

# Asia and Competing Visions of Regional Order: Free and Open Indo-Pacific and Belt and Road Initiative

Muhammad Faisal\*

## Abstract

*Under Donald Trump's presidency, the United States (US) pushed forward the concept of a Free and Open Indo-Pacific (FOIP). Meanwhile, China is expanding cooperation across the Eurasian continent and the Indian Ocean Region (IOR) under the Belt and Road Initiative (BRI) framework. Since 2013, the BRI has expanded to more than 60 countries. Initially, the US watched BRI growing as the Obama administration sought to integrate China into the global order. However, now Washington is pushing back with the goal of limiting the growing Chinese presence in the Eurasia and Asia-Pacific region. Consequently, Sino-American competition in Asia-Pacific has been accelerating. This has the potential to affect the strategic and economic engagement of China and the Eurasian nations as the regional order evolves. Asian countries increasingly find themselves in a fix-either support a current superpower or align with the major power of the region which, in the long-run, can displace the US as a superpower. The third option for them is to hedge between Beijing and Washington by cooperating with both in selective economic and foreign policy endeavours. This can complicate successful implementation of both the Indo-Pacific strategy and the BRI.*

**Keywords:** FOIP, BRI, China, US Great-Power, Strategic Competition.

## Introduction

For decades, the United States (US) shaped the order in Asia and its three sub-regions: East Asia, North Asia and South Asia. Washington organised this around its military and economic supremacy, supported by a web of alliances and treaties with countries across Asia. Political, economic and security bargains held it together. In a way, America was the hegemon in Asia since it provided security, sustained stability,

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\* The author is a Research Fellow, China-Pakistan Study Centre (CPSC), Institute of Strategic Studies Islamabad.

supported market economies and maintained partnerships with an array of political actors in the region. This is now changing.

In Asia, a rising China is driving a new geo-political balance of power. When the ‘old order’ was being shaped, Beijing was marginalised in the international political order. Gradually, due to its remarkable economic growth and the expansion of regional trade, China is now an indispensable part of the global order. Ironically, China has risen economically, in many ways, by taking advantage of the old order. New shifts in this order are now taking place. Asia has been interconnected through increased intra-regional trade, investment and multilateral agreements. Meanwhile, the rise of China, economically and militarily, is giving competitive dynamics to the Asian order. As multilateral economic cooperation and trade are growing in Asia, so are the signs of a major power contest between China and the US.

Two hierarchies are discernible. First, the security hierarchy is dominated by the US. Second, the economic hierarchy is dominated by China. Asian countries continue to look towards Washington to provide security and boost their military capabilities. Meanwhile, most of the region’s countries are tied closely to China in the matters of commercial and economic cooperation. Earlier, most nations had the US as the major trading partner. Now China is the leading trade partner of the Asian economies. This shows that though America remains the largest economy in the world, the economic hub of Asia is China. In future, China will surely gain even more ground.

This dual hierarchy raises crucial questions for the long-term strategic outlook of Asia and the choices that the regional countries will make in future. Earlier, the regional and global order was tied to a single great power, providing security and ensuring trade. It made choice for the weaker or middle states<sup>1</sup> straightforward: the military and economic hegemon was one superpower.<sup>2</sup>

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<sup>1</sup> This article refers ‘middle states’ to countries such as South Korea, Singapore, Thailand, Vietnam and other ASEAN countries which are linked to the US for security cooperation and reliant on China for economic growth.

<sup>2</sup> Evan A. Feigenbaum and Robert A. Manning, “A Tale of Two Asias,” *Foreign Policy*, October 31, 2012, <https://foreignpolicy.com/2012/10/31/a-tale-of-two-asias/>

With this background, this paper explores critical questions including: How does the order evolve when secondary or middle states are tied to separate major great powers for fulfilling their security and economic needs? What policy options can middle states exercise in this dual hierarchical order? Can they shape a strategic environment which keeps a balance between their security provider and their economic partner?

This paper is a qualitative analysis of the dynamics in the Asian order influenced by the Sino-US competition. It analyses the FOIP strategy and the BRI. On the basis of this analysis, the paper explores adjustments made by Asian nations in dealing with the pulls and pressures of both the major powers. The study is based on official documents and statements issued by the governments of the US, China and countries across the Asia-Pacific region.

This study is significant because the strategic future of Asia is tied to a stable regional order. Both China and the US have put forward competing visions, that is, the FOIP and the BRI. They have held the centre stage of discussions on international security. However, the regional order will be influenced by how middle states respond to growing Sino-US competition. This study will add to the existing literature and analyse from a policy-perspective the choices available to the middle states, and how those choices will influence the strategic environment in Asia.

This paper comprises of four sections. The first part will cover a theoretical discussion on types of international order followed by choices available to middle states in this international order. The second section will survey what China and the US are offering to the middle states of Asia. The next section will delve into the policy discussions of middle states to analyse how they are responding to the BRI and the FOIP. The final section will chart trends influencing the strategic environment of Asia.

## **Theoretical Framework**

The Asian order is in transition, but what is the order precisely? According to international relations scholarship, the order alludes to those arrangements and norms — institutions, rules, relationships and alignments that direct interaction between states. The order refers to those cardinal principles and rules that guide and shape bilateral and multilateral relations.

When these rules and norms are not followed it leads to disorder and uncertainty. The order can be regional or global. The order can be a consensus of group of states or it can reflect on agreed-upon rules of international conduct or it can be imposed by a hegemonic state. Theoretically, the order is organised around hegemonic principles or the balance of power framework.

