



REGIONAL COMMENTARY

**AUSTRALIA-JAPAN-INDIA
TRILATERAL DIALOGUE 2019**

*Leadership, partnership and ASEAN
centrality in the emerging Indo-Pacific*

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Australia-Japan-India Trilateral Dialogue 2019

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About this Publication

Commentaries in this document are informed by discussions had at the Griffith Asia Institute Australia-Japan-India Trilateral Dialogue held in Brisbane in July 2019. The opinions and views expressed in this publication are those of the authors and do not necessarily reflect the views of the Griffith Asia Institute.

'Australia-Japan-India Trilateral Dialogue 2019: Leadership, partnership and ASEAN centrality in the emerging Indo-Pacific'.

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EXECUTIVE SUMMARY

The 2019 Australia–Japan–India Trilateral Dialogue, themed *Leadership, Partnership and ASEAN Centrality in the Emerging Indo-Pacific*, marked the third in a series of annual Australia–Japan–India Trilateral dialogues convened by the Griffith Asia Institute (GAI) with the generous support of Japan’s Ministry of Foreign Affairs and the Consulate–General of Japan (Brisbane). The 2019 dialogue built on previous debates and themes concerning regional security and strategic dynamics, by focusing in on the challenges facing Australia, Japan and India as they seek to demonstrate leadership and build cooperative partnerships in the Indo-Pacific.

The 2019 dialogue placed particular emphasis on the role South East Asian nations play in advancing the Indo-Pacific order. The *ASEAN Outlook on the Indo-Pacific* released at the 2019 Association of Southeast Asian Nations (ASEAN) summit in Bangkok provided a common script to guide South East Asian states in the region. Through bringing South East Asian voices and perspectives to the table at the 2019 dialogue, discussions prompted a more complex and inclusive view of an Indo-Pacific order, while also exploring the strategic aspirations, challenges and relationships that continue to shape its evolution.

The Trilateral Dialogue provided a platform for participants to share and interrogate emerging perspectives on the Indo-Pacific and assess the challenges of, and potential for, leadership and partnership–building in support of an inclusive Indo-Pacific. This publication captures these discussions through selected commentaries from dialogue participants. The aim of publishing this report is to contribute to informed policy debate and facilitate research collaborations within and between our respective institutions.

Headline Themes

The 2019 *Australia–Japan–India Trilateral Dialogue* highlighted several themes and discussion points concerning leadership, partnership and ASEAN centrality in the emerging Indo-Pacific. Discussions were centred around the following themes:

1. Changing leadership dynamics of the Indo-Pacific: Implications for the strategic landscape;
2. Towards centrality or drifting away: Prospects for ASEAN leadership in the Indo-Pacific;
3. From leadership to partnership: Risks and rewards of a more inclusive Indo-Pacific; and
4. Challenges and disruption: Effective leadership in an age of uncertainty.

INTRODUCTION

Australia, Japan and India have demonstrated substantial leadership in establishing the notion of a 'free and open Indo-Pacific' in recent years. While more can be done to develop and deepen this collective leadership role, the complex web of interwoven bilateral and trilateral security links and partnerships which have sustained a loose coalition between the three nations over the past decade, provide a useful foundation upon which further practical partnerships within the region may be forged. To fully realise the proposed vision of a 'free and open Indo-Pacific' requires the inclusion and engagement of other actors from across the region.

The nations of South East Asia, working collectively through ASEAN, are pivotal to any debate concerning the future of the region. For as Australia's former foreign minister, Julie Bishop observed, "geographically, diplomatically and strategically, ASEAN sits at the heart" of the Indo-Pacific.¹ While receptive to the Indo-Pacific discourse, South East Asian nations have taken some time to warm to it.

However, the June 2019 adoption of the *ASEAN Outlook on the Indo-Pacific* reaffirms ASEAN's commitment to established norms and mechanisms, and reflects a determination to preserve ASEAN centrality in the development of Indo-Pacific architecture. Australia, Japan and India must now engage more closely with ASEAN to exchange perspectives on the nature of the Indo-Pacific and the rules and norms that underpin it. A better understanding of ASEAN's role in the region is crucial for supporting strategies and partnerships that advance a 'free and open Indo-Pacific'.

In 2019 the region conducted several general elections, including in Australia, India, Indonesia and Thailand. While unlikely to produce major changes to the foreign policies of each of these nations, the election outcomes provide insight into contemporary domestic concerns, which may result in some adjustments to Indo-Pacific strategic thinking. The Trilateral Dialogue provided an opportunity to reflect on these electoral outcomes, the regional leadership trends concerning the strategic landscape, and their wider implications for the emerging Indo-Pacific.



1. CHANGING LEADERSHIP DYNAMICS OF THE INDO-PACIFIC: IMPLICATIONS FOR THE STRATEGIC LANDSCAPE

The Indo-Pacific region is the site of multiple new developments that will come to shape the strategic landscape. Beijing’s Belt and Road Initiative (BRI), Tokyo and Washington’s ‘Free and Open Indo-Pacific’ strategy and the most recent *ASEAN Outlook on the Indo-Pacific* are attracting growing attention in political, economic and strategic terms. These initiatives present challenges for the region’s key leaders—including Scott Morrison, Abe Shinzo and Narendra Modi, as well as Xi Jinping and Donald Trump—as they seek to demonstrate leadership and cultivate partnerships, while also navigating their respective domestic political agendas and national interests. Commentaries in this section discuss and reflect on the various leadership developments and dynamics playing out in the Indo-Pacific.

Australia-India- Japan Trilateral must overcome ‘connect contradictions’



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Trilateralism, often perceived as minilateralism, emerged long back as an established chain of power networks in the evolving global order. Yet, the real seed to any form of trilateralism is bilateralism, a bilateral mode of understanding among its constituent members. Notwithstanding the strategic and economic might that Australia, India and Japan together bring to their trilateral formulation in the Indo-Pacific, stronger bilateral connections to enhance this trilateralism into a credible tri-partite partnership remains the weakest link of this grouping. Likewise, their common concern arising out of China's rise might be the biggest unifying factor of this trilateral but their respective bilateral 'China Connect' comes as the biggest contradiction.

Having a formal beginning in June 2015 in New Delhi, the Australia-India-Japan trilateral was envisioned to boost their bilateral strategic depth of understanding to a trilateral framework. With a clandestine strategic underpinning of providing a counterbalance to China's growing outreach in the Indo-Pacific, this trilateral was intended to strengthen the established liberal security order, by empowering trilateral and quadrilateral power centres, with or without the United States (US). It is, however, the 'connect contradictions' in their respective foreign policy that remain the biggest bottleneck to this trilateralism.

It was never in doubt that Australia, India and Japan would aim to collectively strengthen the notion of the Indo-Pacific, albeit with or without the US. A broader strategic convergence exists among the three countries on the geo-spatial aspect of the Indo-Pacific concept. But the lack of strategic convergence on critical sub-regions of the Indo-Pacific has hindered a strategic bonding among the three countries. For instance, the Pacific Island Countries (PICs) are critical to Australian and Japanese commercial and security interests. India's growing outreach in the PICs could add strength to this trilateral and promote cooperation in critical areas such as maritime governance, fisheries, infrastructure, maritime commerce and trade and investment opportunities in the region. Though China's growing maritime and commercial presence in the Pacific comes as a challenge to all three countries, a common understanding to work together in the Pacific has not really figured so far in this trilateral formulation.

Likewise, the ASEAN and its sub-region could be accorded a specific trilateral mode of cooperation. Given their respective support to an ASEAN-centred regional architecture, the sub-regions of ASEAN, such as the Mekong-Ganga, Bay of Bengal and South China Sea

could be potential areas of cooperation among the three countries. India's Act East Policy, which evolved from its earlier Look East Policy, Tokyo's Expanded Partnership of Quality Infrastructure (EPQI), which is heavily ASEAN-centric and Japan's ever-growing partnership with ASEAN since 1972, and Australia's strategic mission of staying relevant as an actor in South East Asia as the first dialogue partner of ASEAN since 1974, need fresh strategic churning in this trilateral.

This is important at a time when ASEAN-centrality is still the focus of the Indo-Pacific construct and most foreign policies of competing actors are ASEAN focused. As important dialogue partners of ASEAN, all three countries can still heavily influence the character of the region. Further strategic coordination becomes imperative at a period when the region is struggling to conclude a mega-regional trading mechanism, the Regional Comprehensive Economic Partnership (RCEP).² A bilateral mode of ASEAN-focused dialogue between India-Japan, India-Australia and Australia-Japan, can only strengthen the character of this trilateral. It is important to note here that Beijing holds utmost importance to ASEAN, and key to the Chinese outreach in the region is Beijing's bilateral connection with each of the ASEAN states.

A broader bilateral mode of understanding is another prerequisite. India-Japan cooperation in the Indo-Pacific is on an upswing. Japan-Australia cooperation is gaining ground from the Pacific to the Indian Ocean region. The same however, is not noticed in India-Australia cooperation. An upward trajectory has admittedly been seen in Australia-India engagement over the last few years, particularly following Indian Prime Minister Narendra Modi's visit to Australia after a gap of 28 years. Former Australian Prime Minister Malcolm Turnbull's state visit to India in April 2017 also encouraged a grander regional context, labelling the Australia-India relationship as one of "partners in the Indo-Pacific".³

The urge to promote this Indo-Pacific partnership, however, falls short: neither connectivity promotion nor regional infrastructure building has figured as serious discussion points between India and Australia. This stands in contrast to India-Japan and India-US relations, and their Quadrilateral formulation. A wide range of issues including infrastructure building and connectivity promotion have been the overarching aspect of the India-Japan partnership. No matter how ambitious it may seem, the co-envisioned Asia-Africa Growth Corridor (AAGC) between India and Japan signifies their motivation to shape the trajectory of the region between Asia and Africa. Likewise, the inaugural India-US 2+2 ministerial level dialogue equally emphasises the significance of infrastructure and connectivity in the Indo-Pacific, stressing on 'sustainable debt financing practices'. Such a concentrated and specific articulation has not yet figured in the Australia-India dialogue. Australia could be an integral part of the AAGC scheme of projects, to expedite trilateral and bilateral partnerships with both India and Japan.

Canberra's exclusion and non-participation in the framework of 'JAI' (Japan-America-India) to Exercise Malabar further reflects India's perceptual difference with Australia on building a maritime understanding. However, what needs to be understood is that the non-inclusion of Australia in the Malabar grouping is a careful strategic act on the part of India to not enter into a maritime coalition that would be perceived as anti-China. This calls for the three countries to exercise a grander and more matured perspective on how to manage or deal with China.

China's rise has undeniably constrained the strategic choices of the three countries in the region, primarily that of Japan and India. Beijing's unilateral connectivity initiatives and coercive maritime diplomacy across the Indo-Pacific is a serious concern. Yet, Australia, India and Japan have failed to build a strategic connection in their regional China management strategy. Australia's continued commitment to a US-led liberal rules-based regional architecture challenges the China-centric order. At the same time, Australia has always been flexible to decouple its strategic interests from values to take advantage of China's commercial projects in the region.

A similar approach is evident in India's China policy where New Delhi is strongly connected with China in economic multilateral groupings such as the Asian Infrastructure Investment Bank (AIIB), the New Development Bank (NDB) of the BRICS and the Shanghai Cooperation Organisation (SCO), despite New Delhi's serious objection to China's BRI. Japan is equally engaged strongly with China, despite their classical rivalry in maritime and commercial domains. Given their respective China connections, all three countries—Australia, India and Japan—would find it a struggle to engage in a US-led 'China containment' strategy.

Importantly, to engage in a China containment strategy, all three states would require a concentrated effort to engage militarily—a difficult proposition to foresee in this trilateral. Therefore, a consultative and cooperative mechanism to engage in regional commercially viable projects becomes an obvious practical proposition which will potentially balance China's economic, if not maritime, outreach in the region. In other words, an identical stratagem on China is not necessarily a fitting medium for this trilateral. In specific, collective connectivity promotion could be one of the best mediums of Australia-India-Japan cooperation. A strategic convergence on the promotion of both physical and digital connectivity is, therefore, crucial to this multipolar architecture.

