### SOUTHEAST ASIA and the INDO-PACIFIC CONSTRUCT

INDU SAXENA, PhD STEPHEN NAGY, PhD





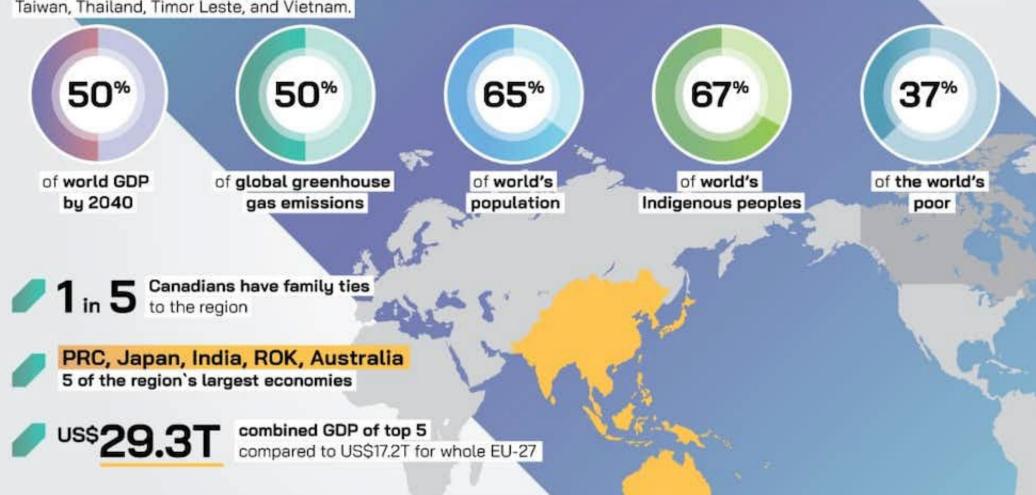
SOUTHEAST ASIA AND THE INDO-PACIFIC CONSTRUCT



## Why the Indo-Pacific matters?

### The Indo-Pacific

The Indo-Pacific comprises 40 countries and economies: Australia, Bangladesh, Bhutan, Brunei, Cambodia, Democratic People's Republic of Korea (DPRK), India, Indonesia, Japan, Laos, Malaysia, Maldives, Mongolia, Myanmar, Nepal, New Zealand, the Pacific Island Countries (14), Pakistan, People's Republic of China (PRC), the Philippines, Republic of Korea (ROK), Singapore, Sri Lanka, Taiwan, Thailand, Timor Leste, and Vietnam.



### THE INDO-PACIFIC REGION





Growing and lasting importance of Indo-Pacific Chapter 1. Southeast Asia's Indo-Pacific Balance: FOIP and BRI as Hedging Strategies to Secure Strategic Autonomy

Stephen R. Nagy, PhD, Department of Politics and International Studies, International Christian University

Chapter 2. Conceptualizing an Evolving Philippine National Security Strategy in a Changing Indo-Pacific Region: The Marcos Administration's Return to Hard Balancing Strategy Renato Cruz De Castro, PhD, International Studies Department, De La Salle University, Manila, Philippines

Chapter 3. Malaysian Perspective on Great Power Competition in the Indo-Pacific
Tharishini Krishnan, PhD, Department of Strategic Studies and a Centre of Defense and International
Security Studies (CDISS), National Defense University of Malaysia, Kuala Lumpur, Malaysia

Chapter 4. Indonesia's Careful Tread between the U.S.-China Competition in the Indo-Pacific M. Waffaa Kharisma, MSc, Centre for Strategic and International Studies (CSIS), Jakarta, Indonesia

Chapter 5. Thailand's Foreign Policy in the Indo-Pacific: Beyond Sino-U.S. Competition Mark S. Cogan, PhD, Peace and Conflict Studies, Kansai Gaidai University, Hirakata, Osaka, Japan

Chapter 6. The Potential of QUAD: Preparing for a New Order in the Indo-Pacific Satoru Nagao, PhD, Hudson Institute, Tokyo, Japan

Chapter 7. Old Is New Again: Historical Perspectives on U.S. Partners in Asia and the South China Sea