Robert Gilpin provided theoretical reasoning behind hegemonic order.<sup>3</sup> The dominant states use their material capabilities such as power, economy, technology and ideology to build and sustain order. In this order, rules and norms are set and enforced by a great power through its coercive capabilities. A hegemon has, at its disposal, the means for direct and indirect coercion to maintain control. Gradually, military power and economic resources erode, and new challenges to the hegemon emerge. Hegemonic wars take place and lead to the emergence of a new order when states get together to set new rules. Again, a new hegemon enforces rules and sustains order until challenged. Hence, the cycle repeats itself.

In contrast, the order can also be founded on the balance of power as theorised by Kenneth Waltz.<sup>4</sup> A power equilibrium among major states in international system can establish and sustain the order. No major power can dominate the system. Alignments and re-alignments take place constantly, as states compete and manoeuvre to prevent a leading state from establishing dominance. In this decentralised order, the optimum strategy of ensuring security for all the states is to continue balancing power. Inevitably, the weak or middle nations band together to counter-balance and resist a dominant power.

In this context, the current order in Asia exhibits both phenomenon: hegemony and balance. For more than five decades, America was the dominant power in Asia and order was organised around the US-led economic and security arrangements. The increase in the relative power of China has led to the emergence of trends within the regional order that led to a relative balance of power. As power is shifting, the logic of the new international order is becoming apparent. As the US is losing its pre-eminent status, China is rising and gaining more space. In this moment of

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<sup>3</sup> Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981).

<sup>4</sup> Kenneth Waltz, *Theory of International Politics* (New York: Wiley, 1979).

transition, other states are also challenging the leading state — the US for gaining more control. New rising states have their own goals and struggle ensues over rules, norms and arrangements that shape the order itself. In these moments of power shifts, major powers strive to expand their strategic space in the international system.

The dynamics of the order are visible in the strategies adopted by the middle states, both large and small during power transitions. The decision-makers in Asian countries face, at least, seven choices on dealing with the emerging strategic environment in Asia: non-alignment, hedging, internal balancing (building indigenous military capabilities), regional balancing, tying major powers to regional institutions, aligning with China and deepening economic and military alignment with the US. None of these options are easy and every choice has its advantages and disadvantages. Theoretically, the choices available to Asian nations can be divided into three categories. First, Asian countries can choose to deepen their existing cooperation with the US as the threat from China increases. This is primarily due to the dependency caused by decades of alignment, that is, by being part of the US-led system in Asia. Moreover, states often view a distant hegemon as more benign than a continental neighbour, and thus, seek their involvement in balancing powerful neighbours.<sup>5</sup> This form of balancing, however, carries with it substantial domestic political and economic costs leading to a gradual erosion of strategic autonomy.

Second, Asian states can choose buck-passing over balancing. At present, despite its growing economic and military prowess, China is far from being a direct threat to Asian countries. Establishment of an Air Defence Identification Zone (ADIZ) in East Asia and constructing islands in the South China Sea are defensive developments from China's perspective. So far, China has not disturbed the present *status quo* in Asia.

Third, the middle states can pursue strategic hedging. Asian nations are noticing a 'decline' in the US influence over the long-term. China has developed the capacity to field advanced maritime assets in considerable numbers, which if continued in similar fashion in the future, can undercut

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<sup>5</sup> Jack S. Levy and William R. Thompson, "Balancing on Land and at Sea: Do States Ally Against the Leading Global Power?," *International Security* 35, no. 1 (2010): 7-43, <https://doi.org/10.1002/polq.12430>

American capabilities and its resolve to fight in Asia.<sup>6</sup> And, in the meantime, Asian states can build a constructive relationship with China through confidence-building measures (CBMs) to enhance mutual trust. This study argues that, in the long-term, Asian countries will prefer a balance of power-based order in Asia. Consequently, the preferred strategy in the medium-term will be strategic hedging.

## Competing Visions of Regional Connectivity

### *Free and Open Indo-Pacific*

The origins of the FOIP policy lie in Washington's 'Pivot to Asia' strategy announced during the Obama era (2009-17). Its objective was to shift the focus of American foreign policy from the Middle East to Asia-Pacific. In 2017, the Trump administration reviewed the US' strategic posture and withdrew from the 2016 twelve-member Trans-Pacific Partnership (TPP) agreement. Later, however, the Trump administration embraced competition with China and advocated the FOIP strategy. It aimed at redefining the Asian order through a multilateral regional process as manifested in renaming it as Indo-Pacific from Asia-Pacific.

Under the Trump administration, the US has pursued an inward-looking nationalistic foreign policy to replace the liberal foreign policy of the Obama era. This shift is more pronounced in policy towards China, as Washington has embraced a 'realist' approach. The policy documents, "National Security Strategy" (NSS) of 2017<sup>7</sup> and "National Defence Strategy" (NDS) of 2018, directly term China as the 'strategic competitor' of the US and its partners.<sup>7</sup> The NSS declared "geopolitical competition" is underway between "free and repressive visions of world order."<sup>8</sup> Moreover, the NSS argues Beijing aims to "displace" Washington in this region

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<sup>6</sup> Lyle Goldstein, "The US-China Naval Balance in the Asia-Pacific: An Overview," *China Quarterly*, no. 232 (December 2017): 910, 920–21, <https://doi.org/10.1017/S030574101700131X>