If Asia's trajectory has remained multipolar, much of the credit goes to India's rise and Japan's efforts to re-emerge as a power in global affairs. Xi Jinping's 'new era' foreign policy, no matter how globalist it may appear, exhibits all the characteristics of gradually stamping China's authority in regional and world affairs. Amidst this, an ever-maturing India-Japan 'special strategic and global partnership' comes as a balancer to remind Beijing that Asia's future cannot be kept away from the influence of economies such as India and Japan, both of whom enjoy maximum strategic confidence with the number one economy of the world—the US.

Narendra Modi's return to power and Shinzo Abe's nationalist foreign policy in a 'Reiwa' era will undoubtedly strengthen the character of India-Japan relations. Australia could be a supporting actor to this India-Japan bilateral partnership. To this effect, the Australia-India-Japan trilateral could even emerge much stronger as a consultative platform to shape the inclusive character of a regional order that promotes multipolarism, vis-à-vis China's increasing unipolar ambitions. The foundation of this platform must exhibit a consultative character of leadership for capacity building, connectivity promotion, and sustainable infrastructure development, while shying away from the China containment rhetoric that has often been made out to be the highlight of this trilateral.

Challenges for the regional order in the Indo-Pacific



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The Indo-Pacific region has faced new challenges for the regional order with the rise of new initiatives, such as the BRI and the Free and Open Indo-Pacific (FOIP) since the fall of 2013. In June 2019, ASEAN countries also adopted the *ASEAN Outlook on the Indo-Pacific* at the ASEAN Senior Officials Meeting in Bangkok, and from this the region is likely to attract growing attention politically, economically, and strategically. This commentary seeks to highlight the constraints of these initiatives and the difficulties Prime Minister Abe and President Xi Jinping face to implement them.

China's 'BRI 2.0'?

There is no doubt that China has contributed to developing hard and soft infrastructure in the region, enhanced its connectivity with and within the region, and boosted trade and investment between China and BRI countries. However, China's increasingly active engagement in infrastructure development has invited some concern.

China's regional engagement through the BRI has turned out to be counterproductive in some instances. Sri Lanka suffered from a ballooning debt from China, and the China Merchants Port Holdings Company took over Hambantota port in December 2017. The case became a wake-up call for the region, with many policymakers concerned that states were becoming increasingly indebted to China, and for the potential instability to international finance.

The Sri Lanka experience is merely the tip of the iceberg. In Asia, Laos and Cambodia also have concerns, but they have few options but to receive Chinese loans. Once they are indebted to China and their dependence on Chinese loans increases, they will no longer be qualified to receive other official development assistance (ODA) loans, like Japan's concessional yen loans due to their weak solvency. In sum, receiving Chinese loans poses a dilemma of whether to continue to depend on them, or go into default and end the negative spiral with high costs. Once a country goes into default, Chinese and international economies will be destabilised.

Moreover, pro-Chinese leaders in Asia lost elections one after another in 2018. In May the pro-China Prime Minister of Malaysia, Najib Razak, was defeated by the opposition party leader, Mahathir bin Mohamad. Mahathir once suspended a China-funded East Coast Railway Link project but resumed it after he succeeded in extracting a concession from China to cut costs. In Pakistan, pro-Chinese Prime Minister Nawaz Sharif resigned after a corruption

probe and the opposition leader, Imran Khan, became Prime Minister in August 2018. His new administration announced a reduction in Chinese loans. In the Maldives, the incumbent pro-Chinese President Abdulla Yameen lost power and the opposition leader, Ibrahim Mohamed Solih became President in September. As a result, China has been forced to review its projects in these countries under pressure from the new administrations.

Given that the BRI is Xi's signature initiative and features in the Chinese Communist Party Constitution in October 2017, Xi cannot fail it. How to make the BRI successful and sustainable is therefore one of the top priorities for him. At the Second Belt and Road Forum convened in Beijing in April 2019, Xi made clear that China would promote high-quality economic cooperation under the BRI. Xi stated that China should implement the principle of extensive consultation, pursue open, green, and clean cooperation, and follow a high standard of cooperation to promote sustainable development. He clearly stated that China ...

will adopt widely accepted rules and standards and encourage participating companies to follow general international rules and standards in project development, operation, procurement and tendering and bidding. The laws and regulations of participating countries should also be respected ... We also need to ensure the commercial and fiscal sustainability of all projects so that they will achieve the intended goals as planned.⁴

Interestingly, his comment overlapped with the four conditions for cooperating with the BRI that Abe articulated in June 2017: i) open infrastructure to use by all; ii) transparent and fair procurement; iii) economically viable projects; and iv) the soundness of the debtor nation's finances. Xi's comment at least indicated China's willingness to make the necessary adjustments on BRI projects, however we need to wait and see how such an adjustment materialises in concrete terms.

It is yet to be seen whether and how the Xi administration adjusts the BRI concept. Xi has many internal and external challenges which could affect the evolution of the BRI. There is no doubt that the biggest challenge currently facing Xi's administration is the ongoing trade dispute with the US. When and how Xi will cut a deal with Trump is still unclear. Xi has to concentrate on his political capital to deal with the trade deal for the time being.

The Chinese economic slowdown also affects the BRI. It could pose severe challenges to the Xi administration and the Chinese Communist Party (CCP) because high growth rates are key to legitimising CPP rule. The Chinese economy grew 6.2 percent in the second quarter of 2019—the lowest growth rate since the first quarter of 1992—slowing from a 6.4 percent growth in the previous first quarter. China even lowered the growth target of 2019 to 6-6.5 percent range—the Chinese growth rate was 6.6 percent in 2018. Given the ongoing trade dispute, the outlook for the Chinese economy is grim.

Japan's FOIP

Prime Minister Abe also faces challenges. The FOIP vision—a potential framework for enhancing cooperation among like-minded countries in the region—can play a significant role in enhancing the regional order in the Indo-Pacific. However, there remains a degree of uncertainty and vagueness in the concept of FOIP. It has yet to fully develop and mature.

FOIP was re-branded as a vision, not a strategy, in November 2018 when Abe referred to it at a press conference with Mahathir. It is reported that this was the result of ASEAN state's being reluctant to endorse FOIP as a strategy because it could imply competition with China. Indeed, FOIP suffers from such an impression. How to rebrand FOIP is a challenge for the Abe administration.

FOIP was first mentioned by Abe during his keynote speech at the Tokyo International Conference on African Development (TICAD) in Nairobi, August 2016. Abe stated, "Japan bears the responsibility of fostering the confluence of the Pacific and Indian Oceans and of Asia and Africa into a place that values freedom, the rule of law, and the market economy, free from force or coercion, and making it prosperous".⁵ It indicates that FOIP seeks to safeguard a rule-based international order in the Indo-Pacific, but it does not exclude or counter against any specific country.

In this regard, Japan-China economic cooperation in a third country merits attention. Prior to Abe's visit to Beijing in October 2018, the 'Japan-China Committee for the Promotion of Japan-China Business Cooperation in Third Countries' was held in September. Taking the opportunity of Abe's visit this time, the 'Japan-China Forum on Third Country Business Cooperation' was convened and 52 memoranda of cooperation were signed between companies and organisations at the forum.

It will be a significant step forward if Japan and China can start a concrete project of economic cooperation in a third country. If it happens, it suggests that FOIP and BRI do not necessarily conflict with one another, even though both sides may be reluctant to endorse the other's initiative openly. However, at the time of writing no projects have yet eventuated.

While China can mobilise its state-owned enterprises (SOEs) to participate in the BRI—although it is getting harder to do so due to SOEs' emphasis on commercial merits—it is much more difficult for the Japanese government to encourage Japanese companies to start economic cooperation with Chinese counterparts in a third country. How to attract private capital is an essential but difficult task for the Japanese government.

Conclusion

This commentary highlights some of the critical challenges Japan and China face in their efforts to promote their initiatives in the Indo-Pacific. While the BRI has the potential to dramatically change the political and economic landscape in Asia and beyond, it is now at a turning point. Whether Xi can adjust it to accommodate international concerns and domestic constraints has yet to be seen.

Meanwhile, Japan's FOIP is a flexible initiative through which Japan can cooperate with essential partners in the region, such as Australia, India, and China, in addition to the US. It has been driven by ideas rather than concrete projects. How the BRI and FOIP can coexist affects the future dynamics of the Indo-Pacific. Japan, as an architect of the concept, needs to work with other relevant countries in the region to make FOIP attractive and suitable for strengthening the regional order.

Decentralisation of global leadership



Dr Huong Le Thu

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The shift in the balance of power and effect on leadership

The shift in the global balance of power has been accompanied by questions about the future of leadership. Does the end of the unipolar era also mean invertible changes to the nature of global leadership? Most likely.

We no longer live in times where there is an undisputable or indispensable leader. There is no singular leader like the US in the post-Cold War era. Does the economic and political weight of Asia mean that there will be a distinct Asian leadership? Will this be different from the forms of leadership we have been familiar with? Just as problematic was the Asian values debate from the 1980–90s, the Asian leadership debate invokes similar scepticism about the relativity of the issue.

For now, we are witnessing a period of unstructured forms of leadership. This can also be called the leadership crisis. One thing is certain: we are witnessing a leadership deficiency globally. The Indo-Pacific region—however ambiguously defined—will remain the arena where the new forms of leadership will emerge and be practiced.

How do we understand leadership?

Leadership can be understood in several ways, but for the purpose of this discussion, I adopt a definition that holds that: leadership is an exercise that involves the ability to provide solutions and actions in foreign policy by engaging others. Leadership can involve a provision of public goods (including strategic environment) and resolution of collective action problems and promotion of institution building etc. Leadership depends on possessing the necessary material capabilities to implement effective policies as well as on normative attributes, such as ideation and legitimacy and reputation.

In other words, whether a potential leader is ready to lead—but at the same time is perceived as benign and non-threatening to the survival of others. This distinguishes a leader from a hegemon, who achieves domination through aggressive measures. A hegemon prevails over others thanks to its military and economic dominance.

Leadership deficiency in the Indo-Pacific

From the conduct of current leaders in this part of the world, it is easy to arrive at the conclusion that the Indo-Pacific region is experiencing a leadership deficiency. Leaders of major powers in the region, including the US, China, India, and Japan display similar qualities that are controversial when we consider the traditional understandings of leadership espoused earlier. Xi Jinping is seen as a charismatic leader who is on a mission to revise China's position in the international order. He is a respected, but also a feared leader. Despite how the Western media and analysts portray him, Xi's successes in consolidating power has been admired in many parts of the world.

The authoritarian model of economic success and legitimacy is an attractive model for many. Bu Xi's rise is not without domestic controversy. Xi's anti-corruption campaign has been the signature of his governance. But it has also created many powerful enemies within the Chinese Communist Party, as well as in the business world. The change in the Constitution to eliminate the presidential term limit in 2018 further antagonised many of the supporters of Deng's efforts to decentralise power. Xi's leadership both from the perspective of international and domestic affairs is one that is based on fear rather than the ability to carry along the followers by the attractiveness of his ideas.

Indian Prime Minister Narendra Modi, although showing some signs of a more active foreign policy, remains primarily focused on domestic issues and is yet to gain the leadership recognition abroad. Even with a second term and the country's positive economic outlook, Modi will not play a leadership role beyond the immediate South Indian Ocean. India's potential leadership will be a selective and limited one, and significantly contested by its neighbours.

Shinzo Abe among all seems to be most effective in practicing 'quiet', yet effective leadership on selected issues. Donald Trump, arguably the most controversial of all, is the source of the biggest changes in what is perceived as global leadership. While in South East Asia, Japan is perceived increasingly positive, particularly in the context of US-China competition, its next-door neighbours remain highly suspicious of Tokyo. Not just China, but also South Korea—another democracy and a fellow ally of the US—will continue to dispute Japan's leadership position.

Despite the continued presence of new initiatives in the Indo-Pacific, the view regarding the US' commitment to the region is significantly challenged. Trump's personal conduct represents a form of negative charisma. His Tweet diplomacy is often in contradiction to the administration's official line, including from the Defense and State Departments. Both the language in which he refers to allies with, as well as conduct—including targeting tariffs—is

resulting in trust and confidence erosion among some of the US' closest and most long-standing allies, including Australia.

