xi signed a political declaration linking OBOR to the EEU. China and the EEU have started talks on a trade agreement, and Russia has pitched over 40 investment projects to Zhang Gaoli, China's Vice-Premier of the State Council and chairman of the leadership small group on OBOR in Zhongnanhai. Given the political green light, many of Russia's oligarchs rushed to Beijing with their projects, trying to wrap them in Belt and Road slogans.

The last two years have been a rude awakening for Russia and its EEU partners. The experience has been that adding the "OBOR" brand to a project did not elicit any additional concessions from the Chinese side, and that in most cases Beijing has looked for profitable projects with a good internal rate of return. For example, out of 40 projects that support transport connectivity between Western China and Europe through EEU states, Beijing declined to invest in a single one, citing unsustainable financial models and unclear prospects for returns. Beijing's new caution can probably be attributed to the stock market crash of 2015 and concerns about spiralling local debt which, in turn, triggered an audit of the entire financial sector, including state banks and leading development institutions like the China Development Bank and the Export-Import Bank, which had been seen as important sources of financing for the Silk Road initiative. As a result, Beijing appears to have become more conservative when it comes to overseas lending by those institutions. The same goes for private investment, which became the object of intensified scrutiny from 2016 as China's government started to combat capital flight.

The work of the Silk Road Fund (SRF), with its \$40 billion in allocated capital, clearly illustrates this policy change. Created in 2014, the fund was slated to become the main driver of investment in OBOR, but has closed only seven deals in the past three years. Beijing now uses the SRF as a political purse: it is not linked to the global financial system and can therefore finance politically controversial projects, like investments in two energy projects owned by members of Putin's entourage, Yamal LNG and Sibur.

Setting aside the shortcomings of the Belt and Road concept, the 'OBOR hype' around the world points to a real and fundamental trend - the ascent of China as a truly global economic and military power. While there may be no well-calculated and informed strategy behind Belt and Road, the increase in China's external trade, military power, overseas investment and its imprint on various fields of global governance is undeniable. The visibility of Belt and Road is not driven by its intrinsic merits but rather stems from the cumulative impact of three decades of fast economic growth, a transformed and digitalised PLA, the globalised and innovative Chinese companies and a new generation of confident and sophisticated Chinese officials, officers and businesspeople – particularly amid America's gradual retreat from global engagement.

Alexander Gabuev

Senior Fellow and Chair, Russia in Asia-Pacific Program, Carnegie Moscow Center.

An Indonesian View - Seizing New Opportunities

Jusuf Wanandi



Bali Cargo / Flickr. Tanjung Priok Port, Indonesia's largest port.

During his visit to Indonesia in October 2013, China's president Xi Jinping proposed an initiative to promote maritime cooperation and trade between China and ASEAN countries, Indonesia in particular. The initiative dubbed the 21st Maritime Silk Road (MSR), was a component of the Silk Road Economic Belt, proposal that President Xi had launched in Kazakhstan a month earlier in September. The entire project has since been re-labelled the Belt and Road Initiative (BRI). If realised, the Belt part will link China with Western Europe via Central and West Asia, the Persian Gulf and Russia while the Road part will similarly extend

to Europe via the sea-lanes through Southeast Asia, South Asia, the Indian Ocean, and the Mediterranean Sea. The initiative has received some positive initial reactions as a creative new approach to global economic integration.

The BRI is conceptually similar but far more ambitious than, say, the Master Plan on ASEAN Connectivity (MPAC). China envisions its BRI eventually linking up seamlessly with comparable national and sub-regional connectivity networks such as MPAC. While the MPAC proposal openly identifies funding - estimated to run to \$59 billion USD annually – as a critical barrier, China has from

the outset identified significant and credible capital resources. Specifically, in December 2014 China established the Silk Road Fund and pledged \$40 billion USD. In addition, although the Asian Infrastructure Investment Bank (AIIB) was not established specifically to support BRI, it nevertheless is also willing to finance some BRI projects.

