



“Belt and Road” vs. “Free and Open Indo-Pacific”: Competition Over Regional Order and ASEAN

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Introduction

China has strongly promoted the Belt and Road Initiative (BRI) in recent years. The BRI aims to develop a vast economic zone by improving the land transportation route extending from China to Central Asia and Europe (Silk Road Economic Belt) and maritime transportation routes from China to Southeast Asian waters, the Indian Ocean, and the Mediterranean Sea (Twenty-first Century Maritime Silk Road).¹ In accordance with the BRI, China has supported infrastructure development in countries across the region, primarily through loans of government-affiliated financial institutions. In addition, China is advancing the establishment of Chinese standards-based digital infrastructure of the “New Digital Silk Road” in the regional countries, especially developing countries. This is an attempt to establish a regional order focused on China in the IT domain.²

Meanwhile, Japan and the United States have put forward the vision of a “Free and Open Indo-Pacific.” This vision envisions connecting Asia and Africa by the Indian and Pacific Oceans. The vision seeks to increase economic growth of the region through free trade and infrastructure development, while promoting security cooperation, mainly in the seas. The BRI and the Free and Open Indo-Pacific are two regional order initiatives that compete with each other. Southeast Asia occupies a central position in the two regional order initiatives, both geographically and strategically. Southeast Asia, located in the center of the Indo-Pacific, forms the nexus of the

Pacific and Indian Oceans. It is also a geopolitically important region that possesses internationally vital maritime transportation routes, such as the South China Sea and the Strait of Malacca. From this perspective, this article examines the view and responses of the Association of Southeast Asian Nations (ASEAN) relating to the two regional order initiatives.

Belt and Road Initiative and ASEAN

ASEAN has been keen on joining the BRI since its inception. The primary objective was to receive China’s financial assistance for infrastructure development in the ASEAN region.

With regard to regional infrastructure development, ASEAN has advocated strengthening “ASEAN Connectivity.” The concept of connectivity was set out comprehensively for the first time at the ASEAN Summit in 2009. One of the concept’s priorities was to develop transport infrastructure, namely, physical road, rail, air, and sea linkages within ASEAN, and network the various means of transport.³ In the following year, 2010, the “Master Plan on ASEAN Connectivity” (Hanoi Master Plan) was unveiled. It laid out three directions for strengthening connectivity to be achieved by ASEAN: infrastructure development (physical connectivity); effective institutions and mechanisms (institutional connectivity); and promotion of people-to-people exchanges (people-to-people connectivity).⁴

The projects promoted by ASEAN for enhancing connectivity required vast funding for physical

infrastructure development, and its financing was premised on proactive assistance from non-ASEAN countries. In this regard, the BRI is inherently linked with ASEAN Connectivity, in that the former promotes infrastructure development in a variety of countries and regions using Chinese financing and other supports. Since its founding, all ASEAN member states joined the Asian Infrastructure Investment Bank (AIIB) established under China's leadership. This demonstrated vividly the extent to which ASEAN needed China's assistance and the extent to which ASEAN was keen to participate in a China-centered assistance scheme.

In August 2016, following the establishment of the ASEAN Community including the Economic Community, ASEAN unveiled the "Master Plan on ASEAN Connectivity 2025" (New Master Plan). It is a revised version of the Hanoi Master Plan, summarizing efforts that had been made to strengthen connectivity and setting out a work plan for the period following the Community's establishment. While maintaining the three concepts of the Hanoi Master Plan, i.e., physical, institutional, and people-to-people connectivity, the New Master Plan presents five strategic areas: 1) sustainable infrastructure; 2) digital innovation; 3) seamless logistics; 4) regulatory excellence; and 5) people mobility. By having "sustainable infrastructure" development at the beginning, the New Master Plan indicates once again that the development of physical infrastructure, including road, rail, and port, is a top priority for ASEAN. As part of the concrete work plan, the New Master Plan states that, according to its preliminary calculation, more than US\$110 billion needs to be invested in ASEAN annually in order to meet the infrastructure demand of its member states, and underscores that ASEAN must look for various funding vehicles to secure this vast amount, including assistance from non-ASEAN governments.⁵ In this sense, the BRI and ASEAN Connectivity are mutually complementary. Furthermore, strengthening connectivity is mutually

beneficial for ASEAN and China as they are a major trading partner and region.

There is a wide range of infrastructure development projects in ASEAN that can be considered part of the BRI. Examples include projects to develop: a high-speed rail service connecting Kunming, Yunnan Province in China and Vientiane, capital of Lao PDR; a high-speed rail service connecting Bangkok, capital of Thailand, and Nakhon Ratchasima, a city in northeastern Thailand; a high-speed rail service connecting Jakarta, capital of Indonesia, and Bandung, a major city in Indonesia; a rail service called the East Coast Rail Link (ECRL) in Malaysia; and ports in Cambodia and Myanmar.