Trump's 'America First' policy suggests that the US is no longer interested in the supremacy role it used to play, but rather it will be selective in both geographical scope as well as issue areas. US power remains dominant globally, so this is not a question of capacity to lead, but more of the willingness to lead. The domestic support for 'America First' means that the current American leadership is transactional and even short-term in orientation. It is a significant departure from the old American undisputed and indispensable global leadership.

In other words, none of these leaders are providing global leadership, but rather are only interested or capable of 'selective leadership'. There is little focus on providing public goods in either case. Instead, the offers coming from the US and China are focused on advancing their national interests respectively.

An opportunity for collective leadership?

While such trends evoke anxiety and discomfort across different parts of the world, this is also an opportunity for new forms of collective leadership to emerge. Rather than worrying, it can also be liberating and empowering for spoke-to-spoke engagement and innovation. For example, Japan has taken the leadership in continuing the Trans-Pacific Partnership (TPP), now called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Australia's 'Pacific Step-up' is also seen as a form of regional leadership. Even the debate about 'Plan B' within Australia can be seen as a form of innovative thinking in considering its position in the changing global order. One thing is certain though, we are witnessing a decentralisation of global leadership.

Notes

- 1 Julie Bishop, Speech at the Asia Society Policy Institute, 8 March 2018.
- 2 RCEP negotiations remain ongoing, but on 4 November 2019 India announced it was withdrawing from the ASEAN centred regional free trade agreement. Once finalised, RCEP is anticipated to be the economic architecture of the Indo-Pacific.
- 3 Department of Foreign Affairs and Trade (DFAT), 'Joint Statement by Prime Minister Turnbull and Prime Minister Modi, visit to India 2017', DFAT, 10 April 2017.
- 4 Xi Jinping, Speech at the Belt and Road Forum for International Cooperation 2019, 26 April 2019.
- 5 Shinzo Abe, Speech at the Opening Session of the Sixth Tokyo International Conference on African Development (TICAD VI), 27 August 2016.



2. TOWARDS CENTRALITY OR DRIFTING AWAY: PROSPECTS FOR ASEAN LEADERSHIP IN THE INDO- PACIFIC

Having recently marked its 50th year, ASEAN is experiencing increasing regional pressure, with some analysts suggesting that it could be at risk of fragmentation and disunity. In 2018 Indonesia's former Foreign Minister, Marty Natalegawa, referred to this by suggesting that ASEAN was on the verge of a "strategic drift".¹ In June 2019, ASEAN's relevance and role as the central actor in the Indo-Pacific was reaffirmed with the highly anticipated release of its Indo-Pacific Outlook. The document embraces the language of the Indo-Pacific, however is conscious of Beijing's sensitivity to the term and ASEAN's own reservations about the 'free and open' aspect. The Outlook seeks to provide a collective ASEAN vision for the Indo-Pacific region at a time when geopolitical contestations are escalating. Commentaries in this section explore ASEAN's interpretation of the Indo-Pacific, and comment on how Australia, Japan and India might engage more closely with ASEAN as they seek to advance a more inclusive region.

ASEAN outlook on the Indo–Pacific: What’s next?



Hoang Thi Ha

ISEAS–Yusof Ishak Institute

The emerging Indo–Pacific discourse has become a little bit more crowded, but not any less contested, with the introduction of the *ASEAN Outlook on the Indo–Pacific* (AOIP) at the 34th ASEAN Summit in June 2019. The AOIP builds on ASEAN’s time-honoured policy that embraces all partners and friends, especially the major powers, through dialogue and cooperation. It prescribes ASEAN’s longstanding principles with regard to the regional architecture, including ‘open’, ‘transparent’, ‘inclusive’, ‘rules-based’, ‘respect for international law’, and ‘ASEAN centrality’ exercised through ASEAN-led mechanisms. Institutionally, no new design is envisaged as the AOIP “is not aimed at creating new mechanisms or replacing existing ones”.² Instead, the Outlook focuses on “strengthening and [the] optimisation of ASEAN-led mechanisms”, however it does not prescribe how this can be done.³

The embrace of the Indo–Pacific into the nomenclature of ASEAN is perhaps the most significant aspect of the AOIP. Given Beijing’s sensitivity to the term ‘Indo–Pacific’ and ASEAN’s own reservations about the United States’ (US) version of the Free and Open Indo–Pacific (FOIP), ASEAN’s Indo–Pacific concept has been designed in a way that makes it qualitatively distinguishable from the FOIP. The AOIP therefore emphasises economic-functional cooperation, while distancing from strategic competition. This development-oriented approach views the Indo–Pacific less as a security-driven phenomenon, and more as an economic and connectivity-linked construct.

However, this embrace of Indo–Pacific does not mean that ASEAN’s strategic outlook will now over-reach to the complex dynamics of international relations on the Indian Ocean’s part. The AOIP remains South East Asia-centric while being more forthcoming in exploring “cooperation with other regional and sub-regional mechanisms in the Asia-Pacific and Indian Ocean regions on specific areas of common interests”.⁴ Some may think that ASEAN has bitten off more than it can chew by overreaching to the vast Indo–Pacific expanse where its centrality may likely be diluted. My reading is that ASEAN is just trying to secure its own turf even as it sets sights on broader horizons.

The AOIP seeks to re-assert ASEAN’s voice amidst competing narratives of the major powers on the Indo–Pacific concept. It is an expression of ASEAN’s determination not to be left out in the emerging Indo–Pacific discourse on the future of the regional order, as contentious and nebulous as this concept may be. In practical terms, the AOIP provides a common script for ASEAN member states in response to external pressures to take a stand on the ‘Indo–Pacific’.

The AOIP also identifies the priority areas of cooperation that ASEAN intends to pursue under the Indo-Pacific ambit, namely maritime cooperation, connectivity and sustainable development. While some may lament this as a 'laundry list' that blunts the Outlook's strategic edge, it provides a modicum of legitimacy and a rallying point for interested ASEAN member states to scale up their national, bilateral, trilateral, sub-regional or minilateral initiatives, leveraging the multiplicity of the existing arrangements and platforms, as well as the resources and facilities made available by the major powers in the Indo-Pacific. These arrangements include, but are not limited to, ASEAN and ASEAN-led mechanisms.

More crucially, the AOIP continues ASEAN's 'open door' policy with all countries and partners and strengthens ASEAN's efforts to sustain multi-polarity in the region. Extending its strategic horizons in the broader Indo-Pacific context can open up new opportunities and partnerships for ASEAN and its member states, while avoiding over-dependencies or binary choices vis-à-vis the major powers. Furthermore, the AOIP is also a welcome re-affirmation of ASEAN's cardinal principles and its pursuit of an open and inclusive regional order—particularly in this time of intense great power rivalry and heightened risks of bipolarisation in regional politics. It is never a tired and worn-out exercise to reaffirm respect for sovereignty and compliance with international law, especially for small states like ASEAN members.

However, it does not suffice just repeating the same mantra, and hoping for the best. The problem with ASEAN has never been the absence of principles governing inter-state relations, but the collective courage to give effect to such principles and call out their 'violations' when it comes to specific situations. Developments in the South China Sea very much illustrate this point. What does ASEAN mean when it says, 'respect for freedom of navigation' and 'compliance with international law, including UNCLOS? ASEAN documents are normally crafted in such generality, and sometimes ambiguity, giving rise to varied interpretations and applications. It also shields ASEAN from taking an unequivocal principled position on specific developments and issues that undermine the regional rules-based order.

On a more cautious note, the AOIP is in fact old wine in a new bottle since it does not add much that is new to ASEAN's strategic culture. ASEAN has embraced the term Indo-Pacific in its lexicon, but the big question remains whether it will make any difference. Moving forward, how ASEAN could give adequate expression and effect to the AOIP, both externally and internally, remains to be seen.

Externally, all proponents of the Indo-Pacific concept, namely Japan, Australia, India, and the US, have expressed support for the AOIP as they point to the convergence of the principles espoused in the AOIP and their own Indo-Pacific articulations—especially the principles of 'openness', 'freedom' and 'rules-based order'. Meanwhile, China has not publicly expressed its views on the AOIP, probably because Beijing may find bilateral and discreet channels with individual member states more effective to exert its voice and hold its sway. It is somewhat paradoxical that both the AOIP and China's BRI emphatically focus on development and connectivity, but ASEAN chose to package its document under the Indo-Pacific label which is being shunned by Beijing.

It remains in doubt whether the AOIP with ASEAN's traditional approach of dialogue and cooperation will have any significant impact on the strategic outlooks of the US and China. Especially as relations between the two great powers have taken a sharp turn towards strategic competition and even economic – technological de – coupling. As remarked by Bilahari Kausikan recently:

[O]f all the different versions of the Indo-Pacific, the ASEAN document probably has most in common with the Japanese and Australian versions of the Indo-Pacific. [...] Under current circumstances, Japan and Australia are probably the two countries with which ASEAN can work most constructively. The US and China, no matter what they may claim, are at present in no mood to really listen to ASEAN. Their goal is to capture ASEAN rather than work with us.⁵

It will take time for the Indo-Pacific construct to be internalised as part of ASEAN's strategic culture. The AOIP is in fact a reactive move—ASEAN found its voice wanting on the Indo-Pacific construct as different visions of it were thrust upon the grouping. The title of the document—the *ASEAN Outlook on the Indo-Pacific*—also speaks to ASEAN's ambivalence as it situates the 'Indo-Pacific' as an externally – defined object that is observed from the viewpoint of ASEAN more as a spectator than a proprietor.

ASEAN member states have adopted the AOIP as an ASEAN common script without altogether internalising the Indo-Pacific to the same extent. This dynamic will continue to play out even after the Outlook's adoption. Forward-leaning member states like Indonesia will like to see greater expression of the AOIP through concrete projects, while others may be reluctant. In short, the adoption of the AOIP does not altogether remove the ambivalence that some ASEAN member states still hold towards the concept.

The AOIP is a limited guide for individual member states when faced with binary questions in the context of deepening and widening US–China strategic competition. By offering an inclusive and cooperative Indo-Pacific narrative, the Outlook may help shield ASEAN member states from having to *officially* take sides, but realistically some are already on their way to making binary choices.

The jury is still out on whether the Outlook will be able to foster sufficient ASEAN strategic cohesion to effectively arrest this trend. The Outlook is just the beginning, not the end or even the goal in itself. At best, it offers a good platform for ASEAN member states to start soul-searching and having serious conversations on the very different and uncertain landscape that they are facing.

ASEAN's centrality in the Indo-Pacific: Strategic drift or tethered drift?



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The shift from the Asia Pacific to the Indo-Pacific is not simply a semantic shift, but also implies the structural changes shaping the regional and the global order. The Asia Pacific is more distinct as a colonial and post-colonial regional identity. As the geopolitical conceptions of the Indo-Pacific have emerged, it has also opened up the possibilities of relooking at this emerging region from a historical perspective to understand the linkages and extensive interaction that existed through trade and cultural relations. For almost two hundred years since the 1824 Straits Settlement Agreement, the colonial powers carved out specific areas of control, while keeping the region safe from other colonial powers. The earliest such example is of the 1824 agreement where the British and the Dutch agreed to expand their hold over the north and south of the Malacca straits respectively, carving out smaller sub-regions in the vastly connected maritime and territorial domain.⁶

Similarly following the decolonisation process, the region was divided almost vertically into the various sub-regions of South Asia, South East Asia, East Asia and the Pacific. The realities of the Cold War too tended to look at these various sub-regions as singular units, much of which was pushed by issues of nation building and consolidation at the internal level. It is within this background that any analysis of ASEAN centrality needs to be evaluated, where former Indonesian Foreign Minister Marty Natalegawa identifies that a sense of 'drift' in ASEAN's external relations would undermine the purpose of ASEAN-led mechanisms and would leave the regional grouping open to the vicissitudes of great power rivalry.⁷

Challenges and responses to ASEAN centrality

Over the last decade the challenges to ASEAN centrality have begun to emerge. Several factors contribute to the view that ASEAN centrality has been undermined resulting in the statement that the regional grouping is beginning to face a strategic drift in the context of regional challenges. Some of these are discussed below to highlight the issues that ASEAN is facing. First, intra-ASEAN tensions and cohesion have been identified as one of the important challenges. In this context the reference is often made to the ASEAN Summit of July 2012,

when the grouping for the first time failed to produce a joint communiqué over differences on the South China Sea dispute. Cambodia, as Chair was seen as having shifted to the Chinese camp and was viewed as having undermined the solidarity of ASEAN.