Indonesia's president, Joko Widodo, has since announced his own maritime initiative: the aspiration to have Indonesia recognised as a "global maritime fulcrum" (GMF). The intent of the GMF was to both address and to leverage Indonesia's singular archipelagic character so the initiative envisaged capitalising on synergies

* These comments draw on the author's presentation to the 2nd SiLKS Annual Meeting, at DRC Headquarters, Beijing, China, on May 16th, 2017

between stronger and predominantly maritime internal connectivity and the country's maritime connections with the rest of the world.

Indonesia should aspire to leverage its strategic geographic location to become one focal point or a hub in the overall BRI geographic connectivity plan. After all, Indonesia is located at a juncture that connects the Indian and Pacific Oceans and links East Asia, Australia, South Asia, Middle East and East Africa as well as the Pacific Americas. To achieve this objective, however, Indonesia must at least articulate its own maritime fulcrum initiative more fully and formulate its expectations of the BRI more clearly. Only then will Indonesia be able to interface the BRI with the confidence that flows from a clear sense of direction and of the national interests in play.

The BRI is not only about constructing physical infrastructure projects. Many of the other important dimensions of this prospectively immense enterprise have been addressed in an official document - 'Vision and Actions on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road' - promulgated jointly by the National Development and Reform Commission (NDRC) and the Ministries of Foreign Affairs and Commerce. The section of this document of particular relevance here is the one pertaining to cooperation priorities. The document identifies five key areas of cooperation, namely:

- a. Promoting policy coordination
- b. Promoting infrastructure connectivity
- c. Trade and investment cooperation
- d. Financial integration and
- e. People to people exchanges

These priorities are well taken but not without some qualification. The initial Maritime Silk Road proposal

presented in Indonesia in October 2013 offered little in the way of practical and accountable ideas on how implementation of critical aspects of the proposal would be approached. An initial study of the reactions of Indonesian stakeholders, conducted by the Centre for Strategic and International Studies (CSIS) in Jakarta and published in 2014, noted that the conspicuous absence of information on these practical issues had given rise to significant concerns and even anxieties. Moreover, the above-mentioned official Chinese publication, released in 2015, although broad-ranging, remained essentially normative and did not alleviate concerns that little hard information was available on how key priorities would be implemented in practice.

The CSIS study found three broad schools of thought on the BRI. One school was determinedly optimistic and disposed to welcome the Chinese initiative unreservedly. This school regarded the near-coincident launch of China's BRI and Indonesia's GMF as a good omen, particularly as the former was sufficiently large and compatible with the latter to help propel it into reality. This group was optimistic that China would also be willing to invest in (1) marine-related industries in Indonesia, including the transfer of the technologies involved and (2) in the broader infrastructure needs that would be exposed by these maritime initiatives.

A second school took a more jaundiced view. Some cited the poor track record of Chinese companies implementing past investment commitments. Others had more deeply-rooted grounds for concern, including the view that the Indonesian and Chinese economies were fundamentally competitive rather than complementary or that the MSR was more likely to perpetuate than to remedy the core feature of trade between the

two countries, namely Indonesia as an exporter of raw materials and importer of processed goods. Reservations such as these inclined this school to urge caution in managing the MSR initiative.

A third school might be labelled the weary realists. This group contends that if one looks at the plethora of agreements and understandings between Indonesia and China, whether bilateral or ASEAN-centred, then there is nothing new or original in the MSR proposal. This group is willing to be persuaded but would like to see the Indonesian government proceed with deliberate care and withhold its agreement until the benefits are clearly apparent. Which one of the above views is likely to prevail? Nobody really knows but it is clear that much of this uncertainty stems from inadequate information on both the MSR and the GMF.

Although new information on the MSR has continued to emerge, critical aspects such as ensuring the delivery of the cooperation priorities highlighted above remain vague. Nor is it clear that implementation of any BRI project is expected to involve progress across all five cooperation priorities. Similarly, it remains unclear whether the BRI would involve the creation of a free trade area or consist of a collection of non-binding state-to-state agreements, most of them between individual participating states and China. A final example, would be the questions that still surround the modalities of project evaluation and the ranking of projects in priority order.

These substantive problems should not, however, obscure the fact that the BRI initiative is a new factor in Indonesia's development equation and one that could be of great significance. Indonesia's own estimates suggest that logistics costs, strongly linked to the nation's archipelagic character,

account for some 25 percent of GDP. This highlights the importance of the GMF to Indonesia's developmental prospects and also the scale of the opportunity presented by the BRI and MSR.