Christopher L. Kolakowski<sup>1</sup>, PhD, Jose A. Custodio<sup>2</sup>, MA, Brendan Donnelly<sup>3</sup>, MA, and Grant Willis<sup>4</sup>, MA

Chapter 8. Security Assurance Policy of the United States and Impact on its Southeast Asia Partners Leo S. F. Lin<sup>1</sup>, PhD, Indu Saxena<sup>2</sup>, PhD

Chapter 9. U.S. Integrated Deterrence Strategy in Support of Free and Open Indo-Pacific

Indu Saxena<sup>1</sup>, PhD, Leo S. F. Lin<sup>2</sup>, PhD, Neil Law<sup>3</sup>, MA, and Mohammad Rubaiyat Rahman<sup>4</sup>, LLM

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### Key take homes

Heterogeneity

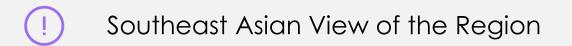
Reading the ASEAN Tea Leaves

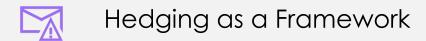
Strategic Autonomy

Multilevel engagement: ASEAN (multilateral), Minilateral, Bilateral



### Orientation





FOIP and BRI as Hedging Strategies

Multi-alignment and Diplomatic Flexibility

Conclusion

## Q38 How confident are you that China will "do the right thing" to contribute to global peace, security, prosperity, and governance?

Country	No Confidence		Little Confidence		No Comment		Confident		Very Confident	
oound y	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
ASEAN	24.8%	19.0%	33.3%	30.8%	15.1%	20.7%	20.1%	25.3%	6.7%	4.2%
Brunei	7.5%	5.0%	60.4%	16.7%	15.1%	17.5%	17.0%	59.2%	0.0%	1.7%
Cambodia	8.6%	2.2%	8.6%	16.4%	8.6%	27.6%	44.4%	43.3%	29.6%	10.4%
Indonesia	12.2%	19.8%	38.9%	38.0%	19.8%	19.8%	21.4%	16.5%	7.6%	5.8%
Laos	4.5%	0.9%	36.4%	15.9%	34.1%	39.3%	22.7%	40.2%	2.3%	3.7%
Malaysia	20.0%	8.9%	31.1%	39.5%	11.9%	22.6%	28.9%	28.2%	8.1%	0.8%
Myanmar	77.1%	53.9%	11.7%	26.1%	9.4%	12.2%	1.7%	7.0%	0.0%	0.9%
Philippines	31.5%	26.3%	50.5%	36.4%	9.3%	16.2%	8.8%	15.2%	0.0%	6.1%
Singapore	35.6%	15.9%	34.2%	40.4%	14.0%	15.9%	14.9%	21.2%	1.4%	6.7%
Thailand	21.4%	20.1%	26.5%	36.8%	17.9%	18.8%	24.8%	18.8%	9.4%	5.6%
Vietnam	29.9%	36.8%	34.7%	41.9%	11.1%	16.9%	16.0%	3.7%	8.3%	0.7%

## O50 How confident are you that the US will "do the right thing" to contribute to global peace, security, prosperity, and governance?

Country	No Confidence		Little Confidence		No Comment		Confident		Very Confident	
Country	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
ASEAN	7.4%	6.5%	22.2%	19.6%	17.5%	19.7%	39.9%	36.1%	12.9%	18.1%
Brunei	9.4%	2.5%	41.5%	10.8%	18.9%	41.7%	28.3%	35.0%	1.9%	10.0%
Cambodia	8.6%	3.0%	19.8%	6.7%	16.0%	5.2%	43.2%	26.1%	12.3%	59.0%
Indonesia	11.5%	9.9%	18.3%	40.5%	23.7%	16.5%	42.0%	25.6%	4.6%	7.4%
Laos	15.9%	0.9%	34.1%	4.7%	29.5%	29.9%	20.5%	57.9%	0.0%	6.5%
Malaysia	11.1%	8.1%	23.0%	30.6%	12.6%	19.4%	29.6%	37.1%	23.7%	4.8%
Myanmar	2.6%	15.7%	8.9%	14.8%	14.0%	11.3%	48.3%	13.9%	26.3%	44.3%
Philippines	3.0%	4.0%	19.0%	16.2%	11.5%	10.1%	50.8%	52.5%	15.8%	17.2%
Singapore	5.0%	7.2%	26.1%	31.3%	13.5%	17.3%	41.4%	33.7%	14.0%	10.6%
Thailand	6.0%	9.0%	20.5%	25.7%	19.7%	16.7%	38.5%	35.4%	15.4%	13.2%
Vietnam	1.4%	5.1%	11.1%	14.7%	15.3%	28.7%	56.9%	43.4%	15.3%	8.1%