Subsequently, through effective diplomacy the matter was brought under control and ASEAN has managed to move forward from thereon. President Duterte's election in the Philippines once again revealed the levels of intra-ASEAN strains when the Philippines leadership facing criticism from the west, moved closer to China. Interestingly for both Cambodia and the Philippines the focus of ties with China are leveraged on their economic relations, especially the need to garner Chinese investments into infrastructure projects to enhance economic development within these countries, diluting their stance on matters relating to the security concerns of the other ASEAN members.

Interstate relations, particularly among the major powers are at an all-time low. The US-China trade dispute is a significant factor contributing to regional tensions, with no evidence of it letting up in the foreseeable future. South East Asian states are expected to benefit from trade diversion from China as a result of the 'trade war'. For ASEAN, while this heralds a positive move forward on the economic front, it also pulls ASEAN closer into the Chinese economic embrace, making it more difficult for members to maintain their sense of strategic autonomy.

China is increasing its security partnerships with regional countries, making it even more difficult for these countries to resist China's growing regional role.⁵ Adding to the nature of the US-China relationship, major power rivalry is also compounded by Russian support for the Chinese position vis-à-vis the formulations of the Indo-Pacific, which are seen as a countering balance to China's rise. France and the United Kingdom (UK) too have shown a move towards formulating their own policies on the Indo-Pacific. At the 2019 Shangri La Dialogue both the US and France had a more concrete idea of what they were supporting through the FOIP, compared to the UK which appeared to not have a policy paper. However, the fact that these powers support the idea of a FOIP, brings the regional divide almost along vertical lines, with China and Russia on one side and the US, France and UK on the other.

The most significant challenge is the way China is reshaping the context of the normative order in the region, and challenging it globally. As China's rise becomes more apparent, it is also creating new conceptual and institutional frameworks which challenge the existing normative order through institutions such as the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (established by the BRICS states). These institutions are critically challenging the US-led liberal international order, and indeed are beginning to be seen as the establishment of a Sino-centric order for the region.⁸ Regional infrastructure projects such as the BRI and the 21st Century Maritime Silk Route critically alter the geopolitics of the region. US-led initiatives such as the Indo-Pacific Economic Corridor have yet to take any concrete shape in acting as an alternative link for connecting South and South East Asia.

While these challenges are affecting the centrality of ASEAN, it is important to bear in mind that ASEAN remains the only mechanism that can drive institutional frameworks in the region.

The question that remains credible is whether ASEAN can act as a pivot in managing the mechanisms in the context of the larger debates arising on the Indo-Pacific, and the unfolding geopolitics in the wider region. In this context it is significant to recall that ASEAN had not begun to identify the region as the Indo-Pacific until fairly recently. Individual ASEAN countries began to become conversant with the idea of the Indo-Pacific with specific references to areas of their own security concerns. Among these, Indonesia has been playing a pivotal role in what the Indo-Pacific means for itself and for the ASEAN region.

As an archipelagic state that critically links the Indian and Pacific oceans, Indonesia's approach to the Indo-Pacific will be more acceptable to the ASEAN countries. ASEAN has begun to take small steps towards defining and bringing the Indo-Pacific into the regional lexicon. While until recently there was hardly any reference to the terminology of the Indo-Pacific in the ASEAN's proceedings, the 2019 Shangri La Dialogue saw ASEAN member states making more references to the Indo-Pacific.

Indonesia's Defence Minister Ryamizard Ryacudu in particular referred to "Southeast Asia as the strategic maritime fulcrum of the Indo-Pacific", and also reiterated that ASEAN would be key to the stability of the Indo-Pacific.⁹ However, at the same time ASEAN will carefully choose to define what the Indo-Pacific means with member countries seeking an inclusive space for all states in the region. This will find support from other ASEAN Dialogue Partners, particularly from India, which has already been strongly emphasised in Prime Minister Modi's speech at the 2018 Shangri La Dialogue.¹⁰

ASEAN's recently concluded *Outlook for the Indo-Pacific* also reiterates two clear areas of ASEAN concern. First, that regional economic development must not be in any way affected by the structural changes altering the wider region. This will specifically resonate on the conclusion of the Regional Comprehensive Economic Partnership (RCEP). Second, as a region lying at the heart of the maritime connects of the Indo-Pacific, ASEAN has reiterated the importance of maritime security. These two aspects of the Outlook clearly implicate ASEAN's role in agenda setting for any ASEAN-led approach to the Indo-Pacific. Most often, this agenda setting is driven by the ASEAN. In 2020 with Vietnam as the chair, the focus on maritime security as part of the ASEAN agenda will likely take a more concrete shape.

In conclusion, ASEAN centrality like the region in which it finds itself, is not static but dynamic. The concept of centrality also tends to face its share of push and pull factors that emerge from systemic level changes that implicate the regional security architecture. During periods of relative peace, ASEAN centrality is not challenged but remains as the core of the regional processes. At times of great power rivalry, there are pressures on ASEAN centrality, which may perhaps indicate a region that is in a state of 'drift'. However, with ASEAN at the core of the regional processes, this needs to be viewed more as a tethered drift rather than a strategic drift. A tethered drift may bring in more complexities and challenges to test the core principles of ASEAN, but remains rooted, however, in the normative edifice of processes which have been associated with ASEAN for well over fifty years.

Indonesia, ASEAN, and the Indo–Pacific



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The recognition for the connectedness of the Pacific Ocean and the Indian Ocean has been in the Indonesian lexicon since the 1930s, but the current discussion of ‘Indo–Pacific’ in Indonesia can be traced back to May 2013, when the then Foreign Minister Marty Natalegawa delivered a speech on Indonesia’s Indo–Pacific Perspective in Washington, DC. A year later, when Joko Widodo began his presidential campaign, he introduced his vision of Indonesia as the fulcrum of two oceans—the Indian Ocean and Pacific Ocean—which was later dubbed as the ‘Global Maritime Fulcrum’ vision. After he was sworn in as President, Widodo then introduced his vision to regional audiences at the 9th East Asian Summit in Myanmar, November 2014.

Indonesia continued to mainstream the Indo–Pacific terminology in its domestic lexicon. The ‘Indo–Pacific’ term was used for the first time in the five–year strategic plan of Indonesia’s Foreign Ministry published in April 2015. In the same year, Indonesia hosted the historical Indian Ocean Rim Association High–Level Forum. In 2018 Indonesia started to seriously consider the importance of having a collective outlook in the region regarding the Indo–Pacific. The term was used for the first time in the 2018 annual statement of Indonesia’s Foreign Minister Retno Marsudi (repeated seven times), while President Widodo also paid a diplomatic tour to five South Asian countries as a way to show Indonesia’s serious attention towards the Indian Ocean.

Indonesia’s effort to create a collective outlook

Indonesia’s active efforts stem from the concern that major power rivalry deeply impacts South East Asia, and the competing narratives on the Indo–Pacific may increase regional tensions. In particular, Indonesia is uncomfortable with the US’ approach, seeing it as an attempt to isolate China. Indonesia is even more uncomfortable with the ‘Quad’, seeing it as a potential strategic coalition (of US, India, Japan, and Australia) that undermines ASEAN centrality. This concern peaked when the US released their National Security Strategy (NSS) in December 2017, followed by the relevant introduction at the APEC CEO Summit in Vietnam that same year.

Foreign Minister Marsudi, at the ASEAN Foreign Ministers Retreat at the beginning of 2018, expressed Indonesia’s proposal to collaboratively work on a collective outlook. This was followed up by an ASEAN 1.5 Track Workshop on the Indo–Pacific organised in Jakarta mid– March 2018. Later that year, during the 32nd ASEAN Summit, President Widodo reiterated Indonesia’s serious proposal, by emphasising the three following points

regarding the Indo-Pacific: i) ASEAN as the driver of the Indo-Pacific; ii) addressing security challenges; and iii) the importance of creating a new centre of economic growth in the Indian Ocean.

At the Foreign Ministers Meeting of the East Asian Summit in August 2019, the Indonesian Foreign Ministry circulated an 8-page concept paper. Responses varied. The 51st ASEAN Foreign Ministers Meeting Joint Communique also noted Indonesia's proposal vis-à-vis the narratives of dialogue partners. In September 2018, ASEAN held a Senior Officials Meeting Retreat on the Indo-Pacific where the meeting mandated Indonesia to coordinate the development of its indigenous collective outlook. However, the first ASEAN Foreign Ministers Retreat under Thailand's chairpersonship did not result in a positive outcome, as Indonesia failed to convince other ASEAN states to formally adopt a common stance on the Indo-Pacific concept.¹¹

In March 2019, Indonesia took the initiative to organise a High-Level Dialogue on Indo-Pacific Cooperation. Among ten ASEAN countries invited, only one of them—Brunei Darussalam— sent its foreign minister and four members—Lao PDR, Malaysia, Singapore, and Vietnam— delegated their vice foreign ministers. This meeting did not really result in anything substantive, but at least the discussion occurred. After several months of intense efforts, including internal ASEAN challenges,¹² the *ASEAN Outlook on Indo-Pacific* (AOIP) was finally adopted at the ASEAN Summit on 23 June 2019 in Bangkok, Thailand.

What is in the ASEAN Outlook?

Officials have said that ASEAN Outlook on the Indo-Pacific (AOIP) ought to be viewed as a work in progress, as it is intended to be “inclusive in terms of ideas and proposals”.¹³ The Outlook avoids any mention of a major power and discussion of sensitive political-security issues. The Outlook stresses reliance on existing ASEAN norms and mechanisms, such as the *Treaty of Amity and Cooperation* and the East Asian Summit. It is “not aimed at creating new mechanisms or replacing existing ones”.¹⁴ In short, there is not much new offered by this document.

However, it does mention four key areas of cooperation for the countries in the Indo-Pacific, namely: maritime cooperation, connectivity, sustainable development goals, and economic and other sectors. However, no clear strategy on how to pursue these areas of cooperation can be found in the document. The principles mentioned are characteristically ASEAN. First, regarding the way the regional architecture is imagined, and the symbolic keywords associated with ‘independent’: ‘inclusive’ which is repeated twice, ‘inclusivity’, ‘collective leadership’, ‘ballast for the current dynamism’, and ‘inclusiveness’. AOIP appears to liberate ASEAN from competing with great powers’ views on the Indo-Pacific.

Second, AOIP recognises the presence of non-ASEAN-led mechanisms and non-ASEAN countries through a region-to-region approach. It manifests in the point where AOIP looked for “cooperation with other regional and sub-regional mechanisms in the Asia-Pacific and Indian Ocean regions”,¹⁵ which was repeated four times in a different manner. This seems to be a

‘business as usual’ approach when an entity lacks resources to engage countries on an individual basis.

Third, AOIP intensifies the use of ASEAN’s jargon, including the perception of ASEAN as ‘an honest broker’, an advocate for ‘dialogues’ and an enabler of strategic discussions, while also fostering the concept of ‘win–win or mutually beneficial’ cooperation.¹⁶ These ASEAN ways have been effective in driving serious military conflicts away from the region for over decades.

What next?

AOIP is best understood as an instrument of small/middle power diplomacy amidst great power rivalry and competing Indo–Pacific concepts and strategies. It is ASEAN’s effort to set the rules of the game, but unfortunately it still lacks the driving force. Therefore, support from ASEAN dialogue partners is imperative.