Indonesia should, therefore, seriously consider the BRI initiative since it offers the country an opportunity to develop not only its maritime infrastructures but its maritime sector as whole which is the main goal of its GMF initiative. It should be noted that the government has promulgated its maritime development action plan. The next step is to identify the way to synchronise the action plan with the BRI initiative in such a way as to enable Indonesia to access the Silk Road Fund as well as to attract Chinese investment in the maritime sector, e.g., shipbuilding industry.

It is also important that China see its BRI initiative as an opportunity to resolve some of the pending issues in the South China Sea. This region has seen rising tensions in recent years due to overlapping claims over certain parts of the sea and almost all of them involving China as one of the claimants. It should be noted that the success of the BRI initiative is predicated on the absence of tensions and hostilities along the belt and road paths. When tension or hostility arises along one of the road or belt sections, there will be a slowdown or delay of traffic through that particular route. This, in turn, will increase the transport cost along that route and encourage the use of alternative routes. The recent tensions, it should be pointed out, are due partly to the increasingly uncompromising manner in which China has asserted its claim over the disputed territories while at the same time insisting that there are no problems to be resolved. Denying that there are problems and refusing to discuss the rights and interests of other claimants is unlikely to make the problems go away. One would

hope that, in light of the BRI, China as the dominant power in the region, will seek innovative ways to resolve these issues amicably.

It should also be stated that in the study by CSIS cited earlier, some stakeholders argue that there still exists a trust deficit among Indonesians toward China and presumably also among the Chinese toward Indonesia. From an Indonesian perspective, this trust deficit is mainly due to historical factors but has been refreshed and sustained in recent times by the way China has handled the South China Sea disputes. There is the further, related, concern that the BRI will establish a centre (China) – periphery (Indonesia) relationship when the characteristics of equivalence and balance would provide a more stable and durable foundation. These issues have to be addressed properly and, again, the BRI provides an opportunity to do that.

It is clear that, in light of the foregoing discussion, Indonesia could and should be able to benefit from the BRI initiative. How much benefit it could accrue will depend on its ability to ensure a complementarity between its domestic connectivity aspirations and the BRI. To achieve this Indonesia must first be able to articulate how the BRI initiative will interface with its own national connectivity master plan. In particular, Indonesia should be able to articulate and relate what it wants based on its national development master plan and the critical five cooperation priorities set out in the BRI.

For this purpose, CSIS is planning to conduct another study. This new study will take into account two important official publications on the GMF: (1) a white paper on 'Indonesia Ocean Policy' published in early 2017 and (2) the Action Plan of Indonesia Ocean Policy 2016-2019 which details

a set of programs to implement the GMF Initiative. The latter consists of 5 program clusters: (a) Maritime Boundary, Ocean Space and Maritime Diplomacy; (b) Maritime Industry and Ocean Connectivity; (c) Natural Resources Industry; (d) Ocean Security and Defence and (e) Maritime Culture.

The Ocean Policy Action Plan will become a main reference to assess complementarities between the BRI and GMF Initiative. This assessment will focus in particular on three promising areas of complementarity, namely on maritime industry and connectivity, natural resources industry and maritime culture.

One of the main objectives of the proposed study is to develop a stronger understanding of how ready, willing and able Indonesian stakeholders are to capitalise on the BRI initiative. Hence, in addition to Jakarta, the study will focus on three provinces that may serve as core routes of the BRI initiative, i.e. North Sumatra, North Sulawesi and South Sulawesi. The North Sumatra province has a long border with Malacca Strait, one of the busiest shipping routes in the world and the most important international gateway for Indonesia to the Indian Ocean, South Asia, Middle East, Africa and eventually Europe. North Sulawesi is another important gateway of Indonesia to the Pacific and Northeast Asia. It can be expected to become more important as an alternative to an increasingly congested Malacca Straits. South Sulawesi would also be important both as a hub to connect the western part of Indonesia as well as an international hub providing a gateway to Oceania.