Southeast Asia and the bilateral relationship between the US and China In 2020 PM Lee Hsien Loong in his essay in Foreign Affairs Magazine argued that Southeast Asian countries do not want to choose between the US and China (Lee, 2020)

Southeast Asia wants to continue its beneficial economic relationship with China.

We find that Southeast Asian countries trust Japan and the EU much more than the US and China (in that order)

The 2023 iteration of the Asia Power Index illustrates that China continues to be in a more dominant position compared with US in terms of free trade agreements in the region, its economic networks and dominant (but shifting) position within the region's supply chains. (Patton et al., 2023)

Southeast Asia and the bilateral relationship between the US and China

- China's economic footprint, strong linkages into Southeast Asia continue to be the bedrock of its relationship and ability to influence region.
- the US has a large security and diplomatic footprint in the region tethered together with security partnerships including those with the Philippines, Singapore, and Thailand.
- US-ASEAN trade totalled US\$234 billion in 2015, while US companies invested US\$32.3 billion in ASEAN countries in 2012–2014 alone more than three times that of China.
- The total stock of US foreign direct investment (FDI) in the region is US\$226 billion more than that of China, Japan and the European Union combined. Washington also contributes a variety of regional aid programs such as the Lower Mekong Initiative, and its US\$4 billion in aid (as of 2015) outstrips that from Beijing three to one." (Shambaugh, 2018))

## Research questions?

- How does Southeast Asia manages the conundrum that its largest economic benefactor China is also a geopolitical challenger to the region's cohesion and rulesbased order?
- How do Southeast Asian states balance their economic interests and security interests? What is the role of the Free and Open Indo-Pacific Vision (FOIP) and Belt and Road Initiative (BRI) in that balancing process?
- How can we conceptualize these balancing actions using hedging?

### Concept of Hedging

A set of strategies to avoid undecided situation with straightforward alternatives (Goh, 2006).

A behavior to offset risks by pursuing multiple policy options with mutually counteracting effects at high-uncertainties/stakes (Kuik, 2008).

A continuum between bandwagoning & balancing.

### Balance of power logic: Risk contingency -Hedging (Kuik 2007, p. 163)

Hedging	Indirect balancing	Dominance Denial	Return- maximizing	Binding-enagement
Major characteristics	Coalition building, bargaining within international institutions, short of formal alliances (Saltzman, 2011)	Preventing and denying the emergence of a predominant power that may exert undue interference on smaller countries (Kuik, C.C. p.164)	Maximizing economic, diplomatic and political benefits from a positive relationship with a rising power (Kuik, C. C. 2016, p.504)	Maximize diplomatic benefits by engaging and binding a big power in various institutionalized bilateral and multilateral platforms, for the functions of creating channels of communication and increasing the status-quo tendency of the power's behaviour (Kuik, C.C. 2016, p.504)

### Balance of power logic: Soft vs Hard Balancing

	Soft balancing	Hard balancing
Objective	Constraint Restrict (McDougall, 2012, pp.3-4)	Undermine or confront emerging state (Saltzman, 2012, p.133)
Tools	Non-military assets: economic tools, international institutions, diplomacy (Pape, 2005, p.17)	Military build-up, alliance, military technology (Pape, 2005, p. 36)

## FOIP and BRI as Hedging Strategies

### Belt Road Initiative

- New developmentalism?
- ▶ Geo-economics?
- ► Economic autonomy?
- ► Security?
- Grand strategy?