China's infrastructure development assistance is, however, not all convenient for ASEAN. The question of how to balance security issues, most notably South China Sea disputes, and economic cooperation has been a challenge for ASEAN for many years. Vietnam, for example, attempts to meet its enormous need for infrastructure development funding by balancing the BRI and assistance from Japan and other countries in order to avoid increasing Vietnam's dependence on China. The purpose is to secure political and diplomatic leverage over China between which there are security issues, including disputes regarding territorial claims in the South China Sea.⁶

"Rebalancing" by ASEAN

Although ASEAN was keen to join the BRI, member states have begun to change their policies since the beginning of 2018, in a move that seems to almost defy their previous enthusiasm to join the BRI. One of the influencing factors was Sri Lanka's handing over of control of Hambantota port to China on a 99-year ultra-long-term lease, all because the country was unable to repay its debt. Seeing the Sri Lankan case, ASEAN member states have begun to link the BRI and territorial sovereignty, and fearing the "debt bomb," review the economic viability and debt repayment feasibility of

related projects.

A leading example is Malaysia. During the previous Najib administration, Malaysia and China agreed on numerous large-scale infrastructure development projects, including ECRL. The general election results in May 2018 led to Malaysia's first ever change in government, and Prime Minister Mahathir who took over the government announced the review of such projects. Subsequently, the Prime Minister indicated his intention to renegotiate ECRL from the perspective of profitability, as well as postpone the high-speed rail project connecting Kuala Lumpur and Singapore. In August 2018, Prime Minister Mahathir visited China and held meetings with President Xi Jinping and Premier Li Keqiang. Prime Minister Mahathir reportedly conveyed to his Chinese counterparts during the meetings that Malaysia would suspend several projects, including ECRL.

In Myanmar, concerns about the high project costs for the development of Kyaukpyu port have led to moves to review the project. In Indonesia, observers have pointed out significant delays in the construction schedule for the Jakarta-Bandung rail project. As for Thailand, talks with China have stalled concerning the interest rate on loans for the railway extension. Such review of the BRI projects signifies renegotiations based on profitability and debt repayment feasibility, and does not signify a reduction in ASEAN-China economic cooperation. Nevertheless, it shows that ASEAN is moving to avoid one-way economic dependence on China and once again restore balance between China and other countries.

“Free and Open Indo-Pacific” and ASEAN

As regards the Free and Open Indo-Pacific (FOIP), in principle ASEAN would like Japan and the United States to be proactively engaged in the region to achieve a balance with rising China. In this sense, the rivalry between the BRI and FOIP is in line with ASEAN's pursuit of a balance among the major powers. With

regard to FOIP itself, while ASEAN endorses the vision's promotion of connectivity enhancement and economic development, at the current point in time it has a mixture of concern and high expectation, with concern superseding expectation.

There are two reasons for ASEAN's concerns regarding FOIP. The first is the fear that it would undermine ASEAN Centrality. FOIP is principally led by Japan, the United States, Australia, and India, and ASEAN does not have a central role. ASEAN has construed the “Asia-Pacific” as a core region and prides itself on evolving various multilateral security and economic cooperation frameworks with ASEAN playing a central role. From the standpoint of ASEAN, FOIP could potentially decrease its role in the region. In addition, FOIP construes the “Indo-Pacific” as a region and promotes the sharing of values. If members of FOIP must share the values enshrined in the vision, it is not necessarily clear whether all ASEAN member states would join. There is no guarantee that FOIP would secure the unity of ASEAN as well as its centrality, which is made possible only by ensuring ASEAN's unity.

The second reason is the risk of helping contain China. ASEAN has tended to associate FOIP with the Quadrilateral Security Dialogue (QUAD) comprised of Japan, the United States, Australia, and India. The objective of FOIP is not to contain China, but to work collectively to ensure that growing Chinese power is not used to challenge, circumvent, or ignore the rules-based order and ultimately encourage China and other countries to abide by existing rules and principles.⁷ Nevertheless, coupled with China's wariness, ASEAN too has considered security cooperation frameworks, notably QUAD, as being part of FOIP. ASEAN is wary that FOIP would be aimed at containing China. For ASEAN, this represents a deviation from its conduct principle of balancing external relations.