<sup>7</sup> Summary of the 2018 *National Defense Strategy the United States of America*, United States Department of Defense, January 19, 2018, 2019, <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf> 1-2

<sup>8</sup> "National Security Strategy of the United States," White House, December, 2017, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>, 45.

through its “state-driven economic model” with the ultimate goal of reordering the “region in its favour.”<sup>9</sup> To compete and win the long-term competition, Washington, thus, has accorded foremost priority to maintaining a favourable power balance in the broader Asia-Pacific region. For achieving its geo-strategic goals, the US is pursuing a networked security architecture bringing together multilateral and bilateral security partnerships.<sup>10</sup>

At the core of the FOIP is the concept of ‘Quad,’ comprising of Australia, India, Japan and the US. It aims to counterbalance expanding Chinese influence in Asia. The stated goal of Quad is to establish and promote a ‘rules-based’ economic and security order. Yet, strategic thinking of these four states about Indo-Pacific is diverse. Japan embraces the idea of the FOIP in entirety. In fact, the term ‘Free and Open Indo-Pacific’ has been borrowed from Japanese leadership. It was suggested by Prime Minister Shinzo Abe in 2007. He called for linking Indian and Pacific Oceans for ‘preserving common good.’<sup>11</sup> Next, 2013 Defence White Paper of Australia was the first official policy document by Canberra to call the region as ‘Indo-Pacific.’<sup>12</sup> The White Paper proposed to maintain a new strategic focus for Australia from “India through Southeast Asia to Northeast Asia, including the sea lanes of communication.”<sup>13</sup>

In late 2017, the Trump administration placed renewed emphasis on the Indo-Pacific region. The former Secretary of State, Rex Tillerson claimed that rules-based order that has supported the economic rise of China and India is under threat from revisionist China. He called for a ‘strong relationship’ with India for ‘peace, stability and growing prosperity’ in the

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<sup>9</sup> Ibid., 25.

<sup>10</sup> Summary of the *2018 National Defense Strategy of the United States of America*, United States Department of Defense, January 19, 2018, <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>, p4&9.

<sup>11</sup> Shinzo Abe, “Confluence of the Two Seas,” Speech by H. E. Shinzo Abe, Prime Minister of Japan at the Parliament of the Republic of India, August 22, 2007, <https://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html>.

<sup>12</sup> Rory Medcalf, ‘In defence of the Indo-Pacific: Australia’s New Strategic Map’, *Australian Journal of International Affairs*, vol.68, no.4: 470-483, <https://doi.org/10.1080/10357718.2014.911814>.

<sup>13</sup> *Defence White Paper 2013*, Department of Defense Australian Government, 2013, [https://www.defence.gov.au/whitepaper/2013/docs/WP\\_2013\\_web.pdf](https://www.defence.gov.au/whitepaper/2013/docs/WP_2013_web.pdf), 7.

Indo-Pacific instead of it becoming a hotspot of ‘disorder, conflict, and predatory economics [in the days ahead].’<sup>14</sup>

### *Belt and Road Initiative*

The Chinese vision for Asia is two pronged: the BRI to promote regional economic cooperation, and the New Asian Security Concept to be upheld by the Asian nations. President Xi Jinping proposed these ideas in 2013 during speeches in Kazakhstan and Indonesia. The BRI consists of an overland route, the Silk Road Economic Belt (SREB) and a maritime route — the Maritime Silk Road Initiative (MSRI).<sup>15</sup> The aim is to link edges of the Asian continent from East Asia to Europe and also to connect Asia with Africa and Europe through land, sea and air corridors.<sup>16</sup>

The BRI is geared towards promoting economic development of the Asian countries through trade and investment while enhancing connectivity. The secondary aim is to develop and maintain people-to-people contacts in various countries.<sup>17</sup> To realise these goals, Beijing has engaged in proactive diplomacy as the BRI has expanded China’s traditional sphere of influence beyond its immediate neighbourhood. The goal of the BRI is to connect China’s neighbouring countries to the economic development of China. It is designed to fulfill major infrastructure needs throughout Asia.<sup>18</sup> The developing countries and existing international institutions lack capital and capacity to meet the rising infrastructure demands. China, therefore, stepped in to address this gap. To finance these projects, Beijing has established new multilateral institutions: the Asian Infrastructure Investment Bank (AIIB)

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<sup>14</sup> “Defining Our Relationship with India for the Next Century: An Address by US Secretary of State Rex Tillerson,” *Center for Strategic and International Studies*, October 18, 2017, <https://www.csis.org/analysis/defining-our-relationship-india-next-century-address-us-secretary-state-rex-tillerson>.

<sup>15</sup> The BRI aims to connect the Eurasian landmass via six overland corridors and two maritime routes.

<sup>16</sup> “Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road,” National Development and Reform Commission, China, March 2015, [https://reconasia-production.s3.amazonaws.com/media/filer\\_public/e0/22/e0228017-7463-46fc-9094-0465a6f1ca23/vision\\_and\\_actions\\_on\\_jointly\\_building\\_silk\\_road\\_economic\\_belt\\_and\\_21st-century\\_maritime\\_silk\\_road.pdf](https://reconasia-production.s3.amazonaws.com/media/filer_public/e0/22/e0228017-7463-46fc-9094-0465a6f1ca23/vision_and_actions_on_jointly_building_silk_road_economic_belt_and_21st-century_maritime_silk_road.pdf).

<sup>17</sup> Ibid.