- > Massive scope of the BRI:
  - > 150 plus countries and growing
  - ➤ Investments of over **US\$1.4 trillion** in announced projects up to mid-2016 and an estimated **US\$4 trillion** cost for all projects (Sheng 2017)
  - > 2015: Chinese enterprise along New Silk Road totalled **US\$14.8 billion**, **1/8 of China's total ODI** (Sheng 2017)

### BRI in a chart

Timeline		2013-2016: Mobilization; 2016-2021: Planning; 2021-49: Implementation
Geographic Scope		60-65 countries; 19 Chinese provinces; 6 Economic Corridors (21st century maritime silk road: China-Inchina Peninsula economic corridor)
Principles		Five Principles of Peaceful Coexistence Openness Harmonious and inclusive Market rules Mutual benefit
Framework		Vision and Actions on Jointly Building the Silk Road Economic Belt and 21st Century Maritime Silk Road
Priorities cooperation	for	Five links: Policy coordination; Infrastructure connectivity; Unimpeded trade; Financial integration; People-to-people exchanges
Mechanisms		Existing bilateral and multilateral cooperation mechanisms: APEC, ASEAN+1, Asia Cooperation Dialogue, Asia-Europe meeting, Conference on Interaction and Confidence-building Measures in Asia, Greater Mekong Subregion, and Shanghai Cooperation Organization.  International forums: Boao Forum for Asia, China-ASEAN Expo, and Euro-Asia Economic Forum

Source: Nadege Rolland, China's European Century? Political and Strategic Implications of the Belt and Road Initiative, Seattle, WA, and Washington, D.C.: The National Bureau of Asian Research, 2017.



# Free and open Indo-Pacific (FOIP)

### A New Foreign Policy Strategy: "Free and Open Indo-Pacific Strategy"

"Diplomacy that takes a panoramic perspective of the world map"

"Proactive Contribution to Peace" based on the principle of international cooperation

Based on the accomplishments of the Abe Administration, Japan intends to further improve and expand these diplomatic concepts

### "Free and Open Indo-Pacific Strategy"

A key for stability and prosperity of the international community is dynamism that is created by combining

"Two Continents": Asia that is rapidly growing and Africa that possess huge potential of growth; and

"Two Oceans": Free and open Pacific Ocean and Indian Ocean

⇒ broaden the horizon of Japanese foreign policy by envisioning the above as an overarching, comprehensive concept

### Africa

- Full of potential
- population around 1.1 billion (15% of global population)
  - → around 2.5 billion in 2050
- account for 30,000,000 km
   (22% of global area)
- high economic growth rate (4.2% on average (2002-2013))
- rich in natural resources and promising markets
- progressing as a "developing continent" whereas still challenged by poverties andterrorism etc.



Japan will provide nation-buildingsupport in the area of development as well as politics and governance, in a way that respects the ownership of African countries, and not by forcing on or intervening in them Improve "connectivity" between Asia and Africa
through free and open Indo-Pacific, and promote
stability and prosperity of the region as a whole

The Pacific Ocean

The Indian Ocean

39. To make the "Free and Open Indo-Pacific Strategy" into shape, Japan will strengthen strategic collaboration with India, which has a historical relationship with East Africa, as well as the US and Australia.

"Free and Open Indo-Pacific Strategy"

#### Asia

- Increase of awareness of confidence, responsibility and leadership, as well as democracy, rule of law and market economy taking root in South East and SouthAsian countries
- ⇒ Currently expanding its success to Africa and bring out the potential of Africa as a "global main player" through a free and open Indo-Pacific



Japan will expand infrastructure development, trade and investment, and enhance business environment and human development from East Asia as a starting-point, to the Middle East and Africa

### Inclusivity

Infrastructure and connectivity (including digital economy)

Trade

Rules-based order (RBO): Digital, Maritime, Space, Trade

Maritime Security

Key pillars

### Comparing key tenants of FOIP and BRI

	Japan FOIP	China (BRI)
Regional Order (power)	Multipolarity with U.Sleadership + Coalition of Willing	New Type of Great Power Relations + China centered Asia
Regional Order (value)	Free, Open & Rules-based (inclusive)	Non-intervention to core interests (exclusive)
Principle	Rule of Law	Non-intervention (Westphalian)
Structure	Hierarchical (US-led) for Horizontal (RBO)	Hierarchical for China (China Dream)
Asia policy	Assisting autonomous, rules-based & good-governed development (FOIP)	Creating economic reliance on China
Implication for investment	RBO, high standards, fiscal sustainability, environmentally high standards, transparency, good governance, international standard, market-based competition	Standards set by Beijing, negotiating closed digital system, privacy??,