There are at least two ways in which ASEAN counterparts could contribute to the AOIP. First, through normative measures such as officially recognising the AOIP as the main regional framework establishing the ‘rules of the game’ for the Indo–Pacific and endorsing the AOIP in all ASEAN–led mechanisms and the ASEAN+1 frameworks. Second, through practical ways such as providing more financial and technical assistances towards the implementation of the AOIP areas of cooperation.

Joining various dialogues organised by ASEAN is also necessary to deepen mutual understanding between states. The East Asian Summit may not immediately be expanded, but cooperation amongst outside partners should be welcomed. ASEAN dialogue partners and ASEAN members need to be on the same page about the how the East Asian Summit functions, in order to prescribe and drive more practical cooperation, particularly on the key areas mentioned in AOIP.

ASEAN, Japan and the Indo–Pacific concept: Overlapping outlooks



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In his August 2016 keynote address to the Sixth Tokyo International Conference on African Development (TICAD VI) in Nairobi, Prime Minister Shinzo Abe declared his Free and Open Indo–Pacific Strategy (FOIP) aimed at maintaining and strengthening a free and open maritime order. The FOIP’s three pillars are: i) reinforcing basic values—rule of law and freedom of navigation; ii) pursuing economic prosperity through

enhanced connectivity; and iii) developing maritime law enforcement capabilities to guarantee peace and stability. Subsequently, various countries including the US, Australia and India have also embraced the Indo-Pacific concept in their own strategic outlooks.

In June 2019, the ASEAN Secretariat belatedly released its document titled 'ASEAN Outlook on the Indo-Pacific' (AOIP). Presumably, the ASEAN states wanted its own voice to be heard amidst the competing narratives and cacophony of the FOIP. With the new emphasis by various great and middle powers on the 'Indo' wing of the concept (superseding the Asia-Pacific), there is the danger that ASEAN will be marginalised in the regional security architecture.

This ASEAN document does not contradict Tokyo's three FOIP pillars, but there is a key difference. The AOIP emphasises ASEAN centrality in the regional architecture. Indeed, Indonesia, the key South East Asian state which actively promoted ASEAN's own version of the FOIP, envisages itself to be the maritime fulcrum of the Indo-Pacific. The AOIP reaffirms ASEAN-led mechanisms such as the East Asian Summit (EAS), ASEAN Regional Forum (ARF), ASEAN Defence Ministers Meeting Plus (ADMM Plus), Expanded ASEAN Maritime Forum (EAMF) and other ASEAN Plus One mechanisms.

There is another key difference between AOIP and the more muscular US conception of the Indo-Pacific concept. AOIP neither supports a containment of China nor rejects Beijing's Belt and Road Initiative (BRI). Besides affirming ASEAN centrality, AOIP reiterates principles such as openness, transparency, inclusivity, a rules-based framework, good governance, respect for sovereignty, non-intervention, complementarity with existing cooperation frameworks, equality, mutual respect, mutual trust, mutual benefit and respect for international law, such as the United Nations (UN) Charter, 1982 UNCLOS, ASEAN Charter and the Treaty of Amity and Cooperation in Southeast Asia (TAC).

Arguably, AOIP is a repackaging of 'apple pie and motherhood statements' articulated by ASEAN for decades. A case can be made that AOIP is merely 'old wine in new bottle'. But the analogy may be apt: vintage wine is better than new wine. Indeed, everything new and faddish does not necessarily mean better—whether it is wine or regional architecture.

AOIP also identified areas of regional cooperation including maritime cooperation, ASEAN connectivity and the 2030 UN Sustainable development goals. The ASEAN Outlook proposed that ASEAN will cooperate with everyone agreeable to its aforementioned principles. Simply put, the AOIP was carefully crafted and calibrated to be innocuous and inoffensive to all middle and great powers, including a rising China.

At his July 2019 press conference in Bangkok (ASEAN Foreign Ministers Meeting and dialogue with China), Foreign Minister Wang Yi expressed his support for AOIP. Wang Yi said: "Many of the principles and ideas that are contained in this (ASEAN) outlook are consistent with China's views, for example, a commitment to ASEAN centrality, staying open, inclusive & transparent".¹⁷ But is this merely lip service from Beijing seeking friendly ties with ASEAN now that the former is locked in an acrimonious 'trade war' with the US?

Notwithstanding Chinese support for AOIP, the reality check is that Beijing's excessive 9-dash line maritime claims envelope almost the entire South China Sea, much to the chagrin of other claimant states (including the ASEAN states of Vietnam, the Philippines, Malaysia and Brunei). In June 2019, a Chinese ship rammed and sank a Filipino fishing boat in disputed waters. In July and August the same year, Vietnam and China engaged in a stand-off near an offshore oil block near the Spratlys in the South China Sea.

The intriguing question is: can ASEAN and Japan cooperate on FOIP? Absolutely, yes. Both sides have a trusting and friendly relationship since the 1977 Fukuda Doctrine and have shared values. But ASEAN has two caveats: its partners cannot ignore ASEAN centrality and their joint cooperation cannot be targeted against a third party (read: China).

ASEAN-Japan friendship and cooperation: Before and beyond FOIP

To be sure, a closer relationship between Japan and the South East Asian states is not contingent on forging a consensus on FOIP. With or without Tokyo's FOIP concept, their ties are rock solid. Since the 1977 Fukuda Doctrine, both Tokyo and ASEAN states have maintained a friendship paradigm and a comprehensive relationship. Japan and the South East Asian states have buried their historical hatchet over the former's invasion and occupation of the region (1941-45).

They also enjoy considerable economic interdependency. Tokyo has provided generous ODA (Official Development Assistance) to South East Asia and engaged in United Nations Peace Keeping Operations (UNPKO) in Cambodia and East Timor, and spearheaded peacebuilding in conflict areas in South East Asia such as Aceh, Mindanao and Myanmar. Unlike ASEAN-Japan relations, the dyads of China-Japan, and South Korea-Japan lack genuine friendship and historical reconciliation.

According to the 2019 Institute of Southeast Asian Studies, Singapore (ISEAS) elite survey, South East Asian elites trust Japan more than the US and China. The Lowy Institute Asia Power Index reveals that Japan exercises considerable soft power in South East Asia beyond cultural products like manga, anime and sushi.¹⁸ Amidst the simplistic narrative of 'China rising, US in relative decline' is the ignorance that Japan still is a considerable power in South East Asia.

Arguably, there is a great game between Beijing and Tokyo in South East Asia not based on guns and bullets, but competition over infrastructural development such as rapid trains, bridges, roads, industrial parks, harbours and airports. Wooed by both China and Japan, some developing South East Asian countries will surely benefit economically. In line with its FOIP, Tokyo also provides capacity building such as training coast guards, and provision of patrol boats and surveillance planes to some ASEAN states to monitor the disputed South China Sea.

The US-Japan alliance also underpins regional security architecture and maintains a regional balance of power amidst a rising China. Arguably, ASEAN can play its integrative role and 'centrality' in the Indo-Pacific because a balance of power exists, and all great and middle powers tolerate ASEAN multilateralism for their own interests. Apparently, Japan, with its US ally,

unambiguously balances against China while the ASEAN states hedge against China while maintaining friendship with all great powers.

This fundamental difference in strategic outlooks between the South East Asian states and Japan explains why the Japanese FOIP and AOIP overlap but are not identical. Indeed, the AOIP is based on ASEAN's norms and practices of statecraft, and not the strategic preferences of Washington or Tokyo. Simply put, ASEAN will cooperate with Tokyo based on mutual trust and interest but will not align with the US-Japan alliance against China. Obviously, the ASEAN states do want to choose sides—between US and China, or between China and Japan. Just because their conceptions of the Indo-Pacific may overlap does not mean that they will act in concert against Beijing.

Despite the uncertain power transition of East Asia, turbulence in American domestic politics (liberal internationalism versus Trump's 'America First'), and competing narratives of the Indo-Pacific, ASEAN, Japan, China and Australia can still cooperate in areas such as RCEP, maintaining a free trade system, and promoting environmental protection such as mitigating climate change and plastic pollution in oceans.

Notes

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3. FROM LEADERSHIP TO PARTNERSHIP: RISKS AND REWARDS OF A MORE INCLUSIVE INDO-PACIFIC

While Canberra, Tokyo and New Delhi have demonstrated individual leadership in articulating their future vision of the Indo-Pacific, to advance a more inclusive Indo-Pacific requires further bilateral and trilateral diplomatic and security ties. Additionally, with an increasingly inward-looking US administration prompting some partners to question Washington's commitment to the region, future leadership will require states being bolder in their articulation and expression of the rules and norms that underpin a 'free and open' Indo-Pacific. Moving from leadership to partnership in the current climate of great power contestation will require working in concert with regional partners towards shaping a collective vision of the Indo-Pacific. Commentaries in this section discuss the driving factors for cooperation between Australia, Japan, India, as well as developments towards positioning allies and partners at the core of various Indo-Pacific strategies.

Contesting claims in the Indo-Pacific: From leadership to partnership



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In May 2019 Sri Lanka, Japan and India signed an agreement to jointly develop the East Container Terminal at the Colombo Port at an estimated cost of \$500 to \$700 million. The Colombo Port which transports almost 90% of Sri Lanka's seaborne goods and is Southwest Asia's busiest port remains strategically critical as it connects four key geographies: Europe, the Middle East, Africa and Asia. Sri Lanka hopes to leverage regional economic dynamism to its advantage by enhancing the capacity of this port and regional transport connectivity.

China's shadow looms large over Sri Lanka ever since the island nation was almost forced to cede control over Hambantota Port to China on a 99-year lease after falling into a serious debt trap. Despite political change in the country, Colombo found it difficult to shake off the yoke of Beijing and so it has been keen to involve other regional players, in particular India and Japan, in other key projects. But India's role in the country continues to generate intense passion with reports emerging in 2018 of a serious rift between President Maithripala Sirisena and Prime Minister Ranil Wickremesinghe on the issue of India's participation in the project. This despite the project being a trilateral one with the involvement of Japan. Japan's longstanding economic ties with Sri Lanka ultimately seem to have made the deal palatable to the local polity.

At a time when China's BRI is reshaping Beijing's engagement with South Asia, there is a new sense of urgency in New Delhi to formulate an adequate response. India's engagement with Japan is emerging as a key variable in this matrix and Sri Lanka is becoming a nodal point. Apart from the Colombo Port, the two nations also plan to work jointly in developing the Trincomalee Port in eastern Sri Lanka in support of their Free and Open Pacific Ocean and Indian Ocean strategies. India is also working with Japan in developing an Asia-Africa Growth Corridor (AAGC) aimed at linking the African continent with India and countries in South Asia and South East Asia.

The United States (US) is also keen on giving some belated economic heft to its Indo-Pacific vision by enhancing the financial support that Washington provides to countries in the region through a proposed agency, the US International Development Finance Corporation. In its recently released Indo-Pacific Strategy report, the Pentagon has come down heavily on what it terms China's efforts to "reorder" the Indo-Pacific region to its advantage by leveraging

military modernisation and predatory economics to coerce nations even as it describes India as a partner with which Washington shares a “common outlook” about the Indo–Pacific.¹ The report argues that “India through its ‘Act East’ policy, continues to make significant security, economic, and development investments to secure the vision of a free and open Indo–Pacific region”.² Taking aim at Beijing, the US is asserting that its “vision for a free Indo–Pacific is one in which all nations, regardless of size, are able to exercise their sovereignty free from coercion by other countries,” and is one “that promotes sustainable growth and connectivity in the region”.³

In line with this, the US Acting Defense Secretary Patrick Shanahan in his long-awaited keynote speech at the Shangri-La Dialogue in June 2019 on the Trump administration’s ‘Free and Open Indo–Pacific’ vision strongly argued that the US is “not going to ignore Chinese behaviour”.⁴ When he suggested that “perhaps the greatest long-term threat to the vital interests of states across this region comes from actors who seek to undermine, rather than uphold, the rules-based international order”, the target was not lost on anyone.⁵ China’s Defence Minister General Wei Fenghe responded by pushing back at the same platform by underlining that “over the years, some have been recklessly hyping up, exaggerating and dramatising the ‘China threat theory,’ partly due to the lack of understanding of China’s history, culture and policies, but more likely due to misunderstanding, prejudice, or even a hidden agenda”.⁶

As tensions between the US and China escalate, regional states in the Indo–Pacific do not have the luxury of time on their side. It is not surprising that regional diplomatic activity has been gathering pace. The US, India, Australia and Japan while underlining their efforts to maintain universal respect for international law and freedom of navigation and overflight in the region also came out in strong support of an ASEAN-led mechanism to preserve and promote the rules–based order in the Indo–Pacific. This group of nations, known as the Quad, have been slow to get off the ground, but now find that they have nowhere else to go but to enhance their collective efforts at managing regional turbulence.