<sup>18</sup> “The Infrastructure Gap,” *The Economist*, March 19, 2015, <https://www.economist.com/asia/2015/03/19/the-infrastructure-gap>.



and Silk Road Fund (SRF). The Chinese officials have repeatedly emphasised that these new institutions are complementing existing international financial institutions, as China seeks a “bigger role in the existing international order and system.”<sup>19</sup>

Aside from economic drivers, there is a security rationale for the BRI, as well. Beijing is highly dependent on an uninterrupted flow of imported oil from the Persian Gulf and the Middle East, for the smooth functioning of the Chinese economy. Nearly 80 per cent of the energy imports of China passes through the Strait of Malacca, where the US navy has a dominating presence. China seeks to ensure secure routes by circumventing the Malacca Strait through constructing ports and refuelling stations in the Indian Ocean. Beijing is making investments in the ports across the Indian Ocean Region (IOR). For instance, in Myanmar, a Chinese state-owned company holds 70 per cent stake in the port under construction in western Rakhine state.<sup>20</sup> Meanwhile, another Chinese company is managing a shipping container facility in Chittagong, Bangladesh. Similarly, the Chinese firms have made investments in the ports in Hambantota, Sri Lanka and Gwadar, Pakistan. A Chinese consortium is investing more than US\$3 billion in the development of a port city in Duqam, Oman. In Djibouti, China has established its first overseas support base for its military ships. Combined together, the Chinese investments in these ports reflect the China’s growing presence and give context to the BRI and a new concept of Asian security.

In May 2014, Xi Jinping introduced the ‘New Asian Security Concept.’<sup>21</sup> In 2015, a Defence White Paper made reference to it<sup>22</sup> and then in 2017 Beijing expanded the concept in another White Paper.<sup>23</sup> It

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<sup>19</sup> “Foreign Minister, Wang Yi Meets the Press,” Ministry of Foreign Affairs, March 9, 2016, [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1346238.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1346238.shtml).

<sup>20</sup> Yimou Lee and Thu Thu Aung, “China to take 70 Per Cent Stake in Strategic Port in Myanmar – Official,” *Reuters*, October 17, 2017, <https://www.reuters.com/article/china-silkroad-myanmar-port/china-to-take-70-percent-stake-in-strategic-port-in-myanmar-official-idUSL4N1MS3UB>.

<sup>21</sup> Remarks by President Xi Jinping at the Fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia, Ministry of Foreign Affairs, Beijing, May 21, 2014, [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1159951.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1159951.shtml).

<sup>22</sup> “Defense White Paper 2015-Military and Security Cooperation,” Ministry of National Defense, May 26, 2015, [http://eng.mod.gov.cn/Database/WhitePapers/2015-05/26/content\\_4586715.htm](http://eng.mod.gov.cn/Database/WhitePapers/2015-05/26/content_4586715.htm).

<sup>23</sup> “China’s Policies on Asia-Pacific Security Cooperation,” Ministry of Foreign Affairs, January 2017, [https://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1429771.shtml](https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1429771.shtml).

China's security vision is rooted in the concept of common, comprehensive, cooperative and sustainable security. Moreover, Beijing has called for "improving" the regional security framework based on following four objectives:

- a) Future security framework should be multi-layered, comprehensive and diversified.
- b) All countries in the region should pursue adoption of new security framework as a common cause.
- c) the future regional security framework should be based on consensus
- d) the development of a regional security framework should be advanced in parallel with the development of a regional economic framework.

For achieving these objectives, President Xi stated that management of regional security issues is for the 'people in Asia,' as 'Cold War thinking' and 'zero-sum games' cannot address security challenges of the Asia-Pacific region.

### **Evolving Strategies of the Middle States in the Region**

The regional countries or middle states of Asia have adopted varied approaches to the Chinese and American visions for Asia. Their reactions are rooted in the decades-old American presence in Asia, the history of bilateral relations with China, the fear of being caught up in great power competition and the need to maximise their security while pursuing their economic goals. The middle states recognise that a shift in Asia is underway. They are cognizant of the fact that the actions of a rising China will have direct implications on the regional and global strategic balance. The result is that the states around the region are trying to adapt to a new reality.

The dual hierarchy of Asia is reflected in how middle states are responding. The regional states are trying to balance their relationships with China and the US. That principle also underpins ASEAN states' engagement with Beijing and Washington. The BRI and the FOIP are two competing regional orders and Southeast Asian nations are at the center, both geopolitically and geographically. Being at the center of

critical maritime routes in the Indian and the Pacific Oceans, these Asian states are trying to hedge their bets.

Asian nations have been eager to join the BRI since its inception. It was in Indonesia and Kazakhstan that Xi made speeches announcing the land and maritime routes of the BRI. The goal has been to secure financing for infrastructure development from China. Every country in Asia requires extensive financial assistance for improving its infrastructure. When the BRI was announced, the Asian countries were keen to join it and its associated organisations such as the AIIB. The BRI itself was announced during the period of Obama administration which encouraged engagement with China's new policy.

At that time, from 2013 to 2016, China and a number of Asian countries engaged in extensive infrastructure development cooperation projects. Major projects included a high-speed railway linking Kunming, Yunnan Province to Vientiane, capital of Laos; another high-speed rail connecting Bangkok to Nakhon Ratchasima in northeast of Thailand; a railway project in Indonesia; an East Coast Rail Link in Malaysia and port construction projects in Cambodia and Myanmar.