Adapted from: Hanada Ryosuke's presentation "Turbulences in the International Order: Japan's Free and Open Indo-Pacific and Rules-based Order International Christian University. 5 February 2020

## FOIP and BRI as Hedging Strategies

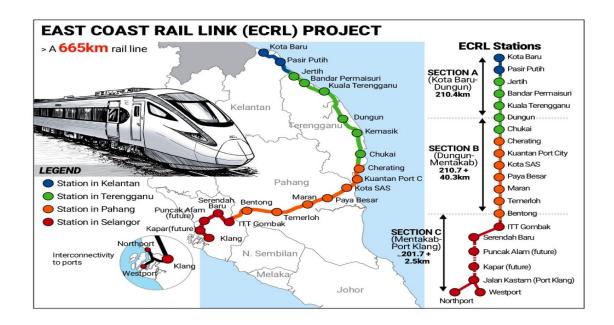
Southeast Asian states have benefited from engaging with the Free and Open Indo-Pacific (FOIP) plan and Belt and Road Initiative (BRI) as part of their efforts negotiate the increasingly challenging US-China strategic competition and security strategic autonomy.

Economic opportunity, trade and connectivity, partnership diversification, security partnerships, infrastructure and development, and people-to-people exchanges

Tactically hedging as Koga (2023a, b) writes to preserve and secure strategic autonomy but not alienate their important economic and security partners.

### Various Opportunities

- States are leveraging their engagement with the BRI to attract foreign direct investment (FDI) and develop critical infrastructure projects.
- Southeast Asia in general promoting intra-regional economic integration through infrastructure and connectivity projects
- "fractured growth" (Calabrese and Wang, 2023)



## Tools: Development based FOIP

- ▶ Infrastructure connectivity
- ► EWEC, NSEC, SEC
- Promote for intra-ASEAN economic synergy
- Capacity building



### Security Cooperation

- Rather than dominance denial, Southeast Asian states are engaging in indirect balancing through the FOIP plan that includes components for security cooperation and maritime domain awareness.
- Southeast Asian states, particularly those with territorial disputes in the South China Sea, have welcomed the FOIP plan's support in ensuring freedom of navigation and upholding international law (Hosoya, 2019; Koga, 2022)
- They also welcome the numerous strategic partnerships that Japan has cultivated in the region (Nagy, 2018) neral promoting intra-regional economic integration through infrastructure and connectivity projects

### FOIP and BRI Together

- Southeast Asian states have experienced various benefits from engaging with the FOIP plan and BRI
- However, they also face challenges and risks associated with great power competition, project sustainability, protecting national interests, and managing debt vulnerabilities. Balancing these factors
- The most critical of areas are maintaining strategic autonomy, multi-alignment and engagement, diplomatic flexibility and pragmatism, constructive engagement and dialogue, and regional cooperation and solidarity.

### Multi-alignment and Diplomatic Flexibility

- Southeast Asian states continue to prioritize maintaining their strategic autonomy and independence in their foreign policy choices.
- 2. Multi-alignment and engagement serve Southeast Asian states to leverage competing interests among these powers to their advantage.
- 3. ASEAN centrality, the character of each Southeast Asian state when it comes to multi-alignment varies.

Southeast Asian states strive to maintain diplomatic flexibility and pragmatism when interacting with major powers such as China or the US and even Japan

### Key Takeaways

Southeast Asian states balance their relationships with major powers while engaging in the FOIP plan and BRI

- Maintaining strategic autonomy,
- 2. Employing multi-alignment and engagement
- 3. Practicing diplomatic flexibility and pragmatism
- Emphasizing constructive engagement and dialogue
- Employing hedging and risk management strategies
- Promoting regional cooperation and solidarity,
- 7. Protecting their national interests and sovereignty.

These approaches enable them to navigate the complex dynamics of great power competition and safeguard their autonomy in the region.