At the 34th ASEAN summit in Bangkok in June 2019, its member states finally managed to articulate a collective vision for the Indo–Pacific region in a document titled the *ASEAN Outlook on the Indo–Pacific*. At a time when the geopolitical contestation between China and the US is escalating, it has become imperative for the ASEAN to reclaim the strategic narrative in its favour in order to underscore its centrality in the emerging regional order.

Though there were divisions among ASEAN member states in the run-up to the summit, they managed to come up with a non-binding document. It underlines in the document the need for an inclusive and “rules–based framework” to “help to generate momentum for building strategic trust and win-win cooperation in the region”.⁷ An awareness of the emergence of a great power contest around its vicinity pervades the document as it argues that “the rise of material powers, i.e. economic and military, requires avoiding the deepening of mistrust, miscalculation and patterns of behaviour based on a zero-sum game”.⁸

Despite individual differences and the bilateral engagements ASEAN member states have with the US and China, the regional grouping can now claim to have a common approach as far as the Indo-Pacific region is concerned, and which the Prime Minister of Thailand, Prayuth Chan-ocha, suggested “should also complement existing frameworks of cooperation at the regional and sub-regional levels and generate tangible and concrete deliverables for the benefit of the region’s peoples”.⁹

Engaged with the Indo-Pacific concept for some time now, it has now been pushed into articulating its formal response with a sense of urgency after other major regional players began laying their cards on the table. The release of the US Free and Open Indo-Pacific strategy report in June—focused on preserving a “free and open Indo-Pacific” in the face of a more “assertive China”—was perhaps the final push that was needed to bring the ASEAN discussion on the subject to a close.¹⁰ Japan had already unveiled its Free and Open Indo-Pacific concept in 2016, while Australia released its Foreign Policy White Paper in 2017, detailing its Indo-Pacific vision centred around security, openness and prosperity. Prime Minister Narendra Modi articulated India’s Indo-Pacific vision at the Shangri-La Dialogue in 2018, with India even setting up an Indo-Pacific wing in the Ministry of External Affairs earlier this year.

India has welcomed ASEAN’s outlook on the Indo-Pacific as it sees “important elements of convergence” with its own approach towards the region.¹¹ During US Secretary of State Mike Pompeo’s visit to India in June 2019, India was categorical that it is “for something” in the Indo-Pacific and “not against somebody”, seeking to carefully calibrate its relations with the US and China in this geopolitically critical region.¹² As External Affairs Minister S. Jaishankar suggested, “that something is peace, security, stability, prosperity and rules”.¹³ India continues to invest in the Indo-Pacific; on the sidelines of the G20 Summit in Osaka, Modi held discussions on the Indo-Pacific region with US President Donald Trump and Japan’s Prime Minister Shinzo Abe, with a focus on improving regional connectivity and infrastructure development.

Smaller states in the region will be better off as alternatives to China emerge. For all the rhetoric emanating from Washington, the Trump administration continues to look inwards. It has failed to articulate a coherent strategy that melds strategic and economic aspects of the shifts taking place in the Indo-Pacific. As a result, it is incumbent upon major regional powers such as India and Japan to be bolder and more decisive in offering regional leadership and build partnerships. This is what this moment in history demands from key players in the region. And New Delhi seems prepared to take that leap. Its collaboration with Tokyo on the Colombo Port is one of the most significant manifestations of this resolve, but it should only be seen as a beginning.

Challenges for the regional order in the Indo-Pacific



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What are the reasons behind the security cooperation among Australia, India and Japan? Are the three countries, together with the US, in agreement over a future vision for the Indo-Pacific? Who are the envisioned member states? And what are the means to achieve the objectives?

These questions are important because they help us understand the sources of cooperation and what each country expects from it. This commentary will try to gain insight into these questions by examining the evolution and contents of Japan's Indo-Pacific strategy. This commentary will examine the different positions of Australia, India and Japan by looking at their policies regarding the South China Sea and regional economic cooperation.

What drives cooperation between Australia, India and Japan?

There are two factors that prompt Australia, India and Japan to increase their cooperation. One is the concern over the relative decline of US power and commitment. The second is the rise of China and the possible negative consequences China poses to economic and security interests in the region.

US military and economic advantage relative to China is declining. Since the 1990s, China has concentrated its efforts on creating a military force that can dissuade the US from military intervention by making it costly. The US has repeatedly professed its commitment to the region. Nevertheless, US commitment to the region has declined relative to that of the past. The fact that the US is expecting its allies Japan and Australia, to play a greater role in the region is evidence of this. This trend did not start with the Trump administration. The Bush administration was occupied with the global war on terror. US public opinion during the Obama administration was quite opposed to the US acting as the world's 'policeman'. The current Trump administration's 'America First' policy has reinforced this perception of waning US commitment in the region.

China's assertive behaviour and the use of its acquired power to coerce countries that disagree with it have made some states in the region wary. Beijing's behaviour in the South China Sea and its negative reaction to the ruling by the Permanent Court of Arbitration in July 2016, has given doubts to the efficacy of an engagement policy towards China. China's rise vis-à-vis the relative decline of US commitment has made Australia, India and Japan realise that the status quo will be challenging to maintain. It is a realisation that relying on the US and ASEAN-

based frameworks may not be enough, and new efforts are necessary if the region is to continue enjoying stability and affluence.

What is Japan's 'Free and Open Indo-Pacific'?

According to the Japan Ministry of Foreign Affairs, Japan seeks to develop a free and open Indo-Pacific (FOIP) region "through ensuring the rule-based international order, in a comprehensive, inclusive and transparent manner, attaching importance to ASEAN's centrality and unity, to secure peace and prosperity for the region".¹⁴ The strategy is inclusive in tone, as it identifies FOIP as "international public goods" and emphasises that it "bring[s] stability and prosperity for every country".¹⁵

Japan's strategy has three pillars. First is the promotion of the rule of law, freedom of navigation and overflight, peaceful settlements of disputes and free trade. Second is the promotion of economic prosperity by improving connectivity and promoting economic partnership agreement, free trade agreement and investment treaties. Third is the commitment for peace and stability. The means identified here are capacity building on maritime law enforcement and humanitarian assistance/disaster relief cooperation.¹⁶

The sources of Japan's strategy

The origins and evolution of the FOIP strategy provide clues to understanding the strategic objectives of Japan. Looking at Japan's policies and debates for the last decade, we can observe three strands of factors shaping its strategy. First is competition with China. Until the late-1990s, Japan played a significant role in shaping the region and exercised influence through its economic power. China was among the countries Japan sought to assist with economic development and integrate into the region. This began to change in the 2000s as China's power increased in absolute and relative terms. Japan began to see China as its rival in shaping the regional architecture. Tokyo's support for Australia, India and New Zealand to participate in the East Asia Summit in 2005 reflected this competition.

The second strand is a concept of regional order based on rules. Japan began to emphasise the importance of freedom in its foreign policy strategies. In November 2006 Foreign Minister Taro Aso gave a speech on the 'Arc of Freedom and Prosperity'.¹⁷ This was one of the first occasions that Japan articulated the relationship between freedom and economic development. Prime Minister Shinzo Abe repeated the theme of freedom and prosperity in his speech in India, titled 'Confluence of the Two Seas'.¹⁸ This concept is echoed in subsequent speeches and writings.¹⁹ The first expression of the FOIP strategy appeared in Abe's speech at the Sixth Tokyo International Conference on African Development in Nairobi, Kenya in August 2016.²⁰

The third strand is maritime security. This began as a concern stemming from China's challenges to Japan's territorial integrity in the Senkaku Islands. As China's maritime activities expanded so too did Japan's concerns. It spread to the maritime security of the South China Sea and to the Indo-Pacific Ocean. The three strands came together to form Japan's FOIP

strategy. Initially, for some groups within Japan, the introduction of the values-based diplomacy was a means to differentiate Japan from China in its competition for regional influence. However, as Beijing's behaviour in the South China Sea continued to display disregard for international law, Japan began to more earnestly pursue the promotion of the rule of law in its foreign policy.

Where we stand: Freedom of navigation, but at what cost?

One of the ways to better understand the strategies of Australia, India and Japan is to examine their actual policies and actions. All three countries emphasise the importance of freedom of navigation and oppose unilateral action to change the status quo. China's reclamation of the shoals in the South China Sea and claiming it as an island has increased scepticism of China's intentions. The US response was to conduct freedom of navigation operations (FONOPs) starting in October 2015. The US navy has challenged China's claim by passing within the 12 nautical miles of the artificial island. Australia, India and Japan have yet to participate in any US-led FONOPS, despite the emphasis on the freedom of navigation in the respective strategies.²¹

Instead of participating in FONOPS, the three countries have conducted military exercises in several different groupings. Australia and India conducted the first AUSINDEX in September 2015. In June 2017, the US, Japan, Australia and Canada participated in a joint exercise. In the same month, the US, Japan and India completed a joint exercise and Japan became an official member of the Malabar exercise—an annual exercise between India and the US. The Japan Maritime Self-Defense Force conducted exercises with the US and Australian navies in 2018, and with US, Australian and French navies in 2019, in addition to the US, Indian and Philippines navies.

Given the active participation in various joint exercises, it is noteworthy that neither Australia, India or Japan participate in US-led FONOPS. Furthermore, India does not participate in quadrilateral exercises with US, Japanese or Australian navies. However, India does conduct bilateral exercises with Australia and trilateral ones with the US and Japan. Analysts have suggested the reasoning behind this is to not antagonise Beijing. While Australia, India and Japan agree on the importance of freedom of the sea, the political and economic cost they are willing to pay in order to enforce it is not clear.

Economic cooperation—is China in or out?

Japan's strategy towards China has long been one of, what I call, *Liberal Deterrence*—a combination of economic engagement and military deterrence.²² Japan continues with this strategy even though an element of competition with China has driven Japan to pursue policies like the Quad. The Abe administration renewed its efforts in engaging China after 2017. Abe's speech 'Asia's Dream: Linking the Pacific and Eurasia', emphasised engagement and was more inclusive in tone compared to his earlier speeches. Abe also extended his conditional support to the BRI.²³ In October 2018, Japan and China signed 52 memoranda of

cooperation including the currency swap agreement and business cooperation in third countries.

At the same time, Japan is increasing cooperation with the Quad countries. In November 2018, Japan agreed with Australia and the US a Trilateral Partnership for Infrastructure Investment in the Indo-Pacific. In May 2019, senior officials of the Quad countries met in Singapore to promote collective efforts to advance a free, open, and inclusive Indo-Pacific. In Japan's version of the FOIP, the membership is inclusive as long as that country espouses the idea of transparency and the rule of law. Japan hopes that China will be such a country. The strategic objective of Japan is to make China choose such a path. Japan sees the US, Australia and India as major partners in this effort, as well as ASEAN as an important regional player.

What are the future prospects of the FOIP?

Japan's strategic objectives seem to be in line with those of Australia and India. The difference, however, may lie in the means. In the security aspects, the three countries seem undecided as to the actual means they are willing to use in enforcing the rules. There is a perception that US military presence in the region and ASEAN-based security frameworks have been unable to stop China from expanding its claims in the South China Sea. The US has increased its efforts through FONOPS. For now, Japan is not directly challenging China in the South China Sea but rather assisting in capacity building of maritime law enforcement forces in South East Asia. Australia, India and ASEAN too seem to prefer a non-confrontational approach. The region is still quite dependent on the US to deter China from pursuing further aggressive actions in the South China Sea.