Jusuf Wanandi

*Vice Chair, Board of Trustees,
CSIS Foundation.*

Postscript

Transparency is one of those things that is so widely accepted among students of international affairs as indispensable to a peaceful and orderly world, that it has become quite rare to find something that tries to spell out why this is the case. For this reason, we have elected to reproduce a statement on transparency released in 2012 by the Asia Pacific Leadership Network for Nuclear Disarmament and Non-Proliferation, a network with a geographic footprint very similar to CSCAP. [Editor]



Statement On Transparency

Asia Pacific Leadership Network for Nuclear Non- Proliferation and Disarmament 13 June 2012

Transparency, in an arms control and disarmament context, means the sharing of information about security interests, concerns, expectations and capabilities with the objective of enhancing prospects for peaceful co-existence at the lowest possible level of armaments.

Transparency is fundamental to building confidence and trust. Whether it involves facts, assessments, interests, intentions, doctrines or internal processes, transparency lies at the heart of every confidence and security building measure ever devised.

Why APLN Members Support Greater Transparency

1. We acknowledge that transparency in security and defence matters is still a quite revolutionary notion. Secrecy is a deeply entrenched tradition in all countries, within the armed forces and wider national security communities. Strategists from Sun Tsu to Clausewitz have highlighted the importance of secrecy and deception as vital edges in securing outcomes advantageous to the state. It took an extraordinary development – the advent of nuclear weapons (although they were themselves developed in secret in every case), and the imperative to prevent their use – to begin to turn the tables on instinctive secrecy and to develop a positive understanding of the security benefits of greater transparency.

2. Transparency rests upon, as much as it builds, confidence and trust. The familiar ‘chicken and egg’ conundrum applies here, in that a state must be confident that armed conflict is a remote prospect before it will consider meaningful additional transparency practices. The essential skill for political leadership is to cut through that conundrum: to strike a balance that qualifies the military instinct in favour of secrecy in order to capture the rewards – in mutual confidence and strategic stability – that transparency and openness can help deliver.

3. Transparency is not the same as verification. Verification is about arrangements that provide adequate confidence of compliance with formal agreements between states. Transparency, in contrast, involves the decision by a state to voluntarily expose credible information about its strategic aims, intentions and concerns, and about its current and prospective military capabilities. It entails a posture or attitude of reassurance that reaches beyond the usual rules and conventions governing relations between states, and beyond the requirements of the verification regimes and safeguards arrangements of treaties to which a state is party.

4. Transparency is an important means of acknowledging interdependence with other states in the security/defence arena, and a significant encouragement to reciprocity. For example, enhanced physical security of all sensitive nuclear material, wherever located, as promoted by the special summits held in Washington in 2010 and Seoul in 2012, is an objective that would be significantly advanced

by a greater commitment to transparency by all states with nuclear weapons.

5. Conversely, resisting transparency, whether to hide strengths or weaknesses or obscure intentions, can have significant adverse consequences. By clouding the perceptions of other states and enabling worst-case thinking to establish a stronger foothold, the absence of transparency can seriously obscure and limit opportunities for mutually advantageous accommodation.

6. The internal consistency of the message conveyed through transparency measures, whatever its depth or detail, is of great importance. The objective is to leave other states confident that the message being conveyed has integrity. It will never be the whole story, but other states must have confidence that it is consistent with the whole story.

7. Consistency over time is also crucial. It takes time for a state to make a fundamental determination that another state’s declared security posture – its intentions, concerns and capabilities – has integrity. States continually assess one another’s behaviour in response to contemporary events and developments. Consistent positive experiences are necessary for confidence to grow so that uneasy relationships need not remain mired in ambiguity, suspicion and animosity.

8. Transparency in some contexts is not just a confidence building measure but a crucial building block for specific policy outcomes. For example, advanced-stage disarmament negotiations will hinge, inter alia, on the confidence

that each nuclear state has in the absence of undeclared fissile material in other states. Early transparency measures about the production history of these materials will be indispensable to agreement on the verification measures needed to support treaty obligations to reduce nuclear arsenals to minimal numbers and, ultimately, zero. Confirming

the integrity of another state's declaration regarding this production history and current stocks of fissile material will involve a prolonged process of evaluation and cross-checking. Leaving this step to the very end will deprive the process of an invaluable indicator of common purpose and put at risk the political momentum that will be crucial to success.