With the onset of Trump Presidency in the Oval Office, an unease was felt all across Asia. The first year of his presidency was marked by an uncertain in Asia policy. The Asian countries were unsettled by the US withdrawal from the TTP, public criticism of the pivot to Asia policy of the Obama administration, and the focus on an 'America First' foreign policy. President Trump and his team, raised questions about the costs of continued American military engagements in Asia, particularly of those forces stationed in Japan and South Korea.<sup>24</sup> These measures generated uncertainty as they had the potential to erode the *status quo* in Asia. Later in November 2017, when Trump visited Asia for the APEC summit, he dilated upon US vision guiding the FOIP and reiterated the

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<sup>24</sup> Elise Hu, "Japan and South Korea Rattled by Trump's Talk of Closing US Bases," *NPR*, November 10, 2016, <https://www.npr.org/sections/parallels/2016/11/10/501531166/japan-and-south-korea-rattled-by-trumps-talk-of-closing-u-s-bases>.

US commitment to Asia.<sup>25</sup> From then onwards, most of the Asian states have adopted a more nuanced approach. An overview of reactions of key regional states towards both approaches is given below:

*a) Myanmar*

In Myanmar, the relationship with China has improved in the recent years as Western criticism of the Burmese treatment of the Rohingya minority has increased. Naypyidaw has banked on Beijing's support to avoid adverse actions at the United Nations Security Council (UNSC). Despite growing American criticism of the BRI, Myanmar has deepened cooperation with China. Notably, in September 2018, both countries agreed to build a China-Myanmar Economic Corridor (CMEC), to connect Kunming city, in Yunnan province to Mandalay, in central Burma.<sup>26</sup> CMEC comprises of more than twenty projects and some of them are underway.<sup>27</sup> Given this, it is likely that Myanmar will press ahead with BRI projects for meeting its infrastructure development needs as investments from Western countries have slowed down.

*b) Thailand*

In neighbouring Thailand, strained relations with Western countries over the current military government, caused by opposition to the military coup of 2014, have enabled Bangkok and Beijing to deepen economic cooperation. Thailand is a key country in China's BRI vision: a trans-Asian railway line to link southern China and Southeast Asia runs through Thailand. Beijing has also adjusted the BRI program to link up with the Eastern Economic Corridor (EEC), a project initiated by Bangkok in order to foster economic growth and improve the public

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<sup>25</sup> "Remarks by President Trump at the APEC CEO Summit, Da Nang, Vietnam," White House, November 10, 2017, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-apec-ceo-summit-da-nang-vietnam>.

<sup>26</sup> Nan Lwin, "Gov't Signs MoU with Beijing to Build China-Myanmar Economic Corridor," *Irrawaddy*, September 13, 2018, <https://www.irrawaddy.com/news/burma/govt-signs-mou-beijing-build-china-myanmar-economic-corridor.html>.

<sup>27</sup> Amara Thiha, "Myanmar Speeds up Progress on China's Belt and Road," *The Diplomat*, December 8, 2018, <https://thediplomat.com/2018/12/myanmar-speeds-up-progress-on-chinas-belt-and-road/>; 'China and Myanmar Agree to \$1.3 Billion Port project', *Maritime Executive*, 8 November 2018, <https://www.maritime-executive.com/article/china-and-myanmar-agree-to-1-3-billion-port-project>.

services infrastructure, including transportation and logistics in three eastern Thai provinces. Meanwhile, Thailand has also engaged with neighbouring Laos, Cambodia, Vietnam and Myanmar to establish a regional infrastructure fund known as the Ayeyarwady-Chao Phraya-Mekong Economic Cooperation Strategy,<sup>28</sup> to counterbalance growing Chinese funding in the region. Similarly, Bangkok signed an extensive ‘Joint Vision Statement’ for 2020 with Washington to facilitate a “stable, prosperous, free, open, inclusive and sustainable” region in the Indo-Pacific region.<sup>29</sup>

### c) *Philippines*

Philippines-China relations have experienced strains as Manila is a claimant to disputed islands in the South China Sea (SCS). It brought a case against China before an arbitration tribunal under the UN Convention on the Law of Sea. As a result, its relations with West improved as compared with the most countries in the region. Under President Duterte, after 2016, the Philippines pursued a new China policy: engaging with China on SCS issues bilaterally,<sup>30</sup> and supporting the BRI to secure Chinese investments. Manila has made a strong pitch for infrastructure development and remained competitive in international trade while securing access to new markets through cooperation with China.<sup>31</sup> Beijing has reciprocated by pledging over US\$24billion for infrastructure projects in the Philippines, but implementation of the spending plan has been slow.<sup>32</sup> In the meantime,

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<sup>28</sup> “Bangkok Declaration of the 8th Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy Summit,” Thailand Ministry of Foreign Affairs, June 16, 2018, <http://www.mfa.go.th/main/en/news3/6886/90570-BANGKOK-DECLARATION-OF-THE-8TH-AYEYAWADY-%E2%80%93-CHAO-PH.html>.

<sup>29</sup> “Joint Vision Statement 2020 for the US-Thai Defense Alliance,” US Embassy & Consulate in Thailand, November 17, 2019, <https://th.usembassy.gov/joint-vision-statement-2020-for-the-thai-u-s-defense-alliance/>.

<sup>30</sup> Ben Blanchard, “Duterte Aligns Philippines with China, Says US Has Lost,” *Reuters*, October 20, 2016, <https://www.reuters.com/article/us-china-philippines-idUSKCN12K0AS>.