In the economic field, Japan seems more willing to cooperate with China. Japan has taken a multilateral approach in its regional economic policies. For example, Japan has taken a leadership role together with Australia to realise the Trans-Pacific Partnership (TPP). Here again, however, the means to enforce the rules and transparency of economic activities to China is not clear. Again, the US seems to be the only country that is prepared to punish China for its unfair practices. The countries in the region are not happy with China's practices, but are also concerned with the negative consequences of the Trump administration's forceful approach on trade negotiations.

For the FOIP to be realised, a combination of positive and negative incentives may be necessary. Japan has succeeded in enlarging the coalition of countries for a FOIP Indo-Pacific. However, countries still seem to be buck passing when it comes to taking action that will involve costs. The FOIP, by definition, must be inclusive and free. Whether or not Japan and other countries in the region are willing to institutionalise the rules with punishment for defectors still needs much discussion. Unless the countries in the region are willing to take on the responsibility of shaping the region, the FOIP may not be realised.

Notes

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- 3 Ibid., 4.
- 4 Patrick Shanahan, Speech at the Shangri-La Dialogue, 1 June 2019.
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- 10 The Department of Defense, *Indo-Pacific Strategy*, 7.
- 11 Indian Ministry of External Affairs, Opening Remarks by External Affairs Minister at the ASEAN–Indian Ministerial Meeting, 2 August 2019.
- 12 India External Affairs Minister S. Jaishankar, cited in Dipanjan Roy Chaudhury, 'India Treads a Fine Line in Indo–Pacific Region', *The Economic Times*, 28 June 2019.
- 13 S. Jaishankar, cited in Chaudhury, 'India Treads a Fine Line in Indo–Pacific'.
- 14 Japan Ministry of Foreign Affairs (JMOFA), Outline of the Free and Open Indo-Pacific, <https://www.mofa.go.jp/files/000430632.pdf>.
- 15 JMOFA, *Outline of the Free and Open Indo-Pacific*.
- 16 Ibid.
- 17 Taro Aso, Speech at the Occasion of the Japan Institute of International Affairs Seminar, November 30, 2006.
- 18 In his speech Abe stated: "The Pacific and Indian Oceans are now bringing about a dynamic coupling as seas of freedom and prosperity". Shinzo Abe, Speech at the Parliament of the Republic of India, August 22, 2007.
- 19 For example, in a 2012 journal article Abe introduced the concept of 'Asia's Democratic Security Diamond'. The diamonds were made up of Japan, India, Australia and the State of Hawaii—a grouping known as the Quad. The same theme was emphasised in Abe's undelivered speech in Indonesia: "The Bounty of the Open Seas: Five New Principles for Japanese Diplomacy". Abe did not deliver this speech because he had to return to Japan due to a hostage crisis in Algeria.
- 20 Shinzo Abe, Speech at the opening session of the Sixth Tokyo International Conference on African Development, Nairobi, Kenya, 27 August 2016.
- 21 In Japan's case, the Minister of Defense said in August 2016 that there was "no need (for Japan) to participate" and in February 2017 that there were "no plans to participate in the FONOP".
- 22 On Japan's liberal deterrence strategy see for example, Chikako Kawakatsu Ueki, 'Liberal Deterrence of China: Challenges in Achieving Japan's China Policy', in Takashi Inoguchi, G. John Ikenberry, Yoichiro Sato, (eds.), *The US–Japan Security Alliance: Regional Multilateralism* (New York: Palgrave Macmillan, 2011), pp. 137–155.
- 23 Abe stated: "The 'One Belt, One Road' initiative holds the potential to connect East and West as well as the diverse regions found in between", see Shinzo Abe, Speech at the Banquet of the 23rd International Conference on The Future of Asia, 5 June 2017.



4. CHALLENGES AND DISRUPTION: EFFECTIVE LEADERSHIP IN AN AGE OF UNCERTAINTY

The Indo-Pacific region is undergoing significant transformation. Unprecedented disruption in the areas of social, economic, political and environmental spheres pose challenges to the status quo and established rules, norms and institutions that have typically characterised the region. Leadership trends in the region have responded to the current landscape, with swings towards authoritarianism in many states. In the face of relentless change and disruption, effective political leadership is needed more than ever, but appears elusive and on the decline. Commentaries in this final section forecast leadership trends in the Indo-Pacific in the face of increasing uncertainty.

Leadership in times of uncertainty



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To state that we are living in one of the most consequential periods in our times is an understatement. While past events have seriously shaken global peace and security such as the 11 September 2001 terrorist attacks in the United States (US) and its reverberations across the world, and the global financial crises in 2007-2008, the kinds of security challenges we face today are certainly much more complex compared to what we have experienced before. These challenges not only bring more uncertainties but also greater prospects for increased conflicts.

Let me start with highlighting three kinds of challenges we face today. Two of these challenges are the contending forces of globalisation and fragmentation. It is worth iterating that we have indeed become highly connected. And despite the strong tendencies of nationalism seen in parts of the globe, we continue to see increasing interdependence as reflected in integrated production streams, global capital flows, and the movements of goods and people. These interconnections are certainly accelerated by continuous advances in information and communication technology which have made our political borders increasingly porous.

The quantum leaps in technological innovation and capabilities which have been an essential catalyst for what some of call 'hyper globalisation' have brought rapid changes, among which include the proliferation of transnational actors, as well as a slew of transnational threats that have seriously challenged the capacity of individual states to manage and control. More significantly, the array of these global forces has also produced a strong backlash in the form of *fragmentation*. Enabled also by technology, fragmentation has been fuelled by a pervasive unease felt by individuals and communities with the emerging rapid changes to one's privacy and security, the perceived loss of community and national identity, economic displacement and marginalisation. The forces of fragmentation have also been aggravated by a loss of trust or mistrust in institutions.

The third challenge concerns the kinds of disruptions that have emerged—some unexpectedly, which are confronting us today. Quite briefly, disruption refers to the effect(s) of social, political, technological and environmental forces that upset the status quo, change the rules of the game, redistribute power, and redefine the meaning of best practices in decision-making. One of the biggest disruptions to our way of life is climate change. As a threat multiplier, the impact of climate change on food and water security, on

rising sea levels that in turn result in extreme weather events and frequency in catastrophic natural disasters are already causing massive population displacement and loss of lives.

Aside from climate change, we are also seeing disruptions brought about from the emergence of political leaders whose actions and decisions are changing global norms and threatening the rules-based international order. In the post-Cold War period there could not have been a more urgent time for decisive and normative leadership than in this troubled period which we seem have entered into. Within the context of the Indo-Pacific region, we are faced with significant developments in leadership that cast a long shadow on peace and security. The US' active engagement and leadership that had provided stability and facilitated economic development is waning.

Since the election of US President Donald Trump and his declared 'make America great again' policy, the US is increasingly becoming an unreliable leader and partner, less committed to multilateral security and development cooperation. Its role as a positive force for peaceful change is now in question given its preference for bilateralism and a more transactional type of engagement. Moreover, its abrupt withdrawal from global commitments like the Paris Agreement on Climate Change, and its unilateral disengagement from the Joint Comprehensive Plan of Action on Iran, and the Intermediate-Range Nuclear Forces Treaty with Russia have raised the stakes for more instability, conflicts and threats to world peace.

On the other hand, we see a more powerful and confident China whose actions in the South China Sea diminishes its contribution as a provider of public goods through its BRI, its leadership in the Asian Infrastructure Investment Bank, and its commitment to regional economic development and stability. And while, Japan's economic power and Australia and Korea's soft power have significantly contributed to the region's economic progress and development, none has the capacity and wherewithal to provide the kind of leadership needed to steer the region through the strong headwinds confronting it today.

Whither ASEAN?

As a grouping of small to medium-sized states, the leadership role of ASEAN has always drawn mixed responses. Since the mid-1990s, ASEAN has been viewed as a positive force for regional peace and security not only for its ability to manage intra-mural relations and maintain peace, but more significantly for its leadership in building multilateral institutions that bring together states in the Asia-Pacific region. These institutions include the ASEAN Regional Forum, ASEAN Plus Three, East Asia Summit, and the ASEAN Defence Ministerial Meeting (ADMM) and ADDM Plus.

To understand the leadership role of ASEAN in particular, Richard Stubbs' description of 'entrepreneurial' and 'intellectual leadership' aptly describes its role. According to Stubbs, entrepreneurial leadership means the ability to gather "willing parties together ... for the benefit of all", while intellectual leadership uses "the power of ideas to shape the way participants ... understand the issues at stake and to orient their thinking about options available" to handle problems.¹ When applied to ASEAN, this means that its leadership (as

opposed to hegemony) is viewed as a process where a group of smaller states in the international system “facilitates problem-solving through proposing and helping to execute a course of action in accord with the interests and expectations of a number of other states in the system”.²

Despite its lack of material power, ASEAN’s entrepreneurial leadership is reflected in its ability to establish ASEAN-led institutions, including APEC, while its intellectual leadership is seen in its ability to develop and promote norms for interstate relations such as the ASEAN Treaty of Amity and Cooperation of 1976, which articulates principles such as respecting the sovereignty and independence of other states, upholding non-interference, and renouncing the threat of force.

ASEAN was able to exercise this kind of leadership, and not the major powers like the US, China or Japan and Korea, because it was seen as an ‘honest broker’. Moreover, ASEAN poses no threat to any of its neighbours nor is it seen to favour one major power over another. Until more recently, much of ASEAN’s success as an institution builder and a convenor of multilateral political and security forums had earned its centrality in Asia’s regional security architecture.

But given the current state of regional and international order, how relevant is ASEAN centrality? And, does ASEAN leadership matter? One can argue that many of the things that ASEAN has been doing in terms of providing its brand of leadership—convening and providing a platform for dialogue on political, security and economic matters; promoting norms of peaceful inter-state relations and habits of cooperation; as well as promoting closer economic cooperation and integration—matter even more.

Despite strong headwinds ahead and the perceived failure of the US or China to provide the kind of leadership needed to meet the kinds of challenges we face, ASEAN continues to embark on initiatives that are geared to respond to these challenges. In 2014, Indonesia’s proposal for the extension of the Treaty of Amity and Cooperation to the wider Indo-Pacific was a response to the increasing major power rivalry brewing in the region. More recently, ASEAN’s own articulation of an Indo-Pacific region through its recently concluded ASEAN Outlook on the Indo-Pacific demonstrates its determination to have a say in what the concept means to South East Asia, and the kind of role that ASEAN will want to play in advancing this concept.

Mindful of the concerns and suspicions that the Indo-Pacific concept has generated from the earlier versions advanced by Japan, the US and Australia, ASEAN was careful in navigating the tensions and avoided being seen as excluding other parties. It also took the effort to include, as part of ASEAN’s Indo-Pacific conceptualisation, the importance of promoting economic development, improving connectivity and inclusion, while underscoring the need to abide by a rules-based regional and international order.

Nonetheless, one might further ask if this is enough to ensure ASEAN centrality? ASEAN’s centrality from within has been challenged due to the fissures among its members and its lack

of a united front to counter Beijing's assertive behaviour in the South China Sea, and a concerted effort to address the Rohingya crisis in Myanmar's Rakhine state. In this regard, ASEAN clearly needs to work harder in maintaining its credibility in the face of these intra and extra-regional challenges. To be sure, ASEAN needs to once again show the substance of its centrality by, among others, showing its unity of purpose through improved collective responses and shared responsibilities in dealing with shared threats and challenges. It is certainly no longer enough to just have a voice. ASEAN must also take a stand on many of the pressing issues and challenges facing the community and the wider region.

The list is long for ASEAN. Against rising economic disparities, there should be more impetus for ASEAN to hasten regional economic integration by improving the implementation of the ASEAN Economic Community and concluding the Regional Comprehensive Economic Partnership (RECP). Against the multifaceted threats from climate change, ASEAN member states should work in concert to strengthen national and regional adaptation capacity to help communities that are most vulnerable to the impact of climate change. And against the forces of fragmentation, ASEAN member states should put more effort in promoting better understanding, deepening ties, strengthening regional bonds and advancing a more caring and sharing community through its various mechanisms, projects and workplans.