9. Significant international support for greater transparency in relation to nuclear weapons has been evident in recommendations of the NPT Review Conferences of 2000 and 2010, relating to reports on the implementation of Article VI of the NPT, and to the nuclear weapon states voluntarily providing standard information to the UN:

Signed

Gareth Evans Former Minister for Foreign Affairs of Australia (APLN Convenor)

Nobuyasu Abe Former United Nations Under-Secretary General for Disarmament

James Bolger Former Prime Minister of New Zealand

Jayantha Dhanapala Former United Nations Under-Secretary General for Disarmament

Malcolm Fraser Former Prime Minister of Australia

Han Sung-Joo Former Minister for Foreign Affairs of the Republic of Korea

Pervez Hoodbhoy Professor of Nuclear and High-Energy Physics, Quaid-e-Azam University, Pakistan

Robert Hill Former Minister for Defence of Australia

Mushahid Hussain Former Minister for Information of Pakistan

Kusmayanto Kadiman Former State Minister for Science and Technology of Indonesia

Jehangir Karamat Former Chairman of the Joint Chiefs of Staff of Pakistan

Yoriko Kawaguchi Former Minister for Foreign Affairs of Japan

Humayun Khan Former Foreign Secretary of Pakistan

Yohei Kono Former Minister for Foreign Affairs of Japan

Kishore Mahbubani Former Ambassador of Singapore to the United Nations

Lalit Mansingh Former Foreign Secretary of India

Ton Nu Thi Ninh Former Ambassador of Vietnam to the European Union

Geoffrey Palmer Former Prime Minister of New Zealand

Domingo Siazon Former Secretary of Foreign Affairs of the Philippines

Jaswant Singh Former Minister for External Affairs of India

Nyamosor Tuyaa Former Minister for Foreign Affairs of Mongolia

Wiryo Sastrohandoyo Former Ambassador of Indonesia to Australia

CSCAP STUDY GROUPS

Study Groups are CSCAP's primary mechanism to generate analysis and policy recommendations for consideration by governments. These groups serve as fora for consensus building and problem solving and to address sensitive issues and problems ahead of their consideration in official processes. CSCAP currently has active study groups on the following themes –

Recently launched study groups:

- Enhancing contributions from Asia Pacific countries to UNPKO
- Nonproliferation and Disarmament
- Nuclear Energy Experts Group

Recently concluded study groups:

- Maritime Environmental Protection
- Harmonising Air and Sea SAR
- Towards Preventive Diplomacy
- Energy Security in the Asia-Pacific Region

CSCAP MEMBER COMMITTEES

CSCAP membership includes almost all of the major countries of the Asia Pacific and also includes the European Union:

Australia
Brunei
Cambodia
Canada
China
European Union
India
Indonesia
Japan
Democratic Peoples Republic of Korea
Republic of Korea
Malaysia
Mongolia
Myanmar
New Zealand
The Philippines
Russia
Singapore
Thailand
United States of America
Vietnam
Pacific Islands Forum Secretariat (Associate Member)

CSCAP PUBLICATIONS

CRSO Regional Security Outlook (CRSO)

The CRSO is an annual publication to highlight regional security issues and to promote and inform policy relevant outputs as to how Track One (official) and Track Two (non-official) actors can, jointly or separately, advance regional multilateral solutions to these issues.

CSCAP Memoranda

CSCAP Memoranda are the outcome of the work of Study Groups approved by the Steering Committee and submitted for consideration at the Track One level.

CSCAP General Conference Reports

Since 1997, the biennial CSCAP General Conference, is designed to be an international forum where high ranking officials and security experts from the Asia Pacific region meet every two years to discuss security issues of relevance and to seek new ideas in response to evolving developments in Asia Pacific security. The forum is usually attended by approximately 250 participants; making it one of the largest gatherings of its kind. Through its publications, CSCAP's recommendations have been well received by the ASEAN Regional Forum (ARF).



COUNCIL FOR
SECURITY COOPERATION
IN THE ASIA PACIFIC