<sup>31</sup> “PHL to Benefit from Belt and Road Initiative,” Ministry of Finance Philippines, June 20, 2017, <https://www.dof.gov.ph/index.php/phl-to-benefit-from-belt-and-road-initiative/>.

<sup>32</sup> Karen Lema and Martin Petty, “Two Years after Philippines Pivot, Duterte Still Waiting on China Dividend,” *Reuters*, November 19, 2018, <https://www.reuters.com/article/us-philippines-china-analysis/two-years-after-philippines-pivot-duterte-still-waiting-on-china-dividend-idUSKCN1NN0UO>.

Manila has granted the US military access to its facilities under the Enhanced Defence Cooperation Agreement which was signed in 2016.<sup>33</sup> As a result, American and Philippines military forces regularly undertook joint trainings and military exercises. Washington also provided assurances that “any armed attack on Philippine forces, aircraft or public vessels” in the SCS will “trigger mutual defence obligations” under the 1951 US-Philippines Mutual Defence Treaty.<sup>34</sup>

*d) Indonesia*

Indonesia expanded its cooperation with China as it seeks to improve the country’s maritime infrastructure for improving communications between its numerous islands, to develop new ports and to set up logistical networks.<sup>35</sup> In 2018, Beijing and Jakarta inked five agreements worth over US\$23billion under the BRI, including setting up of two hydropower plants.<sup>36</sup> Although concerns on financing arrangements and land acquisitions emerged on the Jakarta-Bandung railway project, construction commenced in June, 2018.<sup>37</sup> In response to the FOIP, Indonesia supported ‘Indo-Pacific Cooperation’ at an ASEAN summit in Singapore in April 2018. Jakarta calls for a strategy that is beneficial to the long-term interests of regional countries; respects international laws; and is rooted in an ‘inclusive, transparent and comprehensive’

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<sup>33</sup> AFP, “Philippines to Offer US Military Use of Eight Bases,” *Guardian*, January 14, 2016, <https://www.theguardian.com/world/2016/jan/14/philippines-to-offer-us-military-use-of-eight-bases>.

<sup>34</sup> Regine Cabato and Shibani Mahtani, “Pompeo Promises Intervention If Philippines is Attacked in South China Sea Amid rising Chinese Militarization,” *Washington Post*, March 1, 2019, [https://www.washingtonpost.com/world/pompeo-promises-intervention-if-philippines-is-attacked-in-south-china-sea-amid-rising-chinese-militarization/2019/02/28/5288768a-3b53-11e9-b10b-f05a22e75865\\_story.html](https://www.washingtonpost.com/world/pompeo-promises-intervention-if-philippines-is-attacked-in-south-china-sea-amid-rising-chinese-militarization/2019/02/28/5288768a-3b53-11e9-b10b-f05a22e75865_story.html).

<sup>35</sup> Rendi A. Witular, “Jokowi Launches Maritime Doctrine to the World,” *Jakarta Post*, November 13, 2014, <http://www.hejakartapost.com/news/2014/11/13/jokowi-launches-maritime-doctrine-world.html>.

<sup>36</sup> Resty Woro Yuniar, “Indonesia to Review China’s Belt and Road Projects if Prabowo Beats Widodo in Presidential Election,” *South China Morning Post*, October 22, 2018, <https://www.scmp.com/week-asia/geopolitics/article/2169655/indonesia-review-chinas-belt-and-road-projects-if-prabowo>.

<sup>37</sup> “South-east Asia’s First High-Speed Rail in Indonesia Ready for Construction: China Railway Corp,” *Straits Times*, July 2, 2018, <https://www.straitstimes.com/asia/south-east-asias-first-high-speed-rail-ready-for-construction-china-railway-corp>.

framework.<sup>38</sup> In this way, Jakarta has tried to explore a third path between the BRI and the FOIP, that is, for ASEAN nations to stick together instead of picking a side in a great-power contest.

e) *Malaysia*

Malaysia has pursued close relations with both Beijing and Washington. Under former Prime Minister Najib Razak, Malaysia commenced work on several infrastructure projects under the BRI. As major corruption scandals of the Najib government came to light, domestic concerns over the cost of financing BRI projects also came to the fore. Under new Prime Minister Mahathir, Malaysia first paused and renegotiated projects with China. For instance, work on the Kuala Lumpur-Singapore high-speed railway line project was halted and then delayed for two years.<sup>39</sup> After months of renegotiations, in April 2019, China and Malaysia restarted work on the East Coast Rail Link project at a reduced cost of nearly US\$5billion.<sup>40</sup>

Despite pushing for a review of BRI projects, Mahathir stated that in principle he supported the initiative.<sup>41</sup> Malaysia hesitated from directly endorsing the Indo-Pacific concept promoted by the US, but it maintains close cooperation with Washington in matters of defence. The Malaysian navy, for example, has participated in annual Southeast Asia Cooperation and Training maritime exercises.<sup>42</sup> The Malaysian Foreign Minister stated

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<sup>38</sup> Jansen Tham, "What's in Indonesia's Indo-Pacific Cooperation Concept?," *The Diplomat*, May 16, 2018, <https://thediplomat.com/2018/05/whats-in-indonesias-indo-pacific-cooperation-concept/>.

<sup>39</sup> Bhavan Jaipragas and Tashny Sukumaran, "Not Cancelled: Malaysia-Singapore High-Speed Rail Delayed in Mahathir U-Turn," *South China Morning Post*, September 5, 2018, <https://www.scmp.com/week-asia/geopolitics/article/2162841/malaysia-singapore-high-speed-rail-delayed-mahathir-u-turn>.