ASEAN has taken a three-pronged response to FOIP. First is the presentation of an independent proposal. At

an ASEAN informal summit in Singapore in April 2018, Indonesia put forward the “Indo-Pacific Cooperation” strategy, a unique strategy that differs from FOIP. Its basic principles are: 1) establishment of an inclusive, transparent, and comprehensive framework; 2) beneficial for the long-term interests of all countries in the region; 3) based on a joint commitment by countries in the Indo-Pacific to uphold peace, stability, and prosperity; and 4) respect for international laws and ASEAN Centrality. In this way, Indonesia explores a third path between FOIP, advocated by Japan and the United States, and the rising China.⁸

Second is waiting for Japan and the United States to reconsider FOIP based on ASEAN’s response. Prime Minister Lee Hsien Loong of Singapore, the Chair of ASEAN for 2018, has stated that FOIP is in the process of evolving, and “We hope that the eventual outcome will be an inclusive and open regional architecture, where all countries engage one another peacefully and constructively. We do not want to end up with rival blocs forming or countries having to take one side or the other.” The Prime Minister revealed that he wishes for FOIP to transform in a manner that is sensitive to ASEAN’s hopes.⁹ Both Japan and the United States are aware of ASEAN’s cautious posture. For example, at the series of ASEAN meetings in August 2018, Secretary of State Pompeo and Minister for Foreign Affairs Kono underscored the importance of cooperating with ASEAN under the FOIP framework, and that ASEAN Centrality would be secured.

Third is expressing its position at ASEAN high-level meetings. The Joint Communiqué of the ASEAN Foreign Ministers’ Meeting in August 2018 states, “We discussed some of the new initiatives proposed by ASEAN’s external partners to deepen engagement of our region, such as the concepts and strategies on the Indo-Pacific, the BRI and the Expanded Partnership for Quality Infrastructure. We agreed to explore mutually beneficial cooperation and create synergies with these

initiatives, on the basis of ASEAN Centrality, particularly with a view towards promoting peace, stability as well as deepening trade, investment and connectivity in our region. We reaffirmed the need to strengthen an ASEAN-centric regional architecture that is open, transparent, inclusive and rules-based.”¹⁰ ASEAN expressed interest in cooperating with FOIP, particularly on infrastructure development and economic cooperation.

Furthermore, the Joint Communiqué states, “We noted the briefing on Indonesia’s Indo-Pacific concept. We looked forward to further discussion on the Indo-Pacific concept, which embraces key principles such as ASEAN Centrality, openness, transparency, inclusivity, and rules-based approach, while contributing to mutual trust, mutual respect and mutual benefit.” ASEAN thus expressed its intention to advance discussions based on Indonesia’s initiative.¹¹

Conclusion

The basic principle of ASEAN’s activities with external countries is “balance,” especially balance between the United States and China. In this regard, ASEAN should take the path of exploring the possibility of joining FOIP advocated by Japan and the United States, not becoming incorporated unilaterally into the BRI promoted by China. The discussion regarding whether ASEAN’s approach is feasible, i.e., not backing either initiative and maintaining a friendly relationship with both, naturally leads to the question of whether two regional orders (initiatives) can exist simultaneously in a single region. Conversely, it is also a test of ASEAN’s resilience, namely, whether it can maintain strategic autonomy between the two major powers of the United States and China and the regional order initiatives they respectively promote.

(Submitted on November 1, 2018)

¹ The National Institute for Defense Studies, *East Asian Strategic Review 2018*, p. 55.

² Daniel Kliman and Abigail Grace, “Power Play: Addressing China’s Belt and Road Strategy,” Center for a New American Security, September 2018, pp. 10-11.

³ ASEAN, “ASEAN Leaders’ Statement on ASEAN Connectivity,” Cha-am Hua Hin, Thailand, October 24, 2009.

⁴ ASEAN, “Master Plan on ASEAN Connectivity,” Hanoi, October 28, 2010, p. i.

⁵ ASEAN, “Master Plan on ASEAN Connectivity 2025,” Vientiane, September 6, 2016, pp. 9-10, 24, 43.

⁶ Le Hong Hiep, “The Belt and Road Initiative in Vietnam: Challenges and Prospects,” Perspective (ISEAS Yusof

Ishak Institute, Singapore) March 29, 2018, pp. 4-5.

⁷ John Lee, “The ‘Free and Open Indo-Pacific’ and Implications for ASEAN,” Trends in Southeast Asia, No. 13 (ISEAS Yusof Ishak Institute), 2018, p. 16.

⁸ Vibhanshu Shekhar, “Is Indonesia’s ‘Indo-Pacific Cooperation’ Strategy a Weak Play?” PacNet#47, July 17, 2018.

⁹ “Responses by Prime Minister Lee Hsien Loong to Questions from Australian Media.”

¹⁰ ASEAN, “Joint Communiqué of the 51st ASEAN Foreign Ministers’ Meeting,” Singapore, August 2, 2018, p. 23.

¹¹ Ibid.

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