It is noteworthy that under the current Chairmanship of ASEAN for 2019, Thailand as Chair has adopted the themes: "Promote effective partnership to address shared security challenges and promote sustainable security". With rising uncertainties, ASEAN may need to once again go back to basics and revisit the practices that led to achieving regional peace and security.

Reality, rhetoric and institution building in the Indo-Pacific



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Institution building in the Indo-Pacific region

Overall, the ideas and motivations for institution-building of any form in the Indo-Pacific region could be encapsulated as securing stability and economic prosperity based on shared universal norms and values. Perhaps the ultimate goal of such institution building is to create an East Asian Community (EAC).

To achieve a common objective, two domains exist. First is the political and strategic objective of security cooperation for maritime stability; one might call it a political entity. Second is the economic objective for building connectivity among sub-regions and economic integration through production networks and value chains: an economic entity. These two domains and entities are mutually overlapping. Sometimes they are inseparable. Intra-regionally and extra-regionally speaking, achievement of these two are indispensable. To a greater or lesser degree throughout developing regions in the world, these are of common necessity.

Although these are desirable goals, they tend to raise doubts over feasibility and seem destined to remain as objectives in a rhetorical sense. Put in another way, countries of the region, particularly ASEAN countries as the driving force, face almost insuperable challenges in terms of institution-building.

Conflicting tendencies in the Indo-Pacific

Insurmountable factors that inhibit institution-building in the region are the policies and intentions of extra-regional powers that have their own motivations in advancing their own interests while hindering those of others. A typical case is the struggle in the region between quadrilateral cooperation among the US, Australia, India, and Japan—now commonly referred to as the ‘Quad’—against the backdrop of the newly defined strategic area of the Free and Open Indo-Pacific (FOIP), vis-à-vis the BRI promoted by China.

It is well known that the BRI is a strategy aimed at realising ‘China’s dream’. The Xi Jinping government has been working out various detailed plans reflecting its core strategic orientation. On the BRI canvass, the Indo-Pacific occupies a crucially important position intended to create a new regional order. Ultimately, the BRI would go a long way toward contributing to the creation of a Pax Sinica, replacing Pax Americana. Naturally, the BRI has prompted other countries to implement countermeasures against it. The Quad formation by four countries can be regarded as a typical countermeasure.

Broadly speaking, the Quad can be defined as a concrete measure in the context of the FOIP strategy. It must be hastily added that no clear-cut argument exists about the relationship between the Quad and FOIP. It might be possible to point out that the two terms are rather contradictory. FOIP tends to be inclusive, albeit superficially, whereas the Quad is exclusive.

Taken as a whole, shelving the semantics and relations associated with FOIP and Quad, the two terms are mainly concerned with China and might be understood as avoiding the emergence of a hegemon and the stability of the Indo-Pacific. Therefore, FOIP and the Quad tend to remain as a status quo policy or as a stopgap measure.

Economic aspects

Economic objectives appear easier to achieve compared to political objectives. Countries of the region are amenable and accommodative to economic institution-building. Regional leaders are more easily accommodative of economic entities than they are of political entities.

The Regional Comprehensive Economic Partnership (RCEP) is a case in the point, although it has been seven years since the inception of negotiations in 2012.

Even though economic institution-building might appear to be plausible, the Trump factor would jeopardise any realistic opportunity. The Trump administration is known to abhor multilateralism, particularly in the area of economic relations. For the US, unilateralism might be the best option to take up, but not for the countries of the Indo-Pacific region. This region requires various multilateral political and economic institutions to support its stable and peaceful development.

ASEAN centrality and extra-regional players

Aside from the ASEAN countries, Australia, China, India, Japan, and the US can be characterised as the major players connected directly with economic and political development in the Indo-Pacific. Particularly in the areas of economic integration and as a body designed to deter external interference, ASEAN has been playing a major role in institutionalising a regional cooperative mechanism. Nevertheless, it is noteworthy that outside cooperation is a *sine qua non* for institution-building in the region, particularly so in the ASEAN region.

At the same time, ASEAN carries an incoherent character as a regional organisation with various conflicting views emanating sometimes from various extra-regional influences in addition to the motivations of member countries themselves. Given the organisational character of ASEAN, one wonders how it can play a role of centrality in management of the Indo-Pacific, particularly of the ASEAN region. ASEAN leaders are expected to have severe headaches arising from their efforts at extra-regional cooperation for institution-building.

The way forward

In the Indo-Pacific, tremendous transformations are taking place, but without the benefit of proper mechanisms for governance. This situation is mainly true because of various and different perceptions and individual interests, in addition to a lack of consensus on the regional order to be created. Although ASEAN is the only entity able to create an institution for peace and stability in the region, extra-regional cooperation is indispensable to achieve an East Asian Community.

Mechanisms supporting economic cooperation could have better feasibility through the establishment of a group such as TPP-11 and then RCEP. However, political and security-related arrangements would be time-consuming in concretising any plans. Only through a step-by-step approach could there emerge a new type of mechanism: first for economics and then for security. An East Asian Community is the final product, but it cannot be established immediately. It can be formed only after the construction of various institutions and mechanisms with overlapping membership and presumably shared interests.

A look back at the development of ASEAN reveals the basic mode of decision-making in terms of institution-building based on consensus. That mode has been helpful in avoiding the

emergence of a single dominant player, which would tend to be authoritative and exclusive. As in the past, future institution–building in the Indo–Pacific region can be expected to follow a similar decision–making process. Such a process requires much time. Nevertheless, a consensual and incremental approach might be the only acceptable formula to create such much–needed institutions. Perhaps regional leaders should be thinking in those terms.

Leadership in the age of disruption: The return of the strongmen



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Great periods of uncertainty typically correspond to perceptible swings towards authoritarianism and autocratic tendencies, even within democracies. This period is no different. The second decade of the 21st century has witnessed great geopolitical, economic, technological and ideological disruption. Uncertain and disruptive environments lead to the rise of leaders who can promise certainty and stability, which explains the emergence of the ‘strongman’ in world politics. That is the predominant trend today. Whether it is Donald Trump, Vladimir Putin, Xi Jinping, Narendra Modi, Shinzo Abe, or Rodrigo Duterte—they are all seen as strongmen who have centralised power and exercise it in a highly personalised manner, both operationally and symbolically. The trend towards strongmen politics both reflects and reinforces the pace and scope of global disruption.

This era has also coincided with growing disenchantment about political processes, democratic institutions and checks–and–balances.³ This is the result of people in democracies believing that they are powerless in the face of disruption—they feel that they are best served by leaders who are able to make firm and quick decisions, able to withstand pressure from opposing forces and to unify them. In authoritarian states on the other hand, leaders have responded to disruption by centralising power even further—the trend towards greater autocratisation is often driven by their fear of vulnerability rather than strength. This has translated into more heavy–handed governance by authoritarian leaders who are keen to maintain their regime.

There is a distinction to be made between ‘effective leadership’ and ‘perceptions of effective leadership’. While these strongmen claim effective leadership, their decisions are impacted by an uncertain environment determined by a range of factors beyond their control. These

leaders take it upon themselves to market their failures as success and to depend on the political machinery to build a supportive narrative. Therefore, these leaders are not as strong as they appear to be—they are under considerable domestic pressure to be seen as performing well and being in control of the situation. To assess their performance then, one would have to accept measures of success that are opaquer and more diffuse.

Trump came to office promising to 'Make America Great Again', advocating an 'America First' policy, playing a populist tune to bring American jobs back home, building a wall along the border with Mexico (making Mexico pay for it), ending the wars begun by his predecessors, and terminating the nuclear programs of North Korea and Iran. Trump boasted about getting North Korea to the negotiating table with his 'fire-and-fury' tweets and is now claiming credit for resolving the crisis. He adopted a "maximalist" position to start with, seeking complete unilateral North Korean denuclearisation as a basis for any negotiation on sanctions.⁴ Not surprisingly though, when confronted with a tough North Korean stance and an upcoming election, he dialled back from his maximalist definition of victory vis-à-vis North Korea and said he's "not worried" about North Korea's latest missile tests.⁵

The latest evidence seems to point to a possibility that the US may be veering towards accepting the status quo of North Korea's nuclear reality⁶ even though officials deny it.⁷ By seemingly resolving the bigger crisis of avoiding a war with North Korea (a crisis that he manufactured), Trump's won a perceptive victory that he wouldn't have been able to, had he stayed with his predecessors' policy of maintaining pressure on North Korea only through sanctions (and not active threats of war).

Trump's promise of ending America's involvement in other people's wars has led him to negotiate with the Taliban, which under any other president, would be a sign of defeat; however, it was painted as Trump's 'Nixon going to China' moment'.⁸ He still claims to be able to win the Afghan war in a week⁹ while at the same time courting Pakistan for help in the "peace process", the same Pakistan he was publicly chastising for its "lies and deceit" in 2018.¹⁰

Xi Jinping effectively declared himself president for life by abolishing presidential term limits in 2018. Since assuming power in 2012, he has led a strong anti-corruption campaign and purged hundreds of Chinese Communist Party and People's Liberation Army members, including those close to his predecessor Hu Jintao.¹¹ He authorised the inclusion of 'Xi Jinping Thought' into the CCP's constitution, effectively institutionalising himself as the Party. In 2017, he reinforced 'the absolute leadership of the Party to the exclusion of all other institutions',¹² further consolidating his rule. The very concentration of Xi's power is a façade for his inherent weakness. Bates Gill¹³ and Richard McGregor¹⁴ argue that Xi has created several enemies through his anti-corruption campaigns and absolutist reforms.

As Dean Cheng notes, Xi probably felt ready to challenge US power in Asia because of his confidence in China being able to come through and override it. But the ongoing trade war with the US has exposed the chinks in Xi's armour—the case of China attempting to leverage its dominance in rare-earths being proof. Cheng argues that Xi's 'hardline' on the trade front is a recipe for trouble as supply chains on both sides are deeply intertwined; moreover, certain

other factors like China's dependence on imported food grains, and the spread of agricultural pests and animal diseases make it especially vulnerable in any trade tussle.¹⁵

Also, Xi's pet project, the BRI has its critics both at home and abroad. Amid talks of a 'democratic pushback' against the BRI,¹⁶ Xi has responded by paying more attention to local BRI concerns. In fact, some compare the 'humility' in his speech at the 2019 Belt and Road Forum to the hubris he displayed at its earlier iteration in 2017, and interpret it as his response to the pushback and as an acknowledgement of the failure of his 'top-down approach'.¹⁷

Narendra Modi is the quintessential strongman. He came to power in 2014 questioning the pusillanimity of the then-government and offered a much more muscular and stronger, '56-inch chested' economic, national security and foreign policy alternative. He has centralised power and decision—making not only within the government but also within his own party. He won the 2019 election with a bigger margin than his historic 2014 victory. And yet, his rule is beset with problems.

One of his most 'strongmanesque' decisions was the overnight imposition of demonetisation in 2016, purportedly to address the problem of corruption. However, the aim to retrieve illicit 'black' currency remained unmet as the corrupt found creative ways to recycle their money. However, the move had a disastrous impact on the Indian economy, especially the informal sector, and was criticised heavily for the Don Quixotic style of its imposition. Nonetheless, demonetisation did not dent Modi's performance in 2019 precisely because the packaging of the idea to end corruption resonated with the masses.¹⁸

On the defence front, he used his perceived strong national security credentials, especially his 'surgical strikes' in Pakistani territory to hide his problematic record on the economy, in the run-up to this year's election. However, he hasn't been able to bring about much-needed defence modernisation reforms. Moreover, defence-spending has been static for several years. Expenditure has been prioritised on salaries and pensions, rather than better equipment—this year's defence budget was no different.

These strongmen are a product of popular movements across the globe, driven by dissatisfaction and disenchantment from prevailing socio-economic and political conditions. They mostly operate in an environment which they can't fully control and thus respond to situations by building a narrative that appeals to their target audience. By playing to their audience and vote base, speaking words they want to hear and exercising power in a personalised form, they further reinforce these disruptive trends and perpetuate their 'strongmanship'. This is not to say that they are invincible, but more likely than not, strongmen are either replaced by other strongmen, or over time disempowered by the status quo.

Notes

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