<sup>40</sup> "Malaysia, China Agree to Resume Railway Project After Slashing Cost." *Reuters*, April 12, 2019, <https://www.reuters.com/article/us-china-malaysia-railway/malaysia-china-agree-to-resume-railway-project-after-slashing-cost-idUSKCN1RO0LY>.

<sup>41</sup> Zuraidah Ibrahim and Bhavan Jaipragas, "Mahathir Mohamad Q&A: Malaysian PM on Beijing, Jack Ma and Why Battleships in the South China Sea are a Bad Idea." *South China Morning Post*, June 21, 2018, <https://www.scmp.com/week-asia/politics/article/2151394/mahathir-mohamad-qa-malaysian-pm-beijing-jack-ma-and-why>.

<sup>42</sup> "Indo-Pacific Maritime Forces Kick off 18th SEACAT Exercise," US Navy, August 20, 2019, [https://www.navy.mil/submit/display.asp?story\\_id=110623](https://www.navy.mil/submit/display.asp?story_id=110623).

that his country would continue economic, trade and technological cooperation with both China and the US. As for security, Malaysia would also maintain a balance between Beijing and Washington while calling on both sides to exercise restraint in their activities in the SCS.<sup>43</sup>

f) *Singapore*

The city-state of Singapore is a prime example of the dual nature of the state of Asian order. It is expanding its economic cooperation with China under the BRI framework. Despite China's plans for developing new ports in the Malaysian islands adjacent to Singapore, the city-state has maintained engagement with China on providing support services for the BRI. In 2017, Singapore signed an MoU with China for working together on mediation of BRI-related business disputes. In 2019, both countries also agreed to form an international mediation panel to resolve the commercial disputes related to BRI projects. These have been established to support international courts established in Shenzhen and Xian by China to adjudicate disputes arising from BRI projects.<sup>44</sup> Singapore has consistently supported the BRI from the beginning.<sup>45</sup> The Singapore Prime Minister, Lee Hsien Loong demonstrated by attending the Second Belt and Road Forum in April, 2019. At the same time, Singapore has deepened security cooperation with the US also. It is committed to a strong and united ASEAN, to the maintenance of international law, and to freedom of navigation.<sup>46</sup>

g) *Vietnam*

Vietnam has a complex relationship with China rooted in the acrimonious history of the border war of 1979 and an ongoing dispute in the SCS, where

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<sup>43</sup> Ben Bland, "In Conversation: Malaysia's Foreign Minister on Great Power Rivalry," *Lowy Institute*, December 4, 2019, <https://www.lowyinstitute.org/the-interpreter/conversation-malysias-foreign-minister-great-power-rivalry>.

<sup>44</sup> Kentaro Iwamoto, "Singapore to be Dispute Resolution Hub for Belt and Road," *Nikkei Asian Review*, January 24, 2019, <https://asia.nikkei.com/Spotlight/Belt-and-Road/Singapore-to-be-dispute-resolution-hub-for-Belt-and-Road>.

<sup>45</sup> Danson Cheong, "Belt and Road Initiative a Focal Point for Singapore's Ties with China," *Straits Times*, April 8, 2018, <https://www.straitstimes.com/asia/east-asia/bri-a-focal-point-for-spores-ties-with-china>.

<sup>46</sup> Michael Tai, "Singapore's China Conundrum," *The Diplomat*, December 13, 2016, <https://thediplomat.com/2016/12/singapores-china-conundrum>.



Vietnam has vehemently criticised the Chinese activities.<sup>47</sup> Despite this complicated history, Hanoi backed the BRI from early on. In 2017, President Dai Quang attended a Belt and Road Forum. He called for transparent and ‘mutually beneficial’ cooperation. China and Vietnam held talks on establishing Special Economic Zones (SEZs) in Vietnam to relocate the Chinese factories. Local protests against planned SEZs, however, led Hanoi to adopt a cautious approach.<sup>48</sup> A major BRI project underway in Vietnam is the *Vinh Tan 1* Thermal power plant at a cost of US\$1.76 billion. It is being built in Build-Operate-Transfer (BOT) mode.<sup>49</sup> Meanwhile, to meet its security requirements and address concerns related to on-going Chinese military activity in the SCS, Vietnam has voiced support for the Indo-Pacific concept. Significantly, Vietnam is engaged in extensive maritime and defence cooperation programmes, including joint exercises with India,<sup>50</sup> Japan<sup>51</sup> and Australia,<sup>52</sup> three of the four members of Quad. Vietnam is receiving US assistance to improve capabilities of its army, navy, and air force. The US forces regularly train and conduct exercises with Vietnam forces to enhance interoperability and bilateral defence cooperation.<sup>53</sup>

## Implications for Asian Security

The preceding discussion has highlighted the changing nature of regional order due to the rise of China. As the competition between China and the US is growing, Asian countries are carefully navigating their security

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<sup>47</sup> Bill Hayton, “South China Sea: Vietnam Halts Drilling after “China Threats,” *BBC News*, July 24, 2017, <https://www.bbc.com/news/world-asia-40701121>.

<sup>48</sup> “Vietnam Detains 100 After Anti-China Economic Zone Protests Turn Violent,” *BBC News*, June 11, 2018, <https://www.bbc.co.uk/news/world-asia-44436019>.

<sup>49</sup> “Vinh Tan 1 Power Plant Largest Chinese Investment in Vietnam,” *Belt and Road Portal*, July 17, 2017, <https://eng.yidaiyilu.gov.cn/home/rolling/20049.htm>.

<sup>50</sup> Prashanth Parameswaran, “Defense Dialogue Highlights Vietnam-India Security Ties,” *The Diplomat*, October 10, 2019, <https://thediplomat.com/2019/10/defense-dialogue-highlights-vietnam-india-security-ties/>.

<sup>51</sup> Prashanth Parameswaran, “Destroyer Visit Puts Japan-Vietnam Military Ties into Focus,” *The Diplomat*, June 17, 2019, <https://thediplomat.com/2019/06/destroyer-visit-puts-japan-vietnam-military-ties-into-focus/>.

<sup>52</sup> Prashanth Parameswaran, “Why the New Vietnam-Australia Strategic Partnership Matters,” *The Diplomat*, March 22, 2018, <https://thediplomat.com/2018/03/why-the-new-vietnam-australia-strategic-partnership-matters/>.

<sup>53</sup> “Fact Sheet: U.S. Security Cooperation with Vietnam,” United States Department of State, May 21, 2019, <https://www.state.gov/u-s-security-cooperation-with-vietnam-2/>.

and economic pathways. Beset by history, nationalism and territorial disputes, the middle states in the region are struggling to collectively find a strategy for preserving regional peace and advancing the security and prosperity for all. Meanwhile, Asia has become the core of the global economy. The regional countries and great powers are searching for a strategy that advances their strategic interests, but at the same time, maintains regional stability. Few trends can be discerned from the varying strategies of middle states in dealing with new changes in the Asian strategic environment.

Asian countries recognise China's larger role both in trade and in the security of Asia. They are cognizant that it is natural for China to develop and safeguard its trade routes. They acknowledge that rising China will, undoubtedly, seek a modern military as it aspires to become a maritime power. In recognising so, middle states want China to wield its growing influence and prowess with restraint and in a legitimate manner.

Secondly, Asian states are eager to engage with China in economic cooperation, as they recognise that China is their largest trading partner and also the country best able to provide them with large-scale infrastructure financing. They do not, however, want to be over-dependent on China. This has created space for the US to influence the discourse on China's economic model. Despite the resulting critical discourse, Beijing has pressed ahead with the BRI and engaged in extensive infrastructure projects based on mutual cooperation with Asian states.

Thirdly, the US leadership is important in directing Asia's strategic vision. Under President Obama, the US policy-makers had clarity on what they were seeking in Asia. The China policy of the Obama era sought engagement. It had enabled Asian states to seek a relationship with China based on cooperation. This led to a stable regional balance. The coming of the Trump administration in January, 2017, however, first led to uncertainty as President Trump questioned the costs of America's long-standing defense commitments in Asia. Subsequently, even as the Trump administration embraced the FOIP strategy, Asian states sought to maintain a balance between Beijing and Washington.

Fourthly, the Trump administration's FOIP strategy appears to be a containment-of-China strategy. It is vital that the need to balance the rising

power of China does not lead to over-reach from Washington and regional states. Beijing, meanwhile, has criticised American maritime activities, including freedom of navigation operations in the SCS.

Fifthly, as a collective, Asian states, particularly members of ASEAN, are seeking to maintain a balance between the two sides, and to refrain as much as possible from siding with either Beijing or Washington. ASEAN members are focused towards preserving order and stability. They do, however, recognise the duality of the Asian order and seek to work effectively in that environment. For Asian states, particularly ASEAN members, the preferable path is where China and the US communicate, build trust, manage and resolve differences, and pursue regional stability.

Finally, middle states symbolise a pivotal agency in the China-US dynamic in Asia. Their agency is limited, but Asian countries can work towards deepening their economic cooperation with both major powers and work towards increasing the role of China in regional and multilateral institutions. Moreover, Asian countries, particularly, ASEAN members, can formulate and advance joint positions on issues that affect all regional countries. These issues can be from the domains of security, trade, infrastructure, or technology.

## **Conclusion**

The BRI and the FOIP are two competing visions for Asia. Both have been advanced by great powers at different levels of military and economic prowess. The interests of both great powers also diverge in Asia but both have an abiding interest in maintaining stability. Both countries have different visions for regional security, where China views America as an outside power, Washington considers Beijing's actions as undermining stability in the region. With this as the backdrop, the Trump administration unveiled its FOIP strategy which it believed would address its concerns related to America's lopsided trade relationship with China, its fears with regards China's growing presence across Asia and its need to reassure its allies in the region of US support. For China, however, the BRI signifies its arrival on the global stage as a great power. For Beijing, the BRI gives it the required strategic depth to compete with the US in both the Indian Ocean and the Pacific Ocean. The BRI has enabled it to have a presence in countries along key maritime routes and in the Eurasian heartland.

In this ongoing competition, Asian states are struggling to chart an independent course. They are dependent on China for trade and access to new technologies, and also increasingly for their security requirements. Middle states want to maintain a balance in relations between Beijing and Washington. For them, the ideal scenario is where China and the US prioritise diplomacy over confrontation. Asian states have used the China-US struggle to seek better terms of trade and the financing of infrastructure projects from China. Even Washington has been more forthcoming with regard to defence arrangements in the face of competition with Beijing. This has allowed middle states to strengthen their defence capabilities while reaping the benefits of increased trade and greater financing of infrastructure projects with Beijing under the BRI. As long as the China-US rivalry remains peaceful, Asian states will continue to take advantage of both the FOIP and the BRI.